

Annual Report  
on  
Exchange Arrangements  
and Exchange Restrictions  
**2016**



International Monetary Fund

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## Country Chapters<sup>1</sup>

Afghanistan	Denmark
Albania	Djibouti
Algeria	Dominica
Angola	Dominican Republic
Antigua and Barbuda	Ecuador
Argentina	Egypt
Armenia	El Salvador
Aruba	Equatorial Guinea
Australia	Eritrea
Austria	Estonia
Azerbaijan	Ethiopia
The Bahamas	Fiji
Bahrain	Finland
Bangladesh	France
Barbados	Gabon
Belarus	The Gambia
Belgium	Georgia
Belize	Germany
Benin	Ghana
Bhutan	Greece
Bolivia	Grenada
Bosnia and Herzegovina	Guatemala
Botswana	Guinea
Brazil	Guinea-Bissau
Brunei Darussalam	Guyana
Bulgaria	Haiti
Burkina Faso	Honduras
Burundi	Hong Kong SAR
Cabo Verde	Hungary
Cambodia	Iceland
Cameroon	India
Canada	Indonesia
Central African Republic	Islamic Republic of Iran
Chad	Iraq
Chile	Ireland
China	Israel
Colombia	Italy
Comoros	Jamaica
Democratic Republic of the Congo	Japan
Republic of Congo	Jordan
Costa Rica	Kazakhstan
Côte d'Ivoire	Kenya
Croatia	Kiribati
Curaçao and Sint Maarten	Korea
Cyprus	Kosovo
Czech Republic	Kuwait

<sup>1</sup> These chapters are available on AREAER Online ([www.library-areaer.imf.org/](http://www.library-areaer.imf.org/)). The term “country,” as used in this publication, does not in all cases refer to a territorial entity that is a state as understood by international law and practice; the term also covers some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

Kyrgyz Republic	St. Kitts and Nevis
Lao P.D.R.	St. Lucia
Latvia	St. Vincent and the Grenadines
Lebanon	Samoa
Lesotho	San Marino
Liberia	São Tomé and Príncipe
Libya	Saudi Arabia
Lithuania	Senegal
Luxembourg	Serbia
Former Yugoslav Republic of Macedonia	Seychelles
Madagascar	Sierra Leone
Malawi	Singapore
Malaysia	Slovak Republic
Maldives	Slovenia
Mali	Solomon Islands
Malta	Somalia
Marshall Islands	South Africa
Mauritania	South Sudan
Mauritius	Spain
Mexico	Sri Lanka
Micronesia	Sudan
Moldova	Suriname
Mongolia	Swaziland
Montenegro	Sweden
Morocco	Switzerland
Mozambique	Syria
Myanmar	Tajikistan
Namibia	Tanzania
Nauru	Thailand
Nepal	Timor-Leste
Netherlands	Togo
New Zealand	Tonga
Nicaragua	Trinidad and Tobago
Niger	Tunisia
Nigeria	Turkey
Norway	Turkmenistan
Oman	Tuvalu
Pakistan	Uganda
Palau	Ukraine
Panama	United Arab Emirates
Papua New Guinea	United Kingdom
Paraguay	United States
Peru	Uruguay
Philippines	Uzbekistan
Poland	Vanuatu
Portugal	Venezuela
Qatar	Vietnam
Romania	Yemen
Russia	Zambia
Rwanda	Zimbabwe

## Preface

The *Annual Report on Exchange Arrangements and Exchange Restrictions* has been published by the IMF since 1950. It draws on information available to the IMF from a number of sources, including that provided in the course of official staff visits to member countries, and has been prepared in close consultation with national authorities.

This project was coordinated in the Monetary and Capital Markets Department by a staff team directed by Karl F. Habermeier and comprising Chikako Baba, Ricardo Cervantes, Salim M. Darbar, Aditya Gaiha, Annamaria Kokenyne, Jorge Lugo, and Viktoriya Zotova. It draws on the specialized contribution of that department (for specific countries), with assistance from staff members of the IMF's five area departments, together with staff of other departments. The report was edited and produced by Linda Griffin Kean, Michael Harrup, Madjé Amega, Lucy Scott Morales, and Kitty Colbert of the Communications Department.

## Abbreviations

AANZFTA	ASEAN–Australia–New Zealand Free Trade Agreement
ACU	Asian Clearing Union (Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Myanmar, Nepal, Pakistan, Sri Lanka)
AD	Authorized dealer
AFTA	ASEAN Free Trade Area (see ASEAN, below)
AGOA	African Growth and Opportunity Act (United States)
AMU	Asian monetary unit
ASEAN	Association of Southeast Asian Nations (Brunei Darussalam, Cambodia, Indonesia, Lao P.D.R., Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam)
BCEAO	Central Bank of West African States (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo)
BEAC	Bank of Central African States (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
CACM	Central American Common Market (Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua)
CAFTA	Central American Free Trade Agreement
CAP	Common agricultural policy (of the EU)
CARICOM	Caribbean Community and Common Market (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago); The Bahamas is also a member of CARICOM, but it does not participate in the Common Market
CB	Central bank
CEFTA	Central European Free Trade Area (Bulgaria, Hungary, Poland, Romania, Slovak Republic, Slovenia)
CEMAC	Central African Economic and Monetary Community (members of the BEAC)
CEPGL	Economic Community of the Great Lakes Countries (Burundi, Democratic Republic of the Congo, Rwanda)
CET	Common external tariff
CFA	Communauté financière d'Afrique (administered by the BCEAO) and Coopération financière en Afrique centrale (administered by the BEAC)
CIMA Code	Chartered Institute of Management Accountants Code of Ethics for Professional Accountants
CIS	Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMA	Common Monetary Area (a single exchange control territory comprising Lesotho, Namibia, South Africa, and Swaziland)
CMEA	Council for Mutual Economic Assistance (dissolved; formerly Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, U.S.S.R., Vietnam)

Note: This list does not include acronyms of purely national institutions mentioned in the country chapters.



COMESA	Common Market for Eastern and Southern Africa (Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe)
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
EC	European Council (Council of the European Union)
ECB	European Central Bank
ECCB	Eastern Caribbean Central Bank (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
ECCU	Eastern Caribbean Currency Union
ECOWAS	Economic Community of West African States (Benin, Burkina Faso, Cabo Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo)
ECSC	European Coal and Steel Community
EEA	European Economic Area
EFSF	European Financial Stability Facility
EFSM	European Financial Stability Mechanism
EFTA	European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland)
EIB	European Investment Bank
EMU	European Economic and Monetary Union (Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)
EPZ	Export processing zone
ERM	Exchange rate mechanism (of the European monetary system)
EU	European Union (formerly European Community; Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom)
FATF	Financial Action Task Force on Money Laundering (of the OECD)
FDI	Foreign direct investment
FEC	Foreign exchange certificate
FSU	Former Soviet Union
G7	Group of Seven advanced economies (Canada, France, Germany, Italy, Japan, United Kingdom, United States)
GAFTA	Greater Arab Free Trade Agreement
GCC	Gulf Cooperation Council (Cooperation Council for the Arab States of the Gulf; Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)
GSP	Generalized System of Preferences
IBRD	International Bank for Reconstruction and Development (World Bank)
IMF	International Monetary Fund
LAIA	Latin American Integration Association (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela)
LC	Letter of credit
LIBID	London interbank bid rate

LIBOR	London interbank offered rate
MCP	Multiple currency practice
MERCOSUR	Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay, Venezuela)
MFN	Most favored nation
MOF	Ministry of finance
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines)
OGL	Open general license
OTC	Over the counter
PACER	Pacific Agreement on Closer Economic Relations (of the Pacific Islands Forum; Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
PICTA	Pacific Island Countries Trade Agreement (of the Pacific Islands Forum); Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)
RCPSFM	Regional Council on Public Savings and Financial Markets (an institution of WAEMU countries that is involved in issuance and marketing of securities)
RIFF	Regional Integration Facilitation Forum (formerly Cross-Border Initiative; Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe)
SACU	Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, Swaziland)
SADC	Southern Africa Development Community (Angola, Botswana, Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe)
SDRs	Special drawing rights
UCITS	Undertakings for the Collective Investment of Transferable Securities
UDEAC	Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon)
UN	United Nations
UNSC	UN Security Council
VAT	Value-added tax
WAEMU	West African Economic and Monetary Union (formerly WAMU; members of the BCEAO)
WAMA	West African Monetary Agency (formerly WACH)
WAMZ	West African Monetary Zone
W-ERM II	Exchange rate mechanism (of the WAMZ)
WTO	World Trade Organization

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## Overview

This is the 67th issue of the *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER), which provides a yearly description of the foreign exchange arrangements, exchange and trade systems, and capital controls of all IMF member countries.<sup>1</sup> The AREAER reports on restrictions in effect under Article XIV, Section 2, of the IMF's Articles of Agreement in accordance with Section 3 of Article XIV, which mandates annual reporting on such restrictions.<sup>2</sup> It also provides information relating to paragraph 25 of the 2012 Integrated Surveillance Decision, which restates the obligation of each member country under the IMF's Articles of Agreement to notify the IMF of the exchange arrangement it intends to apply and any changes in that arrangement.<sup>3</sup>

The AREAER also provides a description of global exchange and trade systems. It covers restrictions on current international payments and transfers and multiple currency practices (MCPs) maintained under Article XIV of the IMF's Articles of Agreement as well as those subject to the IMF's jurisdiction in accordance with Article VIII, Sections 2(a) and 3.<sup>4</sup> The report also provides information on the operation of foreign exchange markets, controls on international trade, controls on capital transactions, and measures implemented in the financial sector, including prudential measures. In addition, the AREAER reports on exchange measures imposed by member countries solely for national and/or international security reasons, including those notified to the IMF in accordance with relevant decisions by the IMF Executive Board.<sup>5</sup>

Furthermore, the AREAER provides information on exchange rate arrangements of member countries: the de jure arrangements as described by the countries and the de facto arrangements, which are classified into 10 categories (Table 1). This classification is based on the information available on members' de facto arrangements, as analyzed by the IMF staff, which may differ from countries' officially announced (de jure) arrangements. The methodology and the characteristics of the categories are described in the Compilation Guide included in this report.

**Table 1. Classification of Exchange Rate Arrangements**

Type	Categories				
Hard pegs	Exchange arrangement with no separate legal tender	Currency board arrangement			
Soft pegs	Conventional pegged arrangement	Pegged exchange rate within horizontal bands	Stabilized arrangement	Crawling peg	Crawl-like arrangement
Floating regimes (market-determined rates)	Floating	Free floating			
Residual	Other managed arrangement				

Note: This methodology became effective February 2, 2009, and reflects an attempt to provide greater consistency and objectivity of exchange rate classifications across countries and to improve the transparency of the IMF's bilateral and multilateral surveillance in this area.

<sup>1</sup> In addition to the 189 IMF member countries, the report includes information on Hong Kong SAR (China) as well as Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands).

<sup>2</sup> The IMF's Articles of Agreement are available at [www.imf.org/external/pubs/ft/aa/index.htm](http://www.imf.org/external/pubs/ft/aa/index.htm).

<sup>3</sup> [www.imf.org/external/np/sec/pn/2012/pn1289.htm](http://www.imf.org/external/np/sec/pn/2012/pn1289.htm).

<sup>4</sup> The information on restrictions and MCPs consists of verbatim quotes from each country's most recent published IMF staff report as of December 31, 2015, and represents the views of the IMF staff, which may not necessarily have been endorsed by the IMF Executive Board. In cases in which the information is drawn from IMF staff reports that have not been made public, the quotes have been included with the express consent of the member country. In the absence of such consent, the relevant information is reported as "not publicly available." Any changes to these restrictions and MCPs implemented after the relevant IMF report has been issued will be reflected in the subsequent issue of the AREAER that covers the year during which the IMF staff report with information on such changes is issued.

<sup>5</sup> The information on exchange measures imposed for security reasons is based solely on information provided by country authorities.

Several tools help navigate and interpret the findings of this report. A single table compares the characteristics of the exchange and trade systems of all IMF member countries: Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries. The Country Table Matrix lists the categories of data reported for each country, and the Compilation Guide includes definitions and explanations used to report the data.

The AREAER is available online and on a CD. The Overview and the detailed information for each of the 192 member countries and territories for each year are included on the CD and in the AREAER Online database. In addition, the AREAER Online contains data published in previous issues of the AREAER and is searchable by year, country, and category of measure and allows cross-country comparisons for time series.<sup>6</sup>

In general, the AREAER includes a description of exchange and trade systems as of December 31, 2015. However, any changes made to member countries' exchange rate arrangements before April 30, 2016, are reflected in the report, as are some other developments through July 31, 2016.<sup>7</sup>

## Overall Developments

Liberalization of foreign exchange transactions continued during January 1, 2015–July 31, 2016, against a backdrop of heightened uncertainty and a decline in net capital flows to emerging market economies resulting from the narrowed growth differential between advanced and emerging market economies, a decline in oil and commodity prices, and geopolitical tensions. These developments reduced risk appetite, increased credit risks, tightened financial conditions, and increased pressure on banks. Advanced economies' currencies strengthened during most of the reporting period, while currencies of commodity-exporting countries and emerging market economies tended to weaken before rebounding somewhat after February 2016, due to reduced risk aversion and a recovery in commodity prices.

While emerging market economies generally experienced reduced capital inflows, national policies influenced the cross-country distribution of these flows. According to the April 2016 *World Economic Outlook*, countries with lower public debt, more flexible exchange rate arrangements, tighter capital controls, and higher foreign exchange reserves appear to have weathered the slowdown in capital flows better. The decline in net capital inflows to emerging market economies was particularly steep during the second half of 2015, despite reduced outflows, and reflects net sales by foreign portfolio investors. Changing expectations about China contributed to shaping the dynamics of aggregate capital flows to emerging market economies. Chinese companies undertook substantial repayment of U.S. dollar-denominated external debt, and Chinese residents increased acquisitions of overseas assets.

The 2016 AREAER documents the following major trends and significant developments:

- Changes in de facto exchange rate arrangements during the reporting period indicate a shift toward less stable managed arrangements, likely because of external shocks and heightened global economic uncertainty. The use of the residual category (other managed arrangements) increased as countries with tightly managed exchange rate arrangements were forced to allow more flexibility, given balance of payments challenges and depreciation pressure on their currencies.
- Continuing the earlier trend, the share of member countries using the exchange rate as the main monetary policy target declined. The number of countries that directly target inflation increased.
- There was a move toward greater exchange rate flexibility and reduced intervention in some members, with a view toward allowing a more variable exchange rate and stemming further loss of foreign exchange reserves.

<sup>6</sup> For further information on these resources, see [www.imf.org/external/publications/index.htm](http://www.imf.org/external/publications/index.htm), [www.imfbookstore.org](http://www.imfbookstore.org), or [www.elibrary.imf.org](http://www.elibrary.imf.org).

<sup>7</sup> The date of the latest reported development is indicated for each country in the country chapters on the CD and in the AREAER Online database as *Position date*. The exchange rate classification for all countries reflects the status as of April 30 of the year of publication regardless of the position date.

- The modernization of foreign exchange market structures continued as markets developed and market-based arrangements spread. Although the number of countries with central bank auctions increased marginally, the number whose central banks offered standing facilities declined somewhat. The reported number of countries with a functioning interbank and forward foreign exchange market increased. Many member countries also continued to strengthen forward and swap market structures and to ease and expand their operations; a few members tightened operational conditions.
- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4, increased by one to 169 in 2015, when Albania accepted Article VIII obligations. Nineteen IMF members make use of the transitional arrangement under Article XIV. Of these 19 members, 4 maintain no restrictions but have not yet decided to accept the obligations under Article VIII.
- The previous trend toward liberalization of payments for invisible transactions continued. The regulatory framework was eased for imports and import payments, as well as for proceeds from current invisibles and current transfers.
- IMF members continued to liberalize capital transactions amid slower global growth and subdued capital flows to emerging markets. The easing of measures affecting both inflows and outflows continued. Measures affecting capital and money market instruments recorded the largest number of changes, followed by credit operations. The liberalization of portfolio investments continued despite large portfolio outflows from emerging markets. Tightening measures mostly aimed at managing volatile capital flows or balance of payments pressures.
- Developments in the financial sector indicate progress in implementing the global regulatory reform agenda and continued liberalization of controls on capital flows. Financial sector regulatory frameworks were adjusted to align them with new international standards and to consolidate developments in prudential and institutional arrangements. The general trend toward more capital account openness is reflected in developments in the financial sector as well. Reserve requirements continued to be used extensively to implement monetary policy and financial stability objectives and as policy responses to capital flow volatility.

The remainder of this Overview highlights the major developments covered in the individual country chapters that are part of this report.

## Developments in Exchange Arrangements

This section documents major changes and trends in the following related areas: exchange rate arrangements, intervention, monetary anchors, and the operation and structure of foreign exchange markets. It also reports on significant developments with respect to exchange taxes, exchange rate structures, and national currencies. There are five tables within this section. [Table 2](#) summarizes the detailed descriptions in the country chapters by reporting each IMF member country's monetary policy framework as indicated by country officials and the classification of their de facto exchange rate arrangements. [Table 3](#) breaks down countries' de facto exchange rate arrangements for 2008–16. [Table 4](#) highlights changes in the reclassification of the de facto exchange rate arrangements between May 1, 2015, and April 30, 2016. [Table 5](#) outlines IMF member countries' monetary policy frameworks and exchange rate anchors for 2008–16, and [Table 6](#) reports the foreign exchange market structure among the membership.

### Exchange Rate Arrangements<sup>8</sup>

In contrast to the previous reporting period, which reflected a move toward more stable managed arrangements, the changes in exchange rate arrangements as of April 2016 point to heightened uncertainty in global economic and financial conditions, resulting in an increase of more flexible or less clearly defined exchange rate arrangements. The strengthening of advanced economies' currencies during most of the reporting period, coupled with the decline in commodity prices, which started rebounding only toward

<sup>8</sup> This section summarizes developments between May 1, 2015, and April 30, 2016.

the end of the first quarter of 2016, put emerging market economies' exchange rates under pressure. Countries with flexible exchange rates generally responded by allowing the currency to depreciate, while central banks of some countries with less flexible exchange rate arrangements were prompted to reduce control of the exchange rate and allow greater flexibility in an effort to stop further decline of foreign exchange reserves.

- *Other managed arrangements*—The number of other managed arrangements doubled from 10 to 20 between May 1, 2015, and April 30, 2016. This exchange rate arrangement is characteristic of periods during which volatile foreign exchange market conditions hinder the use of more clearly defined exchange rate arrangements. The percentage of countries in this category rebounded and slightly surpassed its level in 2013, after having reached the lowest point in 2015 on the back of improving global financial conditions. Thirteen countries were included in this category: six were reclassified from a crawl-like arrangement (Angola, Belarus, China, Haiti, Rwanda, Tajikistan), five from a stabilized arrangement (Azerbaijan, Cambodia, Egypt, Kazakhstan,<sup>9</sup> Guinea), one from floating (The Gambia), and one from a conventional peg arrangement (South Sudan). Of the thirteen, three countries were also classified as other managed in the 2014 AREAER (Cambodia, The Gambia, Rwanda). As of April 2016, three countries left this group: two met the criteria for a stabilized arrangement (Nigeria, Sudan), and one moved to a floating arrangement (Kazakhstan).
- *Hard pegs (no separate legal tender and currency boards)*—Nauru became an IMF member on April 12, 2016, increasing the number of countries in this category by one. Nauru has no separate legal tender; its currency is the Australian dollar. Changes in this category are rare, as countries with such arrangements tend to maintain their exchange rate policies unless there are large and long-lasting changes in their economies that result in an exit.
- *Soft pegs*—Recurring pressures on the currencies of many emerging market economies as a result of capital flow volatility may have contributed to an overall shift toward increased exchange rate management since 2008. The number of countries with soft pegs has decreased by 15.6 percent since April 2015, to about the same level as in 2012, with most of the changes in stabilized and crawl-like arrangements (Table 3). Countries with soft pegs are still the single largest exchange rate arrangement category, 2.6 percentage points higher than floating arrangements and accounting for 39.6 percent of all members.
- *Conventional pegs*—The number of countries in this category remained at 44, with only two changes: (1) Libya's exchange rate arrangement was reclassified again as a de facto conventional peg from a crawl-like arrangement beginning in January 2015. (2) South Sudan abandoned the conventional peg and introduced a de jure floating exchange rate regime in December 2015; its de facto exchange rate arrangement was reclassified to other managed, effective the same date. The conventional peg arrangement holds the larger share among soft pegs, with 57.9 percent.
- *Stabilized arrangements*—The number of countries with stabilized arrangements declined by 4, to 18. There were 10 changes in this category between April 2015 and April 2016; five countries were reclassified to the residual category other managed (Azerbaijan, Cambodia, Egypt, Guinea, Kazakhstan); two countries moved to a crawl-like arrangement (Mauritania, Sri Lanka); and three were added, two from other managed (Nigeria, Sudan) and one from a crawl-like arrangement (Lao P.D.R.). The category stabilized arrangement remained the second largest among the soft pegs, with 23.7 percent.
- *Crawl-like arrangements*—The number of crawl-like arrangements declined by half, to 10 during this reporting period, reaching its lowest level in the past six years, with 5.2 percent of all IMF member countries. While only two countries moved into this category (Mauritania, Sri Lanka), twelve moved out: four were reclassified to floating (Argentina, Armenia, Guatemala, Switzerland), six to other managed (Angola, Belarus, China, Haiti, Rwanda, Tajikistan), one to a stabilized arrangement (Lao P.D.R.), and one to a conventional peg (Libya). Notwithstanding a large amount of foreign exchange market intervention, Angola, Argentina, and Belarus experienced more than 50 percent depreciation of their currencies; Tajikistan<sup>10</sup> 49 percent; and Haiti 31 percent. Countries adopting stabilized and crawl-like arrangements often flexibly adjust the way they manage their exchange rate in response to events in the external environment, including differences in inflation across countries, capital flow pressures, and new trends in world trade resulting in reclassifications to other soft pegs or the residual category.

<sup>9</sup> The Kazakhstani tenge was reclassified to other managed from a stabilized arrangement in August 2015 and reclassified again to a floating arrangement beginning in December 2015.

<sup>10</sup> Tajikistan's foreign exchange reserves declined by 64 percent from January 2015 to April 2016.

- *Pegged exchange rates within horizontal bands*—Only Tonga maintains this arrangement. Two additional countries have de jure pegged exchange rates within horizontal bands, but one has a de facto stabilized arrangement (Maldives) and the other a de facto other managed arrangement (Syria).
- *Floating arrangement*—The number of countries classified as floating increased by 3, to 40, with nine changes in the composition of the group. Of the nine countries, six entered (Argentina, Armenia, Guatemala,<sup>11</sup> Kazakhstan,<sup>12</sup> Mexico,<sup>13</sup> Switzerland) and three countries left the floating category; two were reclassified to a free-floating arrangement (Mexico, Russia); and one was classified as other managed (The Gambia).
- *Free floating*—The number of countries with free-floating arrangements increased by 1, to 31. The only change registered in this category was Russia (previously other managed), which was reclassified as free floating after eliminating official intervention in the foreign exchange market as of July 2015. Mexico abandoned the free-floating arrangement temporarily from May to November 2015, but has since resumed floating freely and remained in this category as of April 2016.

**Table 2. De Facto Classification of Exchange Rate Arrangements and Monetary Policy Frameworks, April 30, 2016**

The classification system is based on the members' actual, de facto arrangements as identified by IMF staff, which may differ from their officially announced, de jure arrangements. The system classifies exchange rate arrangements primarily on the basis of the degree to which the exchange rate is determined by the market rather than by official action, with market-determined rates being on the whole more flexible. The system distinguishes among four major categories: hard pegs (such as exchange arrangements with no separate legal tender and currency board arrangements); soft pegs (including conventional pegged arrangements, pegged exchange rates within horizontal bands, crawling pegs, stabilized arrangements, and crawl-like arrangements); floating regimes (such as floating and free floating); and a residual category, other managed. This table presents members' exchange rate arrangements against alternative monetary policy frameworks in order to highlight the role of the exchange rate in broad economic policy and illustrate that different exchange rate regimes can be consistent with similar monetary frameworks. The monetary policy frameworks are as follows:

#### *Exchange rate anchor*

The monetary authority buys or sells foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs

(or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

#### *Monetary aggregate target*

The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

#### *Inflation-targeting framework*

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

#### *Other*

The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

<sup>11</sup> Guatemala was retroactively reclassified to floating, effective November 16, 2012.

<sup>12</sup> Kazakhstan was reclassified twice, to other managed in August 2015 and to floating in December 2015.

<sup>13</sup> Mexico abandoned the free-floating arrangement temporarily from May to November 2015.



Table 2 (continued)

Exchange rate arrangement (number of countries)	Monetary Policy Framework								
	Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (38)	Other <sup>1</sup> (48)		
	U.S. dollar (39)		Euro (25)					Composite (9)	Other (9)
<b>No separate legal tender (14)</b>	Ecuador El Salvador Marshall Islands Micronesia	Palau Panama Timor-Leste Zimbabwe	Kosovo Montenegro	San Marino		Kiribati Nauru <sup>2</sup> (04/16) Tuvalu			
<b>Currency board (11)</b>	Djibouti Hong Kong SAR ECCU Antigua and Barbuda Dominica Grenada	St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines	Bosnia and Herzegovina Bulgaria			Brunei Darussalam			
<b>Conventional peg (44)</b>	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritrea	Iraq Jordan Oman Qatar Saudi Arabia Turkmenistan United Arab Emirates Venezuela	Cabo Verde Comoros Denmark <sup>3</sup> São Tomé and Príncipe <b>WAEMU</b> Benin Burkina Faso Côte d'Ivoire Guinea Bissau Mali Niger Senegal Togo	<b>CEMAC</b> Cameroon Central African Rep. Chad Rep. of Congo Equatorial Guinea Gabon	Fiji Kuwait Morocco <sup>4</sup> Libya (01/15)	Bhutan Lesotho Namibia Nepal Swaziland		Solomon Islands <sup>5</sup> Samoa	
<b>Stabilized arrangement (18)</b>	Guyana Lebanon	Maldives Trinidad and Tobago	FYR Macedonia		Singapore Vietnam <sup>6</sup>		Bangladesh <sup>6</sup> Bolivia <sup>6</sup> Burundi <sup>6</sup> Democratic Rep. of the Congo <sup>6</sup> Nigeria <sup>6</sup> (03/15) Suriname <sup>6</sup> Yemen <sup>6</sup>	Czech Rep. <sup>7</sup>	Costa Rica <sup>6,8</sup> Lao P.D.R. <sup>6</sup> (01/15) Sudan <sup>6</sup> (01/15)
<b>Crawling peg (3)</b>	Honduras Nicaragua				Botswana				
<b>Crawl-like arrangement (10)</b>			Croatia		Iran <sup>6</sup>		Ethiopia <sup>6</sup> Uzbekistan <sup>6</sup>	Dominican Republic <sup>6</sup>	Jamaica <sup>6,8</sup> Mauritania <sup>6,9</sup> (09/14) Papua New Guinea <sup>6</sup> Sri Lanka <sup>6,8,9</sup> (10/14) Tunisia <sup>5,8</sup>
<b>Pegged exchange rate within horizontal bands (1)</b>									Tonga <sup>5</sup>

Table 2 (continued)

Exchange rate arrangement (number of countries)	Monetary Policy Framework						
	Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (38)	Other <sup>1</sup> (48)
	U.S. dollar (39)	Euro (25)	Composite (9)	Other (9)			
<b>Other managed arrangement (20)</b>	Cambodia (03/15) Liberia		Syria		Algeria Belarus (01/15) China <sup>9</sup> (12/14) The Gambia (05/15) Guinea (02/15) Myanmar Rwanda (03/15) Tajikistan (03/15)		Angola (06/15) Azerbaijan (12/15) Egypt (01/15) Haiti (06/15) Kyrgyz Rep. Malaysia Pakistan South Sudan (12/15) Vanuatu
<b>Floating (40)</b>					Afghanistan Madagascar Malawi Mozambique Seychelles Sierra Leone Tanzania	Albania Armenia <sup>9</sup> (11/14) Brazil Colombia Georgia Ghana Guatemala Hungary Iceland India Indonesia Israel Kazakhstan (12/15) Korea Moldova New Zealand Paraguay Peru Philippines Romania Serbia South Africa Thailand Turkey Uganda Uruguay <sup>9</sup>	Argentina <sup>8</sup> (12/15) Kenya <sup>8</sup> Mauritius Mongolia <sup>8</sup> Switzerland (01/15) Ukraine Zambia
<b>Free floating (31)</b>						Australia Canada Chile Japan Mexico <sup>10</sup> (11/15) Norway Poland Russia (07/15) Sweden United Kingdom	Somalia <sup>11</sup> United States <b>EMU</b> Austria Belgium Cyprus Estonia Finland France Germany Greece Ireland Italy Latvia

**Table 2 (concluded)**

Exchange rate arrangement (number of countries)	Monetary Policy Framework						Other <sup>1</sup> (48)
	Exchange rate anchor				Monetary aggregate target (24)	Inflation-targeting framework (38)	
	U.S. dollar (39)	Euro (25)	Composite (9)	Other (9)			
							Lithuania (01/15) Luxembourg Malta Netherlands Portugal Slovak Rep. Slovenia Spain

Source: IMF staff.

Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses. CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; EMU = European Economic and Monetary Union; WAEMU = West African Economic and Monetary Union.

<sup>1</sup> Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.

<sup>2</sup> Nauru became a member of the IMF on April 12, 2016.

<sup>3</sup> The member participates in the European Exchange Rate Mechanism (ERM II).

<sup>4</sup> Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib adopted a monetary policy framework in 2006 based on various inflation indicators with the overnight interest rate as its operational target to pursue its main objective of price stability.

<sup>5</sup> The country maintains a de facto exchange rate anchor to a composite.

<sup>6</sup> The country maintains a de facto exchange rate anchor to the U.S. dollar.

<sup>7</sup> The country maintains a de facto exchange rate anchor to the euro.

<sup>8</sup> The central bank has taken preliminary steps toward inflation targeting.

<sup>9</sup> The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.

<sup>10</sup> The exchange rate arrangement was reclassified twice during this reporting period, reverting back to the classification in the previous year's report.

<sup>11</sup> Currently the Central Bank of Somalia does not have a monetary policy.

**Table 3. Exchange Rate Arrangements, 2008–16***(Percent of IMF members as of April 30)<sup>1</sup>*

Exchange Rate Arrangement	2008 <sup>2</sup>	2009 <sup>3</sup>	2010 <sup>4</sup>	2011 <sup>5</sup>	2012 <sup>5</sup>	2013	2014	2015	2016 <sup>6</sup>
Hard peg	12.2	12.2	13.2	13.2	13.2	13.1	13.1	12.6	13.0
No separate legal tender	5.3	5.3	6.3	6.8	6.8	6.8	6.8	6.8	7.3
Currency board	6.9	6.9	6.9	6.3	6.3	6.3	6.3	5.8	5.7
Soft peg	39.9	34.6	39.7	43.2	39.5	42.9	43.5	47.1	39.6
Conventional peg	22.3	22.3	23.3	22.6	22.6	23.6	23.0	23.0	22.9
Stabilized arrangement	12.8	6.9	12.7	12.1	8.4	9.9	11.0	11.5	9.4
Crawling peg	2.7	2.7	1.6	1.6	1.6	1.0	1.0	1.6	1.6
Crawl-like arrangement	1.1	0.5	1.1	6.3	6.3	7.9	7.9	10.5	5.2
Pegged exchange rate within horizontal bands	1.1	2.1	1.1	0.5	0.5	0.5	0.5	0.5	0.5
Floating	39.9	42.0	36.0	34.7	34.7	34.0	34.0	35.1	37.0
Floating	20.2	24.5	20.1	18.9	18.4	18.3	18.8	19.4	20.8
Free floating	19.7	17.6	15.9	15.8	16.3	15.7	15.2	15.7	16.1
Residual									
Other managed arrangement	8.0	11.2	11.1	8.9	12.6	9.9	9.4	5.2	10.4

Source: AREAER database.

<sup>1</sup> Includes 189 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

<sup>2</sup> As retroactively classified February 2, 2009; does not include Kosovo, Tuvalu, and South Sudan, which became IMF members on June 29, 2009, June 24, 2010, and April 18, 2012, respectively.

<sup>3</sup> As published in the 2009 AREAER; does not include Kosovo, Tuvalu, and South Sudan, which became IMF members on June 29, 2009, June 24, 2010, and April 18, 2012, respectively.

<sup>4</sup> As published in the 2010 AREAER; does not include Tuvalu and South Sudan, which became IMF members on June 24, 2010, and April 18, 2012, respectively.

<sup>5</sup> As published in the 2011 and 2012 AREAER; does not include South Sudan, which became an IMF member on April 18, 2012.

<sup>6</sup> Includes Nauru, which became an IMF member on April 12, 2016.

**Table 4. Changes and Resulting Reclassifications of Exchange Rate Arrangements, May 1, 2015–April 30, 2016**

Country	De Jure Arrangement	De Facto Arrangement		
		Previous Arrangement <sup>1</sup>	Current (2016 AREAER)	Effective Date of Reclassification
Angola	Floating	Crawl-like	Other managed	June 5, 2015
Argentina	Floating	Crawl-like	Floating	December 17, 2015
Armenia <sup>2</sup>	Free floating	Crawl-like	Floating	November 4, 2014
Azerbaijan	Managed floating	Stabilized	Other managed	December 21, 2015
Belarus	Managed floating	Crawl-like	Other managed	January 9, 2015
Cambodia	Managed floating	Stabilized	Other managed	March 11, 2015
China <sup>2</sup>	Managed floating	Crawl-like	Other managed	December 24, 2014
Egypt	Floating	Stabilized	Other managed	January 19, 2015
Gambia, The	Free floating	Floating	Other managed	May 4, 2015
Guatemala <sup>2</sup>	Floating	Crawl-like	Floating	November 16, 2012
Guinea	Managed floating	Stabilized	Other managed	February 5, 2015
Haiti	Floating	Crawl-like	Other managed	June 29, 2015
Kazakhstan	Managed floating	Stabilized	Other managed	August 20, 2015
Kazakhstan <sup>3</sup>	Managed floating		Floating	December 15, 2015
Lao P.D.R.	Managed floating	Crawl-like	Stabilized	January 22, 2015
Libya	Conventional peg	Crawl-like	Conventional peg	January 27, 2015
Mauritania <sup>2</sup>	Floating	Stabilized	Crawl-like	September 9, 2014
Mexico	Free floating	Free floating	Floating	May 20, 2015
Mexico <sup>3</sup>	Free floating		Free floating	November 20, 2015
Nigeria	Other managed	Other managed	Stabilized	March 9, 2015
Russia	Floating	Floating	Free floating	July 29, 2015
Rwanda	Floating	Crawl-like	Other managed	March 4, 2015
South Sudan	Floating	Conventional peg	Other managed	December 15, 2015
Sri Lanka <sup>2</sup>	Free floating	Stabilized	Crawl-like	October 13, 2014
Sudan	Managed floating	Other managed	Stabilized	January 1, 2015
Switzerland	Free floating	Crawl-like	Floating	January 15, 2015
Tajikistan	Managed floating	Crawl-like	Other managed	March 16, 2015

Source: AREAER database.

<sup>1</sup> This column refers to the arrangements as reported in the 2015 AREAER, except when a reclassification took place during January 1–April 30, 2015, in which case it refers to the arrangement preceding such a reclassification.

<sup>2</sup> The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.

<sup>3</sup> Cells in the column “Previous Arrangement” are blank if there was a subsequent reclassification during the reporting period.

## Monetary Anchors<sup>14</sup>

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—42.7 percent (Table 5). There were four changes in official monetary anchors<sup>15</sup> compared with two in the previous reporting period: Three countries (Jamaica, South Sudan, Suriname) left the group of countries anchored to the U.S. dollar (39), three countries (Algeria, Samoa, Tonga) left the countries anchored to a composite (9), and one country (Nauru) became a member of the IMF on April 12, 2016, with an anchor to a single currency (9). The group of members anchored to the euro remained the same (25) (see Table 2).

<sup>14</sup> Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goals (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members’ declarations in the context of the yearly AREAER update or Article IV consultations.

<sup>15</sup> The officially announced monetary anchor may differ from the anchor implemented in practice as a result of the characteristics of the de facto exchange rate arrangement.

**Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2008–16***(Percent of IMF members as of April 30)<sup>1</sup>*

	U.S. Dollar	Euro	Composite	Other Currency	Monetary Aggregate	Inflation Targeting	Other <sup>2</sup>
2008 <sup>3</sup>	33.0	14.4	8.0	3.7	11.7	22.9	6.4
2009 <sup>3</sup>	28.7	14.4	7.4	4.3	13.3	15.4	16.5
2010 <sup>4</sup>	26.5	14.8	7.9	3.7	13.2	16.4	17.5
2011 <sup>5</sup>	25.3	14.2	7.4	4.2	15.3	16.3	17.4
2012 <sup>5</sup>	22.6	14.2	6.8	4.2	15.3	16.8	20.0
2013	23.0	14.1	6.8	4.2	13.6	17.8	20.4
2014	22.5	13.6	6.3	4.2	13.1	17.8	22.5
2015	22.0	13.1	6.3	4.2	13.1	18.8	22.5
2016 <sup>6</sup>	20.3	13.0	4.7	4.7	12.5	19.8	25.0

Source: AREAER database.

<sup>1</sup> Includes 189 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).<sup>2</sup> Includes countries that have no explicitly stated nominal anchor but instead monitor various indicators in conducting monetary policy.<sup>3</sup> Does not include Kosovo, Tuvalu, and South Sudan, which became IMF members on June 29, 2009, June 24, 2010, and April 18, 2012, respectively.<sup>4</sup> Does not include Tuvalu and South Sudan, which became IMF members on June 24, 2010, and April 18, 2012, respectively.<sup>5</sup> Does not include South Sudan, which became an IMF member on April 18, 2012.<sup>6</sup> Includes Nauru, which became an IMF member on April 12, 2016.

Fifty-five member countries have an officially announced fixed exchange rate policy—either a currency board or a conventional peg—which implies the use of the exchange rate as the unique monetary anchor, with one exception. Although the official (de jure) exchange rate regime of the Solomon Islands is a peg against a basket of currencies, the monetary policy framework was reported to comprise a mix of anchors, including the exchange rate. Among the 71 countries with de facto floating exchange rate arrangements—floating or free floating—there is a variety of monetary anchors: monetary aggregates (7), inflation targeting (36), and other (28, including the 19 European Economic and Monetary Union [EMU] countries). Seventeen countries implementing soft pegs and other managed arrangements target monetary aggregates. Countries with either stabilized or crawl-like arrangements (28) report reliance on a variety of monetary frameworks, including monetary aggregates and inflation-targeting frameworks. Other managed arrangements are split between exchange rate anchors (3), monetary aggregate targets (8), and other monetary policy frameworks (9).

- The share of IMF members with the exchange rate as the main policy target continued to decline, from 45.5 percent to 42.7 percent. Countries with hard pegs and soft pegs make up 96.3 percent of this group. Three currency unions—the Central African Economic and Monetary Community (CEMAC), Eastern Caribbean Currency Union (ECCU), and West African Economic and Monetary Union (WAEMU)—have exchange rate anchors for their respective common currency. Exchange rate anchors are by far the first choice of small, open economies.
- Although the U.S. dollar maintained its position as the dominant exchange rate anchor, the share of countries using it as an exchange rate anchor has been steadily decreasing from 33 percent in 2008 to 20.3 percent in 2016. From April 2015 to April 2016, two countries abandoned the anchor to the U.S. dollar and reported a change in the monetary policy framework to “other” (Jamaica, South Sudan) and one country to “monetary aggregate target” (Suriname) in the context of adopting a more flexible exchange rate arrangement. Countries that continue to anchor to the dollar also include those with an intermediate level of trade relations with the United States.
- The share or composition of countries using an exchange rate anchor to the euro slightly decreased to 13.0 percent because the total number of members of the IMF covered in the AREAER increased by one (to 192) when Nauru, whose sole legal tender is the Australian dollar, joined the IMF on April 12, 2016. Countries whose currencies are anchored to the euro generally have historical ties with European countries—for example, the Communauté Financière d’Afrique (CFA) franc area countries—are part

of the European Union (EU), or have strong trade relations with western Europe, including central and eastern European countries—for example, Bulgaria, the former Yugoslav Republic of Macedonia, Montenegro, and San Marino.

- Nine countries anchor their exchange rate to a currency composite. Three track the Special Drawing Right (SDR) as the sole currency basket or as a component of a broader reference basket (Botswana, Libya, Syria). Morocco tracks a euro and U.S. dollar basket, and the remaining seven countries do not disclose the composition of their reference currency baskets (Fiji, Islamic Republic of Iran, Kuwait, Singapore, Vietnam).
- Nine countries maintain an exchange rate anchor to another single currency. Three of these countries (Kiribati, Nauru, Tuvalu) use the Australian dollar as their legal currency, and one (Brunei Darussalam) has a currency board arrangement with the Singapore dollar. The remaining five have conventional pegged arrangements: three (Lesotho, Namibia, Swaziland) with the South African rand and two (Bhutan, Nepal) with the Indian rupee. Half the countries in this group are landlocked, bordering either partially or exclusively the country whose currency they use as their exchange rate anchor. The anchor currency is typically freely usable in the country and is often legal tender.

Most IMF member countries, representing the overwhelming share of global output, are split among monetary aggregate targeting, inflation targeting, and other (which includes monetary policy not committed to a specific target).

- The number of countries targeting a monetary aggregate decreased by one (to 24), compared with the previous reporting period. However, there were five changes: two countries switched from monetary aggregate targeting to other monetary framework (Sri Lanka, Ukraine), one was reclassified to an inflation targeting framework (Uruguay, retroactively since 2013, and unchanged from 2012); and two countries have targeted a monetary aggregate (Algeria, previously anchored to a composite of currencies, and Suriname, anchored to the U.S. dollar). This category does not include any country with a free-floating exchange rate arrangement. In fact, monetary aggregates are often the choice of economies with less-developed financial markets and managed exchange rates. The objective of the arrangement is to influence consumer prices and, eventually, asset prices through the control of monetary aggregates. Reserve money is often used as the operational target to control credit growth through the credit multiplier.
- The number of countries that directly target inflation increased by 2, to 38. Kazakhstan based its monetary policy on an inflation-targeting framework in August 2015 (previously classified as other monetary framework). Uruguay was reclassified retroactively to an inflation-targeting framework in June 2013 (unchanged from 2012). The countries in this group are mostly middle income but include some advanced economies as well. Of these, 36 have either floating or free-floating exchange rate arrangements, a policy framework that requires considerable monetary policy credibility to make up for the loss of transparent intermediate targets.<sup>16</sup> A few countries refer to their monetary framework as “inflation targeting lite,” which encompasses a range of different approaches. Argentina, Costa Rica, Jamaica, Kenya, Mongolia, Sri Lanka, and Tunisia have taken preliminary steps to transition to an inflation-targeting framework.
- The “other monetary policy framework” category had most of the changes during this reporting period, with an increase of 5, to 48 (12 percent increase), exceeding the 6 percent decrease in countries with an exchange rate anchor and the 6 percent increase in countries targeting inflation. The number of countries that are not committed to a specific target (the “other” column in [Table 2](#)) was affected by seven changes during the reporting period. Six countries (Jamaica, Samoa, South Sudan, Sri Lanka, Tonga, Ukraine) reported the use of a multiple-indicator approach to monetary policy, and one country left this group (Kazakhstan) when switching to inflation targeting. This category includes many of the largest economies, such as the euro area and the United States, where the monetary authorities have sufficient credibility to implement monetary policy without a specific monetary anchor. It is also used as a residual classification for countries for which no relevant information is available and for those with alternative monetary policy frameworks not categorized in this report.

<sup>16</sup> Inflation targeting aims to address the problem of exchange rates and monetary aggregates that do not have a stable relationship with prices, making intermediate targets less suitable for inflation control.

## Foreign Exchange Interventions

The IMF staff regularly assesses whether the frequency of foreign exchange intervention is consistent with de facto free-floating arrangements or determines whether a classification as a soft peg is appropriate (see the Compilation Guide).<sup>17</sup> These assessments draw on information that is publicly available and also on information made available to the IMF through self-reporting, various market reports, significant changes in some members' foreign exchange reserves, and other sources, including during official staff visits to member countries.

### Intervention Purpose

Currencies of emerging market economies were heavily affected by capital flow volatility in the reporting period. As discussed in the April 2016 *World Economic Outlook*, the global recovery has weakened further amid increasing financial turbulence. The currencies of advanced economies strengthened during most of the reporting period, and those of commodity exporters with floating exchange rates tended to weaken further. Across emerging market economies, reserves declined in a number of oil-exporting countries with exchange rate pegs. Financial market volatility increased in 2015–early 2016, triggered by a slowdown in capital inflows, particularly during the second half of 2015 amid concerns about developments in China's declines in global equity markets, widening credit spreads, and worries about low oil prices.

As a result, several countries took important steps toward increased flexibility of the exchange rate and reduced intervention. On August 11, 2015, China decided to further increase the flexibility of the renminbi–U.S. dollar midrate quoting mechanism, which enhanced market determination of the renminbi exchange rate and gave market supply and demand an even greater role in exchange rate formation. Argentina, Armenia, Belarus, and Kazakhstan made the transition to a more flexible exchange rate policy that calls for minimizing currency interventions over the medium term while limiting daily volatility in the exchange rate. In January 2015, the Swiss National Bank decided to discontinue the exchange rate floor of Sw F 1.20 per euro. Ever since, the franc has floated between Sw F 0.97 and Sw F 1.12 per euro, with the Swiss National Bank intervening occasionally. Similarly, in January 2016, Guatemala increased to 0.75 percent (from 0.70 percent) the fluctuation margin (added to or subtracted from the five-day moving average of the exchange rate), which determines whether the Bank of Guatemala will intervene in the foreign exchange market.

In some countries, exchange rate pressure reflects a combination of domestic conditions and the global environment. Throughout 2015, the conditions in the Russian foreign exchange market were shaped by various external and internal factors. The relatively tight monetary policy pursued by the Bank of Russia throughout 2015, as well as the use of instruments to supply credit institutions with foreign currency conditional on repayment, helped stabilize the domestic foreign exchange market following the shock experienced at the end of 2014. However, unstable and low oil prices and the expectation of a rise in the key rate by the U.S. Federal Reserve put depreciation pressure on the ruble by the end of 2015. Colombia changed the percentage that triggers its options auction to 5 percent (in December 2015) and to 3 percent (in February 2016). This was done to mitigate the impact of exchange rate overshooting on inflation expectations and to help preserve liquidity in the foreign exchange market. Malawi's official intervention focuses on building foreign reserves and limiting exchange rate volatility while taking into account seasonal fluctuations attributed to excess supply of foreign exchange during the tobacco marketing season. Similarly, Israel announced, on November 19, 2015, that it will purchase US\$1.8 billion in 2016 in the foreign exchange market to offset the effect of natural gas production on the exchange rate.

<sup>17</sup> Preannounced programs of purchases and/or sales of foreign exchange typically do not qualify as interventions because the design of these programs minimizes the impact on the exchange rate. Very small, retail-type transactions are also disregarded.

### Intervention Techniques

IMF members typically conduct foreign exchange interventions in the spot foreign exchange market, either by directly contacting market participants (all or only a selection; for example, market makers) or through foreign exchange auctions. (For more information on auctions see the Foreign Exchange Markets section of this report.) However, foreign exchange interventions are occasionally also conducted in the forward or options markets or through verbal interventions.

Preannounced programs of purchases and/or sales of foreign exchange typically are counted as one intervention in the foreign exchange market for the de facto classification of exchange rate arrangements, on the assumption that market prices reflect the new information upon announcement of the program. In the past, Mexico implemented rule-based mechanisms to provide liquidity and promote the sound functioning of the foreign exchange market, as well as to cope with market volatility. These mechanisms were designed to work as assurance to market participants, and the daily amount was limited compared with the volume of Mexican pesos traded in the market. At the end of 2014, Mexico's Foreign Exchange Commission announced different mechanisms to maintain the orderly functioning of the local foreign exchange market. For a description of the mechanisms see the section on foreign exchange markets. Because the Bank of Mexico has intervened directly and verbally in the foreign exchange market more than three times in a six-month period since the end of May 2015, Mexico was reclassified to floating from a free-floating arrangement but again meets the criteria for a free-floating arrangement since the end of November 2015. In this case, public announcements can be considered verbal intervention, since they are used to guide the foreign exchange market.

An increasing number of countries are using derivatives as an alternative instrument to intervene in the foreign exchange market. Colombia intervenes in the foreign exchange market through the following operations: (1) auction purchases or sales of foreign exchange at market rates; (2) auction sales of put or call options at market rates; and (3) since July 2015, spot sales of foreign exchange under foreign exchange swap contracts, at rates set by the Bank of the Republic (BR) through auctions or over the counter. In October 2015, the BR reintroduced auctions for US\$500 million in call options, to be triggered only when the spot exchange rate (Colombian peso–U.S. dollar) depreciates by more than 7 percent from its moving 20-day average against the U.S. dollar. The rate of depreciation triggering BR intervention was subsequently changed to 3 percent in two steps in view of liquidity conditions in the foreign exchange market. Similarly, the Central Bank of Sudan participates in the market through swaps under a rule-based mechanism that triggers intervention if the exchange rate exceeds a band of  $\pm 4$  percent around the previous day's closing rate. The Central Reserve Bank of Peru (BCRP) may also conduct interventions through dollar-indexed bonds, foreign exchange swaps, and repurchase agreements (repos). During 2015, the BCRP intervened in the spot and forward markets, which led to a fall in net international reserves from US\$62.3 billion to US\$61.5 billion (32 percent of GDP) by the end of 2015. Other countries, including Albania, Armenia, Brazil, New Zealand, the Philippines, Russia, Serbia, and Tunisia, have also reported the use of foreign exchange swaps as an indirect intervention channel.

### Official Exchange Rates

The vast majority (166) of IMF member countries report publishing official exchange rates. This includes not only countries that have officially determined and/or enforced exchange rates; by definition it also refers to any reference or indicative exchange rate that is computed and/or published by the central bank (see the Compilation Guide). The calculation of these exchange rates is often based on market exchange rates, such as those used in interbank market transactions or in a combination of interbank and bank-client transactions in a specified observation period. The published exchange rate is used as a guide for market participants in their foreign exchange transactions, for accounting and customs valuation purposes, in exchange transactions with the government, and sometimes mandatorily in specific exchange transactions.

During the 2015–16 reporting period, Suriname left the group of countries reporting an official exchange rate, and Somalia indicated plans to resume exchange rate setting in the future. Several countries adopted new methods for calculating their official exchange rates (Azerbaijan, Belarus, China, Colombia, Ghana, Guinea,



Iraq, Kazakhstan, Lithuania, Mauritania, Myanmar, Serbia, Sierra Leone, South Sudan, Tajikistan, Uganda, Ukraine, Venezuela, Vietnam). Countries from all income levels and various geographic regions are represented among the 25 members that report no official or reference exchange rates; about half (12) are countries with no separate legal tender, 3 are soft pegs, 8 are floating or free floating, and 2 have the residual de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Japan, Peru, and Singapore, publish the market-determined rates on their monetary authority's website to promote information transparency.

### Foreign Exchange Markets

Foreign exchange markets continued to evolve in 2015 and through July 2016, as countries responded to developments in domestic and international markets. Changes in the setup and operation of members' foreign exchange markets are summarized in Table 6. Countries reported 178 changes affecting their foreign exchange markets, of which easing measures (55) largely exceeded tightening ones (43). Compared with the previous reporting period, there was a further decline in the number of countries with a foreign exchange standing facility (by 2) as foreign exchange markets developed and market-based arrangements increased. There was, however, also another increase, by 3, in the number of countries with central bank auctions. Improved reporting contributed to an increase in the number of countries with interbank and forward foreign exchange markets (both by 8).

**Table 6. Foreign Exchange Market Structure, 2013–16**

(Number of IMF members as of April 30)<sup>1</sup>

	2013	2014	2015	2016
<b>Spot exchange market</b>	<b>188</b>	<b>188</b>	<b>189</b>	<b>189</b>
Operated by the central bank	118	118	118	118
Foreign exchange standing facility	76	75	74	72
Allocation	31	27	27	27
Auction	31	32	35	38
Fixing	5	6	6	5
Interbank market	161	161	162	170
Over the counter	122	127	132	137
Brokerage	49	50	50	51
Market making	73	75	74	73
<b>Forward exchange market</b>	<b>129</b>	<b>127</b>	<b>131</b>	<b>139</b>

Source: AREAER database.

<sup>1</sup> Includes 189 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

### Foreign Exchange Standing Facility, Allocations, Auctions, and Fixing

More than half of IMF member countries (118) report some type of official central bank facility in the spot foreign exchange market—no overall change from the previous year—with Tajikistan joining and Latvia leaving this group. Central banks may provide access to foreign exchange to market participants through a standing facility, allocation to certain market participants, or purchase and sale of foreign exchange through auctions or fixing sessions.

- *Foreign exchange standing facilities*—Almost two-thirds of members with foreign exchange markets fully or partially operated by the central bank reported maintaining a foreign exchange standing facility (72), an overall reduction of 2 that continues a downward trend that started in 2011. Such facilities allow market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange

rates and are usually instrumental in maintaining a hard or soft peg arrangement. The credibility of such arrangements depends to a large extent on the availability of foreign exchange reserves backing the facility. The countries with foreign exchange standing facilities include all of those with currency boards (11); conventional pegs, with the exception of Venezuela (43); crawling pegs, with the exception of Honduras (2); or a pegged exchange rate within horizontal bands (1). Turkey, which has a floating arrangement, reduced the lending rates on the central bank's one-week-maturity borrowing in U.S. dollars and euros from its standing facility several times during the reporting period in line with global interest rate developments and local liquidity conditions. Russia, which has a free-floating arrangement, continues to maintain a standing facility in the form of overnight foreign exchange swaps involving the sale of U.S. dollars for rubles. This facility was introduced during the previous reporting period, but it is not used on a regular basis. The remaining 13 countries with foreign exchange standing facilities are those with stabilized arrangements (7) and with other managed arrangements (6). The National Bank of Cambodia reported a facility to buy and/or sell U.S. dollars and Cambodian riel to manage the supply of foreign and local currency to the market and to deal directly with the government and most public entities. Four countries reported the elimination of their foreign exchange standing facilities: Lithuania, after it joined the EMU; Costa Rica; Guinea; and Rwanda.

- *Foreign exchange auctions*—There was an overall increase (by 3) in the number of countries holding official foreign exchange auctions (38). In a significant majority of those countries (30) foreign exchange auctions are the only mechanism operated by central banks. More than half of the countries in this category are floaters: 18 have exchange rate regimes classified as floating (almost half of the countries with this classification) and 2 as free floating (Mexico and Russia). Two have a pegged arrangement (Venezuela [conventional] and Honduras [crawling]), 3 have de facto stabilized arrangements, 2 crawl-like, and 11 other managed.

Auctions are also used to influence exchange rate volatility, rather than solely to manage foreign reserves. For example, Mexico employed several auction modalities to maintain orderly functioning of the local foreign exchange market. It continued to hold daily auctions for the greater part of the covered period, with a minimum exchange rate equivalent to the reference rate of the preceding business day, in accordance with Banco de Mexico provisions, plus 1 percent starting July 31, 2015 (previously 1.5 percent). Thus, the auction resulted in assignment only if the exchange rate depreciated between sessions at least 1.5 percent before July 31, 2015, or 1 percent thereafter. Mexico also conducted daily auctions of US\$52 million with no minimum price starting on March 11, 2015, to increase foreign exchange liquidity after a decline in the value of the peso. The auctioned amount was increased to US\$200 million starting July 31, 2015. In November 2015, no-minimum-price auctions were replaced by supplementary daily auctions for a daily total of up to US\$200 million, at a minimum price (reference rate of the preceding day plus 1.5 percent). These auctions were conducted only after allotment of the regular minimum-price auction amounts. Finally, on February 17, 2016, the Foreign Exchange Commission announced immediate suspension of all rule-based and regular auctions, but left open the possibility of discretionary intervention if required for preservation of value of the Mexican peso according to the country's macroeconomic fundamentals. For similar reasons, Turkey and Colombia modified their foreign exchange auctions. Turkey held foreign exchange selling auctions with amounts set on a daily basis depending on the conditions in the foreign exchange market. The amount of foreign currency for sale, by which the announced minimum may be raised in the event of excessive exchange rate volatility, was increased several times as a result of volatility in global financial markets. In April 2016, the announced minimum was reduced and, more recently, the central bank withdrew from selling foreign exchange in the market as a way to increase foreign exchange reserves. Colombia incrementally reduced the rate of depreciation of the Colombian peso–U.S. dollar spot exchange rate from its moving 20-day average triggering an options auction to 7 percent, then 5 percent, and then 3 percent. The purpose of this action was to mitigate the impact of overreaction of the exchange rate on inflation expectations and to help preserve liquidity in the foreign exchange market. The options auction mechanism was triggered for the first time on May 20, 2016, and later eliminated on May 27, 2016, as the central bank's concerns regarding liquidity in the foreign exchange market diminished.

