



## Investment Currency Market and Bahamian Depository Receipts



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# Presentation Outline



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2. Who is eligible to use it?
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3. How does it work?
4. Liberalisation Measure: Portfolio Investments
5. How can I Invest?
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8. Redemption Process
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## II. Bahamian Depository Receipts (BDR)

1. Definition
2. Participants
3. Limits
4. Eligible Investors

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# I. Investment Currency Market (ICM)



# 1. Investment Currency Market: Defined

- The Investment Currency Market (ICM) is a facility established and supported by the Central Bank through which foreign exchange from the country's external reserves is made available, to facilitate approved outward investment in foreign assets by residents.
- The ICM allows resident individuals and wholly resident owned companies to buy foreign currency at a premium to invest abroad. These include portfolio investments (e.g., shares, bonds, cryptocurrencies, and commodities), real estate, timeshares, employee stock options, grants and purchases.
- Currently, the bid (buy) rate is **5.0%**.



## 2. ICM: Who is eligible to use it?

### Defining 'resident' for exchange control purposes

- Resident Individuals in The Bahamas
  - Bahamian citizens (natural and naturalized)
  - Permanent Residents with no restrictions on employment
- Residents' Wholly Owned Companies
  - These are companies where all of the shares are owned by Bahamians and/or Permanent Residents without restrictions on employment.



# 3. ICM: How does it work?

- ICM Purchase Forms must be submitted for:
  - All real estate—including interests in timeshares,
  - Employee stock option grants and employee share purchase plan investments exceeding US\$25,000 (acquired at market rate),
  - Portfolio investments, and
  - Any other outward direct investment requests.
- The form should be completed by each resident individual or resident wholly owned entity and submitted to [ecd@centralbankbahamas.com](mailto:ecd@centralbankbahamas.com), along with supporting documentation.



## EXCHANGE CONTROL DEPARTMENT

Application for a Permit to Purchase(D:) OR Redeem/Sell(E:) Investment Currency.

The Applicant below hereby applies to the Central Bank ("Comptroller of the Exchange") for permission to purchase investment currency to invest in the international market in the identified assets as indicated below in SECTION B

INVESTMENT CURRENCY MARKET (ICM) FORM	
<b>A: Customer Identification</b>	
Title (Mr.,Mrs., Miss, Ms., Dr.,Sir.,etc...)	
Full Name	
Country of Birth	
Nationality	
Residency Status	
Passport Number	
Country of Issuance	
Expiry Date	
<b>B: Nature of Investment</b>	
Real Estate	
Time Share	
Portfolio Investment <sup>1</sup>	
Employee Stock Plan <sup>2</sup>	
Other (please specify)	
<b>C: Currency Requested</b>	
US\$/GBP/Euro/Can/Yen	
Other(please specify) For Redemption, B\$	
<b>D: Asset Value/Amount Requested</b>	
Current Value of Investment	
Amount requested for ICM	
<b>E: Sale/Redemption</b>	
Approved Capital at Invested Cost [1]	
Current Value of Investment [2]	
Amount of Redemption [3]	
<b>F: Contact Information:</b>	
Contact Number:	
Email Address	
Signature: _____	Date: _____ (MM/DD/YYYY)
For Official use only:	
Authorization Number	

<https://www.centralbankbahamas.com/viewPDF/documents/2021-08-12-03-07-12-Investment-Currency-Market---Purchase-and-Repatriation-Form.pdf>



## 3. ICM: How does it work? Cont'd.

### Application Checklist/Conditions

Where appropriate applications should include the following information/ documentation:

1. Documentary evidence to confirm the immigration status of the applicant;
2. Certificates of Incorporation, Designation Letters etc. of the entities involved;
3. Copies of licenses/approvals from local Regulators (i.e. Securities/Insurance Commission, URCA, etc.);
4. Documentary evidence with respect to the terms of the purchase:

#### Real Estate

- Copy of the executed Sales Agreement

#### Timeshares

- Purchase agreement with payment schedule

#### Portfolio Investments

- Shareholder agreement, company prospectus, etc
- Copy of agreement with service provider through whom securities will be purchased/traded, if applicable

#### Employee Stock Options, Grants & Purchases

- Documented details of the employee stock option plan (*if not already Central Bank approved*)
- Number and value of shares which applicant is eligible to buy

#### Other Investments

- Documented details of the investment

<sup>1</sup> i.e. stocks, bonds, and money market instruments

<sup>2</sup> i.e. employee stock option grants, employee share purchase plans and employee stock option plans.

