



**CENTRAL BANK OF BARBADOS
EXCHANGE CONTROL ACT, CAP.71**

EXCHANGE CONTROL CIRCULAR

NUMBER 16

FEBRUARY 2020

**TO: AUTHORISED DEALERS AND
AUTHORISED DEPOSITARIES**

LOANS, OTHER CREDITS, OVERDRAFTS, GUARANTEES AND OTHER COLLATERAL ARRANGEMENTS

This Circular sets out the conditions under which Authorised Dealers may grant loans, other credits and overdrafts, issue guarantees and indemnities and enter into other collateral arrangements.

1. Local Borrowing by Non-Residents or Entities Controlled by Non-Residents

Permission of the Bank is required for the granting of any advance (loan/overdraft/indemnity/guarantee/credit arrangement or collateral arrangement) in Barbados to a non-resident or an entity owned or controlled by non-residents, except as follows:

- a) To a Barbadian national permanently resident outside of Barbados, without limit; or
- b) To an active company operating in Barbados where the majority beneficial owners are CARICOM Single Market and Economy (CSME) residents up to a maximum limit of BDS\$1.0 million per year except for real estate; or
- c) Renewal of existing facilities to non-resident companies for working capital purposes but such loans should not include borrowing to pay dividends, management fees, royalties or for remittance abroad.

(See Appendix III for list of CSME Countries)

Applications for such permission should be made by letter, giving the following information:

- a) the name, present address and country of residence of borrower;
- b) the amount of the proposed loan or overdraft, indemnity or guarantee;
- c) the purpose for which the facility, indemnity or guarantee is required; and
- d) the terms of the proposed loan or overdraft, indemnity or guarantee, including the rate of interest to be charged and the arrangement for repayment.

2. **Foreign Currency Borrowing by Residents**


Authorised Dealers may not, without the prior approval of the Bank, provide loans in foreign currencies from local or external sources to residents of Barbados (other than to another Authorised Dealer) for any purpose, except as below:

- a) To provide foreign currency loans to companies resident in Barbados without limit as long as the borrowing is secured by assets outside of Barbados; or
- b) To provide foreign currency loans to companies resident in Barbados up BDS\$5.0 million per transaction as long as the debt service is paid from the foreign currency earnings of the entity or from external sources.

Details of all foreign currency loans granted under (a) and (b) above must be submitted to the Bank by an Authorised Dealer within five (5) working days of approval.

3. **General Provision**

Authorised Dealers may, without the prior permission of the Bank, give and renew bonds and other commitments on behalf of non-residents provided that full cover is held in foreign currency or in a foreign currency account.



Ian R. Collymore

Director,

Foreign Exchange & Export Credits Department

APPENDIX III - LIST OF CSME COUNTRIES

1. Antigua and Barbuda
2. Barbados
3. Belize
4. Dominica
5. Grenada
6. Guyana
7. Jamaica
8. St. Kitts and Nevis
9. St. Lucia
10. St. Vincent and Grenadines
11. Suriname
12. Trinidad & Tobago