Azerbaijan and South Sudan introduced foreign exchange auctions. The Bank of Uganda replaced its pre-determined foreign exchange purchases for reserve buildup with an auction-based mechanism open to all banks. Colombia allowed intermediary finance companies and financial cooperatives with sufficient capital to participate in auctions. Tajikistan reported conducting auctions to provide liquidity in its highly concentrated

financial market. Belarus continued to modernize its foreign exchange market and started the operation of an electronic trading system on the Belarusian Currency and Stock Exchange based on the continuous two-way auction principle and negotiated deals. Potential buyers submit their bids for the purchase of foreign exchange, and potential sellers simultaneously submit their offers for the sale of foreign exchange to the system. Trades take place in real time when the parameters of a buyer's bid match those of a seller's offer. Initially open only to banks and nonbank lending institutions, the mechanism was later opened to business entities.

Suriname conducted liquidity-providing auctions from February to May 2016, when commercial banks and foreign exchange bureaus were allowed to freely determine exchange rates. The Bank of Mongolia moved to a single-price foreign exchange auction, while the Central Bank of the Republic of Guinea replaced the previous weekly foreign exchange allocation with a biweekly competitive auction, reflecting market demand for foreign currency. The Bank of Sierra Leone (BSL) moved from a weekly foreign exchange retail auction to a weekly wholesale foreign exchange auction system of noncash foreign exchange for the payment of goods imports. Under the wholesale auction system, individuals no longer submit bids for participation in the auction; commercial banks submit bids on their own behalf for subsequent sale to their customers. Due to low foreign exchange reserves, the BSL reduced the maximum bid amount and temporarily suspended the auction between February and May 2016. Ukraine also temporarily suspended its foreign exchange auctions between February and September 2015. Russia increased the spreads on its repo auctions and credit operations and suspended those for repos with maturity of 12 months during the second half of 2015 and again beginning in April 2016. One country eliminated the auctions from its toolkit: the Central Bank of Nigeria announced the closure of its Dutch Auction System and requested that all foreign exchange transactions be conducted through the interbank market in the context of moving to a more flexible exchange rate arrangement.

- *Foreign exchange allocation systems*—The number and composition of countries with allocation systems remained the same. Most of the countries (21) with allocation systems also rely on other mechanisms operated by their central banks. Foreign exchange allocation is often used to provide foreign exchange for strategic imports, such as oil or food, when foreign exchange reserves are scarce. During the reporting period, Iraq introduced weekly limits on the amount banks, money transfer companies, and exchange bureaus may purchase in cash foreign currency from the Central Bank of Iraq. Nigeria reported allocating foreign exchange to the interbank foreign exchange market according to availability and demand of foreign exchange and documented needs of customers of the market participants. Funds not used by banks within two working days of the value date must be returned to the central bank for repurchase at the central bank buying rate.
- *Fixing sessions*—This arrangement is more characteristic of an early stage of market development, when these sessions help establish a market-clearing exchange rate in a shallow market with less-experienced market participants. The number of countries holding such sessions decreased by one when the arrangement of the Belarusian Currency and Stock Exchange moved from fixing to a continuous two-way auction mechanism and negotiated deals. Only Mauritania conducts fixing sessions on a regular basis to allocate foreign exchange to the banks and to determine the exchange rate based on supply and demand. Serbia retains the option of using fixing sessions when necessary to stabilize the foreign exchange market. The Islamic Republic of Iran and Syria indicate that they hold fixing sessions, the extent and regularity of which are unknown.

### **Interbank and retail foreign exchange markets**

The number of countries that reported the existence of an interbank market increased by 8, to 170, in part reflecting countries where interbank transactions are allowed to take place (a legal framework for interbank transactions exists or no restrictions on interbank markets have been put in place) but where the market is still inactive. The main types of interbank markets in these countries include over-the-counter markets, brokerage arrangements, and market-making arrangements. Thirty-five members allow operation of all three types of systems. Of the 162 countries with a functioning interbank market, more than four-fifths (137), five more than in the previous year, operate over the counter: 75 of these operate exclusively over the counter, 73 employ a market-making arrangement, and 51 allow for intermediation by brokers. Fourteen members reported an inactive interbank market, an increase of 6 from the previous reporting period.

- *Over-the-counter operations*—These account for the majority of interbank markets (136) because in a number of economies, particularly small economies, market participants cannot undertake the commitments involved in being a market maker. Over-the-counter foreign exchange markets operate in developed economies as well, where the market is sufficiently liquid to operate without the support of specific arrangements or institutions. Antigua and Barbuda, Djibouti, Ecuador, Maldives, Mauritania, Namibia, and Somalia joined, and São Tomé and Príncipe and Zimbabwe left this group, in part due to improved reporting. In Belarus, foreign exchange may be obtained via the Belarusian Currency and Stock Exchange or directly from a bank without restriction. Restrictions on amounts of foreign exchange purchases and sales in the over-the-counter market between banks and businesses were eliminated.
- *Brokerage arrangements and market-making agreements*—There was an increase of one (Namibia) in the number of countries that reported using brokers. Seventy-three members reported using market-making agreements in the interbank market, a decrease of one from the previous reporting period. This form of market arrangement is used both in developed economies (including Switzerland) and developing economies (including Zambia) and across all types of exchange rate arrangements. Jamaica and Sudan left the group of countries with market-making agreements, as did Denmark, whose voluntary market-making agreement between banks in the euro-krone market was dissolved. Previously, six banks carried out market-making agreements directly with each other in the absence of an official licensing institution. In Tunisia, the requirement for market makers to post a spread of 30 pips between their buying and selling rates was changed to 15 pips for a minimum amount of €0.5 million and a maximum amount of €3 million or US\$3 million. Mongolia reported that the three largest banks in the Mongolian banking sector play the role of market makers.

Most member countries (167) report a framework for the operation of foreign exchange bureaus, with the majority imposing some type of licensing requirement. However, there are no bureaus in operation in some of these countries. Facing pressures from declining oil prices, several countries implemented, at least temporarily, tightening measures with respect to foreign exchange bureaus. Azerbaijan closed all foreign exchange bureaus. Tajikistan first suspended operations of exchange bureaus owned by private entities and then discontinued those of exchange bureaus located outside the structural units of authorized lending institutions. Kazakhstan set a ceiling on the margin between the buying and selling rates for cash transactions conducted with the public through exchange bureaus to T 2 and T 3 for the U.S. dollar and the euro, respectively. This maximum was later increased to T 6 and T 7 for the U.S. dollar and the euro, respectively. The Central Bank of Nigeria suspended cash sales to bureaux de change. The market still exists, but foreign exchange must be obtained from autonomous sources and not from the interbank market. Venezuela established daily, monthly, and annual limits on individuals' purchase of foreign exchange from exchange houses. On the easing side, Serbia authorized its public postal operator to conduct foreign exchange operations under conditions similar to those prescribed for foreign exchange dealers. Similarly, Venezuela authorized microfinance banking institutions to act as foreign exchange dealers.

Colombia allowed intermediaries to purchase and sell foreign currency and securities representing foreign currency from operations that must be conducted through the foreign exchange market. Previously, these intermediaries could only transfer foreign exchange from certain operations that had to be conducted through the foreign exchange market, such as imports and exports of goods, capital investments from abroad, and Colombian investments abroad.

The majority of members refrain from restricting exchange rate spreads and commissions in the interbank market, and several countries relaxed restrictions in this area during the reporting period. Pakistan relaxed the limit for category A and B exchange houses on the spread between the buying and selling rates of U.S. dollars, pounds sterling, euros, Saudi Arabian riyals, and U.A.E. dirhams and allowed a competitive spread for all other foreign currencies. Egypt also eased the limits on the bid-ask spreads in the interbank and spot markets (except for banknotes) after they had been progressively tightened during the previous reporting period. Mauritius removed the maximum margin of 3 percent for indicative rates as prescribed by the Bank of Mauritius on bid-ask spreads for U.S. dollars, euros, and pounds sterling. On the tightening side, Tajikistan introduced significant administrative restrictions on foreign exchange trading, including the closure of non-bank-owned cash foreign exchange kiosks (about half of all cash exchange points in the country) and setting a maximum exchange rate that banks may use with their customers for purchases and sales of U.S. dollars in cash. The latter measure was abolished in October 2015. However, the exchange rate at which lending

institutions may sell the foreign currency they purchase from their customers, or in the domestic interbank market, remains capped at the exchange rate at which it was purchased plus up to 1 percent for noncash currency and up to 1.5 percent for currency in cash.

There were several other developments. Venezuela established a minimum amount per individual that universal banks may use for foreign exchange sales operations on the retail market. It also set maximum limits for commissions, tariffs, and surcharges. To contain foreign exchange market pressure, in April 2015, Ukraine introduced limits on a bank's daily net foreign exchange purchases in the interbank and retail market for its own position, except purchases of foreign exchange received from foreign investors to increase banks' authorized capital. The restriction on transactions involving purchases and sales of foreign currency for hryvnias between authorized banks exclusively within Group 1 of the National Bank of Ukraine classification was also eliminated. Further on the easing side, China allowed foreign central banks and other reserve management institutions, international financial organizations, and sovereign wealth funds to enter the Chinese interbank foreign exchange market and initiate various types of foreign exchange transactions, including spots, forwards, swaps, and options, through one or more of the following three avenues: (1) with the People's Bank of China as their agent; (2) with a Chinese interbank foreign exchange market member as their agent; and (3) as a direct foreign member of the Chinese interbank foreign exchange market. Transactions may be performed over the counter and through price matching, without limits on the amount. Direct trading of the renminbi against the Swiss franc was also launched. In Lithuania, since adoption of the euro, foreign exchange operations are no longer limited to Bank of Lithuania-licensed credit institutions; any legal person may engage in such operations with the central bank's permission. The Kyrgyz Republic introduced more detailed requirements regarding the registration of operators of money transfer systems and granted greater access to banks for provision of money transfer services through contracts with nonbanking institutions. It enabled remittances to the Kyrgyz Republic in cash or cashless form through transfers to a bank account, use of a payment card, or via an e-wallet. In the WAEMU, the terms and conditions for conducting rapid money transfers as a subagent within the WAEMU were also strengthened.

### Other Measures

Most of the changes in other measures during the reporting period refer to forward and swap operations, exchange rate structure, and taxes on foreign exchange transactions.

- *Forward and swap operations*—A number of easing and tightening measures with respect to forward transactions were implemented by members during the reporting period. As with the reporting of the interbank market, the increase of eight in the number of countries with forward foreign exchange markets reflects the presence of a legal framework but a still inoperative market. On the easing side, Tunisia allowed authorized intermediaries to enter into forward contracts for convertible dinars with residents and nonresidents with maturity based on the underlying transactions (effectively increasing it from the previous limit of 12 months) and allowed the provision of forward cover with a maximum term of 12 months for financial operations involving the repatriation or transfer of capital or income. Fiji increased the limit on banks' net forward sales contracts. Indonesia raised the threshold amount above which an underlying transaction is required for foreign exchange forward sales, and Nepal increased the limit on proprietary forwards. On the tightening side, the People's Bank of China imposed a 20 percent unremunerated deposit requirement on resident banks' foreign exchange sales in currency forwards, derivatives, and swaps that must be placed with the People's Bank of China for one year. Madagascar introduced limits on documentary credits for spot and forward cash exchange cover. In Paraguay, net long or short positions on forward transactions with residents now have a separate limit, and in Saudi Arabia, banks were instructed to halt the sale of foreign exchange options contracts on riyal forwards. In Ukraine, banks were prohibited from entering into derivatives transactions on the stock exchanges, and limits were introduced on banks' daily net foreign exchange purchases in the interbank market for their own forward position, among other (excluding swap) transactions. On the easing side, authorized banks were granted the right to perform foreign exchange transactions on swap terms with international financial institutions.
- *Exchange rate structure*—There were several changes in the number of countries maintaining a dual or multiple exchange rate structure. Currently, 26 countries are classified as having more than one

exchange rate, of which 14 are dual and 12 multiple. This is a result mainly of specific exchange rates applied for certain transactions or actual or potential deviations of more than 2 percent between official and other exchange rates. In this reporting period, Belarus took further steps to improve its multiple exchange rate structure by introducing a continuous two-way-auction electronic trading system on the Belarusian Currency and Stock Exchange. Ghana (with dual structure) and Ukraine made improvements with respect to the calculation of their reference and official exchange rates. Mongolia moved to a single-price auction mechanism and Nigeria closed its Dutch Auction System window. In Suriname, auctions were also terminated, and commercial banks and foreign exchange bureaus were allowed to freely determine exchange rates. This consequently eliminated the official rate and (1) the spread of more than 2 percent between the buying and selling rates in the official market for government transactions, and (2) a possible spread of more than 2 percent between these official rates for government transactions and those in the commercial markets. In contrast, Guinea was reclassified from having a dual exchange rate structure to multiple, because the official exchange rate may differ from the market rate by more than 2 percent.

Finally, a series of neutral changes were recorded. Lithuania adopted the euro; Zimbabwe demonetized the Zimbabwe dollar to promote consumer and business confidence by providing credibility to the multicurrency system; and Ecuador announced that electronic currency is placed in circulation exclusively by the Central Bank of Ecuador, backed by its liquid assets. In Croatia, the Consumer Credit Act was amended with a view to freezing for one year from the date of implementation the kuna–Swiss franc exchange rate at HRK 6.39 per Swiss franc (the rate before the Swiss National Bank abandoned its minimum Swiss franc–euro rate). This applied to repayment of Swiss franc loans and kuna loans, with a Swiss franc currency clause undertaken while the minimum Swiss franc–euro rate was in place, and expired January 27, 2016, as planned.

- *Taxes and subsidies on foreign exchange transactions*—Overall, 32 emerging market and developing economies (the same as the previous year) taxed foreign exchange transactions. In the previous reporting period, Ukraine levied a 0.5 percent foreign exchange tax on all cash and noncash foreign exchange purchases (net of transaction fees) by residents and nonresidents for the twofold objective of increasing tax revenues and discouraging capital outflows during a time of political and economic turbulence. In January 2015, the tax was increased to 2 percent on individuals' foreign currency cash purchases but was eliminated on all other foreign exchange purchases. Belarus gradually reduced and ultimately eliminated, on January 8, 2015, the temporary tax of 30 percent paid by banks on purchases of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange imposed in the previous reporting period. Ecuador waived the 5 percent tax on transfers abroad for outflows related to bank loans of over one year for specific sectors identified in the Productive code, such as housing and microfinance. In Aruba, commercial banks are now required to pay a fee to the Central Bank of Aruba on all sales of foreign currency to the public, both cash and noncash, amounting to 3/8 percent of the florin equivalent of these sales. The Central Bank of Aruba will pay a fee to the commercial banks on all purchases of foreign currency from the public, both cash and noncash, amounting to 1/8 percent of the florin equivalent of these purchases. In Bolivia, the financial transaction tax was extended, with planned increases in the tax rate to 0.20 percent in 2016, 0.25 percent in 2017, and 0.30 percent in 2018. In contrast to the broad use of foreign exchange taxes, only two countries continue to have foreign exchange subsidies in place: the Islamic Republic of Iran and Venezuela. In Iran, the official rate is used for imports of priority goods and services, and in Venezuela, items associated with imports of essential goods and services, remittances to students and retirees, special health-related cases, sports, and other items are settled at a specific exchange rate.

## Member Countries' Obligations and Status under Articles VIII and XIV

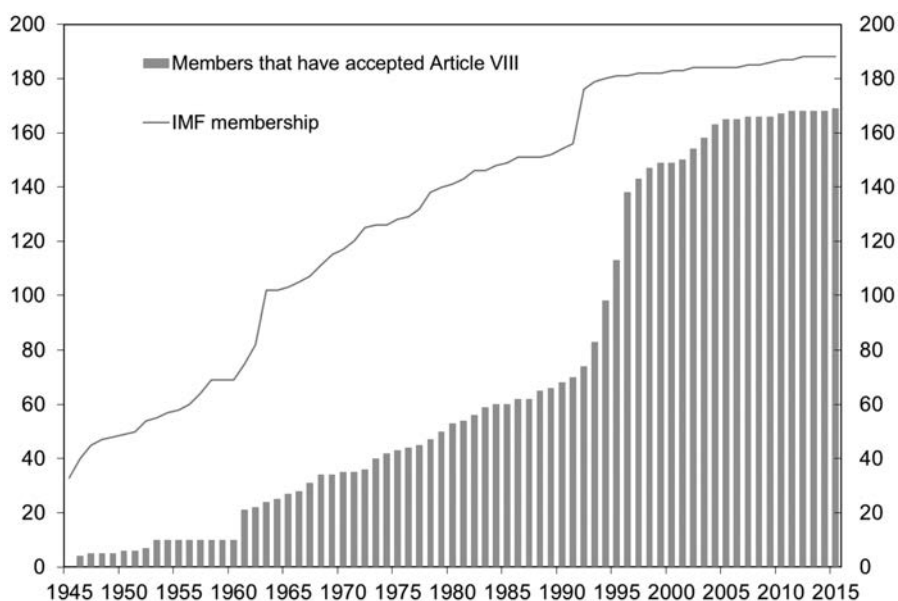
This section provides an overview of the status of IMF members' acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and MCPs subject to IMF jurisdiction under Articles VIII and XIV and measures imposed by members

solely for national and/or international security reasons. This section refers to changes in restrictive exchange measures in 2015 and to members' positions as reported in the latest IMF staff reports as of December 31, 2015.<sup>18</sup>

The number of countries that have accepted Article VIII status increased by one in 2015 (Figure 1). In accepting the obligations of Article VIII, Section 2(a), 3, and 4, members agree not to impose restrictions on the making of payments and transfers for current international transactions or engage in discriminatory currency arrangements or MCPs, except with IMF approval. As of February 21, 2015, Albania accepted Article VIII obligations, increasing the number of Article VIII members to 169.<sup>19</sup> The latest acceptance came after a quiet period of four years since Mozambique became an Article VIII member in 2011. The share of Article VIII members increased in the first half of the decade (2000–10) and has remained flat at about 90 percent of total members in recent years.

Many members with Article XIV status continue to maintain restrictions subject to IMF jurisdiction under Article VIII.<sup>20</sup> Among the 19 members with Article XIV status, 4 countries do not maintain restrictions but have not yet decided to accept the obligations under Article VIII. Five countries maintain both original or adapted Article XIV exchange measures and Article VIII restrictions. The exchange arrangement for Tuvalu is under IMF staff review. The remaining countries maintain exchange measures under Article VIII only.

**Figure 1. IMF Members That Have Accepted the Obligations of Article VIII, Sections 2(a), 3, and 4, 1945–2015<sup>1</sup>**



Source: AREAER database.

<sup>1</sup> as of December 31, 2015.

<sup>18</sup> Nauru is not covered in this section because it was not a member of the IMF as of December 31, 2015.

<sup>19</sup> The IMF staff report published January 12, 2016, notes that Albania accepted the obligations of Article VIII effective February 21, 2015, along with the elimination of two exchange restrictions. However, the rest of this section does not reflect these changes in Albania's restrictive measures, because the change was reflected in an IMF staff report issued after December 31, 2015.

<sup>20</sup> The member countries that make use of the transitional arrangements under Article XIV are Afghanistan, Angola, Bhutan, Bosnia and Herzegovina, Burundi, Eritrea, Ethiopia, Iraq, Kosovo, Liberia, Maldives, Myanmar, Nigeria, São Tomé and Príncipe, Somalia, South Sudan, Syria, Turkmenistan, and Tuvalu.

## Restrictive Exchange Measures

### Exchange restrictions and multiple currency practices<sup>21</sup>

The composition of members maintaining restrictive exchange measures changed considerably, and the use of such measures has become more widespread among Article VIII members (Table 7).<sup>22</sup> Some countries removed previously identified restrictive measures and now maintain an exchange system free of exchange restrictions and MCPs. In particular, effective April 2015, Cyprus fully eliminated the exchange restrictions that were introduced in 2013 in the wake of its banking crisis. Malawi ceased the practice of determining commercial bank exchange rates through moral suasion, eliminating the MCP identified in 2006. In February 2015, Nigeria closed the official foreign exchange auction that previously gave rise to an MCP. On the other hand, five Article VIII members that previously maintained exchange systems free of restrictions were found to maintain restrictive exchange measures in 2015.<sup>23</sup> As a result, the number of Article VIII members that maintain restrictive exchange measures increased from 31 to 34 in 2015, whereas the number for Article XIV members remained at 15.

The overall number of restrictive exchange measures dropped in 2015. Nineteen restrictive measures (15 exchange restrictions and 4 MCPs) were eliminated; 16 new measures (7 exchange restrictions and 9 MCPs) were introduced or newly identified in 2015. Article VIII members account for 11 of the 16 new measures (4 exchange restrictions and 7 MCPs) and 9 of the 19 removals (8 exchange restrictions and 1 MCP). In addition to the countries mentioned in the previous paragraph that fully removed restrictive measures, Ghana, Iraq, and Zambia eliminated a number of restrictive measures, although some restrictions remain. Restrictive measures adopted by Ukraine in March 2015 to address balance of payments difficulties gave rise to two exchange restrictions and two MCPs, while an exchange restriction arising from the foreign exchange tax was eliminated in January 2015.

Despite a decline in the overall number of restrictive exchange measures, Article XIV members continued to maintain a significantly higher number of restrictions or MCPs than do Article VIII countries. With the increase in the number of members maintaining restrictions or MCPs, the average number of measures decreased from 4.7 to 4.1 for Article XIV countries, and from 2.0 to 1.9 for Article VIII countries.<sup>24</sup> The overall average number of measures dropped from 2.9 to 2.6 a member country in 2015.

The types of newly identified exchange restrictions vary. A ban on transfer abroad of dividends to nonresident investors gave rise to an exchange restriction in Ukraine. In Mauritania, the insufficient availability of foreign exchange at the auctions organized by the central bank gave rise to an exchange restriction. In Papua New Guinea and Ukraine, new exchange restrictions arose from the requirement to provide a tax clearance certificate evidencing the payment of all taxes, including those unrelated to the transactions, prior to making payments or transfers for certain current international transactions. Similar restrictions related to tax or custom clearance certificate requirements were eliminated in Zambia and Iraq by repealing the requirements. Iraq also removed exchange restrictions arising from various limits on the purchase of foreign exchange cash in the auction by banks, money transfer companies, corporations, and individuals.

More than half of the newly identified MCPs arise from application of different exchange rates for certain transactions, including official transactions. For example, Armenia uses an agreed accounting exchange rate to settle some budgetary transactions throughout the fiscal year. The application of the exchange rate established in March to convert funds for a Eurobond coupon payment in September 2015 also gave rise to an MCP. The use of preferential rates for certain importers in the Islamic Republic of Iran amounts to an MCP. In Ukraine, a potential deviation exceeding 2 percent between the central bank auction exchange rates and the market exchange rates is considered an MCP. However, unlike in previous years, no MCPs were identified due to the spread between official and parallel market rates in 2015. Other MCPs identified in 2015 include those arising from a financial transaction tax related to certain foreign exchange transactions in Brazil and the official multiple-price auction in Ukraine.

<sup>21</sup> This section reflects developments included in IMF staff reports issued before December 31, 2015.

<sup>22</sup> The AREAER does not indicate whether the Executive Board of the IMF has approved such measures.

<sup>23</sup> Some of the measures were in place for some years and only recently identified as restrictions or MCPs.

<sup>24</sup> The number of measures in Article VIII countries in 2015 has been revised up, reflecting the inclusion of restrictive measures that Somalia maintained at the time of its last Article IV consultation in 1989. The IMF staff is reviewing the existing exchange regime as part of its ongoing reengagement with the Somali authorities.



Table 8 provides descriptions of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2015. Excluded from Table 8 are member countries that have not consented to publication of such measures described in unpublished IMF staff reports.

**Table 7. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2015**

	Member Under								
	Article VIX Status			Article VIII Status			Total		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
<b>Total number of restrictions and Multiple Currency Practices maintained by members<sup>1</sup></b>	58	70	62	57	62	64	115	132	126
Restrictions on payments for imports	4	7	9	5	7	6	9	14	15
Advance import deposit and margin requirements				1	1	1	1	1	1
Restrictions on advance payments		1	2	2	2	2	2	3	4
Requirement to balance imports with export earnings	1	1	1				1	1	1
Restrictive rules on the issuance of import permits	1	1	1				1	1	1
Tax clearance requirements	1	2	2			1	1	2	3
Other	1	2	3	2	4	2	3	6	5
Restrictions on payments for invisibles	19	21	16	8	7	4	27	28	20
Education	1	1	1				1	1	1
Medical services	1	1	1				1	1	1
Travel services	3	3	3				3	3	3
Income on investment	9	10	9	7	6	4	16	16	13
Tax clearance requirement	3	4	4	3	2	1	6	6	5
Interest on deposits and bonds	1	1	1	2	2	2	3	3	3
Profits and dividends	3	3	3	2	2	1	5	5	4
Foreign exchange balancing for profit remittances	1	1	1				1	1	1
Clearance of debts to government to remit profits	1	1					1	1	
Other	5	6	2	1	1		6	7	2
Restrictions on amortization on external loans	1	2	2	3	3	3	4	5	5
Restrictions on unrequited transfers	4	4	4	2	2	1	6	6	5
Wages and salaries	1	1	1	1	1	1	2	2	2
Clearance of debt to government to remit wages	1	1	1				1	1	1
Family remittances				1	1		1	1	
Other	2	2	2				2	2	2
Nonresident accounts	2	2	2	2	2	2	4	4	4
Transferability of frozen or blocked deposits	1	1	1	2	2	2	3	3	3
Limits on usage of foreign currency accounts	1	1	1				1	1	1
Restrictions arising from bilateral or regional payment, barter, or clearing arrangements: Unsettled debit balances	3	3	3	4	4	4	7	7	7
Restrictions with general applicability	8	12	10	10	13	14	18	25	24
Administered allocations, rationing and undue delay	3	5	5	4	6	6	7	11	11
Payments above a threshold				1	1	1	1	1	1
Tax clearance certificates	1	1				1	1	1	1
Exchange taxes	1	1	1	3	4	3	4	5	4
Surrender export earnings to have access to foreign exchange	0	0	0	1	1	1	1	1	1
Other	3	5	4	1	1	2	4	6	6

**Table 7 (concluded)**

	Member Under						Total		
	Article VIX Status			Article VIII Status					
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Multiple currency practices	17	19	16	23	24	30	40	43	46
Exchange taxes	5	5	3			1	5	5	4
Exchange subsidies				1	1	2	1	1	2
Multiple price auctions	3	3	2	2	2	3	5	5	5
Differentials between official, commercial, and parallel	8	9	9	17	18	21	25	27	30
Margin requirements				1	1	1	1	1	1
Non-interest-bearing blocked accounts				1	1	1	1	1	1
Non-interest-bearing advance import deposits	1	1	1				1	1	1
Exchange rate guarantees		1	1	1	1	1	1	2	2
<b>Memorandum items:</b>									
Average number of restrictions per	4.1	4.7	4.1	1.8	2.0	1.9	2.6	2.9	2.6
Number of countries with restrictions	14	15	15	31	31	34	45	46	49

Sources: AREAER database; and IMF staff reports.

<sup>1</sup> Includes 189 members and 3 territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

### Exchange measures maintained for security reasons

Some member countries maintain measures imposed solely for national and/or international security reasons, which could give rise to exchange restrictions under IMF jurisdiction. These restrictions, like others, require prior IMF approval under Article VIII, Section 2(a). However, because the IMF does not provide a suitable forum for discussion of the political and military considerations leading to measures of this kind, it established a special procedure for such measures to be notified and approved.<sup>25</sup> In total, 37 members notified the IMF of measures introduced solely for security reasons during 2015, while 23 members did so during January–June 2016. The number of countries notifying the IMF of such measures continued with an increasing trend from 14 during 2013 and 33 in 2014. For the most part, notification was from advanced economies. In general, the restrictions involved take the form of financial sanctions to combat the financing of terrorism or financial sanctions against certain governments, entities, and individuals in accordance with United Nations Security Council resolutions or EU regulations.

