

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI ANNOUNCES POLICY CHANGES

Over the years, former Fiji residents have contributed enormously to the economy by way of remittances and investment. In light of this, Government recently introduced ways to encourage and facilitate further participation of former Fiji residents in the development of the economy.

The Reserve Bank, in line with Government's introduction of a category for permanent resident status for former Fiji residents, their descendents and current spouses, have amended its definition of a Fiji resident to accommodate this change.

Under the revised definition, former Fiji residents issued with permanent resident visas are now considered Fiji residents under the Exchange Control Act. Accordingly, exchange control policy guidelines applicable to residents will apply.

Details of the exchange control guidelines are available from the Reserve Bank.

The Reserve Bank believes that this move will enhance Government's intention of encouraging former Fiji residents to return and contribute to the economy and at the same time, minimise the brain drain of its citizens.

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Details of New Guidelines for Former Fiji Residents

Transaction	Present Guideline	New Guidelines
1. <u>Issue & Transfer of Securities</u>	<ul style="list-style-type: none"> ▪ Approval is required for additional issue of shares: <ul style="list-style-type: none"> - evidence of equity provided from offshore; - a Foreign Investment Registration certificate ▪ Approval is required for transfer of shares: ▪ Approval for offshore settlement may also apply 	<ul style="list-style-type: none"> ▪ Approval will not be required for issue of shares, either new or additional or transfer of shares. ▪ Offshore settlement will not be applicable.
2. <u>Local Borrowing by Individual</u>	<ul style="list-style-type: none"> ▪ Purchase of property to be fully funded from offshore 	<ul style="list-style-type: none"> ▪ Approval will not be required
3. <u>Definition of “Resident Companies”</u> - applicable for determining control when assessing eligibility of companies to borrow locally	<ul style="list-style-type: none"> ▪ A company that has 50% or more of its shares held by residents is considered a resident controlled company - approval for local borrowing is not required ▪ Where shares are held by former Fiji residents, these form part of the foreign ownership of the company since they are considered non-residents - Borrowing requests are assessed according to current policy guidelines; 	<ul style="list-style-type: none"> ▪ [no change] ▪ Shares held by former Fiji residents will form part of the local ownership since they are now considered Fiji residents - Borrowing will not require Reserve Bank approval if residents hold majority shares
4. <u>Dividend/Profit Remittance</u>	<ul style="list-style-type: none"> ▪ Current repatriation rules apply 	<ul style="list-style-type: none"> ▪ Will be encouraged to retain funds in Fiji as they are considered Fiji residents
5. <u>Accounts held with Commercial Banks</u>	<ul style="list-style-type: none"> ▪ External and/or foreign currency accounts 	<ul style="list-style-type: none"> ▪ Resident bank accounts. ▪ They may be allowed to hold external and/or foreign currency account to be funded from external sources.
6. <u>Repatriation of foreign equity or advances</u>	<ul style="list-style-type: none"> ▪ Current repatriation rules apply 	<ul style="list-style-type: none"> ▪ Will be allowed to repatriate their investment initially contributed from offshore on condition that funds are sourced from income earned in Fiji.
7. <u>Exchange Control policies other than the above</u>	<ul style="list-style-type: none"> ▪ Current repatriation rules apply 	<ul style="list-style-type: none"> ▪ Current repatriation rules apply

