

NOTICE TO AUTHORIZED DEALERS

EXCHANGE CONTROL REGULATIONS, 1956

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

**FOREIGN CURRENCY ACCOUNTS, EXTERNAL ACCOUNTS,
MARKING OF CHEQUES, TRAVELLERS CHEQUES,
BANKER DRAFTS, BANKER PAYMENTS ETC.,
RECEIVED FOR CREDIT OF EXTERNAL ACCOUNTS**

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

PART 1

INTRODUCTION

1. This Notice:
 - (a) Draws attention to the obligations of residents of The Bahamas to offer for sale to an Authorized Dealer any foreign currency in their beneficial ownership;
 - (b) Describes the Exchange Control practice relating to and the circumstances in which Authorized Dealers may open and maintain foreign currency accounts on behalf of residents and non-residents;
 - (c) Describes the conditions under which Authorized Dealers may open and maintain External Bahamian Dollar Accounts in the name of non-residents of The Bahamas; and
 - (d) Sets out the procedures ensuring that money is credited to an External account only when the underlying transaction is covered by a general or specific permission of The Central Bank of The Bahamas.

GENERAL

2. Subject to the provisions of this Notice and the Notice E.C. 8, Authorized Dealers may open and maintain foreign currency accounts in the sole names of non-resident customers. Such accounts may also be opened and maintained in part names if all the persons concerned are non-residents.
3. External Accounts are Bahamian Dollar Accounts of non-residents maintained with Authorized Dealers under general or special permission of The Central Bank of The Bahamas, but do not include accounts on which restrictions have been imposed under Section 40 of the Exchange Control Regulations.
4. Banks, other than Authorized Dealers, may not, and have no authority to open or operate an External Bahamian Dollar Account.
5. Authorized Dealers may not open or maintain External Bahamian Dollar Accounts in the names of a residents of The Bahamas.
6. Authorized Dealers are reminded that if a resident is entitled to receive Bahamian dollars from an External Account the Bahamian dollars cease to be External Bahamian dollars and become resident Bahamian dollars as soon as it is placed or held to his order or used to make a payment by his order or on his behalf. External Bahamian dollars mean Bahamian dollars standing to the credit of an External Account. NOTE: External Bahamian Dollar Accounts are never interest earning accounts.

PART II

FOREIGN CURRENCY ACCOUNTS OF RESIDENTS

7. Foreign currency accounts may be maintained by residents of The Bahamas only upon the written permission of The Central Bank of The Bahamas. Such permission will be given as a special concession to those who earn substantial amounts of foreign exchange and have regular commitments to make payments abroad. The prior permission of The Central Bank of The Bahamas is also required for foreign currency overdraft facilities.
8. Normally, residents will be required to maintain foreign currency accounts with local Authorized Dealers only. Applications for permission to maintain foreign currency accounts with banks abroad will be considered only in exceptional circumstances where the account to be maintained cannot be conveniently serviced by a local Authorized Dealer.
9. A resident who wishes to maintain a foreign currency account should apply to The Central Bank through an Authorized Dealer stating:
 - (a) The bank with which the account is proposed to be maintained;
 - (b) The currency in which the account is to be maintained;
 - (c) The nature and volume of receipts and payments to be passed over the account; and
 - (d) The balances he wishes to retain in the account at all times and the basis for determining this amount.

If the account is to be opened with a bank abroad, the Authorized Dealer forwarding the application must certify why it cannot service the account.

TEMPORARY RESIDENTS

10. Authorized Dealers may open and maintain accounts for temporary residents only where such accounts are funded from sources outside The Bahamas. No permission will be given for the credit of funds to a foreign currency account of a temporary resident, which emanates from local sources.

FOREIGN CURRENCY ACCOUNTS OF NON-RESIDENTS

11. Authorized Dealers may maintain foreign currency accounts in the names of non-residents subject to the terms of paragraphs 12 and 13.
12. Foreign currency accounts in the names of non-residents may be credited with:

- (a) Interest accruing thereon;
 - (b) Payments in a foreign currency from residents of the Bahamas with the specific permission of The Central Bank;
 - (c) Payments in foreign currency from non-residents;
 - (d) Foreign currency receipts arising from dealings between non-residents and Authorized Dealers.
13. Foreign currency accounts in the names of non-residents may be debited with:
- (a) Payments to residents or non-residents;
 - (b) Payments to other foreign currency accounts;
 - (c) The foreign currency costs involved in dealings between non-residents and Authorized Dealers.

PART III

EXTERNAL BAHAMIAN DOLLAR ACCOUNTS

14. No payments other than those listed in paragraphs 15 and 16 may be credited or debited to External accounts and such payments should be marked in accordance with the provisions of Part IV of this Notice. External accounts may not be overdrawn.
15. Provided that instruments of payment are appropriately marked where required under the terms of Part IV of this Notice, External accounts may be credited with:
- (a) Payments by residents of the Bahamas for which permission have been given by The Central Bank of The Bahamas;
 - (b) Payments from other External accounts;
 - (c) The Bahamian dollar proceeds of foreign currency sold by non-residents in accordance with the provisions of the Notice EC 2.
16. Provided that no overdraft is created, External accounts may be debited with:
- (a) Payments to residents of The Bahamas;
 - (b) Payments in cash in The Bahamas;
 - (c) Payments to other External accounts --- but where the paying bank has reason to suppose that the instrument of payment has at any stage been payable in favour of a resident of The Bahamas, the paying bank must

first satisfy itself that the payment is permissible before debiting the External account;

(d) Other payments covered by delegated authority to Authorized Dealers.

PART IV

MARKING OF CHEQUES, TRAVELLERS CHEQUES, BANKERS DRAFTS, BANKERS PAYMENTS, ETC. RECEIVED FOR CREDIT OF EXTERNAL ACCOUNTS

17. Authorized Dealers are advised that, except as provided in paragraph 3 below, or when the necessary Exchange Control formalities are completed by the collecting bank, cheques, travellers cheques, bankers drafts, etc., received for the credit of an External Account should be marked clearly on the face of the instrument to indicate to the paying bank that an External Account is to be credited. To ensure that this procedure is correctly carried out it will be necessary for all accounts maintained as External Accounts to be clearly marked as such.
18. It will be the responsibility of the paying bank to ensure, in such cases as above, that it is permissible for the account holder, whose account is to be debited, to make the payment for the credit of an External Account.

BANKERS PAYMENTS OR CREDIT TRANSFERS

19. Before crediting an External Account with the proceeds of bankers' payments or credit transfers the receiving bank must first be satisfied that the funds in question are eligible for credit of such an account. Bankers' payments should not be marked by the receiving bank to indicate that an External Account is to be credited.
20. In order to assist the bank crediting an External Account the bank issuing the bankers' payment or presenting the credit transfer, as the case may be, should mark the front of the relative instrument in a prominent position as follows:
 - (a) In all cases when the funds originate from an External Account:

“Funds originate from an External Account”, or
 - (b) when the funds originate from a resident account and the issuing bank is aware that the payment has been authorized for credit to an External Account:

“Approved for payment to an External Account”.