**Table 8. Exchange Restrictions and/or Multiple Currency Practices by Country, as of December 31, 2015**

Country <sup>1</sup>	Exchange Restrictions and/or Multiple Currency Practices <sup>2</sup>
Albania	The IMF staff report for the 2013 Article IV Consultation with Albania states that, as of February 14, 2014, Albania still availed itself of the transitional arrangements under Article XIV and maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payments agreements, which were in place before Albania became an IMF member. These relate primarily to debt in nonconvertible and formerly nonconvertible currencies. Albania maintains two further exchange restrictions inconsistent with Article VIII, Sections 2(a) and 3 under the IMF's Articles: (1) an exchange restriction arising from the requirement for residents and nonresidents to submit a certificate that they do not owe any outstanding taxes prior to transferring foreign exchange for certain current transactions, including the payment of moderate amounts for amortization of loans, the payment of certain insurance premiums, and the transfer of profits and dividends from investments in Albania; and (2) an exchange restriction arising from the requirement to provide customs clearance documents in respect of advance import payments prior to making payments for unrelated foreign exchange transactions. (Country Report No. 14/78)

<sup>25</sup> See Decision No. 144-(52/51) in International Monetary Fund, *Selected Decisions and Selected Documents of the International Monetary Fund*, Issue 3, Washington, 2012.

**Table 8 (continued)**

<b>Country<sup>1</sup></b>	<b>Exchange Restrictions and/or Multiple Currency Practices<sup>2</sup></b>
<b>Angola</b>	The IMF staff report for the 2015 Article IV Consultation with Angola states that, as of October 15, 2015, Angola continued to avail itself of the transitional arrangements under the provisions of Article XIV, Section 2, and maintains two exchange measures, namely (1) limits on the availability of foreign exchange for invisible transactions such as travel, medical, or educational allowances; and (2) limits on unrequited transfers to foreign-based individuals and institutions. In addition, Angola maintain an exchange restriction resulting from the discriminatory application of the 0.015 percent stamp tax on foreign exchange operations that are subject to approval under Article VIII, Section 2(a). Angola maintains two multiple currency practices (MCPs) arising from (1) the Dutch foreign exchange auction; and (2) the discriminatory application of the 0.015 percent stamp tax on foreign exchange operations that are subject to approval under Article VIII, Section 3. (Country Report No. 15/301)
<b>Armenia</b>	The IMF staff report for the Second Review under the Extended Arrangement and Request for Waivers of Nonobservance and Rephasing states that, as of October 22, 2015, Armenia maintained two MCPs. The first MCP arises from a 2007 agreement between the Ministry of Finance and the Central Bank of Armenia to settle some budgetary transactions at an agreed accounting exchange rate throughout the fiscal year. The second MCP emerged when the authorities modified the budgetary exchange rate framework in March 2015 to provide for conversion of funds to make a September 2015 Eurobond coupon payment at a March exchange rate. This constituted a new MCP, as no provision was made to ensure that the September foreign exchange purchases under the modification did not deviate from the prevailing exchange rate at the time of the transaction by more than 2 percent. Armenia maintains no other multiple currency practices or exchange restrictions on the making of payments and transfers for current international transactions. (Country Report No. 15/320)
<b>Aruba</b>	The IMF staff report for the 2015 Article IV Consultation discussions with the Kingdom of the Netherlands—Aruba states that, as of March 27, 2015, Aruba maintained a foreign exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3 percent of the transaction value). (Country Report No. 15/116)
<b>Bangladesh</b>	The IMF staff report for the 2013 Article IV Consultation with Bangladesh states that, as of November 11, 2013, Bangladesh maintained an exchange restriction on the convertibility and transferability of proceeds of current international transactions in nonresident taka accounts. (Country Report No. 13/357).
<b>Belarus</b>	The IMF staff report for the 2015 Article IV Consultation with Belarus states that, as of April 27, 2015, Belarus maintained exchange restrictions and MCPs subject to the IMF's jurisdiction. The exchange restrictions arise from the requirement of a National Bank of the Republic of Belarus (NBRB) permit for (1) advance payments for imports; and (2) payments for imports with delivery outside of Belarus. The MCPs arise from (1) the potential deviation by more than 2 percent of the exchange rates in the OTC market and the Belarusian Currency and Stock Exchange (BCSE), (2) the potential deviation by more than 2 percent of the exchange rates in the OTC market and the BCSE exchange rate or the official exchange rate with respect to the mandatory resale of unused foreign exchange by resident legal entities and foreign exchange amounts subject to mandatory sale requirement; and (3) broken cross-rates among the currencies for which the NBRB establishes official exchange rates with monthly frequency with respect to the mandatory resale of unused foreign exchange by resident legal entities and foreign exchange amounts subject to mandatory sale requirement. (Country Report No. 15/136)
<b>Bhutan</b>	<p>The IMF staff report for the 2014 Article IV Consultation with Bhutan states that, as of June 2, 2014, Bhutan continued to avail itself of transitional arrangements under Article XIV, Section 2, pursuant to which it maintains exchange restrictions in connection with (1) the availability of foreign exchange for travel, except for medical travel abroad by Bhutanese citizens, invisibles, and private transfers; (2) foreign exchange balancing requirements on remittances of income in convertible currencies or other foreign currencies from foreign direct investment (FDI); and (3) the availability of foreign exchange for importers who are not able to provide the identity of the seller.</p> <p>Bhutan also maintained exchange restrictions subject to IMF approval under Article VIII, Section 2(a), in connection with (1) the foreign exchange balancing requirements for imports of capital goods (for projects involving FDI) and primary raw materials (for certain industrial projects); (2) banning residents who do not comply with the requirement to repatriate export proceeds from accessing foreign exchange for unrelated imports; (3) requiring FDI businesses to pay for their establishment and operational expenses from their own convertible currency resources; (4) requiring Bhutanese companies to pay the interest on and amortization of external loans from their own convertible currency resources; (5) restricting the availability of Indian rupees for making payments and transfers to India in the following current international transactions: personal and business travel and study-abroad living arrangements, family and salary remittances, advance payments for imports from India and to recruit Indian workers, and imports of certain construction materials and vehicles from India; and (6) banning the access to Indian rupees for unrelated current international transactions for those who contravene Royal Monetary Authority's 2012 guidelines on Indian rupee transactions. Staff is in the process of assessing other measures imposed by the authorities with respect to their consistency with Bhutan's obligations under Article VIII, Sections 2(a) and 3. (Country Report No. 14/178)</p>
<b>Bosnia and Herzegovina</b>	The IMF staff report for the 2015 Article IV Consultation with Bosnia and Herzegovina states that, as of October 9, 2015 Bosnia and Herzegovina maintained restrictions on the transferability of balances and interest accrued on frozen foreign currency deposits, subject to IMF jurisdiction under Article VIII. (Country Report No. 15/298)

**Table 8 (continued)**

<b>Country<sup>1</sup></b>	<b>Exchange Restrictions and/or Multiple Currency Practices<sup>2</sup></b>
<b>Brazil</b>	IMF staff report for the 2014 Article IV Consultation with Brazil states that, as of March 4, 2015, the tax on financial transactions (Imposto sobre Operações Financeiras) of 6.38 percent on exchange transactions carried out by credit card, debit card, and traveler's checks (including cash withdrawals) companies in order to fulfill their payment obligations for purchases of goods and services abroad by their customers gives rise to MCPs subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3. (Country Report No. 15/121).
<b>Burundi</b>	The IMF staff report for the 2014 Article IV Consultation, Fifth Review under the Three-Year Arrangement under the Extended Credit Facility states that, as of July 29, 2014, Burundi maintained one MCP that is inconsistent with Article VIII, Section 2(a): the exchange rate used for government transactions differs at times by more than 2 percent from market exchange rates. (Country Report No. 14/293)
<b>Colombia</b>	The IMF staff report for the 2015 Article IV Consultation with Colombia states that, as of May 1, 2015, Colombia maintained an exchange restriction subject to IMF approval under Article VIII arising from the special regime for the hydrocarbon sector. (Country Report No. 15/142)
<b>Democratic Republic of the Congo</b>	The IMF staff report for the 2015 Article IV Consultation with the Democratic Republic of the Congo (DRC) states that, as of October 13, 2015, the DRC maintained measures that give rise to one exchange rate restriction and one MCP subject to IMF approval. The exchange restriction involves an outstanding net debt position against other contracting members under the inoperative regional payments agreement with the Economic Community of the Great Lakes Countries. The MCP relates to a fixed exchange rate set quarterly applying to transactions through a bilateral payments agreement with Zimbabwe. (Country Report No. 15/280)
<b>Ecuador</b>	The IMF staff report for the 2015 Article IV Consultation with Ecuador states that, as of September 11, 2015, Ecuador maintained an exchange restriction subject to IMF approval arising from a 5 percent tax on transfers for the making of payments and transfers on current international transactions. The tax has recently been waived for the outflows relating to bank loans of over one year for specific sectors identified in the Productive code (e.g. housing and microfinance). (Country Report No. 15/289)
<b>Ethiopia</b>	The IMF staff report for the 2015 Article IV Consultation with Ethiopia states that, as of September 21, 2015, Ethiopia maintained four restrictions on the payments and transfers for current international transactions, which relate to: (1) the tax certification requirement for repatriation of dividend and other investment income; (2) restrictions on repayment of legal external loans and supplies and foreign partner credits; (3) rules for issuance of import permits by commercial banks; and (4) the requirement to provide a clearance certificate from The National Bank of Ethiopia to obtain import permits. These restrictions are inconsistent with Article VIII, Section 2(a), of the IMF's Articles of Agreement. (Country Rpt. No. 15/300)
<b>Fiji</b>	The IMF staff report for the 2014 Article IV Consultation with Fiji states that, as of October 16, 2014, Fiji maintained exchange restrictions subject to Article VIII arising from the Fiji Revenue and Customs Authority tax certification requirements on the transfer abroad of profits and dividends, and on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments, and from limits on large payments (e.g. oil imports and dividends repatriation of foreign banks). (Country Report No. 14/321)
<b>Gabon</b>	The IMF staff report for the 2014 Article IV Consultation with Gabon notes that, as of February 3, 2015, Gabon levied a tax on all wire transfers, including for the making of payments and transfers for current international transactions, which gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a), of the IMF's Articles of Agreement. The authorities have exempted certain transactions from the tax; however, the tax continues to apply to other transfers subject to IMF jurisdiction. (Country Report No. 15/47)
<b>Ghana</b>	The IMF staff report for the Request for a Three-Year Arrangement Under the Extended Credit Facility by Ghana states that, as of March 20, 2015, Ghana maintained one exchange restriction and an MCP subject to IMF approval. The exchange restriction arises from the limitation/prohibition on purchasing and transferring foreign exchange for advance payment for import transactions by importers who have not submitted to the commercial bank customs entry forms for any past foreign exchange transactions related to imports, and which are unrelated to the underlying transaction. An MCP arises, because the Bank of Ghana requires the use of its internal rate (that is, the previous day's weighted average interbank exchange rate) for government transactions and the surrender of cocoa and gold foreign exchange proceeds without having a mechanism in place to ensure that, at the time of the transaction, this exchange rate does not differ from the rate prevailing in the market rate (that is, the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2 percent. (Country Report No. 15/103)
<b>Guinea</b>	The IMF staff report for the Fifth Review Under the Three-Year Arrangement Under the Extended Credit Facility, Financing Assurances Review, and Requests for an Augmentation of Access and Extension of the Current Arrangement-Staff Report with Guinea states that, as of February 17, 2015, Guinea maintained a multiple currency practice as the value of the official rate lags the weighted average commercial bank rate on which it is based by one day. (Country Report No. 15/39)

**Table 8 (continued)**

Country <sup>1</sup>	Exchange Restrictions and/or Multiple Currency Practices <sup>2</sup>
<b>Iceland</b>	The IMF staff report for the 2014 Article IV Consultation and Fifth Post-Program Monitoring Discussion with Iceland states that as of February 23, 2015, Iceland maintained exchange restrictions arising from limitations imposed on the conversion and transfer of (1) interest on bonds (whose transfer the foreign exchange rules apportion depending on the period of the holding); (2) the principal payments from holdings of amortizing bonds; and (3) payments on the indexation of principal from holdings of amortizing bonds. (Country Report No. 15/72)
<b>India</b>	The IMF staff report for the 2015 Article IV Consultation with India states that, as of January 26, 2015, India maintained the following restrictions on the making of payments and transfers for current international transactions, which are subject to IMF approval under Article VIII, Section 2(a): (1) restrictions related to the nontransferability of balances under the India-Russia debt agreement; (2) restrictions arising from unsettled balances under inoperative bilateral payments arrangements with two eastern European countries; and (3) a restriction on the transfer of amortization payments on loans by nonresident relatives. (Country Report No. 15/61)
<b>Iran</b>	The IMF staff report for the 2015 Article IV Consultation with the Islamic Republic of Iran states that, as of November 19, 2015, Iran maintained an exchange restriction and MCPs subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: An MCP and exchange restriction arising from (1) the establishment of an official exchange rate for use in certain transactions, which in practice differs by more than two percent from the exchange rate used by the foreign exchange bureaus; (2) an MCP arising from budget subsidies for foreign exchange purchases in connection with payments of certain letters of credit opened prior to March 21, 2002; and (3) an MCP arising from the application of preferential foreign exchange rates for certain importers with letters of credit opened prior to July 24, 2012. (Country Report No. 15/349)
<b>Iraq</b>	<p>The IMF staff report for the 2015 Article IV Consultation with Iraq states that, as of July 14, 2015, Iraq no longer maintained any exchange restrictions or multiple currency practices subject to Article XIV, Section 2, and currently maintains three exchange restrictions and one MCP subject to IMF approval under Article VIII, Sections 2(a) and 3. In 2009, the IMF identified four exchange restrictions, two of which have now been removed. The two exchange restrictions that have been removed were based upon Central Bank of Iraq (CBI) circulars that have now been nullified. These restrictions arose from (1) the requirement to submit a tax certificate and a letter of nonobjection stating that the companies do not owe any taxes to the government before non-Iraqi companies may transfer proceeds of current international transactions out of the country; and (2) the requirement that before non-Iraqis may transfer proceeds in excess of ID 15 million out of Iraq, the banks are required to give due consideration of legal obligations of these persons with respect to official entities, which must be settled before allowing any transfer. The exchange restrictions that remain in place arise from (1) the requirement to pay all obligations and debts to the government before proceeds of investments of investors, and salaries and other compensation of non-Iraqi employees may be transferred out of Iraq; and (2) an Iraqi balance owed to Jordan under an inoperative bilateral payments agreement.</p> <p>All exchange restrictions identified in 2012 have now been removed. In 2012, the IMF identified five additional exchange restrictions and an MCP. In 2013, four of these five exchange restrictions were removed, as the relevant circulars were nullified. These measures were: (1) the requirement to submit a tax clearance certificate that all taxes (even unrelated to the transaction) have been paid before foreign exchange for payment and transfer of certain current international transactions can be purchased in the auction; (2) the limitation that corporates can purchase foreign exchange in the auction for import transactions only; (3) a limit of \$75,000 a week on the availability of foreign exchange cash in the auction for money transfer companies (MTCs) and money exchange bureaus (MEBs); and (4) a limit of US\$4 million a week on the availability of foreign exchange cash in the auction for banks. In 2015, the final exchange restriction identified in 2012, arising from the limit on individual purchases of cash foreign exchange, was also removed. This exchange restriction originally arose from the US\$5,000 limit on individual purchases of cash foreign exchange, imposed by Circular No. 19 of October 1, 2012. The CBI reports that this limit is now only indicative, due to the repeal of previous circulars, and therefore this measure no longer gives rise to an exchange restriction. However, this has been communicated to banks only by informal electronic message. Therefore, this measure no longer gives rise to an exchange restriction, as the limit is now only indicative.</p> <p>The 2015 Article IV mission identified one new exchange restriction arising from weekly limits on purchases of cash by financial institutions from the CBI. Recently these limits have been raised to \$300,000 per week for banks with capital of at least ID 250 billion, \$150,000 per week for MTCs, and \$50,000 per week for MEBs. Similar limits on the availability of foreign exchange in the CBI auction for banks, MTCs, and MEBs were originally imposed beginning in 2010 and found to give rise to exchange restrictions. Later, these measures were removed, and thus the exchange restrictions were also removed.</p> <p>The MCP was originally identified by the IMF in 2012 and continues to remain in place, even though the various measures limiting the availability of foreign exchange have evolved and changed. The MCP arises from the official action to limit the purchase of foreign exchange, with no mechanism to ensure that exchange rates in the official auction and in the market do not deviate from each other by more than two percent. The average spread between the official and market rates was around 10 percent in May 2015. (Country Report No. 15/235).</p>

Table 8 (continued)

Country <sup>1</sup>	Exchange Restrictions and/or Multiple Currency Practices <sup>2</sup>
<b>Kyrgyz Republic</b>	The IMF staff report for the Request for a Three-Year Arrangement Under the Extended Credit Facility states that as of December 2, 2015, The Kyrgyz Republic maintained a MCP arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2 percent from market rates because it is based on the average transaction weighted rate of the preceding day. In practice, the official and market rates have never differed by more than 2 percent. (Country Report No. 16/55)
<b>Maldives</b>	The IMF staff report for the 2014 Article IV Consultation with Maldives states that, as of January 28, 2015, Maldives maintained an exchange restriction subject to IMF approval under Article VIII, Section 2(a), of the IMF's Articles of Agreement, arising from a shortage of foreign exchange at the official rate which leads to the Maldives Monetary Authority rationing its supply of foreign exchange to commercial banks. This results in a channeling of foreign exchange transactions for current international transactions to the parallel market where transactions take place at an exchange rate that deviates by more than 2 percent from the official exchange rate. The greater-than-2-percent exchange-rate spread gives rise to a multiple currency practice subject to IMF approval under Article VIII, Section 3 and also to exchange restrictions, given the additional cost involved for obtaining foreign exchange. (Country Report No. 15/68)
<b>Mauritania</b>	The IMF staff report for the 2014 Article IV Consultation with Mauritania states that, as of January 15, 2015, Mauritania maintained an exchange restriction arising from the insufficient foreign exchange availability at the fixing sessions (auctions) organized by the Central Bank of Mauritania for those transactions, that are required to be submitted to the auctions. (Country Report No. 15/35)
<b>Mongolia</b>	The IMF staff report for the 2015 Article IV Consultation with Mongolia states that, as of March 19, 2015, Mongolia maintained two MCPs subject to IMF jurisdiction. First, the modalities of the multi-price auction system give rise to a MCP, since there is no mechanism in place that ensures that exchange rates of accepted bids at the multiple-price auction do not deviate by more than 2 percent. In addition, Mongolia has an official exchange rate (reference rate) that is mandatorily used for government transactions (as opposed to the commercial market rate). Therefore, by way of official action, the authorities have created market segmentation. While Order #699 of the Bank of Mongolia issued on December 3, 2010, sets forth that the reference rate is determined based on the weighted average of market rates used from 4:00 p.m. of the previous day to 4:00 p.m. of the current day, the IMF staff is of the view that this order does not eliminate the market segmentation and multiplicity of effective rates arising from it. Accordingly, in the absence of a mechanism to ensure that the commercial rates and the reference rate do not deviate by more than 2 percent, the way the reference rate is used in government transaction gives rise to an MCP. (Country Report No. 15/109)
<b>Montenegro</b>	The IMF staff report for the 2014 Article IV Consultation with the Republic of Montenegro states that, as of January 8, 2015, Montenegro maintained an exchange system free of restrictions on the making of payments and transfers for current international transactions, except with respect to pre-1992 blocked foreign currency savings accounts. (Country Report No. 15/26)
<b>Myanmar</b>	The IMF staff report for the 2015 Article IV Consultation with Myanmar states that, as of August 14, 2015, Myanmar still maintained exchange restrictions and an MCP subject to IMF approval under Article VIII. Exchange restrictions subject to IMF jurisdiction arise from (1) requirement of tax certification for authorizing transfers of net investment income abroad; and (2) limitations on the remittance abroad of net salaries. The MCP arises from the two-way, multiple-price foreign currency auction. (Country Report No. 15/267)
<b>Nepal</b>	The IMF staff report for the 2015 Article IV Consultation with Nepal states that, as of November 16, 2015, Nepal maintained an exchange restriction subject to IMF approval under Article VIII, arising due to a 75 percent limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. (Country Report No. 15/317)
<b>Papua New Guinea</b>	The IMF staff report for the 2015 Article IV Consultation with Papua New Guinea states that, as of October 9, 2015, Papua New Guinea maintained an exchange restriction subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions. (Country Report No. 15/318)
<b>São Tomé and Príncipe</b>	The IMF staff report for the Request for a Three-Year Arrangement under the Extended Credit Facility and Cancellation of the Current Arrangement under the Extended Credit Facility with São Tomé and Príncipe states that, as of June 24, 2015, São Tomé and Príncipe maintained one measure subject to IMF approval under Article VIII: an exchange restriction arising from Article 3(i) and Article 10.1(b) of the Investment Code (Law No. 7/2008) regarding limitations on the transferability of net income from investment. The restriction results from the requirement that taxes and other obligations to the government have to be paid/fulfill as a condition for transfer, to the extent the requirement includes the payment of taxes and the fulfillment of obligations unrelated to the net income to be transferred. (Country Report No. 15/196)
<b>Serbia</b>	The IMF staff report on the 2014 Article IV Consultation with Serbia states that, as of February 6, 2015, Serbia maintained a system free of restrictions on current international payments and transfers, except with respect to blocked pre-1991 foreign currency savings accounts. (Country Report No. 15/50)

**Table 8 (continued)**

Country <sup>1</sup>	Exchange Restrictions and/or Multiple Currency Practices <sup>2</sup>
Sierra Leone	The IMF staff report for the Third and Fourth Reviews Under the Extended Credit Facility Arrangement and Financing Assurances Review, Requests for Waivers for Nonobservance of Performance Criteria and Modification of Performance Criteria, and Requests for Rephrasing and Augmentation of Access Under the Extended Credit Facility with Sierra Leone states that, as of October 30, 2015, Sierra Leone maintained one MCP subject to IMF jurisdiction arising from the applied multiple-price Dutch auction system, as there is no formal mechanism in place to prevent spreads of effective rates between winning bids from exceeding 2 percent. (Country Report No. 15/323)
Somalia	The IMF Staff Report for the 2015 Article IV Consultation states that as on July 8, 2015, Somalia still availed itself of the transitional arrangements of Article XIV, however it no longer maintains restrictions under Article XIV. At the time of Somalia's last Article IV consultation in 1989, Somalia maintained the following Article VIII restrictions: (1) a multiple currency practice and exchange restricting arising from the imposition of a 10 percent levy on all applications for purchases of foreign exchange under the commodity import program; (2) a multiple currency practice arising from different exchange rates applicable to official transactions and to transactions in external accounts and to import/export accounts; and (3) an exchange restriction evidenced by some external payments arrears. As part of its ongoing reengagement with the authorities, staff continues to assess the existing exchange regime. (Country Report No.15/208)
South Sudan	The IMF staff report on the 2014 Article IV Consultation for South Sudan states that as of December 2, 2014, South Sudan maintained a number of exchange restrictions and MCPs under the transitional arrangements of Article XIV. The exchange restrictions under Article XIV arise from (1) limiting the availability of foreign exchange through the rationing and further earmarking of foreign exchange by the central bank, (2) imposing absolute ceilings on the availability of foreign exchange for certain invisible transactions (travel, remittances for living expenses of students and families residing abroad, transfers of salaries by foreign workers); (3) the extra burden caused by channeling foreign exchange transactions to the parallel market; and (4) requiring a tax clearance certificate for access to foreign exchange for priority imports. The MCPs maintained under Article XIV arise from (1) the spread of more than 2 percent between the official exchange rate (buying and selling exchange rates of the central bank) and the exchange rate at which commercial banks sell foreign currency within the limits set by the central bank; and (2) the spread of more than 2 percent between the parallel market exchange rate on the one hand, and that of the official exchange rate and the exchange rate in the formal commercial market on the other hand. In addition to the measures maintained under Article XIV, South Sudan maintains one MCP subject to the IMF's jurisdiction under Article VIII. The MCP arises from the exchange rate guarantee arrangements maintained by the Bank of South Sudan with one commercial bank. This arrangement was introduced after South Sudan joined the IMF and therefore is not covered under transitional arrangements of Article XIV. The arrangement supports the system of foreign exchange allocations to priority imports. (Country Report No. 14/345)].
Sudan	The IMF staff report for the 2014 Article IV Consultation with Sudan states that, as of November 21, 2014, Sudan maintains the following measures subject to IMF jurisdiction under Article VIII, Sections 2 and 3: (1) an exchange restriction arising from the government's limitations on the availability of foreign exchange and the allocation of foreign exchange to certain priority items; (2) an MCP and exchange restriction arising from the establishment of an official exchange rate (the Central Bank of Sudan (CBOS) rate) for use in all government exchange transactions, which in practice differs by more than 2 percent from the rate used by commercial banks; (3) an MCP and exchange restriction arising from large spreads between the CBOS rate and the parallel market exchange rate due to the CBOS limitation on the availability of foreign exchange, which channels current international transactions to the parallel market; and (4) an exchange restriction and an MCP arising from the imposition by the government of a cash margin requirement for most imports. (IMF Country Report No. 14/364)
Suriname	The IMF staff report for the 2014 Article IV Consultation with Suriname states that, as of August 14, 2014, Suriname maintained two MCPs arising from the spread of more than 2 percent between the buying and the selling rates in the official market for government transactions and also from the possible spread of more than 2 percent between the official rates for government transactions and those in the commercial markets that can take place within the established band. (Country Report No. 14/316)
Swaziland	The IMF staff report for the 2015 Article IV Consultation with Swaziland states that, as of November 24, 2015, Swaziland maintained an exchange restriction subject to IMF approval under Article VIII arising from a 50 percent limit on the provision for advance payments for the import of capital goods in excess of 10 million emalangeni. (Country Report No. 15/353)
Syria	The IMF staff report for the 2009 Article IV Consultation with Syria states that, as of February 12, 2010, Syria continued to maintain, under Article XIV, restrictions on payments and transfers for current international transactions, including administrative allocation of foreign exchange. Syria also maintained exchange measures that are subject to IMF approval under Article VIII: (1) prohibition against purchases by private parties of foreign exchange from the banking system for some current international transactions; (2) an MCP resulting from divergences of more than 2 percent between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75 percent–100 percent for public sector imports; and (4) an exchange restriction arising from the net debt under inoperative bilateral payments arrangements with the Islamic Republic of Iran and Sri Lanka. (Country Report No. 10/86)

**Table 8 (concluded)**

Country <sup>1</sup>	Exchange Restrictions and/or Multiple Currency Practices <sup>2</sup>
<b>Tunisia</b>	The IMF staff report for the 2015 Article IV Consultation, Sixth Review under the Stand-By Arrangement, and Request for Rephasing with Tunisia states that, as of September 16, 2015, Tunisia maintained a multiple currency practice resulting from honoring exchange rate guarantees extended prior to August 1988 to development banks, which will automatically expire after maturity of existing commitments (total loans covered by these guarantees amount to about \$20 million). (Country Report No. 15/285)
<b>Ukraine</b>	<p>The IMF Staff Report on the Request for Extended Arrangement under the Extended Fund Facility and Cancellation of Stand-By Arrangement states that as of March 10, 2015, Ukraine maintained the following exchange restrictions and multiple currency practices, which are subject to IMF approval, respectively, under Article VIII, Sections 2(a) and 3: (1) exchange restriction arising from absolute limits on the availability of foreign exchange for certain non-trade current international transactions (National Bank of Ukraine (NBU) Resolution No. 160, adopted March 3, 2015). Certain individual nontrade transfers abroad in foreign exchange, in particular family and personal remittances, are limited to a monthly cap of UAH 150,000 from foreign exchange accounts and with supporting documents or to a cap of UAH 15,000 daily if effected by residents without supporting documents or without opening a foreign exchange account. These limits had been established under a number of resolutions adopted by the NBU in 2014, but were lifted before completion of the first review under the Stand-By Arrangement. However, the limits were subsequently reintroduced and are currently in place; (2) exchange restriction arising from a ban on the transfer abroad of dividends received by nonresident investors from foreign investments in Ukraine (NBU Resolution No. 160, dated March 3, 2015). This measure has been in place since September 23, 2014, but its scope was extended to cover dividends from exchange-traded securities in March 2015; (3) the requirement to provide a tax clearance certificate evidencing the payment of all taxes, including taxes unrelated to the transaction, before obtaining authorization for making import payments equal to, or exceeding, US\$50,000 (NBU Resolution No. 160, dated March 3, 2015) ; and (4) an MCP arising from the use of multiple price foreign exchange auctions conducted by the National Bank of Ukraine without a mechanism to prevent (1) a spread deviation of more than 2 percent in the exchange rates at which the NBU sells foreign exchange to successful bidders; and (2) a spread deviation of more than 2 percent between the auction rates and the market exchange rate. The procedures that allow the NBU to conduct these auctions are long-standing (although they were recently amended) but the auctions had not been in operation until September of 2014, when the NBU reactivated them. In addition, Ukraine continued to maintain the following MCPs, put in place prior to approval of the Stand-By Arrangement, and subject to IMF approval under Article VIII, Section 3:</p> <ul style="list-style-type: none"> <li>• An MCP arising from the requirement to transfer the positive difference between the sale and purchase price of foreign exchange to the state budget if the purchased foreign exchange is not used within 10 days and is resold.</li> <li>• An MCP arising from the use of the official exchange rate for government transactions, including transactions of some state-owned enterprises, without establishing a mechanism to ensure that the official exchange rate does not deviate from the market exchange rate by more than 2 percent. (Country Report No. 15/69)</li> </ul>
<b>Zambia</b>	The IMF staff report for the 2015 Article IV Consultation with Zambia states that as of May 5, 2015, Zambia continued to maintain an exchange restriction, which is subject to IMF approval under Article VIII, arising from limitations imposed by the government on access to foreign exchange for the making of payments and transfers for current international transactions, which is evidenced by the existence of external payments arrears accumulated prior to October 4, 1985. On January 31, 2014, the Zambian authorities repealed the regulation on foreign exchange transactions (Statutory Instrument 55 of 2013) to remove the two exchange restrictions identified in the 2013 Article IV staff report. On March 21, 2014, the authorities repealed Statutory Instrument 55 of 2013 in full. (Country Report No. 15/152)
<b>Zimbabwe</b>	The IMF staff report for the 2014 Article IV Consultation with Zimbabwe states that, as of June 3, 2014, apart from one remaining exchange restriction subject to IMF jurisdiction arising from unsettled balances under an inoperative bilateral payments agreement with Malaysia, payments and transfers for current international transactions can now be effected without restriction. (Country Report No. 14/202)

Source: IMF staff reports.