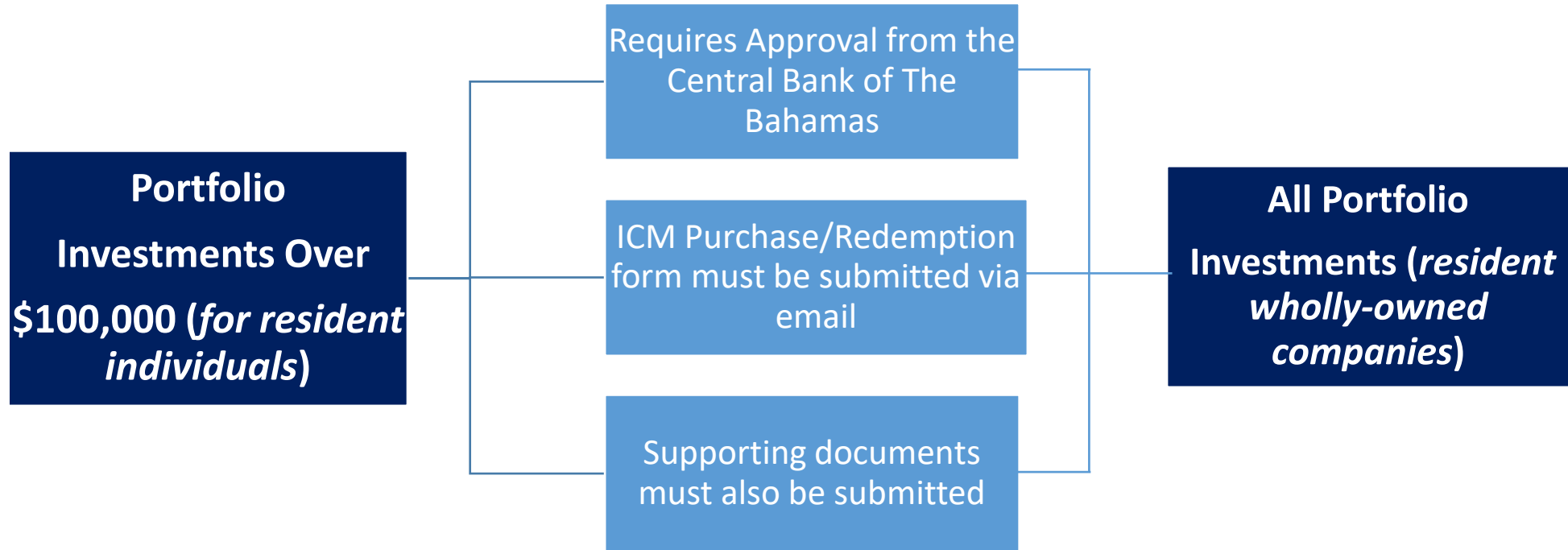




## 4. ICM Liberalisation: Portfolio Investments

Transaction	Measure	Details
<p>Conversion of Bahamian dollars for Investments abroad</p> <p>(effective: 1 June 2024)</p>	<p><b>Up to B\$100,000 per annum for resident individuals.</b></p>	<p>Portfolio investment instruments: crypto currency, stocks, securities, bonds, Exchange Traded Funds, mutual funds, and derivatives</p> <p>Single Bank and Branch Requirement:</p> <ul style="list-style-type: none"><li>• Authorized Dealers are to check to confirm that the customer has not already utilised partly or fully the allocated amount.</li><li>• Require appropriate documentation for tracking of the customers identity and for future redemption of 2.5% premium.</li><li>• Funds are to be paid directly to the service provider or entity responsible for the investment.</li><li>• Government Stamp Tax remains at 1.5%.</li></ul>

# 4. ICM: Portfolio Investments Cont'd.



To submit forms e-mail: [ecd@centralbankbahamas.com](mailto:ecd@centralbankbahamas.com)



# 5. How Much Can I Invest?



## Example

Frank invests:

- \$50,000 in March 2026
- \$30,000 in June 2026
- \$20,000 in September 2026

Total invested = \$100,000

Frank wants to invest \$20,000 in November 2026, however, he has exhausted his annual delegated limit.

