



PRESS RELEASE

THE CENTRAL BANK CORRECTS MISINFORMATION ON ACCESS OF BAHAMIAN FIRMS TO FOREIGN CURRENCY FINANCING FOR INVESTMENTS

The Central Bank is aware, anecdotally, of concerns expressed by local businesses about access to financing in the domestic market. In this regard, the Exchange Control regime continues to be mischaracterised in various public forums.

In 2016, the Bank surveyed local enterprises and other stakeholders to better understand the financing conditions and impediments that they could be facing in obtaining funds locally. Although survey responses were very low, the Bank with the Government's agreement, introduced more relaxed foreign currency funding conditions for local businesses in specific sectors, which took effect in April 2017. The details of the relaxation were published in both the local media and on the Bank's website¹.

The relaxed foreign currency financing access for Bahamian owned or controlled businesses, which took effect are broadly according to the features below:

-) Funds may be obtained from local commercial banks, international development financing agencies or other identified external sources.
-) Qualified enterprises may access external funding of up to \$5 million per entity every 5 years, when secured from sources other than development financing agencies. There is no pre-set limit when the financing is obtained from the private sector lending arms of development agencies, such as the IDB and the World Bank (IFC).
-) Enterprises may raise both debt and equity financing.
-) Qualified enterprises, are those considered to be operating in sectors with foreign currency earning potential, those with the potential to save on the use of foreign exchange or those with operations in line with national development goals. These eligible sectors include: tourism, construction for residential tourism, transportation, infrastructure development,

¹ Please see the link: <http://www.centralbankbahamas.com/news.php?id=16243&cmd=view>

agriculture and fisheries, health services, energy, information & communications technology (ICT).

-) Businesses in the qualified categories may apply to the Central Bank on a case-by-case basis for funding which exceeds the explicit limits above.

These Exchange Control accommodations complement the Central Bank's April 2016 liberalisation exercise², which expanded Bahamians access to up to \$2.0 million per individual (or \$10.00 million per investor group), once every three years for direct investments outside The Bahamas. This particular framework allows for ownership in sectors with the potential to generate earnings that can be repatriated to The Bahamas, such as international banking and finance.

The Central Bank encourages locally owned companies to review these facilities, rather than relying on potentially inaccurate information that circulates periodically on social media and within other forums. Potential local owners/managers should also feel free to contact the Bank with any questions they may have regarding these programs.

While the Bank will continue to generate more public awareness around this opportunity for Bahamian companies, we will also sustain our efforts to consult with the Government on other administrative reforms to the Exchange Control regime.

December 1, 2017

² Please see the link: <http://www.centralbankbahamas.com/news.php?id=16168&cmd=view>