<sup>1</sup> Includes 189 members and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

<sup>2</sup> The measures described in this table are quoted from IMF staff reports issued as of December 31, 2015, and may have changed subsequently to the date when they were reported. The table does not include countries maintaining exchange restrictions or multiple currency practices whose IMF staff reports are unpublished unless the authorities have consented to publication.



## Regulatory Framework for Foreign Exchange Transactions

This section surveys the measures reported by members with respect to the regulatory framework for foreign exchange transactions from January 2015 through July 2016. The measures are divided into five major categories: trade related, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

### Trade-Related Measures

Reversing the trend observed in the past year, members reported significantly fewer restrictive than easing trade-related measures from January 2015 to July 2016. The total number of changes in exchange and trade controls on imports and exports amounted to 268—an increase from last year—of which 116 were easing, 63 tightening, and 81 neutral.

#### Imports and import payments

Countries reported more than twice as many easing (82) as tightening measures (38) related to import transactions and import payments, along with 49 neutral changes. The majority of the total 169 measures in this category are related to trade regulations, such as changes in quotas, tariffs, and licensing of imports of certain goods and services.

Some tightening measures were in the form of temporary licensing requirements for certain imports, increasing tariffs, restricting access to foreign exchange for imports of certain items, imposing antidumping duties, and imposing restrictions on imports from certain countries. These measures mostly aim to improve the balance of payments, prevent depreciation of the currency, serve national security purposes, and promote domestic industrial policies, as well as increase tax revenues.

Some easing measures reduced tariffs, removed restrictions, and relaxed sanctions on imports from certain countries; eliminated restrictions such as state monopolies and quotas; and eased the procedures and reporting mechanisms as well as the methods of payment for imports. Others were related to obligations from entering into multilateral economic unions and bilateral trade agreements. A few countries reported easing rules for advance payments for imports, including Argentina, Belarus, Fiji, Pakistan, Swaziland, and Zimbabwe. Bangladesh eased the quotas for imports of gold. Australia reduced tariffs on household textile products. Australia also eliminated tariffs for goods originating in Chile under a bilateral agreement and reduced tariffs on goods from China, Japan, Korea, and Malaysia under various trade agreements. With improving foreign exchange market conditions, Ukraine eased several previously introduced procedural requirements for imports.

Many countries, including Australia and several in the European Union, such as Bulgaria, Denmark, and Portugal, relaxed trade sanctions against the Islamic Republic of Iran.

#### Exports and export proceeds

Of the total measures reported (91), a little more than a third (34) eased conditions for export transactions and export proceeds, whereas 25 were tightening measures and 32 were neutral. The easing measures included a reduction in the share of export proceeds required for surrender, an extension in the time for the completion of export transactions, simplification in reporting and export procedures, relaxation of repatriation requirements, elimination of certain licensing requirements, and relaxation of the payment mechanisms for receipt of export proceeds.

The tightening measures enhanced licensing requirements, introduced a temporary ban on exports of certain items, increased monitoring and reporting requirements to ensure receipt of export proceeds, raised the share of export proceeds required for surrender, and imposed country-specific export restrictions.

Surrender requirements were eased in Argentina, Bangladesh, Belarus, Madagascar, and Malawi, while surrender requirements were tightened in Uzbekistan. Ukraine extended and maintained its surrender and repatriation requirements for export proceeds.

## Current Invisible Transactions and Current Transfers

This section discusses nontrade payments and transfers that are included in the current account of the balance of payments. This category includes income from investment (for example, profits, dividends, and interest); payments for travel, education, medical expenses, and subscription and membership fees; and unrequited transfers (for example, remittance of nonresidents' salaries and wages).

### Payment for current invisibles and current transfers

Of the 117 measures reported, 86 were easing, 12 neutral, and 19 tightening. The liberalization trend was driven by several members. In particular Argentina, Bangladesh, Cyprus, Fiji, Greece, India, South Africa, Sri Lanka, Tunisia, and Ukraine moved forward with liberalization through multiple easing measures. Tightening measures were implemented in a few countries, including China, El Salvador, Greece, Nigeria, Pakistan, Tajikistan, and Ukraine, and in some cases in response to a balance of payments or banking crisis.

Many of the easing measures were implemented in Cyprus and Greece in the context of gradual liberalization of deposit withdrawal limits and controls on external payments introduced earlier. The maximum number of liberalization steps (25) was taken by Greece. These measures increased the amount businesses may transfer from accounts in local banks through the use abroad of debit and credit cards issued by Greek banks and liberalized the transfer of funds for medical and education purposes abroad. Shortly after the introduction of deposit withdrawal limits, the daily limit was changed to weekly for depositors' convenience, and banks were exempted from the allotted daily and weekly limits in connection with their own risk management and liquidity transactions, as well as for interbank transactions. Cyprus also implemented a significant number of liberalization steps (8) and, with these, removed all previously introduced restrictions. These steps included removing limits for normal business transactions, eliminating the limits for transfer of funds abroad without supporting documents, and exempting the use of credit, debit, and prepaid cards from the temporary restrictions.

Among the other countries liberalizing current transactions, South Africa implemented a number of measures (8), including raising the single discretionary allowance to R 1 million an individual a calendar year for any purpose and increasing the limit for credit card payments for imports and the limit for transfers of funds abroad that are exempt from anti-money-laundering regulations. Bangladesh also implemented several liberalization measures, including higher foreign currency limits for residents traveling abroad, permitting remittances for advertisement of Bangladeshi products through foreign electronic and online media, and allowing the use of exporters' foreign exchange receipts to pay for valid business purposes. Ukraine took several steps (8) to liberalize the procedures for payments for current invisibles and current transfers.

### Proceeds from current invisibles and current transfers

A few countries, including Bangladesh, Belarus, Madagascar, and Ukraine, reported a limited number of changes (20) in this category. Of these measures, 9 were easing, 4 neutral, and 7 tightening. The measures included increasing limits for reporting inward remittances through normal banking channels and several steps toward reducing the surrender requirement on proceeds from exports of goods and services.

## Account Transactions

The changes in regulations for resident and nonresident accounts were predominantly in the direction of liberalization. Members reported 195 changes for resident and nonresident account transactions, of which 134 were easing, 42 tightening, and 19 neutral. Excluding changes by Greece, which introduced and eased restrictions in several steps, the number of measures easing restrictions is 69; tightening and neutral measures are 22 and 14, respectively. There were changes in regulations in 35 countries. Of these, 18 countries liberalized regulations for resident accounts and 14 for nonresident accounts. Further, 6 countries tightened regulations for resident and nonresident accounts.

**Resident accounts**

Many countries liberalized the regulations governing resident account transactions, including Argentina, Bangladesh, Cyprus, Greece, Poland, Serbia, South Africa, and Sri Lanka. Argentina allowed the use of debit cards issued by domestic banks against local or foreign exchange accounts. Bangladesh allowed students to deposit foreign currency in designated bank accounts or student accounts abroad for visa and admission processing for permissible courses abroad. Bangladesh also allowed the use of foreign currency deposited in foreign currency accounts of shipping lines and airlines for remittance of net earnings. After having introduced deposit withdrawal and transfer limits to prevent a banking crisis earlier on, Cyprus finally eliminated all restrictions on resident and nonresident accounts in domestic banks, including limits on payments or transfer of funds abroad. It removed the prohibition against opening new accounts for domestic customers in foreign banks operating in Cyprus. Ukraine raised the limits on withdrawals from foreign currency accounts within and outside Ukraine.

Ecuador waived the 5 percent tax on external transfers relating to bank loans over one year for specific sectors. Fiji allowed a family or business entity to invest abroad and open foreign currency accounts for investments up to F\$25,000 a year. Greece relaxed several restrictions, including increasing the daily withdrawal limit from resident accounts, increasing the daily limit for shipping companies' withdrawals to €50,000, exempting interbank transactions and banks' transactions for risk and liquidity management from the overall limits, and removing the limits on transfers for medical and education purposes. Other measures in Greece included removing the restriction on the use of deposits to buy domestic financial instruments, changing the daily limits on transfers abroad for banks and their customers to a weekly limit, and raising the limit for businesses' transfers abroad to €250,000 with approval of commercial banks.

Poland increased the limits for investment by pension funds in foreign-currency-denominated assets, including deposits, to 30 percent. Serbia allowed natural persons to open and maintain joint current and deposit accounts in foreign currency. Residents in Serbia are also allowed to maintain foreign exchange accounts abroad, with the approval of the authorities, for collecting payments from the sale of securities abroad. Residents in South Africa may now hold up to R 11 million in foreign currency deposits with authorized dealers for foreign investment purposes. Sri Lanka allowed certain foreign currency account holders to use these funds to acquire securities and other capital assets.

A few countries, including Burundi, Greece, Nigeria, Papua New Guinea, and Tajikistan, tightened the norms for resident accounts. All foreign exchange accounts of state institutions and projects, as well as those in commercial banks of nongovernmental organizations receiving external support, were closed in Burundi in order to channel transactions through the central bank. Authorized dealers were prohibited from opening new foreign currency accounts for residents in Papua New Guinea. Greece introduced wide-ranging restrictions on the use of deposits in Greek banks, including on cash withdrawals and transfers abroad and on the early repayment of outstanding bank loans. The opening of new sight and deposit accounts was also prohibited to prevent the circumvention of the cash withdrawal limit. In Nigeria, cash deposits into foreign exchange accounts were prohibited. Ukraine introduced a temporary ban on transfers of foreign currency abroad by residents with some exceptions.

**Nonresident accounts**

Belgium, Cyprus, Fiji, Greece, Norway, Serbia, and Sri Lanka were some of the countries that liberalized regulations on nonresident accounts. Belgium removed the security restriction blocking accounts with respect to certain persons in the Islamic Republic of Iran and Zimbabwe. The limit for transfer of funds without supporting documents and regardless of purpose was gradually increased and finally abolished in Cyprus.

Fiji allowed authorized banks to credit domestic currency accounts of nonresidents with sale proceeds of assets in Fiji up to F\$500,000. Authorized dealers in Fiji were also allowed to deposit reimbursement of expenses, living allowances, fees, and bonds up to F\$2,000 a month.

Greece liberalized transactions in nonresident accounts in a manner similar to the liberalization of resident accounts, as indicated in the previous section. Norway removed restrictions imposed for international security reasons involving blocking of accounts with respect to Egypt, Liberia, and the former Federal Republic of Yugoslavia. Serbia liberalized regulations on nonresident accounts similarly to easing restrictions on resident

accounts (see previous section). Sri Lanka allowed nonresident foreign currency account holders to make payments to persons outside Sri Lanka for acquisition of permitted securities, as well as for outward remittances, disbursements, and cash withdrawals (in foreign currency notes up to US\$10,000).

Tightening measures on nonresident accounts were similar to those on resident accounts. In addition, Norway imposed financial restrictions for international security reasons, blocking accounts with respect to Burundi, the Central African Republic, Guinea Bissau, South Sudan, Tunisia, and Yemen. The United States blocked the property of people contributing to the trouble in Burundi, the government of the Democratic People's Republic of Korea, and the Workers' Party of Korea and prohibited certain transactions with respect to the Democratic People's Republic of Korea.

## Capital Controls

IMF members continued to liberalize capital transactions amid ongoing sluggish global growth, with advanced economies continuing to grow more slowly than emerging market economies. However, there was a marked slowdown in emerging market growth in 2015 compared with 2014. Factors that have contributed to low global growth include slowdown and rebalancing in China; a decline in commodity prices, particularly of oil; and uncertainty created by geopolitical tensions. The slowdown in emerging market economies' growth has been accompanied by subdued capital flows to emerging markets, leading to a fall in net capital flows to emerging market economies in 2015. This decline in net capital flows has been characterized by large portfolio outflows from emerging market economies and lower foreign direct investment inflows. These economies have responded differently depending on their circumstances. Responses have included permitting greater exchange rate flexibility where feasible; implementing policies to stimulate the economy; and easing monetary policies when the authorities could do so because of lower inflation as a result of lower oil prices. Depreciation pressure has led some to intervene or impose controls on foreign exchange transactions to stem capital flight.

Overall, the number of measures reported was far greater than in the previous period. The trend of easing measures predominating for both inflows and outflows continued. From January 2015 through June 2016, IMF members reported 346 measures compared with 289 during the previous period (January 2014 through July 2015).<sup>26</sup> Of the total, 272 measures (about 79 percent) were directed toward easing capital flows, higher than during the previous reporting period (72 percent). Of the remaining measures, 44 (about 13 percent) were tightening measures, and the rest (9 percent) are considered neutral.

The measures included in this section are also considered to be capital flow management measures (CFMs) as defined by the IMF's institutional view on the liberalization and management of capital flows.<sup>27</sup> In addition to capital controls included in this section, prudential-type measures discussed in the next section may also be

<sup>26</sup> The total number of measures includes a relatively large number of changes reported by Argentina, Cyprus (similar to the previous reporting period), Greece, and Ukraine. Cyprus, Greece, and Ukraine initially imposed wide-ranging restrictions that constrained capital transactions across many categories to deal with an economic crisis. Subsequently, as conditions improved, Cyprus removed restrictions gradually and eliminated all restrictions in April 2015. After the initial imposition of a bank holiday and a ban on all capital transactions, Greece relaxed some restrictions, which led to the recording of easing measures in several categories, even though for most current and capital transactions a verification or approval is still required. A similar situation was reported by Ukraine, where the authorities initially imposed broad controls and have gradually eased them—by widening exceptions, increasing limits, and easing administrative procedures. The AREAER records the imposition of these restrictions and their step-by-step removal across many categories of transactions, thereby showing a large number of measures taken by these countries. Argentina, after several years of restrictive practices, liberalized its foreign exchange market starting in December 2015, which has affected transactions across many categories, resulting in the reporting of a high number of easing measures.

<sup>27</sup> CFMs encompass a broad spectrum of measures. For the purposes of the IMF's institutional view, the term "capital flow management measures" refers to measures designed to limit capital flows. CFMs comprise residency-based CFMs, which encompass a variety of measures (including taxes and regulations) affecting cross-border financial activity that discriminate on the basis of residency—also generally referred to as capital controls—and other CFMs, which do not discriminate on the basis of residency but are nonetheless designed to limit capital flows. These other CFMs typically include measures, such as some prudential measures, that differentiate transactions on the basis of currency, as well as other measures that typically apply to the nonfinancial sector. The concept of capital controls in the AREAER is quite similar to that of the CFM: it encompasses regulations that limit capital flows and includes various measures that regulate the conclusion or execution of transactions and transfers and the holding of assets at home by nonresidents and abroad by residents. See International Monetary Fund, *The Liberalization and Management of Capital Flows: An Institutional View*, Washington, 2012.

CFMs if they were designed to influence capital flows. However, the AREAER does not use this terminology because classifying a measure as a CFM requires substantial background information and considerable judgment, which is beyond the scope of the analysis conducted in compiling the AREAER database.

### **Repatriation and surrender requirements**

A handful of countries adjusted repatriation and surrender requirements with respect to capital transactions; however, there was an increase in the number of measures taken compared with the previous reporting period. The bulk of the measures involved easing outflows. In part, this can be attributed to several exceptions introduced by Ukraine, which had imposed strict repatriation and surrender requirements earlier, when a challenging geopolitical and balance of payments situation led to a volatile foreign exchange market. For instance, nonresidents' transfers related to participation in state property privatization auction and public procurement tender participation were exempt from the general surrender requirement. In addition, transfers related to grants from international financial institutions and to projects between Ukraine and the European Union were also exempt from the surrender requirement. Korea extended the repatriation requirement for proceeds from capital transactions in excess of a specified limit to three years from one and a half years. Malawi removed the requirement that 20 percent of receipts from nonresidents for capital transactions had to be converted to local currency. Sri Lanka permitted the use of funds in several types of foreign currency accounts for investment abroad. Argentina took several steps to ease inflows as it liberalized its exchange rate and foreign exchange regime. In particular, it eliminated the requirement to repatriate new foreign financial borrowing and sell the funds in the domestic foreign exchange market. In addition, residents who receive foreign exchange for services provided to nonresidents may deposit these funds in local foreign exchange accounts without being required to sell them in the local foreign exchange market under certain conditions.

### **Controls on capital and money market instruments**

The total number of measures to adjust controls on capital and money market instruments increased markedly (to 120 compared with 79 during the previous reporting period). As a result, these were the most frequent measures reported, just as in the previous reporting period. Measures to ease (87) as opposed to tighten (22) controls on capital and money market instruments were aimed at easing outflows more than inflows, as during the previous period. This trend reflects the liberalization of emerging markets' domestic financial and corporate sectors as both individuals and institutions were allowed to invest overseas under more liberalized conditions despite reduced net capital inflows to, and large outflows from, nonresidents' portfolio investments in emerging market economies.

Measures to ease inflows included increased access to domestic securities markets, easing conditions for foreign borrowing, and greater equity participation by foreigners. Argentina took several measures to liberalize its foreign exchange market beginning in late 2015 as part of a general shift to a more market-based economy. For instance, it allowed local financial institutions to access the local foreign exchange market to cover their foreign currency needs for certain operations, and eliminated the requirement to surrender new foreign financial borrowing. Nonresidents were allowed to deposit funds in local foreign exchange accounts to conduct portfolio investments and could access the foreign exchange market to repatriate funds under certain conditions. Conditions for foreign borrowing were also eased by lowering the minimum maturity period. Brazil liberalized investments in the health care sector. China permitted certain investment funds to be marketed in Hong Kong SAR. Following the path of gradual capital flow liberalization, China also eased nonresidents' access to inter-bank market transactions (such as bond cashing, repos, loans, and forwards; interest rate swaps; and forward rate agreements) by permitting foreign financial institutions (commercial banks, insurance companies, securities companies, fund management and other asset management companies, pension funds, charitable funds, endowment funds, and other medium- and long-term institution investors approved by the People's Bank of China) and foreign central banks or monetary authorities, international financial organizations, and sovereign wealth funds to participate. India increased the amount foreign portfolio investors may invest in debt securities and set the limits in Indian rupees. With diminishing inflow pressure, Indonesia reduced the minimum holding period for investors in central bank securities to one week, and Uruguay removed the reserve requirement on central bank instruments owned by nonresidents. Moldova increased the limits on foreign ownership of investment firms. The Philippines expanded the range of institutions that may provide custodial services to

include nonbanks. Venezuela permitted the issuance of debt securities denominated in foreign currency within the guidelines issued by the central bank and the relevant regulators, and Vietnam allowed residents to open accounts in foreign currency to facilitate issuance of securities abroad. Zimbabwe increased the limit on foreign portfolio investment for securities listed on the local stock exchange for individuals and companies.

Only a handful of measures were taken to tighten inflows, including stricter reporting requirements and limits on purchasing and issuing debt. Moldova broadened and enhanced disclosure and reporting requirements and strengthened licensing requirements in line with EU directives. Ukraine tightened conditions on investors seeking to acquire government bonds to prevent circumvention of capital outflow controls. Uzbekistan tightened the conditions under which corporate bonds may be issued. Venezuela limited purchases of securities issued by small and medium businesses to qualified and institutional investors.

Tightening measures on outflows included measures to shore up reserves and ease pressure on the domestic foreign exchange market, most notably by Greece at the height of the so-called Grexit crisis. To prevent a banking crisis, Greece declared a temporary extended bank holiday to curb outflows from bank deposits. In particular, capital transfers became subject to approval, and transfer abroad of securities was prohibited. Further, depositors were not permitted to use their deposits in Greek banks to purchase domestic or foreign financial instruments. Bolivia capped the amount insurance companies could invest abroad at 10 percent. Facing large capital outflows, China stopped approving new quotas for overseas investment by residents in early 2015 and suspended approval of new renminbi qualified domestic institutional investors later in the year. Lebanon barred financial institutions from conducting any transactions involving bearer shares. To curb capital flight and pressure on the naira, Nigeria imposed a restriction on the purchase of foreign currency in the domestic foreign currency market for investment in foreign securities; such investments are permitted only with own funds, without recourse to the local foreign exchange market. Ukraine took steps to tighten outflows to shore up a falling currency. It introduced an approval requirement to transfer abroad funds related to debt securities sold on the stock exchange. In addition, the prohibition against transfers of dividends and proceeds from the sale of securities not traded on the stock exchange and from corporate rights not represented by shares was extended to dividends and proceeds from the sale of securities traded on the stock exchange (except from the sale of debt securities on stock exchanges). Uzbekistan tightened the scope of foreign investments by domestic mutual funds.

The largest number of measures eased conditions for outflows, dominated by Argentina, which took a host of measures to ease access to the foreign exchange market. Argentina permitted—up to a certain limit and under certain conditions—access to the foreign exchange market for portfolio investments without the need for prior approval. In addition, residents could purchase foreign exchange in the market up to the amount previously repatriated. Access to foreign exchange is also permitted to repay foreign borrowing, including advance repayment, as long as the borrowed funds were sold in the local market. Prepayment of foreign debt is also allowed up to 10 business days in advance or earlier under certain conditions (for example, through new borrowing or capital contributions). Conditions were eased for nonresidents to access the local foreign exchange market to repatriate their income from investments or proceeds from the sale of their investments. Conditions were also eased for local financial institutions to access the local foreign exchange market for their own needs. New foreign borrowing no longer needs to be repatriated, and the minimum maturity of new loans was reduced to 120 days from 356 days. Belarus put in place detailed procedures that would permit nonresidents to issue securities in the domestic market. Cyprus gradually relaxed controls imposed on outward transfers (for example, the amount individuals and legal entities could transfer abroad without supporting documents and regardless of purpose was increased in increments) and ultimately removed all temporary controls. China took several measures to ease renminbi transactions to further internationalize the use of the renminbi. For instance, clearing banks abroad and nonresident participating banks were allowed to undertake repo business in the interbank bond market to fund offshore renminbi business. Nonresident financial institutions and sovereign wealth funds were authorized to issue renminbi-denominated bonds in the domestic interbank bond market on a pilot basis and Hong Kong SAR public placement funds products were allowed to be sold on the mainland. The limit on insurance companies' foreign investments in a single blue chip stock as a proportion of their total investments was increased. Continuing the liberalization of capital transactions, Fiji increased the limit on individuals' investment overseas and the associated limit on foreign currency accounts at commercial banks to facilitate such investment. Subsidiaries of foreign firms established in the technological industrial development zones in the former Yugoslav Republic of Macedonia

were permitted to purchase shares issued by their parent firms, and domestic banks were allowed to invest in foreign securities on their own account under certain conditions. Following the initial imposition of capital controls and a bank holiday, Greece relaxed certain outflows gradually. Exceptions were made for reinvestments of funds by certain financial entities based on their investment policy prior to the imposition of capital controls. Nonresident investors were permitted to transfer abroad proceeds from investments on the stock exchange that meet certain conditions; all other transfers remain subject to approval. The amount depositors may transfer abroad each month without documentation was gradually increased, and insurance companies were permitted to make payments to meet contractual obligations. Against the backdrop of an improving economy, India raised the amount residents could remit abroad under the Liberalized Remittance Scheme for capital transactions. Jamaica relaxed the limit on domestic institutional investors' investment in foreign assets. Turkey eased conditions for nonresidents to issue certain securities on domestic exchanges. Other countries also relaxed conditions or raised limits on residents' investments in foreign assets, either directly (Malaysia, South Africa, Sri Lanka) or through depository receipts (Moldova). To facilitate payments such as dividends and to facilitate the local issuance of dong-denominated securities by nonresidents, Vietnam established accounts denominated in dong for nonresident organizations. Ukraine removed the requirement for a central bank license to transfer foreign exchange abroad for purchases of securities issued by Ukrainian companies and permitted the purchase and transfer of limited amounts of foreign currency based on an individual license. Several countries eased limits on insurance companies' foreign asset holdings with the adoption of the Solvency II Directive (Austria, Finland, Hungary, Lithuania, Poland, Sweden).

### **Controls on derivatives and other instruments**

There was a small increase in measures affecting such transactions (39 compared with 35 in the previous period). More than half of the measures were taken by Argentina, Cyprus, Greece, and India, and most leaned toward easing of controls.

As reported in the previous period, Cyprus gradually removed all controls in early 2015. Greece accounted for a fourth of the measures in this category. It first introduced a strict ban on transfers that included derivative instruments, but soon made allowances for certain transactions. In particular, it permitted insurance companies to make payments abroad to meet contractual obligations. Nonresident investors were permitted to transfer abroad proceeds from investments, including income if the investments were made before the bank holiday, and depositors were permitted to transfer limited amounts without documentation. Argentina's liberalization of its foreign exchange market permitted derivative (swap) transactions and allowed residents and nonresidents access to the domestic foreign exchange market up to a maximum for such investments.

China permitted foreign central banks or monetary authorities, international financial organizations, and sovereign wealth funds to participate in the Chinese interbank foreign exchange market and to undertake various types of foreign exchange transactions, including forwards, swaps, and options. Colombia allowed both exchange market and non-exchange-market intermediaries to participate in derivative operations. India continued to take steps to ease inflows and outflows and deepen the foreign exchange market, including by expanding hedging opportunities and relaxing requirements for forwards and derivatives. For instance, India replaced the requirement for a quarterly statutory auditor's certificate in the derivatives market and instead allowed a declaration signed by senior officers in the company. Investors were also allowed to take long and short positions (up to a limit, which was also increased) without an underlying position, and only positions above the limit require an underlying exposure. The permitted limit up to which all resident individuals, firms, and companies can book foreign exchange forward contracts on the basis of a simple declaration without any further documentation was increased. Exchange-traded cross-currency futures and option contracts and foreign currency–rupee exchange-traded option contracts were introduced. Jamaica increased collective investment schemes' allowable proportion of foreign assets. Brazil simplified the administrative procedures by removing the requirement for nonresident investors to register with two different authorities. Insurance companies are no longer barred from derivatives markets following implementation of Solvency II in Finland, Lithuania, Poland, and Sweden. Ukraine eased the purchase and transfer of foreign currency based on an individual license for derivatives contracts up to a monthly limit.

In addition to Greece, as mentioned elsewhere in this report, a few countries also took steps to tighten inflows and outflows. China imposed an unremunerated deposit requirement (with the deposit to be in place for a

year) on resident banks' foreign exchange sales of currency forwards, currency derivatives, and currency swaps. Paraguay tightened the limit on banks' and financial companies' net forward positions vis-à-vis nonresidents based on their net worth in the preceding month. Ukraine prohibited banks from conducting derivatives transactions whose core asset is a foreign currency or exchange rate on the stock exchange, as part of wide-ranging restrictions imposed following the balance of payments crisis in early 2015. Uzbekistan introduced some restrictions on the issuance of stock options.

