



PRESS RELEASE

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Suspension of Foreign Currency Purchases through the Investment Currency Market and Bahamas Depository Receipt Programme

The Central Bank of The Bahamas announces, with immediate effect, the suspension of approvals of applications to purchase foreign currency for transactions via the Investment Currency Market (ICM) and the Bahamas Depository/Depository Receipt (“BDR”) programme. Both programmes fund external portfolio investments, the latter also promoting deepening of domestic capital markets.

Foreign exchange access through these channels will resume, once market uncertainties around the COVID-19 pandemic subside. In the interim, the public is encouraged to make increased use of domestic investment opportunities. This inward focus would still have positive benefits for the economy and sustain a build-up of long-term savings.

Further to the suspension, all approvals granted under both programs prior to 01 May 2020, will expire as of 30 June 2020. Meanwhile, the ICM will continue to facilitate the repatriation of foreign currency income, capital gains and liquidated capital—at the appropriate premium.

The Bank is focused on maintaining adequate foreign reserves to support the Bahamian dollar fixed exchange rate while preserving access to foreign exchange for priority international transactions. Priorities include spending on imports, maintenance of external debt obligations of the public and private sectors, and servicing obligations against foreign direct investments. The Bank will continue to monitor the international environment and adopt other measures, as necessary, to satisfy these objectives.

By way of background, the ICM and BDR programme facilitate residents’ purchase of foreign securities and, to some extent, foreign real estate, provided application is made to the Central Bank and approved. ICM operations were recently delegated, to a significant extent, to commercial banks. Residents are permitted to buy and sell foreign exchange through the market at the respective premiums of 5.0% and 2.5% above the official rate of B\$1.00 = US\$1.00. The BDR programme grants access at the official rate, allowing publicly traded foreign securities to be listed through depository receipts on The Bahamas International Securities Exchange (BISX). Residents acquire B\$ interest in the receipts, while sponsoring broker/dealers are authorised to conclude the external side of the transactions. On an annual basis, up to 5% of the external reserves at previous year’s end, but not exceeding \$35 million, is allocated to the participating broker/dealers.

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