

Attachment 1

Exchange Control Policy Guidelines for Banks and Authorised Restricted Foreign Exchange Dealers

The Foreign Exchange Control (Amendment) Regulations 2000 assigns the authority to the National Reserve Bank of Tonga over sending money and securities out of Tonga.

The exchange control documentary requirements guideline is issued by the Reserve Bank for use by banks and authorized foreign exchange dealers under the Foreign Exchange Control Act.

These guidelines were introduced by the Reserve Bank to provide a level playing field in the foreign exchange market, improve the consistency of the exchange control process in the financial system, improve the accuracy of balance of payments statistics and assist with the protection of the country's foreign reserves.

The exchange control documentary requirements list the type of supporting documents that banks and authorized restricted foreign exchange dealers are required to sight for all foreign exchange outward payments. Banks and authorized foreign exchange dealers have been delegated to approve current payments of amounts up to **T\$100,000** per transaction except for gifts and miscellaneous payments which are limited for amounts up to T\$10,000 per applicant per annum and travel allowance payments which are limited for amounts up to T\$20,000 per application. All current payments above these amounts and all capital payments require the prior approval of the Reserve Bank. The banks and authorized foreign exchange dealers have been delegated to approve the current payments of amounts up to T\$5,000 per month for any transaction without supporting documents. The Reserve Bank reserves the right to ask for any other information.

The Reserve Bank has issued the following Exchange Control Directives which are attached to the guidelines:

1. EC **01/11** Directive - Foreign Currency Customer Accounts
2. EC **02/11** Directive – Foreign Exchange Control Requirements
3. EC 03/05 Directive - Foreign Currency Loans
4. EC 04/06 Directive – Delegated Limits on Outward transfers of Gifts

In accordance with Regulation 11 of the Foreign Exchange Control (Amendment) Regulations 2009, a person who commits an offence against these regulations shall be liable on conviction (i) in the case of an individual to a fine not exceeding \$20,000 or imprisonment for a term not exceeding 3 years (ii) in the case of a body corporate to a fine not exceeding \$200,000.

National Reserve Bank of Tonga

June 2011

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
1.	Airline Ticket Sales - ticket sales & earning <i>OET Code – P22</i>	<ul style="list-style-type: none"> Fax copy/Letter from head office requesting transfer of funds and note that proceeds are sourced from ticket sales Original tax clearance certificate for amounts above \$10,000¹ 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
2	Charges/Fees/Services a. Freight & Shipping* <i>OET Code – P21</i> b. Other Transport Charged <i>OET Code – P22</i> c. Royalty & Commission <i>OET Code – P51</i> d. Patents & Copyright <i>OET Code – P51</i> e. Brokerage & Other Charges to agents and representatives outside country <i>OET Code – P51</i> f. Movie/Film Hire & News <i>OET Code – P51</i> g. Repair - domestic air/shipping & others <i>OET Code – P51</i> h. Technical, Professional & Management Fees <i>OET Code – P51</i> i. Advertising/Licence <i>OET Code – P51</i> j. Office expenses <i>OET Code – P51</i> k. Re-imbusement <i>OET Code – P51</i>	<ul style="list-style-type: none"> Invoice or statement on payment due For a, c, d, e, f, and h only - Original tax clearance certificate for amounts above \$10,000¹ <p><i>In the case of refunds and reimbursement, a tax clearance is not required if funds are received within a month from the date of repatriation</i></p> <p><i>*In the case of freight & shipping payments for Importers only, a tax clearance is required for amounts above T\$50,000¹</i></p>	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
3.	Court Order Payments <i>OET Code – P51</i> a. Alimony b. Collection of debt c. Out of court settlement d. Other	<ul style="list-style-type: none"> Original court order Documents verifying that payments are due Beneficiary must be a non-resident 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
4.	a. Credit Card Payments i. Corporate Card ii. Personal Credit Card b. Debit Card Payments <i>OET Code – P31</i>	<ul style="list-style-type: none"> Original current month's statement of payment due – for credit card payments only <p><i>In the case of prepayments, applicant is required to submit statement when it is received.</i></p>	a. Credit Cards i. Up to T\$50,000 per application or up to T\$20,000 per month without supporting documents ii. Up to T\$10,000 per application without supporting documents b. Debit Cards – Up to T\$10,000 per application without supporting documents

¹ Tax clearance is required for all taxes related to this payment only.