### **Controls on credit operations**

Controls on cross-border lending were mostly eased, a pattern similar to that during the previous reporting period. The total number of measures increased slightly, and the easing trend was somewhat higher, with about 80 percent of measures aimed at relaxing conditions. Changes in controls on cross-border lending were the second-most-frequent measures, unlike during the previous reporting period when they were the third-most-frequent measures reported. Although in aggregate, easing measures tended more toward outflows than inflows, after excluding Argentina from both inflow and outflow easing—and the outflow easing measures attributed to Cyprus and the countries implementing Solvency II—the number of measures to ease inflows and outflows was virtually the same. Of these inflow easing measures, half were accounted for by India, mainly related to further relaxing its external commercial borrowing regime in the context of subdued capital inflows. The tightening measures were directed mainly to outflows.

Argentina accounted for roughly a third of all outflow easing measures. Residents were allowed to purchase foreign currency up to a monthly limit to transfer abroad without approval from the central bank, and residents who sell their foreign exchange assets in the domestic market can purchase up to the same amount. Conditions were eased on the prepayment of debt acquired prior to the foreign exchange market liberalization. Debts acquired after the liberalization can be prepaid anytime, as long as they have been held at least 120 days. Cyprus eased restrictions on outflows as it removed the temporary restrictions imposed in 2013. Bangladesh removed the approval requirement for guarantees in foreign currency to service providers in Saudi Arabia related to pilgrimages. Fiji increased banks' loan repayment limit. Greece exempted banks' payment and transfers for their own liquidity and risk management from the overall weekly limit. Jamaica raised the limit on foreign assets of collective investment schemes. Ukraine permitted the purchase and transfer of foreign currency up to a monthly limit based on an individual license. With the adoption of Solvency II, most insurance companies from Austria, Finland, Hungary, Poland, Slovenia, and Sweden could extend credit abroad.

Argentina also eased inflows by eliminating the repatriation and surrender requirement of foreign borrowing. New foreign borrowing by the financial sector, nonfinancial private sector, and local governments is not required to be sold in the domestic foreign exchange market. The deadline for the sale of funds from foreign currency subscription of issues of local debt securities was also eliminated. Under certain conditions, Argentine residents may buy foreign exchange to service new issues of local foreign currency debt securities. Bangladesh did away with the approval requirement on collateral held by authorized dealers with respect to external borrowing by firms. On a pilot basis, China allowed a set of institutions registered in the four free trade zones to engage in domestic and foreign currency cross-border financing within specified limits without prior approval. India simplified and revised its external commercial borrowing framework. It expanded the types of collateral assets that may be used for external commercial borrowing and expanded the conditions for rescheduling and restructuring of such loans. India also introduced a framework to issue rupee-denominated bonds overseas. Sri Lanka introduced a new external commercial borrowing scheme that allowed nonfinancial firms to borrow from abroad without any specified limit, based on their financial position and ability to repay. Zimbabwe increased the amount residents may borrow from abroad without approval.

The small number of tightening measures were mostly related to outflows. Capital transfers, including extending credit to nonresidents, became subject to approval in Greece as part of the temporary controls on transfers abroad. Lebanon prohibited banks from lending to credit counters and, in turn, credit counters' loans to individual borrowers or groups were capped. In contrast, Costa Rica expanded the reserve requirements to include new medium- and long-term external debt to limit inflows.



### Controls on direct investment

The liberalization trend continued with about 81 percent of the measures directed at easing conditions compared with about 77 percent during the previous reporting period. However, there was a decline in the total number of measures (43 compared with 53). As a result, changes in this category have become the third-most-common measures reported, just behind controls on credit operations.

Inflow easing measures included those that raised automatic threshold levels, broadened the number of countries that could invest automatically at higher thresholds, and increased the level of equity participation in certain sectors. Australia, Canada, and New Zealand increased the threshold below which certain investments are automatically permitted. Australia also raised the threshold for automatic approval on investments from Chile, Japan, Korea, New Zealand, and the United States and accorded similar access to investors from China. In addition, Japanese life insurers may now operate branches in Australia, and investors from Thailand and Singapore were given greater access to investment in agricultural land compared with other countries. Investors from Chile, New Zealand, and the United States have an even higher threshold in comparison for investment in agricultural land. Canada also raised the threshold for investors from World Trade Organization countries, which is set higher than that for investors from non-World Trade Organization countries. New Zealand set a higher threshold for private Australian investors. India increased permissible equity participation under the automatic route (insurance and telecommunications sectors, air transportation services, plantation activities) and under the approval process (defense; asset reconstruction companies; credit information companies; telecommunications; print media; satellite companies; broadcasting, including up-linking non-news and current affairs television channels). Brazil allowed foreign direct investment in the health care sector, including control in such companies. To ease the operation of foreign direct investment, China permitted the conversion of foreign exchange capital to renminbi by foreign-owned enterprises without approval.

About a third of outflow easing measures are attributed to Cyprus as it gradually eased and then eliminated temporary controls on outflows. Argentina allowed resident individuals, private sector legal entities established in Argentina who are not authorized dealers, trusts and other estates established in Argentina, and local governments to buy foreign exchange for direct investment abroad without prior approval of the central bank under certain conditions. Fiji increased the limit that residents can invest abroad, and Morocco eased conditions for outward direct investment for financial enterprises that have Casablanca Finance City status. South Africa increased the limit of outward investments for individuals and companies to a calendar year limit; for investments over the limit by companies, approval is required. Sri Lanka permitted funds in various resident and nonresident foreign currency accounts to be used for outward direct investment.

Only a handful of countries took measures to tighten outflows. The capital controls introduced by Greece also affected outward direct investment. Australia lowered the automatic threshold on investments in agribusiness, and Russia tightened calculation of the level of foreign participation in the banking system.

Conditions for the repatriation abroad of income and capital from foreign direct investment were eased in several countries. Nonresident investors in Argentina do not need approval for access to the domestic foreign exchange market to repatriate their direct investment regardless of whether the funds had been brought into the country, unless the recipient country is considered uncooperative in fiscal matters. Angola eliminated the limit on remittances of dividends and profits from foreign investments. Cyprus eliminated all limits on transfers abroad, including those related to foreign direct investment. In contrast, two countries imposed restrictions on such outflows. Repatriation of proceeds and capital from inward investment is subject to approval in Greece. Ukraine extended the ban on transfers of dividends and proceeds from the sale of securities not traded on the stock exchange and from corporate rights not represented by shares to dividends and proceeds from the sale of securities traded on the stock exchange (except from the sale of debt securities on stock exchanges).

### Controls on real estate transactions

The number of measures on such transactions was greater than in the previous reporting period. Measures to ease restrictions dominated, accounting for about 91 percent of the total, with the majority leaning toward outflow easing.

Slightly over half of the outflow easing measures are accounted for by Cyprus and the countries that adopted the Solvency II supervisory regime for insurance companies. As noted elsewhere in this report, Cyprus removed all remaining restrictions on outflows, including those that affected real estate investment overseas. For most insurance companies in Austria, Finland, Hungary, Lithuania, Poland, Slovenia, and Sweden, restrictions were eased with regard to their investments, including on real estate, with the implementation of the Solvency II supervisory regime. Other countries also liberalized outflows. As part of the liberalization of the foreign exchange market, Argentina eased restrictions on the purchase and transfer of foreign exchange, including for investment in real estate abroad. China increased the limit on the amount of overseas assets held by insurance companies. India raised the limit within the Liberalized Remittance Scheme that resident individuals can remit to acquire real estate abroad. South Africa increased the individual yearly limit for investment abroad, including for real estate. Sri Lanka liberalized the use of foreign exchange in various types of resident and nonresident foreign currency accounts to include investment in real estate abroad. Thailand did away with the approval requirement for purchase of real estate abroad, up to a certain limit. Ukraine permitted up to a limit the purchase and transfer of foreign currency, including for real estate investment abroad based on an individual foreign currency license.

A couple of countries eased conditions for inflows. Australia increased the threshold for automatic investment in developed nonresidential commercial real estate. Bangladesh permitted nonresident citizens (those working abroad) to obtain local currency mortgage loans. In contrast, a few countries tightened inflows and outflows affecting real estate transactions. As part of its blanket capital controls, outward transfers related to real estate were subject to approval in Greece. India imposed restrictions on citizens of Hong Kong SAR and Macao SAR regarding acquisition and transfers of real estate in India other than through a lease not exceeding five years, without prior approval.

### **Controls on personal transactions**

The number of measures taken was almost identical to the previous reporting period. Measures to ease capital flows outnumbered those taken to tighten flows (even after excluding Cyprus). Argentina, Cyprus, and Greece accounted for most of the measures in this category. Argentina and Cyprus eased conditions; Greece was one of two countries that tightened outflows. The other country was Guinea, which lowered the limit that could be transferred abroad without approval. Argentina liberalized outflows by permitting residents to purchase foreign exchange for capital transfers up to a limit without approval. Cyprus gradually reduced and finally eliminated all remaining restrictions on outflows introduced at the height of its financial crisis in 2013. India eased outflows by combining various limits on personal transactions into the Liberalized Remittance Scheme and increasing them even further and by relaxing limits on gifts and donations abroad. Fiji increased the limit that residents can transfer abroad. South Africa raised the limit on transfers of inheritances to nonresidents, including emigrants, and increased the amount emigrants may transfer abroad. Following the imposition of an approval requirement for all capital transfers, Greece permitted depositors to transfer abroad without documentation up to a monthly amount and raised it once. Ukraine eased restrictions on outflows by permitting individuals to purchase and transfer foreign currency up to a limit and increased the daily foreign currency cash purchase limit for individuals. A couple of countries eased inflows: Argentina relaxed conditions on foreign borrowing, and Nepal permitted residents to borrow up to a limit under certain conditions.

### **Provisions Specific to Commercial Banks and Institutional Investors**

This section reviews developments in provisions specific to commercial banks and institutional investors, with a focus on prudential measures that are in the nature of capital controls. This category covers some monetary and prudential measures in addition to foreign exchange controls. It includes, among other categories of financial institution transactions, borrowing abroad, lending to nonresidents, purchases of locally issued securities denominated in foreign exchange, and regulations pertaining to banks' and institutional investors' investments. These provisions may be similar or identical to the measures described in the respective categories of controls on accounts, capital and money market instruments, credit operations, and direct investment if the same regulations apply to commercial banks and institutional investors as to other residents. In such cases, the measure also appears in the relevant category in the sections Capital Controls and Resident and Nonresident Accounts.

Reported measures in the financial sector indicate member countries' efforts to bolster the regulatory framework of commercial banks, other credit institutions, and institutional investors. The number of reported measures (336) introduced from January 2015 to July 2016 increased by close to 5 percent compared with the previous reporting period. There is a marked increase in the measures related to institutional investors (close to 27 percent), but the number of measures affecting commercial banks and other credit institutions decreased by a little more than 1 percent.

As in the previous reporting period, prudential measures (256) made up close to 76 percent of the reported measures. There were 80 reported changes in capital controls, seven more than in the previous period. Most of the prudential measures affect the banking sector; close to 83 percent (213) introduced changes in the regulatory framework of commercial banks and credit institutions, and only 43 target institutional investors.

Changes in capital controls overwhelmingly eased regulatory constraints (of the 80 measures, 59 are easing) as in the previous reporting period, but prudential measures were more balanced; 83 had an easing effect and 103 had a tightening effect. A considerable number of measures are classified as neutral (75), more than in the previous period (close to a 19 percent increase). This mostly reflects member countries' efforts to consolidate and update financial sector regulatory and institutional arrangements. A summary of the changes in this category is presented in [Table 9](#).

**Table 9. Provisions Specific to the Financial Sector, January 1, 2015–July 31, 2016**

	Provisions Specific to Commercial Banks and Other Credit Institutions				Provisions Specific to Institutional Investors				Total
	Easing	Tightening	Neutral	Total	Easing	Tightening	Neutral	Total	
Capital Controls	24	9	4	37	35	7	1	43	80
Prudential Measures	68	92	53	213	15	11	17	43	256
Total	92	101	57	250	50	18	18	86	336

Source: AREAER database

### Commercial banks and other credit institutions

The majority of measures easing capital controls liberalized capital inflows (16 measures) as member countries advanced their liberalization agendas and responded to tighter external financing conditions in the context of generally more volatile capital flows. There were four new measures that liberalized capital outflows and four that affected both inflows and outflows.

- *Controls on capital inflows*—Some of these measures eased conditions for external borrowing while others reduced the reserve requirement on foreign currency deposits to create more favorable conditions for such deposits. For example, Azerbaijan and Peru reduced the reserve requirements on certain funds banks received from nonresidents. Argentina eased the conditions for external borrowing by allowing the prepayment of foreign loans in certain cases and removed the requirement to convert the external loan into local currency within one day. Colombia liberalized the norms for foreign currency funding of foreign exchange market intermediaries. Ecuador waived the tax on outflows relating to bank loans of over one year for specific sectors. Zimbabwe increased the limit on domestic banks' borrowing abroad to deal with the liquidity constraints in the country.
- *Controls on capital outflows*—Colombia allowed market intermediaries to grant sureties and guarantees to nonresidents for their obligations. Cyprus removed the €2 million limit on payments or transfers abroad without documentation when it eliminated the controls introduced earlier at the height of the banking crisis. Greece exempted banks' payments and transfers abroad for their own liquidity and risk management from the overall weekly allocations to facilitate banks' regular operations. The former Yugoslav Republic of Macedonia allowed domestic banks to invest in foreign securities on their own behalf as part of their trading portfolio.

As in the previous reporting period, only a few (9) measures tightened capital controls, with more of these measures affecting inflows than outflows. Peru introduced and gradually tightened a reserve requirement on short foreign exchange derivative positions exceeding a certain limit. Russia tightened its norms regarding the level of foreign participation in financial institutions, including banks and credit institutions. Nigeria prohibited access to foreign exchange to purchase foreign financial instruments, such as Eurobonds and foreign currency shares to reduce pressure on the naira.

The 213 reported prudential measures indicate continued strengthening of the prudential framework of banks' operations to advance the global financial sector reform agenda. There were more tightening (92) than easing measures (68). As in the previous reporting period, there was a significant number (53) of neutral measures.

Some of the measures that eased banks' prudential frameworks are as follows:

- Several measures affected reserve requirements. This reflects the importance of this tool to monetary policy and financial stability objectives and as part of the policy responses to increased capital flow volatility. Depending on their design, these measures are used by member countries to achieve prudential objectives or affect capital flows. Reserve requirements were reduced in Belarus, India, Macedonia, Madagascar, Malawi, Maldives, Romania, Serbia, Tajikistan, and Tunisia. In Peru, the authorities reduced reserve requirements in local currency to support credit growth but raised reserve requirements in foreign currency. The latter was part of an overall strategy to reduce loan dollarization in the country. Turkey increased the remuneration rate on reserves for banks and financing companies as a way to promote funding from core liabilities. Hence the remuneration rate was set to increase with the share of core funding in a given reference period. Ukraine repealed a provision allowing only banks that meet the required reserve requirement for the previous reporting period to make proprietary foreign exchange purchase transactions within the established limits. Uruguay gradually reduced and then repealed the marginal reserve requirement that applied on banks' short-term foreign currency liabilities.
- Belarus lifted all restrictions on foreign currency loans to legal entities and individual entrepreneurs. Colombia allowed foreign exchange market intermediaries access to financing in foreign currency, from nonresidents as well as by placement of securities in international capital markets, for the purpose of lending operations. Fiji increased the limits available for authorized banks to write forward sales contracts. Mexico implemented norms for additional liquidity facility to assist banks facing short term liquidity problems. In relation to banks' proprietary transactions, open foreign exchange position limits were increased in Nigeria. Rwanda increased the limits for long and short foreign exchange positions.

Ninety-two measures tightened prudential frameworks. The measures aimed to bolster banks' ability to withstand liquidity, exchange rate and other shocks and adapted domestic regulations to international standards.

- China extended the reserve requirement applicable on domestic banks to yuan deposits held in mainland by offshore banks. Tajikistan increased the required reserves on bank' foreign exchange liabilities while reduced the requirement on domestic currency liabilities. Russia increased the reserve requirement on foreign exchange liabilities with the exception of liabilities toward individuals. Reserve requirements on local currency funds were increased in the Dominican Republic, but they are still below those on foreign currency funds.
- Capital requirements for banks and the calculation of net worth were tightened in Kazakhstan and Argentina, respectively. Antigua and Barbuda, Grenada, St. Lucia, and St. Vincent and the Grenadines implemented stricter rules for investment by a financial institution in other financial institutions and in other nonfinancial entities. Tanzania reduced the limits on banks' net open foreign exchange positions.
- To address credit risk related to foreign currency loans, Vietnam extended by three months the previously introduced requirement to convert foreign currency loans on receipt into local currency. Hungary implemented differentiated loan-to-value ratios according to the type and currency of loans. Hungary also revised the foreign exchange funding adequacy ratio to reduce the vulnerability of the banking sector. To adapt its prudential framework to common EU requirements, Italy implemented the Banking Recovery and Resolution Directive, which requires banks to meet at all times a prudential requirement on own funds

and liabilities in order to ensure the effectiveness of resolution actions. Italy also amended the Deposit Guarantee Schemes Directive, so that it is now mandatory for banks to contribute annually to a deposit guarantee program.

Neutral measures were related mostly to the implementation of a new regulatory framework on banks' operations and to changes in the supervisory-institutional structure.

- Belarus clarified the instances requiring central bank permission for a bank's participation in the authorized capital of another legal entity. Primary legislation on cooperative banks was adopted in Italy. Latvia adopted customer due diligence guidelines for credit institutions. Mexico replaced two old laws with a new law for insurance and bond companies.
- With respect to the institutional framework, the Banking Services Act was adopted in Jamaica and a supervisory committee was set up to replace the minister of finance in this function. In the Kyrgyz Republic, the executive board of the central bank was authorized to stipulate changes in banks' foreign exchange position limits. Moldova established norms for the theoretical expertise and practical experience of candidates for administrator functions.

### **Institutional investors**

Forty members reported a total of 86 measures, close to 27 percent more than the previous reporting period (68). Of these, 43 were of a prudential nature and 43 were capital controls. The changes easing constraints on the operations of institutional investors (50) during January 2015 to July 2016 significantly exceeded the number of measures that tightened constraints (18). This is in contrast to the previous period, when the tightening changes exceeded the number of easing measures. This mostly reflects the relatively large number of measures easing capital controls, especially those relating to outflows, during this period.

With respect to capital controls, a large majority of the reported changes relaxed constraints (35 out of 43). Of these easing measures, an overwhelming majority (34 out of the 35) relaxed constraints on capital outflows. Cyprus increased limits on the transfer of funds abroad without documentation in a series of successive steps, before finally eliminating them. Indonesia allowed pension funds to invest abroad, and Jamaica increased limits for collective investment schemes' foreign asset holdings. Greece allowed resident insurance companies to transfer abroad periodic payments related to unit-linked schemes based on contractual obligations. Greece also exempted transfers for reinvestment of reserves, by institutional investors (such as insurance companies and Undertakings for Collective Investment in Transferable Securities) from the ban on transfers for the purchase of foreign financial instruments. A major development in the EU was the adoption and implementation of the Solvency II Directive for insurance entities by a large number of countries. The implementation of the Solvency II Directive eased the conditions for outbound investment by insurance companies in EU countries, including Austria, Bulgaria, Croatia, Cyprus, Denmark, Germany, Greece, Hungary, Latvia, Lithuania, Malta, Norway, Poland, Slovenia, Sweden, Romania, and the United Kingdom. To address the impact of the rand's volatility, institutional investors in South Africa that have exceeded their prudential limits due to the depreciation of the rand are required to rebalance their portfolios within a period of 12 months; no further offshore investments are allowed until the institution is within the prescribed offshore investment limit.

The few reported measures that tightened capital controls on the operation of institutional investors affected mostly outflows. Bolivia reduced the limits for investment abroad for insurance companies. Greece prohibited the transfer of funds abroad for the acquisition of financial instruments and securities, using domestic funds, as part of wide-ranging measures introduced to prevent a banking crisis, with some exceptions as mentioned among the easing measures above. Pension funds in the Kyrgyz Republic were prohibited from investing their assets abroad, but the scope of domestic financial instruments in which they may invest was expanded.

Fifteen measures eased the prudential rules for operations by institutional investors. Some of these involve providing domestic entities, such as pension funds and collective investment schemes, more flexibility to diversify their portfolios. Colombia allowed pension and severance fund management companies, insurers, and capitalization companies to participate in the financing of public-private-partnership infrastructure

projects. Colombia also allowed private capital funds to invest up to 100 percent of their investors' contributions in real property assets. Poland increased the limit on pension funds' investments in assets denominated in a foreign currency.

Eleven measures tightened the prudential framework for institutional investors' operations to boost the stability of the financial system. Belarus increased the minimum equity capital requirements for broker and dealer activities. Lithuania laid out the general principles for assets held to cover technical provisions by insurance entities. Moldova lowered the threshold for the acquisition of substantial participation or an increase or decrease in the capital of the insurer requiring notification of the National Commission of Financial Markets. Uzbekistan tightened the norms for investment by mutual funds. Venezuela implemented a decree on unlawful activities related to the exchange regime.

Around 40 percent of the reported prudential measures specific to institutional investors were recorded as neutral (17 out of 43). These changes cannot be linked directly to the easing or tightening of rules and reflect mainly institutional or procedural changes. Austria issued regulations for small insurance undertakings and small mutual associations. These are not covered by Solvency II. Brazil introduced rules governing insurance companies, including rules relating to the investment of technical reserves, provisions, and funds of insurance companies. Croatia granted more supervisory power to the insurance supervisor. Kazakhstan implemented investment and management norms for pension funds. Kosovo implemented a new law on insurance businesses, replacing regulations implemented earlier by the UN Interim Administration Mission in Kosovo. Moldova adopted regulations on the types and limits of instruments in which Undertakings for Collective Investment in Transferable Securities may invest. Uzbekistan introduced norms for investment and mutual funds.

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### Status Under IMF Articles of Agreement

<b>Article VIII</b>	The member country has accepted the obligations of Article VIII, Sections 2, 3, and 4, of the IMF's Articles of Agreement.
<b>Article XIV</b>	The member country continues to avail itself of the transitional arrangements of Article XIV, Section 2.

### Exchange Measures

<b>Restrictions and/or multiple currency practices</b>	Exchange restrictions and multiple currency practices (MCPs) maintained by a member country under Article VIII, Sections 2, 3, and 4, or under Article XIV, Section 2, of the IMF's Articles of Agreement, as specified in the latest IMF staff reports issued as of December 31, 2015. Information on exchange restrictions and MCPs or on the nonexistence of exchange restrictions and MCPs for countries with unpublished IMF staff reports are published only with the consent of the authorities. If no consent has been received, the AREAER indicates that "Information is not publicly available." Hence, "Information is not publicly available" does not necessarily imply that the country maintains exchange restrictions or MCPs. It indicates only that the country's relevant IMF staff report has not been published and that the authorities have not consented to the publication of the information on the existence of exchange restrictions and MCPs. Because the relevant IMF staff report may refer to years before the reporting period for this volume of the AREAER; therefore, more recent changes in the exchange system may not be included here. Changes in the category "Restrictions and/or multiple currency practices" are reflected in the edition of the AREAER that covers the calendar year during which the IMF staff report including information on such changes is issued. Changes in these measures which give rise to exchange restrictions or MCPs and that affect other categories of the country tables are reported under the relevant categories in the AREAER, in accordance with the normal reporting periods.
<b>Exchange measures imposed for security reasons</b>	Exchange measures on payments and transfers in connection with international transactions imposed by member countries for reasons of national or international security.
In accordance with IMF Executive Board Decision No. 144-(52/51)	Security restrictions on current international payments and transfers on the basis of IMF Executive Board Decision No. 144-(52/51), which establishes the obligation of members to notify the IMF before imposing such restrictions, or, if circumstances preclude advance notification, as promptly as possible.
Other security restrictions	Other restrictions imposed for security reasons (e.g., in accordance with UN or EU regulations) but not notified to the IMF under Board Decision 144-(52/51).
<b>References to legal instruments and hyperlinks</b>	Specific references to the underlying legal materials and hyperlinks to the legal texts. The category is included at the end of each section.

### Exchange Arrangement

<b>Currency</b>	The official legal tender of the country.
Other legal tender	The existence of another currency that is officially allowed to be used in the country.



<b>Exchange rate structure</b>	<p>If there is one exchange rate, the system is called unitary. If there is more than one exchange rate that may be used simultaneously for different purposes and/or by different entities, and if these exchange rates give rise to MCPs or differing rates for current and capital transactions, the system is called dual or multiple. Different effective exchange rates resulting from exchange taxes or subsidies, excessive exchange rate spreads between buying and selling rates, bilateral payments agreements, and broken cross rates are not included in this category. Changes in measures within this category are reported in accordance with the normal reporting periods. Reclassification in cases related to changes in MCPs occurs in the edition of the AREAER, that covers the calendar year during which the IMF staff report that includes information on such changes is issued.</p>
<b>Classification</b>	<p>Describes and classifies the de jure and the de facto exchange rate arrangements.</p> <p><b><i>De jure</i></b></p> <p>The description and effective dates of the de jure exchange rate arrangements are provided by the authorities. By Article IV, Section 2(a) of the Fund's Articles of Agreement and Paragraph 16 of the 2007 Surveillance Decision No. 13919-(07/51), each member is required to notify the Fund of the exchange arrangements it intends to apply and to notify the Fund promptly of any changes in its exchange arrangements. Country authorities are also requested to identify, whenever possible, which of the existing categories of exchange rate arrangements below most closely corresponds to the de jure arrangement in effect. Country authorities may also wish to briefly describe their official exchange rate policy. The description includes officially announced or estimated parameters of the exchange arrangement (e.g., parity, bands, weights, rate of crawl, and other indicators used to manage the exchange rate). It also provides information on the computation of the exchange rate.</p> <p><b><i>De facto</i></b></p> <p>IMF staff classifies the de facto exchange rate arrangements according to the categories below. The name and the definition of the categories describing the de facto exchange rate arrangements have been modified in accordance with the revised classification methodology, as of February 1, 2009. Where the description of the de jure arrangement can be empirically confirmed by the IMF staff over at least the previous six months, the exchange rate arrangement will be classified in the same way on a de facto basis.</p> <p>Because the de facto methodology for classification of exchange rate regimes is based on a backward-looking approach that relies on past exchange rate movement and historical data, some countries are reclassified retroactively to a date when the behavior of the exchange rates changed and matched the criteria for reclassification to the appropriate category. For these countries, if the retroactive date of reclassification is prior to the period covered in this report, then the effective date of change to be entered in the country chapter and the changes section is deemed to be the first day of the year in which the decision of reclassification took place.</p>
No separate legal tender	<p>Classification as an <i>exchange rate arrangement with no separate legal tender</i> involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency of another country circulates as the sole legal tender (formal dollarization). Adopting such an arrangement implies the complete surrender by the monetary authorities of control over domestic monetary policy.</p> <p>Exchange arrangements of countries that belong to a monetary or currency union in which the same legal tender is shared by the members of the union are classified under the arrangement governing the joint currency. This classification is based on the behavior of the common currency, whereas the previous classification was based on the lack of a separate legal tender. The classification thus reflects only a definitional change and is not based on a judgment that there has been a substantive change in the exchange arrangement or in other policies of the currency union or its members.</p>

Currency board	Classification as a <i>currency board</i> involves the confirmation of the country authorities' de jure exchange rate arrangement. A currency board arrangement is a monetary arrangement based on an explicit legislative commitment to exchange domestic currency for a specified foreign currency at a fixed exchange rate, combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation. This implies that domestic currency is usually fully backed by foreign assets, eliminating traditional central bank functions such as monetary control and lender-of-last-resort and leaving little scope for discretionary monetary policy. Some flexibility may still be afforded, depending on the strictness of the banking rules of the currency board arrangement.
Conventional peg	Classification as a <i>conventional peg</i> involves the confirmation of the country authorities' de jure exchange rate arrangement. For this category the country formally (de jure) pegs its currency at a fixed rate to another currency or basket of currencies, where the basket is formed, for example, from the currencies of major trading or financial partners and weights reflect the geographic distribution of trade, services, or capital flows. The anchor currency or basket weights are public or notified to the IMF. The country authorities stand ready to maintain the fixed parity through direct intervention (i.e., via sale or purchase of foreign exchange in the market) or indirect intervention (e.g., via exchange rate related use of interest rate policy, imposition of foreign exchange regulations, exercise of moral suasion that constrains foreign exchange activity, or intervention by other public institutions). There is no commitment to irrevocably keep the parity, but the formal arrangement must be confirmed empirically: the exchange rate may fluctuate within narrow margins of less than $\pm 1\%$ around a central rate or the maximum and minimum value of the spot market exchange rate must remain within a narrow margin of 2% for at least six months.
Stabilized arrangement	Classification as a <i>stabilized arrangement</i> entails a spot market exchange rate that remains within a margin of 2% for six months or more (with the exception of a specified number of outliers or step adjustments) and is not floating. The required margin of stability can be met either with respect to a single currency or a basket of currencies, where the anchor currency or the basket is ascertained or confirmed using statistical techniques. Classification as a stabilized arrangement requires that the statistical criteria are met and that the exchange rate remains stable as a result of official action (including structural market rigidities). The classification does not imply a policy commitment on the part of the country authorities.
Crawling peg	Classification as a <i>crawling peg</i> involves the confirmation of the country authorities' de jure exchange rate arrangement. The currency is adjusted in small amounts at a fixed rate or in response to changes in selected quantitative indicators, such as past inflation differentials vis-à-vis major trading partners or differentials between the inflation target and expected inflation in major trading partners. The rate of crawl can be set to generate inflation-adjusted changes in the exchange rate (backward looking) or set at a predetermined fixed rate and/or below the projected inflation differentials (forward looking). The rules and parameters of the arrangement are public or notified to the IMF.
Crawl-like arrangement	For classification as a <i>crawl-like arrangement</i> , the exchange rate must remain within a narrow margin of 2% relative to a statistically identified trend for six months or more (with the exception of a specified number of outliers) and the exchange rate arrangement cannot be considered as floating. Normally, a minimum rate of change greater than allowed under a stabilized (peg-like) arrangement is required. However, an arrangement will be considered crawl-like with an annualized rate of change of at least 1%, provided that the exchange rate appreciates or depreciates in a sufficiently monotonic and continuous manner.