Frank **must apply** to the Central Bank.

Otherwise, he must wait until 1 January 2027, i.e. the following year, when his delegated limit resets.


Investment Amount	Approval Route
Up to \$100,000 per calendar year per resident individual	Authorized Dealer
Above \$100,000	Central Bank Approval Required



# 6. ICM: Example of a Purchase



Ref#


**The Central Bank Of The Bahamas**  
 Exchange Control Regulations Act 1952  
**Investment Currency Market Purchase Form**

SECTION I (For Applicant Use)		
Authorized Dealer (Commercial Bank)	Any Authorized Dealer	
Name of Applicant		
Address of Applicant		
Name of Client	Enter Receipt Name	
Name of Recipient	Enter Receipt Name	
Address of Recipient	Enter Receipt Address	
Amount	Enter Amount Here	Name of Foreign Currency
Amount in Words		
State purpose for which foreign currency is required:		
I/WE DECLARE THAT:		
(1) The above statements are true. (2) The required supporting documents are attached. (3) The foreign currency will be used for the purposed stated. (4) The unused foreign currency will be offered for sale to an authorized dealer. (5) This is not a duplicate of a previous application. (6) I am/we are a: <input type="radio"/> Resident Individual <input type="radio"/> Resident Company		
Signature of Applicant:		Date:
SECTION II (For Central Bank Use Only)		
Facility Type:	Category:	
<input type="checkbox"/> Draft/Transfer	B\$ Amount: \$0.00	
<input type="checkbox"/> Cash/Traveler's Cheque	Location: Source: CO	
Purchase Type:	Approval/Sale: Approve	
<input type="radio"/> Single	Sector: Status:	
<input type="radio"/> Multiple (see other side)		
Prepared By:	Approved By (stamp & signature)	
Amount Approved		
Approval Expires		
Effective Date		
Conditions		
SECTION III (Authorized Dealer Only)		
Date Sold:	Facility Type Sold:	Sold by (stamp & signature)
B\$ Equivalent of Currency Sold in Figures (B\$):		
B\$ Equivalent of Currency Sold in Words (B\$):		
Amount of Foreign Currency Sold in Figures:		

How does the authorized dealer calculate premiums and charges for foreign exchange purchases through the ICM?

An example of the calculations required for an ICM transaction is shown below.

**Customer requests an ICM transaction in the amount of USD\$1.0 million**

The authorized dealer charges:

- 1.5% ICM Premium (to cover costs) = \$15,000
- 3.5% ICM Premium (held in escrow) = \$35,000
- 1.5% Stamp Tax on the USD Equivalent of the Foreign Currency Amount = \$15,000
- Bank Service Charges, say = \$100
- 10.0% VAT on the Bank Service Charges = \$10

**Total Cost to Customer = BSD 1,065,110**

## Frequently Asked Questions on ICM Transactions

**Does the authorized dealer charge the customer the standard conversion fee for converting B\$ funds to US dollars?**

No. The ICM 1.5% premium (to cover costs) is the fee for the conversion of currency.

**What does the authorized dealer do with the 3.5% ICM premium (held in escrow)?**

The authorized dealer remits 3.5% to the Central Bank, of which 2.5% is returned upon redemption.

**What does the authorized dealer do with the 1.5% stamp tax collected?**

The authorized dealer pays the stamp tax to the Public Treasury in the usual manner.

# 7. ICM: Conditions of Approval

## ICM investments are to be made with investment dollars



ICM investments are to be made with investment dollars (that is, funds used are not to be obtained by way of a loan or borrowings).



