

Bank of Jamaica

Advisory to Securities Dealers and Collective Investment Schemes

Timetable for Raising the Limit on Investment in Foreign Securities in 2015

1. Further to Bank of Jamaica advisory dated 31 December 2013, the Minister of Finance and Planning issued two sets of exemption orders on the holding of foreign assets by securities dealers and collective investment schemes (“CIS”) on 23 September 2014 and 2 January 2015.
2. The purpose of the orders is to facilitate the emergence and growth of CIS as safe and diversified investment alternatives while managing the impact of potentially destabilizing foreign currency demand by:
 - continuing the existing exemption applicable to securities dealers of foreign currency instruments issued by the Government of Jamaica (“GOJ”) and foreign instruments issued or guaranteed by US, UK and Canadian sovereigns;
 - creating a special limited exemption for CIS so that securities dealers will be able to move their holdings as at 31 December 2013 of such exempt foreign currency instruments into CIS;
 - permitting securities dealers and CIS to acquire, in all currencies, investment grade sovereign obligations, investment grade corporate obligations of entities incorporated outside of Jamaica and shares of such corporations; and
 - relaxing the existing cap applicable to holdings of foreign currency assets that are not already exempted for securities dealers and CIS to 7.5% as at 1 July 2014 and 10% as at 2 January 2015.
3. This advisory sets out the timetable for raising the cap applicable to holdings of foreign currency assets to 25 per cent during 2015, unless extraordinary circumstances require a reassessment.
4. This advisory does not apply to insurance companies and pension funds.

Timetable

5. The steps in raising the limit applicable to holdings of foreign currency assets that are not already exempted are as follows:

Up to 30 June 2015	10.0%
From 01 July 2015	15.0%
From 01 January 2016	25.0%

6. A review of the response of securities dealers and CIS to each step as well as an assessment of the prevailing and prospective economic conditions may lead to a change in the timetable. Securities dealers and CIS will remain subject to any regulatory rules governing the specific sector.

Eligibility and Reporting

7. The relaxation of the cap will only apply to eligible securities dealers and eligible CIS. Securities dealers and CIS must be fully compliant with requirements for the submission of a Foreign Currency Investment Position and continuously comply with quarterly reporting requirements specified by Bank of Jamaica in order to maintain eligibility.