Pegged exchange rate within horizontal bands	Classification as a <i>pegged exchange rate within horizontal bands</i> involves the confirmation of the country authorities' de jure exchange rate arrangement. The value of the currency is maintained within certain margins of fluctuation of at least $\pm 1\%$ around a fixed central rate, or the margin between the maximum and minimum value of the exchange rate exceeds 2%. It includes arrangements of countries in the ERM of the European Monetary System (EMS), which was replaced with the ERM II on January 1, 1999, for those countries with margins of fluctuation wider than $\pm 1\%$ . The central rate and width of the band are public or notified to the IMF.
Other managed arrangement	This category is a residual and is used when the exchange rate arrangement does not meet the criteria for any of the other categories. Arrangements characterized by frequent shifts in policies may fall into this category.
Floating	A <i>floating</i> exchange rate is largely market determined, without an ascertainable or predictable path for the rate. In particular, an exchange rate that satisfies the statistical criteria for a stabilized or a crawl-like arrangement will be classified as such unless it is clear that the stability of the exchange rate is not the result of official actions. Foreign exchange market intervention may be either direct or indirect, and such intervention serves to moderate the rate of change and prevent undue fluctuations in the exchange rate, but policies targeting a specific level of the exchange rate are incompatible with floating. Indicators for managing the rate are broadly judgmental (e.g., balance of payments position, international reserves, parallel market developments). Floating arrangements may exhibit more or less exchange rate volatility, depending on the size of the shocks affecting the economy.
Free floating	A floating exchange rate can be classified as <i>free floating</i> if intervention occurs only exceptionally and aims to address disorderly market conditions and if the authorities have provided information or data confirming that intervention has been limited to at most three instances in the previous six months, each lasting no more than three business days. If the information or data required are not available to the IMF staff, the arrangement will be classified as floating. Detailed data on intervention or official foreign exchange transactions will not be requested routinely from member countries, but only when other information available to IMF staff is insufficient to resolve uncertainties about the appropriate classification.
<b>Official exchange rate</b>	Provides information on the computation of the exchange rate and the use of the official exchange rate (accounting, customs valuation purposes, foreign exchange transactions with the government).
<b>Monetary policy framework</b>	The category includes a brief description of the monetary policy framework in effect according to the following subcategories:
Exchange rate anchor	The monetary authority buys or sell foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.
Monetary aggregate target	The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

Inflation-targeting framework	This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.
Other monetary framework	The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.
<b>Exchange tax</b>	Foreign exchange transactions are subject to a special tax. Bank commissions charged on foreign exchange transactions are not included in this category; rather, they are listed under the exchange arrangement classification.
<b>Exchange subsidy</b>	Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.
<b>Foreign exchange market</b>	The existence of a foreign exchange market.
Spot exchange market	Institutional setting of the foreign exchange market for spot transactions and market participants. Existence and significance of the parallel market.
<i>Operated by the central bank</i>	<p>The role of the central bank in providing access to foreign exchange to market participants through a foreign exchange standing facility, allocation of foreign exchange to authorized dealers, or other legal and private persons, and the management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations.</p> <p>A foreign exchange standing facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates at their own initiative and is usually instrumental in maintaining a hard or soft peg arrangement. The credibility of the facility depends to a large extent on the availability of foreign exchange reserves to back the facility.</p> <p>Allocation involves redistribution of foreign exchange inflows by the central bank to market participants for specific international transactions or in specific amounts (rationing). Foreign exchange allocation is often used to provide foreign exchange for strategic imports such as oil or food when foreign exchange reserves are scarce. In an allocation system, companies and individuals often transact directly with the central bank, and commercial banks may buy foreign exchange only for their clients' underlying international transactions. Purchases of foreign exchange for the banks' own books typically are not permitted.</p> <p>Auctions are organized by the central bank, usually for market participants to buy and /or sell foreign exchange. They can take the form of multiple-price auctions (all successful bidders pay the price they offer) or single-price auctions (all successful bidders pay the same price, which is the market-clearing/cut-off price). The authorities may exercise discretion in accepting or rejecting offers, and sometimes a floor price is determined in advance, below which offers are not accepted. The frequency of auctions depends mainly on the amount or availability of foreign exchange to be auctioned and on the role the auction plays in the foreign exchange market.</p> <p>Fixing sessions are often organized by the central bank at the early stage of market development to establish a market-clearing exchange rate. The central bank monitors the market closely and often actively participates in price formation by selling or buying during the session to achieve a certain exchange rate target. The price determined at the fixing session is often used for foreign exchange transactions outside the session and/or for accounting and valuation purposes.</p>
<i>Interbank market</i>	The organization and operation of the interbank market or interventions. Existence of brokerage, over the counter, and market-making arrangements.

Forward exchange market	The existence of a forward exchange market and the institutional arrangement and market participants.
<i>Official cover of forward operations</i>	An official entity (the central bank or the government) assumes the exchange risk of certain foreign exchange transactions.

### Arrangements for Payments and Receipts

<b>Prescription of currency requirements</b>	The official requirements affecting the selection of currency and the method of settlement for transactions with other countries. When a country has payments agreements with other countries, the terms of these agreements often lead to a prescription of currency for specified categories of payments to, and receipts from, the countries concerned. This category includes information on the use of domestic currency in transactions between residents and nonresidents, both domestically and abroad; it also indicates any restrictions on the use of foreign currency among residents.
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#### Payments arrangements

Bilateral payments arrangements	Two countries have an agreement to prescribe specific rules for payments to each other, including cases in which private parties are also obligated to use specific currencies. These agreements can be either operative or inoperative.
Regional arrangements	More than two parties participate in a payments agreement.
Clearing agreements	The official bodies of two or more countries agree to offset with some regularity the balances that arise from payments to each other as a result of the exchange of goods, services, or—less often—capital.
Barter agreements and open accounts	The official bodies of two or more countries agree to offset exports of goods and services to one country with imports of goods and services from the same country, without payment.

<b>Administration of control</b>	The authorities' division of responsibility for monitoring policy, administering exchange controls, and determining the extent of delegation of powers to outside agencies (banks are often authorized to effect foreign exchange transactions).
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<b>Payments arrears</b>	Official or private residents of a member country default on their payments or transfers in foreign exchange to nonresidents. This category includes only the situation in which domestic currency is available for residents to settle their debts but they are unable to obtain foreign exchange—for example, because of the presence of an officially announced or unofficial queuing system; it does not cover nonpayment by private parties owing to bankruptcy.
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<b>Controls on trade in gold (coins and/or bullion)</b>	Separate rules for trading in gold domestically and with foreign countries.
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<b>Controls on exports and imports of banknotes</b>	Regulations governing the physical movement of means of payment between countries. Where information is available, the category distinguishes between separate limits for the (1) export and import of banknotes by travelers and (2) export and import of banknotes by banks and other authorized financial institutions.
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### Resident Accounts

Indicates whether resident accounts that are maintained in the national currency or in foreign currency, locally or abroad, are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of resident account, the nature and operation of the various types of accounts are also described; for example, whether residents are allowed to open foreign exchange accounts with or without approval from the exchange control authority, whether these accounts may be held domestically or abroad, and whether the balances on accounts held by residents in domestic currency may be converted into foreign currency.

### Nonresident Accounts

Indicates whether local nonresident accounts maintained in the national currency or in foreign currency are allowed and describes how they are treated and the facilities and limitations attached to such accounts. When there is more than one type of nonresident account, the nature and operation of the various types of accounts are described.

**Blocked accounts** Accounts of nonresidents, usually in domestic currency. Regulations prohibit or limit the conversion and/or transfer of the balances of such accounts.

### Imports and Import Payments

Describes the nature and extent of exchange and trade restrictions on imports.

**Foreign exchange budget** Information on the existence of a foreign exchange plan, i.e., prior allocation of a certain amount of foreign exchange, usually on an annual basis, for the importation of specific types of goods and/or services. In some cases, also covers differentiations among individual importers.

**Financing requirements for imports** Information on specific import-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.

#### Documentation requirements for release of foreign exchange for imports

Domiciliation requirements The obligation to domicile the transactions with a specified (usually domestic) financial institution.

Preshipment inspection Most often a compulsory government measure aimed at establishing the veracity of the import contract in terms of volume, quality, and price.

Letters of credit Parties are obligated to use letters of credit (LCs) as a form of payment for their imports.

Import licenses used as exchange licenses Import licenses are used not for trade purposes but instead to restrict the availability of foreign exchange for legitimate trade.

#### Import licenses and other nontariff measures

Positive list A list of goods that may be imported.

Negative list A list of goods that may not be imported.

Open general licenses Indicates arrangements whereby certain imports or other international transactions are exempt from the restrictive application of licensing requirements.

Licenses with quotas Refers to situations in which a license for the importation of a certain good is granted, but a specific limit is imposed on the amount to be imported.

Other nontariff measures May include prohibitions on imports of certain goods from all countries or of all goods from a certain country. Several other nontariff measures are used by countries (e.g., phyto-sanitary examinations, setting of standards), but these are not covered fully in the report.

**Import taxes and/or tariffs** A brief description of the import tax and tariff system, including taxes levied on the foreign exchange made available for imports.

Taxes collected through the exchange system Indicates if any taxes apply to the exchange side of an import transaction.

**State import monopoly** Private parties are not allowed to engage in the importation of certain products, or they are limited in their activity.

### Exports and Export Proceeds

	Describes restrictions on the use of export proceeds, as well as regulations on exports.
<b>Repatriation requirements</b>	The obligation of exporters to repatriate export proceeds.
Surrender requirements	
<i>Surrender to the central bank</i>	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to the central bank.
<i>Surrender to authorized dealers</i>	Regulations requiring the recipient of repatriated export proceeds to sell, sometimes at a specified exchange rate, any foreign exchange proceeds in return for local currency to commercial banks or exchange dealers authorized for this purpose or on a foreign exchange market.
<b>Financing requirements</b>	Information on specific export-financing regulations limiting the rights of residents to enter into private contracts in which the financing options differ from those in the official regulations.
<b>Documentation requirements</b>	The same categories as in the case of imports are used.
<b>Export licenses</b>	Restrictions on the right of residents to export goods. These restrictions may take the form of quotas (where a certain quantity of shipment abroad is allowed) or the absence of quotas (where the licenses are issued at the discretion of the foreign trade control authority).
<b>Export taxes</b>	A brief description of the export tax system, including any taxes that are levied on foreign exchange earned by exporters.

### Payments for Invisible Transactions and Current Transfers

	Describes the procedures for effecting payments abroad in connection with current transactions in invisibles, with reference to prior approval requirements, the existence of quantitative and indicative limits, and/or bona fide tests. Detailed information on the most common categories of transactions is provided only when regulations differ for the various categories. Indicative limits establish maximum amounts up to which the purchase of foreign exchange is allowed upon declaration of the nature of the transaction, mainly for statistical purposes. Amounts above those limits are granted if the bona fide nature of the transaction is established by the presentation of appropriate documentation. Bona fide tests also may be applied to transactions for which quantitative limits have not been established.
Trade-related payments	Includes freight and insurance (including possible regulations on non-trade-related insurance payments and transfers), unloading and storage costs, administrative expenses, commissions, and customs duties and fees.
Investment-related payments	Includes profits and dividends, interest payments (including interest on debentures, mortgages, etc.), amortization of loans or depreciation of foreign direct investments, and payments and transfers of rent.
Payments for travel	Includes international travel for business, tourism, etc.
Personal payments	Includes medical expenditures abroad, study expenses abroad, pensions (including regulations on payments and transfers of pensions by both state and private pension providers on behalf of nonresidents, as well as the transfer of pensions due to residents living abroad), and family maintenance and alimony (including regulations on payments and transfers abroad of family maintenance and alimony by residents).

Foreign workers' wages	Transfer abroad of earnings by nonresidents working in the country.
Credit card use abroad	Use of credit and debit cards to pay for invisible transactions.
Other payments	Includes subscription and membership fees, authors' royalties, consulting and legal fees, etc.

### Proceeds from Invisible Transactions and Current Transfers

Describes regulations governing exchange receipts derived from transactions in invisibles—including descriptions of any limitations on their conversion into domestic currency—and the use of those receipts.

#### Repatriation requirements

The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.

#### Surrender requirements

*Surrender to the central bank*

*Surrender to authorized dealers*

#### Restrictions on use of funds

Refers mainly to the limitations imposed on the use of receipts previously deposited in certain types of bank accounts.

### Capital Transactions

Describes regulations influencing both inward and outward capital flows. The concept of controls on capital transactions is interpreted broadly. Thus, controls on capital transactions include prohibitions; need for prior approval, authorization, and notification; dual and multiple exchange rates; discriminatory taxes; and reserve requirements or interest penalties imposed by the authorities that regulate the conclusion or execution of transactions or transfers; or the holding of assets at home by nonresidents and abroad by residents. The coverage of the regulations applies to receipts as well as to payments and to actions initiated by nonresidents and residents. In addition, because of the close association with capital transactions, information is also provided on local financial operations conducted in foreign currency, describing specific regulations in force that limit residents' and nonresidents' issuing of securities denominated in foreign currency or, generally, limitations on contract agreements expressed in foreign exchange.

#### Repatriation requirements

The definitions of repatriation and surrender requirements are similar to those applied to export proceeds.

#### Surrender requirements

*Surrender to the central bank*

*Surrender to authorized dealers*

#### Controls on capital and money market instruments

Refers to public offerings or private placements on primary markets or their listing on secondary markets.

#### On capital market securities

Refers to shares and other securities of a participating nature and to bonds and other securities with an original maturity of more than one year.



<i>Shares or other securities of a participating nature</i>	Includes transactions involving shares and other securities of a participating nature if they are not effected for the purpose of acquiring a lasting economic interest in the management of the enterprise concerned. Investments for the purpose of acquiring a lasting economic interest are addressed under foreign direct investments.
<i>Bonds or other debt securities</i>	Refers to bonds and other securities with an original maturity of more than one year. The term “other securities” includes notes and debentures.
On money market instruments	Refers to securities with an original maturity of one year or less and includes short-term instruments such as certificates of deposit and bills of exchange. The category also includes treasury bills and other short-term government paper, bankers’ acceptances, commercial papers, interbank deposits, and repurchase agreements.
On collective investment securities	Includes share certificates and registry entries or other evidence of investor interest in an institution for collective investment such as mutual funds, and unit and investment trusts.
<b>Controls on derivatives and other instruments</b>	Refers to operations in other negotiable instruments and nonsecured claims not covered under the above subsections. These may include operations in rights; warrants; financial options and futures; secondary market operations in other financial claims (including sovereign loans, mortgage loans, commercial credits, negotiable instruments originating as loans, receivables, and discounted bills of trade); forward operations (including those in foreign exchange); swaps of bonds and other debt securities; credits and loans; and other swaps (e.g., interest rate, debt/equity, equity/debt, foreign currency, as well as swaps of any of the instruments listed above). Also included are controls on operations in foreign exchange without any other underlying transaction (e.g., spot or forward trading on the foreign exchange markets, forward cover operations, etc.).
<b>Controls on credit operations</b>	
Commercial credits	Covers operations directly linked with international trade transactions or with the rendering of international services.
Financial credits	Includes credits other than commercial credits granted by all residents, including banks, to nonresidents or vice versa.
Guarantees, sureties, and financial backup facilities	Includes guarantees, sureties, and financial backup facilities provided by residents to nonresidents and vice versa. Also includes securities pledged for payment or performance of a contract—such as warrants, performance bonds, and standby letters of credit—and financial backup facilities that are credit facilities used as a guarantee for independent financial operations.
<b>Controls on direct investment</b>	Refers to investments for the purpose of establishing lasting economic relations both abroad by residents and domestically by nonresidents. These investments are essentially for the purpose of producing goods and services, in particular, investments that allow investor participation in the management of the enterprise. The category includes the creation or extension of a wholly owned enterprise, subsidiary, or branch and the acquisition of full or partial ownership of a new or existing enterprise that results in effective influence over the operations of the enterprise.
<b>Controls on liquidation of direct investment</b>	Refers to the transfer of principal, including the initial capital and capital gains, of a foreign direct investment as defined above.
<b>Controls on real estate transactions</b>	Refers to the acquisition of real estate not associated with direct investment, including, for example, investments of a purely financial nature in real estate or the acquisition of real estate for personal use.

**Controls on personal capital transactions** Covers transfers initiated on behalf of private persons and intended to benefit other private persons. Includes transactions involving property to which the promise of a return to the owner with payments of interest is attached (e.g., loans or settlements of debt in their country of origin by immigrants), and transfers effected free of charge to the beneficiary (e.g., gifts and endowments, loans, inheritances and legacies, or emigrants' assets).

### Provisions Specific to the Financial Sector

**Provisions specific to commercial banks and other credit institutions** Describes regulations specific to these institutions, such as monetary, prudential, and foreign exchange controls. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital. Some of these items (e.g., borrowing abroad, lending to nonresidents, purchase of locally issued securities denominated in foreign exchange, investment regulations) may be repetitions of the entries under respective categories of controls on capital and money market instruments, credit operations, or direct investments when the same regulations apply to commercial banks as well as to other residents.

Open foreign exchange position limits Describes regulations on certain commercial bank balance sheet items (including capital) and on limits covering commercial banks' positions in foreign currencies (including gold).

**Provisions specific to institutional investors** Describes controls specific to institutions, such as insurance companies, pension funds, investment firms (including brokers, dealers, or advisory firms), and other securities firms (including collective investment funds). Incorporates measures that impose limitations on the composition of the institutional investors' foreign or foreign currency assets (reserves, accounts) and liabilities (e.g., investments in equity capital of institutional investors or borrowing from nonresidents) and/or that differentiate between residents and nonresidents. Examples of such controls are restrictions on investments because of rules regarding the technical, mathematical, security, or mandatory reserves; solvency margins; premium reserve stocks; or guarantee funds of nonbank financial institutions. Inclusion of an entry in this category does not necessarily signify that the aim of the measure is to control the flow of capital.

Insurance companies  
Pension funds  
Investment firms and collective investment funds.

#### Listing conventions used in the report are as follows:

- When it is unclear whether a particular category or measure exists—because pertinent information is not available at the time of publication—the category is displayed with the notation “n.a.”
- If a measure is known to exist but specific information on it is not available, the category is displayed with the notation “yes.”
- If no measure exists on any item within a category, the category is displayed with the notation “no.”
- If members have provided the IMF staff with information indicating that a category or an item is not regulated, these are marked by “n.r.”
- When relevant documents have not been published and the authorities have not consented to the publication of the information as included in the IMF staff report, the text reads “Information is not publicly available.”

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

International Financial Statistics (IFS) code: 512 914 612 614 311 213 911 193 122 912 313 419 513 316

	Total number of Member Countries with these features	Afghanistan, I.R. of	Albania	Algeria	Angola	Antigua and Barbuda	Argentina	Armenia	Australia	Austria	Azerbaijan, Republic of	The Bahamas	Bahrain, Kingdom of	Bangladesh	Barbados
<b>Status Under IMF Articles of Agreement</b>															
Article VIII	170		•	•		•	•	•	•	•	•	•	•	•	•
Article XIV	19	•			•										
<b>Exchange Rate Arrangements</b>															
No separate legal tender	14														
Currency board	10					◊									
Conventional peg	42											◊	◊		◊
Stabilized arrangement	18													◊	
Crawling peg	3														
Crawl-like arrangement	10														
Pegged exchange rate within horizontal bands	1														
Other managed arrangement	20			*	◊						*				
Floating	40	•	•				•	•							
Free floating	31								•	⊕					
<b>Exchange rate structure</b>															
Dual exchange rates	14						•	•				•			
Multiple exchange rates	12				•										
<b>Arrangements for Payments and Receipts</b>															
Bilateral payments arrangements	62	•		•	•		•	•			•		•	•	•
Payments arrears	23		•		•	•									
<b>Controls on payments for invisible transactions and current transfers</b>															
Proceeds from exports and/or invisible transactions	97			•	•	•	•				•	•		•	•
<b>Repatriation and Surrender Requirements</b>															
Repatriation requirements	85		•	•	•	-	•				•	•		•	•
Surrender requirements	58			•	•		•					•		•	•
<b>Capital Transactions</b>															
On capital market securities	154		•	•	•	•	•	•	•	•	•	•	•	•	•
On money market instruments	125	•	•	•	•		•			•		•		•	•
On collective investment securities	126		•	•	•		•	•	•	•	•	•		•	•
Controls on derivatives and other instruments	102		•	•	■		•	•		•	•	•	•	•	•
Commercial credits	88			•	•							•		•	•
Financial credits	115			•	•	•	•			•		•		•	•
Guarantees, sureties, and financial backup facilities	78			•	•		•					•		•	•
Controls on direct investment	152			•	•		•		•	•	•	•	•	•	•
Controls on liquidation of direct investment	39			•			•							•	•
Controls on real estate transactions	145	•	•	•	■	•	•	•	•	•		•	•	•	•
Controls on personal capital transactions	95			•	•	-	•		•		•	•		•	•
<b>Provisions specific to:</b>															
Commercial banks and other credit institutions	174	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	148		•	•	■	-	•	•	•	•	•	•		•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
*(As of date shown on first country page)*

	913	124	339	638	514	218	963	616	223	516	918	748	618	624	522	622	156
	Belarus	Belgium	Belize	Benin	Bhutan	Bolivia	Bosnia and Herzegovina	Botswana	Brazil	Brunei Darussalam	Bulgaria	Burkina Faso	Burundi	Cabo Verde	Cambodia	Cameroon	Canada
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•		•		•	•	•	•	•		•	•	•	•
Article XIV					•		•						•				
<b>Exchange Rate Arrangements</b>																	
No separate legal tender																	
Currency board							▲			+	▲						
Conventional peg			◊	▲	+							▲		▲		▲	
Stabilized arrangement						◊							◊				
Crawling peg								*									
Crawl-like arrangement																	
Pegged exchange rate within horizontal bands																	
Other managed arrangement	*															◊	
Floating									•								
Free floating		⊕															•
<b>Exchange rate structure</b>																	
Dual exchange rates													•				
Multiple exchange rates	•																
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•		•	•	•			•	•		•	•	•	•	•		
Payments arrears												-		•	•		
<b>Controls on payments for invisible transactions and current transfers</b>	•		•	•	•	•	•		•	•		•	•	•		•	
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•		•	•	•		•					•	•	•		•	
Surrender requirements	•		•	•	•				•			•		•		•	
<b>Capital Transactions</b>																	
On capital market securities	•	•	•	•	•	•	•	•	•		•	•	•		•	•	•
On money market instruments	•	•	•	•	•	•	•	•	•			•	•	•		•	
On collective investment securities	•	•	•	•	•	•	•	•	•			•	•			•	
Controls on derivatives and other instruments	•	•	•	•	•				•			•	•	-		■	
Commercial credits	•		•	•	•	•		•	•			•	•	•		•	
Financial credits	•	•	•	•	•	•	•		•			•	•	•	•	•	
Guarantees, sureties, and financial backup facilities	•		•	•	•							•		•		-	
Controls on direct investment	•	•	•	•	•		•		•	•		•	•	•	•	•	•
Controls on liquidation of direct investment			•		•											•	
Controls on real estate transactions	•		•	•	•		•		•	•	•	•	•	•	•	•	
Controls on personal capital transactions	•		•	•	•		•			•		•	•	•		•	
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	•	•	•	•	•	•	•	•	•	•	-	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
*(As of date shown on first country page)*

	626	628	228	924	233	632	636	634	238	662	960	423	935	128	611	321	243
	Central African Republic	Chad	Chile	China, People's Rep. of	Colombia	Comoros	Congo, Dem. Rep. of	Congo, Republic of	Costa Rica	Côte d'Ivoire	Croatia	Cyprus	Czech Republic	Denmark	Djibouti	Dominica	Dominican Republic
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Article XIV																	
<b>Exchange Rate Arrangements</b>																	
No separate legal tender																	
Currency board															◊	◊	
Conventional peg	▲	▲				▲		▲		▲				✦			
Stabilized arrangement							◊		◊				▲				
Crawling peg																	
Crawl-like arrangement											▲						◊
Pegged exchange rate within horizontal bands																	
Other managed arrangement				*													
Floating					•												
Free floating			•									⊕					
<b>Exchange rate structure</b>																	
Dual exchange rates																	
Multiple exchange rates																	
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements							•				•						•
Payments arrears						•				•					•	•	
<b>Controls on payments for invisible transactions and current transfers</b>	•	•		•		•	•	•		•							
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•	•		•	•	•	•	•		•						•	
Surrender requirements	•	•				•		•		•						•	
<b>Capital Transactions</b>																	
On capital market securities	•	•	•	•	•	•	•	•		•	•		•		•	•	•
On money market instruments	•	•	•	•	•		•	•		•	•		•				•
On collective investment securities	•	•	•	•	•		•	•		•	•		•		•	•	•
Controls on derivatives and other instruments	■	■	•	•	•	■	•	■		•	•		•			-	•
Commercial credits	•	•			•	•	•	•		•					•	•	
Financial credits	•	•		•	•		•	•	•	•			•		•	•	
Guarantees, sureties, and financial backup facilities	■	■	•	•		•	•	■		•					•	•	•
Controls on direct investment	•	•	•	•	•	•	•	•		•		•	•	•	•	•	•
Controls on liquidation of direct investment	•	•		•	•	•	•	•									
Controls on real estate transactions	•	•	•	•			•	•		•	•	•	•			•	
Controls on personal capital transactions	•	•		•	•	•	•	•		•						•	
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	•	•	-		•	•	•	•	•	•	•	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
*(As of date shown on first country page)*

	248	469	253	642	643	939	644	819	172	132	646	648	915	134	652	174	328
	Ecuador	Egypt	El Salvador	Equatorial Guinea	Eritrea	Estonia	Ethiopia	Fiji	Finland	France	Gabon	Gambia, The	Georgia	Germany	Ghana	Greece	Grenada
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•		•		•	•	•	•	•	•	•	•	•	•
Article XIV					•		•										
<b>Exchange Rate Arrangements</b>																	
No separate legal tender	◊		◊														
Currency board																	◊
Conventional peg				▲	◊			*			▲						
Stabilized arrangement																	
Crawling peg																	
Crawl-like arrangement							◊										
Pegged exchange rate within horizontal bands																	
Other managed arrangement		◊										◊					
Floating													•		•		
Free floating						⊕			⊕	⊕				⊕		⊕	
<b>Exchange rate structure</b>																	
Dual exchange rates					•										•		
Multiple exchange rates																	
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements		•				•									•		
Payments arrears					•	•											
<b>Controls on payments for invisible transactions and current transfers</b>		•		•	•		•	•		•	•				•	•	•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements		•		•	•		•	•			•				•		•
Surrender requirements				•	•		•	•			•				•		•
<b>Capital Transactions</b>																	
On capital market securities	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
On money market instruments	•	•	•	•	•		•	•	•	•	•			•	•	•	•
On collective investment securities	•	•	•	•	—		•	•	•	•	•			•	•	•	•
Controls on derivatives and other instruments	•	•	•	■	—		•	•	•		■			•	•	•	•
Commercial credits	•			•	•		•	•			•						•
Financial credits	•			•	•		•	•	•		•	•		•		•	•
Guarantees, sureties, and financial backup facilities	•			■	—		•	•			■					•	
Controls on direct investment		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Controls on liquidation of direct investment				•			•	•			•					•	•
Controls on real estate transactions				•		•	•	•	•		•		•	•	•	•	•
Controls on personal capital transactions				•	•	•	•	•			•					•	•
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	•	—	•	•	•	•	•	•	•	•	•	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
*(As of date shown on first country page)*