Evidence of the investment is to be provided to the Central Bank once the transaction has been completed.



Central Bank approval is required to transfer investment portfolios to another service provider.

## Approvals are subject to the following conditions:



Investment income (e.g., dividends or interest) must generally be repatriated to The Bahamas and converted to Bahamian dollars, with supporting documentation provided to the Central Bank.



Reinvestment of investment income requires the Central Bank's prior approval. Approved reinvestments are generally subject to quarterly portfolio activity reporting.



These conditions help ensure transparency, accountability and the proper management of foreign investments under the ICM framework.



## 8. ICM: Redemption

- Upon partial or full liquidation of your investment, a premium redemption will apply only to the proceeds representing the original capital purchased through the ICM. These proceeds must be repatriated and sold through the ICM at the offer (sell) rate prevailing at the time of repatriation. The current rate is 2.5%.
- Historically, rate reductions have been accompanied by a transition period allowing investors to repatriate investments at the previous, higher ICM offer (sell) rate.
- Redemption is applied on a pro rata basis and only up to the total amount originally purchased.
- ICM Redemption form must be completed and submitted via the Exchange Control mailbox.

[ecd@centralbankbahamas.com](mailto:ecd@centralbankbahamas.com)





# 9. ICM: Example of a Redemption



YEAR - 2 0 2 6  
 The Central Bank Of The Bahamas  
 Exchange Control Regulations Act 1952  
 Investment Currency Market Redemption Form

Ref#

SECTION I (For Applicant Use)	
Authorized Dealer (Commercial Bank)	Any Authorized Dealer
Name of Applicant	
Address of Applicant	
Approved Capital at Invested Cost [1]	\$750,000.00
Current Value of Investment [2]	\$1,250,000.00
Amount of Redemption [3]	\$500,000.00
Capital Redemption (subject to premium) [4]	\$300,000.00
Repatriated Gain (subject to official rate) [5]	\$200,000.00
Unredeemed Capital [6]	\$450,000.00
I/WE DECLARE THAT: (1) The above statements are true. (2) The required supporting documents are attached. (3) This is not a duplicate of a previous application. (4) I am/we are a: <input type="radio"/> Resident Individual <input type="radio"/> Resident Company	
Signature of Applicant:	Date:

SECTION II (For Central Bank Use Only)	
Facility Type: <input type="checkbox"/> Draft/Transfer <input type="checkbox"/> Cash/Traveler's Cheque	Category: B\$ Approved Amount: \$500,000.00 Capital Redemption (subject to premium): \$300,000.00 Sector: _____ Status: _____
Prepared By: Latera O Carey-McPhee	Approved By (stamp & signature)
Amount Approved: \$500,000.00	
Effective Date: 29 May 2026	
Expiration Date: 28 Aug 2026	
Conditions:	

SECTION III (Authorized Dealer Only)	
Date Sold:	Sold by (stamp & signature)
B\$ Equivalent of Currency Purchased in Figures (B\$):	
B\$ Equivalent of Currency Purchased in Words (B\$):	
Name of Recipient	
Address of Recipient	

## Example Calculation: Partial Liquidation of an ICM-Funded Investment

Item	Amount
Original investment amount approved	\$1,000,000
Amount purchased through the ICM	\$750,000
Current market value of portfolio	\$1,250,000
Amount being redeemed	\$500,000

Original ICM-funded capital represents 60% of the current value of the portfolio:

$$\$750,000 \div \$1,250,000 = 60\%$$

Redemption of \$500,000.00:

Portion of Redemption	Treatment
\$300,000 (60%)	Eligible for the 2.5% ICM redemption rate
\$200,000 (40%)	Treated as investment gains and converted at the official exchange rate

### Key Principle:

Redemptions are allocated proportionately between original ICM-funded capital and investment gains. Only the portion representing original ICM-funded capital qualifies for the ICM redemption rate.



