

Explanation of the suspension of the granting of foreign exchange licenses for transfers abroad

Because of the large economic impact the COVID-19 virus pandemic will have for the monetary union of Curaçao and Sint Maarten, the CBCS announced, among other things, the following measure on March 23, 2020:

To suspend with immediate effect, the extension of foreign exchange licenses for transfers abroad. This also applies for submitted applications that have not yet been granted a license. Transfers that have yet to be executed based on licenses already granted can be carried out normally. The extension of foreign exchange licenses will be resumed at a date to be determined by the Bank. Transfers abroad that do not require a foreign exchange license can be carried out as usual.

A foreign exchange license is required for certain capital transactions if the transaction amount is NAf. 150,000 or more. The suspension of the granting of foreign exchange licenses is applicable only for transactions that result in a transfer abroad in the short term and, consequently, cause an outflow of foreign exchange. With reference to the “Overview capital transactions which require a foreign exchange license” on pages 9-12 of the “Foreign Exchange Regulation 2017 Implementation Decrees of the Foreign Exchange Regulation Curaçao and Sint Maarten (2010)” (https://cbcs.spin-cdn.com/media/legislation_guidelines/20190120_foreign_exchange_regulation_2017.pdf) is the suspension of the granting of foreign exchange licenses applicable specifically for the following transactions if the amount is NAf. 150,000 or more:

1. Extension of a loan to a nonresident.
2. Transfers to own foreign bank account by legal entities.
3. Transfers to current account with foreign related companies by legal entities.
4. Transfers by individuals to their private foreign bank account.¹
5. Investments abroad.
6. Participation in a foreign company by a resident.
7. Distribution of dividends or profits to nonresidents.
8. Early redemption of loans received.

For all other capital transactions mentioned in the “Overview capital transactions which require a foreign exchange license”, foreign exchange licenses will be normally granted. All capital transactions with an amount of less than NAf. 150.000 can be executed without a license as usual.

Centrale Bank van Curaçao en Sint Maarten

March 23, 2020

¹ In addition, no license will be granted for exceeding the limit of NAf. 250.000 per year of the sum of the transfers.