	#N/A	656	654	336	263	268	944	176	534	536	429	433	178	436	136	343	158
	Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti	Honduras	Hungary	Iceland	India	Indonesia	Iran, I.R. of	Iraq	Ireland	Israel	Italy	Jamaica	Japan
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•
Article XIV												•					
<b>Exchange Rate Arrangements</b>																	
No separate legal tender																	
Currency board																	
Conventional peg			▲									◊					
Stabilized arrangement				◊													
Crawling peg						◊											
Crawl-like arrangement											◊					◊	
Pegged exchange rate within horizontal bands																	
Other managed arrangement		◊			◊												
Floating	◊						•	•	•	•				•			
Free floating													⊕		⊕		•
<b>Exchange rate structure</b>																	
Dual exchange rates											•						
Multiple exchange rates		•										•					
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•	•		•		•			•			•					
Payments arrears		•		•				•									
<b>Controls on payments for invisible transactions and current transfers</b>		•	•			•		•	•		•	•					•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements		•	•			•		•	•	•							
Surrender requirements			•			•			•								
<b>Capital Transactions</b>																	
On capital market securities		•	•	•	•	•	•	•	•	•	•	•		•		•	•
On money market instruments		•	•		•	•	•	•	•	•	•	•				•	
On collective investment securities		•	•		•	•	•	•	•	•	•	•			•	•	
Controls on derivatives and other instruments		•	•		•			•	•	•	•	•				•	
Commercial credits		•	•	•		•			•	•	•					•	
Financial credits		•	•	•		•	•	•	•	•	•	•				•	
Guarantees, sureties, and financial backup facilities		•	•	•		•		•	•	•	•					•	
Controls on direct investment		•	•			•	•	•	•	•	•	•	•	•	•	•	•
Controls on liquidation of direct investment								•	•			•					
Controls on real estate transactions		•	•			•	•	•	•	•	•	•	•	•			
Controls on personal capital transactions		•	•					•	•		•	•				•	
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	-	•	-		•	•	•	•	•	-			•	•	•	

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	439	916	664	826	542	967	443	917	544	941	446	666	668	672	946	137	962
	Jordan	Kazakhstan	Kenya	Kiribati	Korea, Republic of	Kosovo	Kuwait	Kyrgyz Republic	Lao People's Dem. Rep.	Latvia	Lebanon	Lesotho	Liberia	Libyan Arab Jamahiriya	Lithuania	Luxembourg	Macedonia, fmr. Yugoslav Rep.
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•		•	•	•	•	•	•		•	•	•	•
Article XIV						•							•				
<b>Exchange Rate Arrangements</b>																	
No separate legal tender				+		▲											
Currency board																	
Conventional peg	◇						*					+		○			
Stabilized arrangement									◇		◇						▲
Crawling peg																	
Crawl-like arrangement																	
Pegged exchange rate within horizontal bands																	
Other managed arrangement								•					◇				
Floating		◇	•		•												
Free floating										⊕					⊕	⊕	
<b>Exchange rate structure</b>																	
Dual exchange rates								•									
Multiple exchange rates																	
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•							•	•					•			•
Payments arrears								•	-								
<b>Controls on payments for invisible transactions and current transfers</b>		•						•	•		•	•		•			•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements		•		■	•				•			•		•			
Surrender requirements									•			•		•			
<b>Capital Transactions</b>																	
On capital market securities	•	•	•	•	•	•	•	•	•		•	•		•		•	•
On money market instruments		•	•	•			•	•	•		•	•		•		•	•
On collective investment securities		•	•	•			•	•	•		•	•		•		•	•
Controls on derivatives and other instruments		•	•	•	•		•	•	•		•	■		■		•	•
Commercial credits		•		•			•	•	•		•	•		•			
Financial credits		•		•			•	•	•		•	•		•		•	
Guarantees, sureties, and financial backup facilities				•			•				•			•			
Controls on direct investment	•	•	•	•	•		•	•	•	•	•	•		•	•	•	•
Controls on liquidation of direct investment				■										•			
Controls on real estate transactions	•		•	•			•	•	•	•	•	•		•	•	•	•
Controls on personal capital transactions		•		■				•			•			•			•
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	■	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	-	•	•	■	•	-	•	•	•	•	•	•	•	•



**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	674	676	548	556	678	181	867	682	684	273	868	921	948	943	686	688	518
	Madagascar	Malawi	Malaysia	Maldives	Mali	Malta	Marshall Islands, Rep. of the	Mauritania	Mauritius	Mexico	Micronesia, Fed. States of	Moldova	Mongolia	Montenegro, Rep. of	Morocco	Mozambique	Myanmar
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	
Article XIV				•													•
<b>Exchange Rate Arrangements</b>																	
No separate legal tender							◊				◊			▲			
Currency board																	
Conventional peg					▲										*		
Stabilized arrangement				◊													
Crawling peg																	
Crawl-like arrangement								◊									
Pegged exchange rate within horizontal bands																	
Other managed arrangement			*														•
Floating	•	•							•			•	•			•	
Free floating						⊕				•							
<b>Exchange rate structure</b>																	
Dual exchange rates				•													
Multiple exchange rates													•				•
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•		•									•	•				
Payments arrears																	•
<b>Controls on payments for invisible transactions and current transfers</b>		•			•			•				•		•	•	•	•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•	•	•		•			•				•			•	•	•
Surrender requirements	•				•										•	•	
<b>Capital Transactions</b>																	
On capital market securities	•	•	•	•	•	•	-	•	•	•	•	•	•	•	•	•	•
On money market instruments	•	•	•		•		-	•	•	•	■	•		•	•	•	•
On collective investment securities	•	•	•		•		-	■	•	•		•	•		•	•	•
Controls on derivatives and other instruments	•	•	•	■	•		-	■		•		•			•	•	
Commercial credits	•	•	•		•		-				■	•			•	•	•
Financial credits	•	•	•		•		-	•		•	■	•			•	•	•
Guarantees, sureties, and financial backup facilities	•	•	•		•		-	•		•	■	•			•	•	•
Controls on direct investment	•	•	•	•	•		•	•	•	•	•	•			•	•	•
Controls on liquidation of direct investment							-									•	•
Controls on real estate transactions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Controls on personal capital transactions	•	•	•	•	•		-	•		•	■	•	•		•	•	•
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	-	•	•	•	•	•	•		•	•	•
Institutional investors	•		•	•	•	•	•	-	•	•	-	•		•	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	728	836	558	138	196	278	692	694	142	449	564	565	283	853	288	293	566
	Namibia	Nauru	Nepal	Netherlands	New Zealand	Nicaragua	Niger	Nigeria	Norway	Oman	Pakistan	Palau	Panama	Papua New Guinea	Paraguay	Peru	Philippines
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•
Article XIV								•									
<b>Exchange Rate Arrangements</b>																	
No separate legal tender		+										◇	◇				
Currency board																	
Conventional peg	+		+				▲			◇							
Stabilized arrangement								◇									
Crawling peg						◇											
Crawl-like arrangement														•			
Pegged exchange rate within horizontal bands																	
Other managed arrangement											•						
Floating					•										•	•	•
Free floating				⊕					•								
<b>Exchange rate structure</b>																	
Dual exchange rates								•									
Multiple exchange rates																	
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements		-												•	•	•	
Payments arrears		-				•											
<b>Controls on payments for invisible transactions and current transfers</b>	•		•				•	•			•	•		•	•		•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•	-	•				•	•			•						
Surrender requirements	•	-	•				•	•			•						
<b>Capital Transactions</b>																	
On capital market securities	•	-	•		•		•	•	•	•	•				•		•
On money market instruments	•	-	•				•	•			•				•		•
On collective investment securities	•	-	•				•				•						•
Controls on derivatives and other instruments	•	-	•				•		•	•	•				•		•
Commercial credits	•	-	•			•	•	•			•						•
Financial credits	•	-	•			•	•				•				•		•
Guarantees, sureties, and financial backup facilities	•	-	•				•				•			•	•		•
Controls on direct investment	•	•	•	•	•	•	•		•	•	•	•					•
Controls on liquidation of direct investment		-	•														
Controls on real estate transactions	•	•	•		•		•		•	•	•	•			•		•
Controls on personal capital transactions	•	-	•			•	•	•	•	•	•						•
Provisions specific to:																	
Commercial banks and other credit institutions	•	-	•	•	•	•	•	•	•	•	•			•	•	•	•
Institutional investors	•	-	•		•	•	•	-	•	•	•	•		•	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	964	182	453	968	922	714	862	135	716	456	722	942	718	724	576	936	961
	Poland	Portugal	Qatar	Romania	Russian Federation	Rwanda	Samoa	San Marino	São Tomé and Príncipe	Saudi Arabia	Senegal	Serbia, Rep. of	Seychelles	Sierra Leone	Singapore	Slovak Republic	Slovenia
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•
Article XIV									•								
<b>Exchange Rate Arrangements</b>																	
No separate legal tender								▲									
Currency board																	
Conventional peg			◊				*		▲	◊	▲						
Stabilized arrangement															*		
Crawling peg																	
Crawl-like arrangement																	
Pegged exchange rate within horizontal bands																	
Other managed arrangement						•											
Floating				•								•	•	•			
Free floating	•	⊕			•											⊕	⊕
<b>Exchange rate structure</b>																	
Dual exchange rates																	
Multiple exchange rates														•			
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•		•	•	•				•				•				•
Payments arrears									•			•					
<b>Controls on payments for invisible transactions and current transfers</b>						•	•				•	•		•		•	
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements					•		•		•		•	•		•			
Surrender requirements							•		•		•						
<b>Capital Transactions</b>																	
On capital market securities	•	•	•		•		•	•		•	•	•		•		•	•
On money market instruments	•	•			•		•	•		•	•	•		•			•
On collective investment securities	•	•			•		•	•		•	•	•		•		•	•
Controls on derivatives and other instruments	•		•					•	-	•	•	•		•			•
Commercial credits	•							•	-	•	•			•			
Financial credits	•						•	•	-	•	•	•		•	•		•
Guarantees, sureties, and financial backup facilities									-	•	•	•		•			
Controls on direct investment	•	•	•		•		•	•	•	•	•	•		•		•	•
Controls on liquidation of direct investment							•							•			
Controls on real estate transactions	•	•	•				•	•	•	•	•	•	•	•	•	•	•
Controls on personal capital transactions			•				•	•	•		•	•		•			
Provisions specific to: Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	•	•	•	•	•	•	•	•	-	•	•	•	•	•	•	•	•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	813	726	199	733	184	524	361	362	364	732	366	734	144	146	463	923	738
	Solomon Islands	Somalia	South Africa	South Sudan	Spain	Sri Lanka	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Sudan	Suriname	Swaziland	Sweden	Switzerland	Syrian Arab Republic	Tajikistan	Tanzania
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•		•		•	•	•	•	•	•	•	•	•	•		•	•
Article XIV		•		•											•		
<b>Exchange Rate Arrangements</b>																	
No separate legal tender																	
Currency board							◊	◊	◊								
Conventional peg	*											+					
Stabilized arrangement										•	◊						
Crawling peg																	
Crawl-like arrangement						◊											
Pegged exchange rate within horizontal bands																	
Other managed arrangement				◊											◊	◊	
Floating			•											•			•
Free floating		•			⊕								•				
<b>Exchange rate structure</b>																	
Dual exchange rates		•									•				•	•	
Multiple exchange rates				•						•							
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements				-						•					•		•
Payments arrears				-													•
<b>Controls on payments for invisible transactions and current transfers</b>	•		•	•		•	•	•	•	•	•	•			•	•	•
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•		•	-		•	•		•	•	•	•			•	•	•
Surrender requirements	•		•	-			•		•	•		•			•		
<b>Capital Transactions</b>																	
On capital market securities	•		•	-	•	•	•	•	•	•	•	•	•	•	•	•	•
On money market instruments	•		•	-	•	•		•	•	•	•	•	•	•	•	•	•
On collective investment securities	•		•	-	•	•	•	•	•	■	•	•	•	•	•	•	•
Controls on derivatives and other instruments	•		•	-	•	•	■	•		■	•	•	•	•	•	•	•
Commercial credits			•	-		•		•	•		•	•		•	•	•	•
Financial credits	•		•	-	•	•	•	•	•		•	•	•	•	•	•	•
Guarantees, sureties, and financial backup facilities	•		•	-		•		•	•		•	•			•		•
Controls on direct investment	•		•	-	•	•	•	•	•		•	•	•	•	•	•	•
Controls on liquidation of direct investment	•			-		•		-			•						•
Controls on real estate transactions	•		•	-	•	•	•	•	•		•	•	•	•	•	•	•
Controls on personal capital transactions	•		•	-		•		•	•	•	•	•			•	•	•
Provisions specific to:																	
Commercial banks and other credit institutions	•		•	-	•	•	•	•	•	•	•	•	•		•	•	•
Institutional investors	•		•	-	•	•	•	•	•	•	•	•	•	•	-		•

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
*(As of date shown on first country page)*

	578	537	742	866	369	744	186	925	869	746	926	466	112	111	298	927	846
	Thailand	Timor-Leste, Dem. Rep. of	Togo	Tonga	Trinidad and Tobago	Tunisia	Turkey	Turkmenistan	Tuvalu	Uganda	Ukraine	United Arab Emirates	United Kingdom	United States	Uruguay	Uzbekistan	Vanuatu
<b>Status Under IMF Articles of Agreement</b>																	
Article VIII	•	•	•	•	•	•	•			•	•	•	•	•	•	•	•
Article XIV								•	•								
<b>Exchange Rate Arrangements</b>																	
No separate legal tender		◊							+								
Currency board																	
Conventional peg			▲					◊				◊					
Stabilized arrangement					◊												
Crawling peg																	
Crawl-like arrangement						*										◊	
Pegged exchange rate within horizontal bands				*													
Other managed arrangement																	•
Floating	•						•			•	•				•		
Free floating													•	•			
<b>Exchange rate structure</b>																	
Dual exchange rates																	
Multiple exchange rates											•					•	
<b>Arrangements for Payments and Receipts</b>																	
Bilateral payments arrangements	•						•	•		•	•				•		■
Payments arrears									-	•							■
<b>Controls on payments for invisible transactions and current transfers</b>	•		•	•		•	•	•	-		•					•	
<b>Proceeds from exports and/or invisible transactions</b>																	
Repatriation requirements	•		•			•		•	-		•					•	■
Surrender requirements			•			•		•	-		•					•	■
<b>Capital Transactions</b>																	
On capital market securities	•		•	•	•	•	•	•	-		•	•	•	•		•	■
On money market instruments	•		•	•	•	•	•	•	-		•		•	•		•	■
On collective investment securities	•		•	•	•	•	•	•	-		•	•	•	•		•	■
Controls on derivatives and other instruments	•		•	•	•	•	•		-		•			•		•	■
Commercial credits			•	•	•	•	•	•	-		•					•	■
Financial credits	•		•	•	•	•	•	•	-		•					•	■
Guarantees, sureties, and financial backup facilities	•		•	•	•	•	•	•	-		•			•		•	■
Controls on direct investment	•		•	•	•	•	•	•	-		•	•	•	•		•	■
Controls on liquidation of direct investment				•				•	-		•					•	■
Controls on real estate transactions	•	•	•	•	•	•	•	•	-	•	•	•	•	•		•	■
Controls on personal capital transactions	•		•	•	•	•	•	•	-		•					•	
Provisions specific to:																	
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•	-	•	•	•	•		•	•	•
Institutional investors	•		•		•	•	•	•	-		•	-	•	•	•	•	■

**Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in Member Countries**  
(As of date shown on first country page)

	299	582	474	754	698	314	532	354
	Venezuela, Rep. Bolivariana de	Vietnam	Yemen, Republic of	Zambia	Zimbabwe	Aruba	China, P.R.; Hong Kong SAR	Curaçao and Sint Maarten
<b>Status Under IMF Articles of Agreement</b>								
Article VIII	•	•	•	•	•	•	•	•
Article XIV								
<b>Exchange Rate Arrangements</b>								
No separate legal tender					◊			
Currency board						◊		
Conventional peg	◊					◊		◊
Stabilized arrangement		◊	◊					
Crawling peg								
Crawl-like arrangement								
Pegged exchange rate within horizontal bands								
Other managed arrangement								
Floating				•				
Free floating								
<b>Exchange rate structure</b>								
Dual exchange rates								
Multiple exchange rates	•							
<b>Arrangements for Payments and Receipts</b>								
Bilateral payments arrangements		•			•			
Payments arrears			•	•				
<b>Controls on payments for invisible transactions and current transfers</b>	•					•		•
<b>Proceeds from exports and/or invisible transactions</b>								
Repatriation requirements	•	•			•	•		
Surrender requirements	•					•		
<b>Capital Transactions</b>								
On capital market securities	•	•			•	•		•
On money market instruments	•	•			•	•		•
On collective investment securities		•			•	•		•
Controls on derivatives and other instruments	•	•			•	•	•	•
Commercial credits	•	•			•	•		•
Financial credits	•	•	•		•	•		•
Guarantees, sureties, and financial backup facilities	•	•			•	•		•
Controls on direct investment	•	•	•		•	•		•
Controls on liquidation of direct investment	•				•	•		•
Controls on real estate transactions	•	•			•	•		•
Controls on personal capital transactions	•	•			•	•		•
Provisions specific to:								
Commercial banks and other credit institutions	•	•	•	•	•	•	•	•
Institutional investors	•	•	•		•	•	•	•

**Key**

- Indicates that the specified practice is a feature of the exchange system.
- Indicates that data were not available at the time of publication.
- Indicates that the specified practice is not regulated.
- ⊕ Indicates that the country participates in the euro area.
- ❖ Indicates that the country participates in the European Exchange Rate Mechanism (ERM II).
- ◊ Indicates that flexibility is limited vis-à-vis the U.S. dollar.
- ▲ Indicates that flexibility is limited vis-à-vis the euro.
- ⊕ Indicates that flexibility is limited vis-à-vis another single currency.
- Indicates that flexibility is limited vis-à-vis the SDR.
- \* Indicates that flexibility is limited vis-à-vis another basket of currencies.

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## Country Table Matrix

(Position as of "DATE")

### I. Status under IMF Articles of Agreement

#### A. Date of membership

1. Article VIII
2. Article XIV

### II. Exchange Measures

#### A. Restrictions and/or multiple currency practices

#### B. Exchange measures imposed for security reasons

1. In accordance with IMF Executive Board Decision No. 144-(52/51)
2. Other security restrictions

#### C. References to legal instruments and hyperlinks

### III. Exchange Arrangement

#### A. Currency

1. Other legal tender

#### B. Exchange rate structure

1. Unitary
2. Dual
3. Multiple

#### C. Classification

1. No separate legal tender
2. Currency board
3. Conventional peg
4. Stabilized arrangement
5. Crawling peg
6. Crawl-like arrangement
7. Pegged exchange rate within horizontal bands
8. Other managed arrangement
9. Floating
10. Free floating

#### D. Official exchange rate

#### E. Monetary policy framework

1. Exchange rate anchor
2. Monetary aggregate target
3. Inflation-targeting framework
4. Other monetary framework



**F. Exchange tax****G. Exchange subsidy****H. Foreign exchange market**

## 1. Spot exchange market

*a. Operated by the central bank*

1. Foreign exchange standing facility
2. Allocation
3. Auction
4. Fixing

*b. Interbank market*

1. Over the counter
2. Brokerage
3. Market making

## 2. Forward exchange market

*a. Official cover of forward operations***I. References to legal instruments and hyperlinks****IV. Arrangements for Payments and Receipts****A. Prescription of currency requirements**

## 1. Controls on the use of domestic currency

*a. For current transactions and payments**b. For capital transactions*

1. Transactions in capital and money market instruments
2. Transactions in derivatives and other instruments
3. Credit operations

## 2. Use of foreign exchange among residents

**B. Payments arrangements**

## 1. Bilateral payments arrangements

*a. Operative**b. Inoperative*

2. Regional arrangements
3. Clearing agreements
4. Barter agreements and open accounts

**C. Administration of control****D. Payments arrears**

1. Official
2. Private

**E. Controls on trade in gold (coins and/or bullion)**

1. On domestic ownership and/or trade
2. On external trade

**F. Controls on exports and imports of banknotes**

1. On exports
  - a. Domestic currency*
  - b. Foreign currency*
2. On imports
  - a. Domestic currency*
  - b. Foreign currency*

**G. References to legal instruments and hyperlinks****V. Resident Accounts****A. Foreign exchange accounts permitted**

1. Held domestically
  - a. Approval required*
2. Held abroad
  - a. Approval required*

**B. Accounts in domestic currency held abroad****C. Accounts in domestic currency convertible into foreign currency****D. References to legal instruments and hyperlinks****VI. Nonresident Accounts****A. Foreign exchange accounts permitted**

1. Approval required

**B. Domestic currency accounts**

1. Convertible into foreign currency
2. Approval required

**C. Blocked accounts****D. References to legal instruments and hyperlinks****VII. Imports and Import Payments****A. Foreign exchange budget****B. Financing requirements for imports**

1. Minimum financing requirements
2. Advance payment requirements
3. Advance import deposits

**C. Documentation requirements for release of foreign exchange for imports**

1. Domiciliation requirements
2. Preshipment inspection
3. Letters of credit
4. Import licenses used as exchange licenses
5. Other

**D. Import licenses and other nontariff measures**

1. Positive list
2. Negative list
3. Open general licenses
4. Licenses with quotas
5. Other nontariff measures

**E. Import taxes and/or tariffs**

1. Taxes collected through the exchange system

**F. State import monopoly**

**G. References to legal instruments and hyperlinks**

**VIII. Exports and Export Proceeds**

**A. Repatriation requirements**

1. Surrender requirements
  - a. Surrender to the central bank*
  - b. Surrender to authorized dealers*

**B. Financing requirements**

**C. Documentation requirements**

1. Letters of credit
2. Guarantees
3. Domiciliation
4. Preshipment inspection
5. Other

**D. Export licenses**

1. Without quotas
2. With quotas

**E. Export taxes**

1. Collected through the exchange system
2. Other export taxes

**F. References to legal instruments and hyperlinks**

**IX. Payments for Invisible Transactions and Current Transfers**

**A. Controls on these transfers**

1. Trade-related payments

- a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 2. Investment-related payments
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 3. Payments for travel
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 4. Personal payments
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 5. Foreign workers' wages
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 6. Credit card use abroad
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*
- 7. Other payments
  - a. Prior approval*
  - b. Quantitative limits*
  - c. Indicative limits/bona fide test*

**B. References to legal instruments and hyperlinks**

**X. Proceeds from Invisible Transactions and Current Transfers**

**A. Repatriation requirements**

- 1. Surrender requirements
  - a. Surrender to the central bank*
  - b. Surrender to authorized dealers*

**B. Restrictions on use of funds**

**C. References to legal instruments and hyperlinks**

## XI. Capital Transactions

### A. Controls on capital transactions

1. Repatriation requirements
  - a. *Surrender requirements*
    1. Surrender to the central bank
    2. Surrender to authorized dealers
2. Controls on capital and money market instruments
  - a. *On capital market securities*
    1. Shares or other securities of a participating nature
      - i. Purchase locally by nonresidents
      - ii. Sale or issue locally by nonresidents
      - iii. Purchase abroad by residents
      - iv. Sale or issue abroad by residents
    2. Bonds or other debt securities
      - i. Purchase locally by nonresidents
      - ii. Sale or issue locally by nonresidents
      - iii. Purchase abroad by residents
      - iv. Sale or issue abroad by residents
  - b. *On money market instruments*
    1. Purchase locally by nonresidents
    2. Sale or issue locally by nonresidents
    3. Purchase abroad by residents
    4. Sale or issue abroad by residents
  - c. *On collective investment securities*
    1. Purchase locally by nonresidents
    2. Sale or issue locally by nonresidents
    3. Purchase abroad by residents
    4. Sale or issue abroad by residents
3. Controls on derivatives and other instruments
  - a. *Purchase locally by nonresidents*
  - b. *Sale or issue locally by nonresidents*
  - c. *Purchase abroad by residents*
  - d. *Sale or issue abroad by residents*
4. Controls on credit operations
  - a. *Commercial credits*
    1. By residents to nonresidents
    2. To residents from nonresidents

*b. Financial credits*

1. By residents to nonresidents
2. To residents from nonresidents

*c. Guarantees, sureties, and financial backup facilities*

1. By residents to nonresidents
2. To residents from nonresidents

## 5. Controls on direct investment

*a. Outward direct investment**b. Inward direct investment*

## 6. Controls on liquidation of direct investment

## 7. Controls on real estate transactions

*a. Purchase abroad by residents**b. Purchase locally by nonresidents**c. Sale locally by nonresidents*

## 8. Controls on personal capital transactions

*a. Loans*

1. By residents to nonresidents
2. To residents from nonresidents

*b. Gifts, endowments, inheritances, and legacies*

1. By residents to nonresidents
2. To residents from nonresidents

*c. Settlement of debts abroad by immigrants**d. Transfer of assets*

1. Transfer abroad by emigrants
2. Transfer into the country by immigrants

*e. Transfer of gambling and prize earnings***B. References to legal instruments and hyperlinks****XII. Provisions Specific to the Financial Sector****A. Provisions specific to commercial banks and other credit institutions**

1. Borrowing abroad
2. Maintenance of accounts abroad
3. Lending to nonresidents (financial or commercial credits)
4. Lending locally in foreign exchange
5. Purchase of locally issued securities denominated in foreign exchange
6. Differential treatment of deposit accounts in foreign exchange
  - a. Reserve requirements*
  - b. Liquid asset requirements*

*c. Interest rate controls*

*d. Credit controls*

7. Differential treatment of deposit accounts held by nonresidents

*a. Reserve requirements*

*b. Liquid asset requirements*

*c. Interest rate controls*

*d. Credit controls*

8. Investment regulations

*a. Abroad by banks*

*b. In banks by nonresidents*

9. Open foreign exchange position limits

*a. On resident assets and liabilities*

*b. On nonresident assets and liabilities*

**B. Provisions specific to institutional investors**

1. Insurance companies

*a. Limits (max.) on securities issued by nonresidents*

*b. Limits (max.) on investment portfolio held abroad*

*c. Limits (min.) on investment portfolio held locally*

*d. Currency-matching regulations on assets/liabilities composition*

2. Pension funds

*a. Limits (max.) on securities issued by nonresidents*

*b. Limits (max.) on investment portfolio held abroad*

*c. Limits (min.) on investment portfolio held locally*

*d. Currency-matching regulations on assets/liabilities composition*

3. Investment firms and collective investment funds

*a. Limits (max.) on securities issued by nonresidents*

*b. Limits (max.) on investment portfolio held abroad*

*c. Limits (min.) on investment portfolio held locally*

*d. Currency-matching regulations on assets/liabilities composition*

**C. References to legal instruments and hyperlinks**

## **Changes during 2015**

### **I. Status under IMF Articles of Agreement**

### **II. Exchange measures**

### **III. Exchange arrangement**

### **IV. Arrangements for payments and receipts**

### **V. Resident accounts**

### **VI. Nonresident accounts**

### **VII. Imports and import payments**

### **VIII. Exports and export proceeds**

### **IX. Payments for invisible transactions and current transfers**

### **X. Proceeds from invisible transactions and current transfers**

### **XI. Capital transactions**

- 1. Repatriation and surrender requirements*
- 2. Controls on capital and money market instruments*
- 3. Controls on derivatives and other instruments*
- 4. Controls on credit operations*
- 5. Controls on direct investment*
- 6. Controls on liquidation of direct investment*
- 7. Controls on real estate transactions*
- 8. Controls on personal capital transactions*

### **XII. Provisions specific to the financial sector**

- A. Provisions specific to commercial banks and other credit institutions
- B. Provisions specific to institutional investors



## **Changes during 2016**

### **I. Status under IMF Articles of Agreement**

### **II. Exchange measures**

### **III. Exchange arrangement**

### **IV. Arrangements for payments and receipts**

### **V. Resident accounts**

### **VI. Nonresident accounts**

### **VII. Imports and import payments**

### **VIII. Exports and export proceeds**

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