## **II. Bahamian Depository Receipts (BDR)**



# 1. Bahamian Depository Receipts (BDR): Defined

- BDRs are investment instruments listed on The Bahamas International Securities Exchange whose underlying assets consist of publicly traded foreign securities, providing resident investors with exposure to international markets through the domestic capital market.
- Structured and marketed in Bahamian dollars.
- Unsponsored issues, meaning that they are issued by a local depository agent without formal agreement with the foreign share issuer whose stock underlies the depository receipt.

**As these investments are made in Bahamian dollars, residents do not require the Central Bank's approval to invest in these investment instruments.**



## 2. BDR Programme: Participants

- The Central Bank supports funding at the market rate for an unsponsored BDR programme, which allows resident investors to acquire Bahamian-dollar denominated interest in a fund that provides exposure to foreign securities.
- Presently, **five (5)** licensed broker-dealers participate in the BDR programme, namely:

Coralisle Pension Services (Bahamas) Ltd.

Leno Corporate Services Ltd.

Colina Financial Advisors Ltd. (CFAL)

RF Bank & Trust (Bahamas) Ltd.

Benchmark Advisors (Bahamas) Ltd.



### 3. BDR Programme: Limits

- **In January 2006**, at the introduction of the investment programme, the annual limit was set at \$25.0 million or \$6.25 million per quarter or up to 5 percent of the external reserves at previous year's end.
- **Effective 1 April 2016**, the annual limit was raised to \$35.0 million or \$8.25 million per quarter, provided that the amount is not equivalent to more than 5 percent of the external reserves of the country at the end of the previous year.



# 4. BDR Programme: Eligible Investors



## Natural residents and companies

- Bahamian citizens
- Permanent residents with no restrictions on employment
- Residents' wholly owned companies
- Other investment vehicles (e.g. trusts or settlements) wholly owned by, or whose beneficiaries are wholly comprised of, persons in the above categories





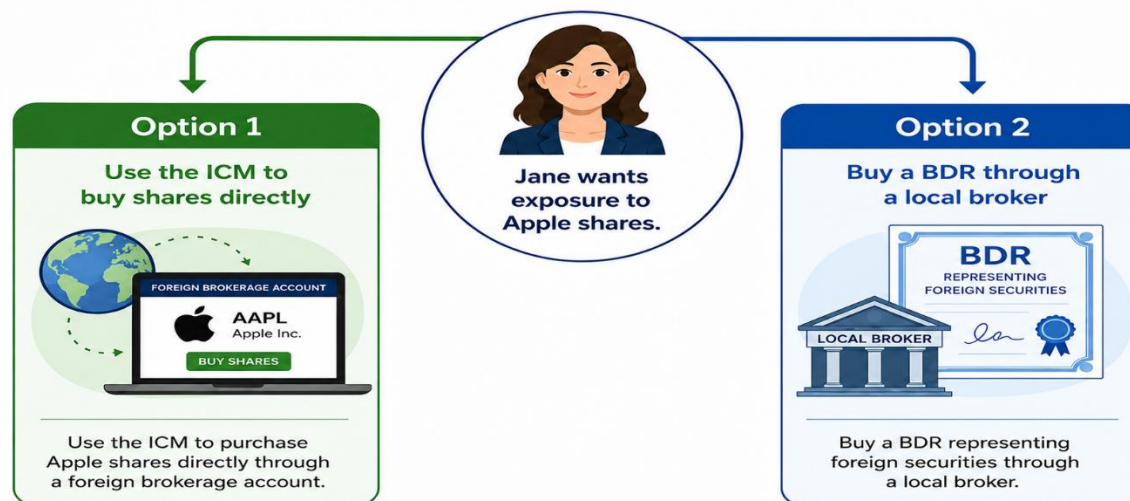
### III. Summary

# Summary: Two Different Ways to Invest

ICM	BDR
Invest abroad	Invest locally
Foreign security held abroad	Security listed on BISX
Foreign brokerage account required	No foreign brokerage account required
Purchased through foreign broker	Purchased through participating broker-dealers

**Example:**

## Two Ways Jane Can Invest in Apple Shares



# Contact Us



For more detailed information about this presentation or our services, please contact us at



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