

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.

GENERAL NOTICE

This issue comes into effect 1st April, 1977 and supplements those which were previously issued.

INTRODUCTION

1. The purpose of this Notice is to inform Authorized Dealers of procedural changes designed to minimize inconvenience of persons requiring certain types of Exchange Control approvals.

Applications to Purchase Foreign Currency in Respect of Imports

2. The Central Bank of The Bahamas has changed the period of validity of applications to purchase foreign currency in respect of imports (Form 1) from one month of three months and will increase the period up to six months where required.
3. Approved Form 1 applications may now serve as authority for Authorized Dealers to establish Letters of Credit on behalf of customers, as well as authority to sell foreign currency in respect of imports whether spot or forward.
4. Foreign currency may be sold against approved Form 1 applications for the purpose of making one full payment or a series of part payments, the total of which must not exceed the amount authorized. Where full payment is made in a series of part payments, a notation must be made by Authorized Dealers on the reverse side of the approved application form indicating amount purchased, date, Authorized Dealer's staff signature or initials and stamp of Authorized Dealer and the total must be inserted in the section designated "to be completed by Authorized Dealer (Bank)". The forms must be returned to The Central Bank as soon as the total amount has been purchased or at the expiration of the validity of the approval, whichever comes first.
5. Drafts may be made payable to the supplier indicated on approved application forms only.

Personal Allowance Cards

6. Personal Allowance Cards will be issued by The Central Bank permitting the purchase of not more than a total of the foreign currency equivalent of B\$1,000.
7. The Cards may continue to be used for the purpose of purchasing drafts to make payments for articles imported which are not intended for resale. The Cards may also be used for the purpose of making credit card payments upon presentation of a copy of the relevant credit card billing to Authorized Dealers.

Notice E.C. 7

8. Paragraph 10 of this Notice indicates, in part, “No permission will be given for the credit of funds to a foreign currency account of a temporary resident which emanates from local sources”. The reference to “funds . . . which emanates from local sources” relates to the conversion of Bahamian dollars for the purpose of funding a foreign currency account held locally. The Bank is prepared to consider applications for part payment of salary in foreign currency of temporary resident employees of those companies, which have been given permission by The Central Bank to operate foreign currency accounts.
9. Paragraph 14 of E.C. 7 indicates that “External accounts may not be overdrawn”. This should read “External accounts may not be overdrawn without the prior permission of The Central Bank, except as provided for in Notice E.C. 8 paragraph 8”.

Notice E.C. 8

10. Under paragraph 12(1) of this Notice, the following should be included:
 - (iii) Non-residents in favour of persons resident outside the Bahamas for Exchange Control purposes where commitments will eventually be satisfied from foreign currency sources.
11. Paragraph 15 of this Notice should also be amended to include the following:

“Except where payment is to be made from non-resident foreign currency sources, the approval of The Central Bank should be obtained for opening etc. . .”

Notice E.C. 12

12. Paragraph 5 of this Notice should be substituted with the following:

“Except in cases where foreign currency funds are converted to Bahamian dollars, a Form E-1 must be completed and submitted to The Central Bank in respect of all credits of Bahamian dollars to External Bahamian Dollar Accounts of non-residents”.
13. Under authority delegated in E.C. 12, Authorized Dealers may sell a specified amount of foreign currency to customers for the purpose of making payments in respect of education (E.C. 12 Appendix, paragraph 7). Authorized Dealers should note that it is intended that drafts should be only payable to educational institutions abroad, when the Authorized Dealers are exercising their powers under this authority. Application should be made to The Central Bank for all other types of educational payments.