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
5.	<p>Deposits into Expatriates' Foreign Currency Accounts held in Tonga & Overseas Bank Accounts Sources of funds:</p> <ul style="list-style-type: none"> a. Salaries & Wages from employment b. Interest payable on the account c. Proceeds of sales of assets/personal effects/claims d. Retirement Fund Proceeds e. Tax refund f. Proceeds from sales of foreign currency sourced from external sources or remaining from travel funds uplifted g. Income from rental/directors fees/gratuity h. Other funds from local sources 	<ul style="list-style-type: none"> a. Original pay slip (to verify salary) which should indicate tax has been deducted OR letter from employer confirming status of employment b. Documentary evidence of source of funds e.g. Statement of Account c. Original tax clearance certificate for amounts above \$10,000¹; Signed Sale & Purchase agreement and proof of transfer of ownership where applicable d. Retirement Fund cheque e. Inland Revenue Department cheque f. Documentary evidence of source of funds g. Documentary evidence of source of funds; Original tax clearance certificate for amounts above \$10,000¹; Rental agreement; Letter from the company for payment of gratuity h. Documentary evidence of source of funds <p><i>In the case of expatriates workers' salary payments, commercial banks may submit a list of expatriates with a letter from their respective employers with name of expatriate, term of employment and fortnightly salary; NRBT can issue a blanket approval for a specified period.</i></p>	<p>All Transfers from T\$ to foreign currency accounts in Tonga must be approved by NRBT. EC Directive 01/11.</p> <p>If deposit into overseas bank account then delegation limit is up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.</p>
6.	<p>Education/Training Expenses <i>(for current year only) OET Code – P31</i></p> <ul style="list-style-type: none"> a. Paid directly to the education institution b. Paid directly to the students c. Scholarship payments by recognized institution <p><i>An applicant may submit a letter stating estimated expenses for the month; NRBT can issue a blanket approval for student allowance up to a specified period.</i></p>	<ul style="list-style-type: none"> a. Original enrolment/acceptance letter on letterhead & Statement of expenses for the school year b. Original enrolment/acceptance letter on letterhead & Statement of expenses for the school year c. Confirmation letter by the issuer of scholarship 	<p>Up to T\$100,000 per application and T\$5,000 per month without supporting documents.</p>
7.	<p>Foreign Currency Borrowing</p>	<ul style="list-style-type: none"> • Original documentary evidence of receipt of funds from offshore. 	<p>Refer to EC Directive 03/05</p>
8.	<p>Gifts² – Transfer overseas for personal reasons (<i>Unrequited transfers</i>) OET Code – P81</p>	<ul style="list-style-type: none"> • No documentary requirements for amounts up to T\$10,000 per beneficiary per applicant per annum. <p>If above T\$10,000, the documentary requirements for relevant payments will apply e.g. maintenance, medical expenses.</p>	<p>Up to T\$10,000 per applicant per beneficiary per annum² EC Directive 04/06.</p>
9.	<p>Government Department Payments/Transfer (<i>includes funding of Offshore accounts</i>) OET Code – P41, 61, 71, 91, 93</p>	<ul style="list-style-type: none"> • Original invoice for amount due or application letter from the relevant Ministry • Original tax clearance certificate for consultancy fees & payments only 	<p>Up to T\$100,000 per application</p>

² Transfer of funds offshore must not exceed T\$10,000 per applicant per beneficiary per year

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
10.	Import Payments <i>OET Code – P11</i>		
	a) Goods on board ship or aircraft, or goods landed but awaiting Customs clearance <i>(subject to the provision of Custom Imports Entry documents to the NRBT once shipment is cleared from Customs & Trade Division)</i>	<ul style="list-style-type: none"> • Suppliers invoice showing value of goods imported • Original Bill of lading or Airway Bill confirming details of the current shipment or cargo • Relevant Custom clearance documents upon receipt of goods in Tonga 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
	b) Goods already landed & cleared by Customs	<ul style="list-style-type: none"> • Supplier's invoice • Customs import entry document 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
	c) Prepayment of term bills for goods already landed & cleared by Tonga Customs	<ul style="list-style-type: none"> • Supplier's invoice • Supplier's demand for immediate payment • Customs import entry document 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
	d) Advance Import Payments prior to shipment of goods. <i>(subject to the provision of Custom Imports Entry documents to the NRBT once shipment is cleared from Customs & Trade Division)</i>	<ul style="list-style-type: none"> • Pro-forma invoice from supplier including request of payment prior to shipment of goods • Customs import entry document to be provided proving goods have arrived in Tonga 	Up to T\$100,000 per application. Banks to advise NRBT to follow up on supporting documents
	e) Payment to Third Party (Goods already received in Tonga)	<ul style="list-style-type: none"> • Supplier's invoice • Supplier's confirmation of payment due to third party • Customs import entry documents 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
11.	Insurance/ Re-insurance Payments Offshore <i>OET Code – P51</i>	<ul style="list-style-type: none"> • All relevant documents relating to insurance payments • Original tax clearance certificate for amounts above \$10,000¹ 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
12.	Lease Payments a. Aircraft <i>OET Code – P22</i> b. Fishing or cruise vessels c. Machinery d. Other lease payments (<i>Land – OET Code – P92</i>)	<ul style="list-style-type: none"> • Original signed lease agreement • Original tax clearance certificate for amounts above \$10,000¹ 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
13.	Loan repayment <i>Gov't loan OET Code – P93, Private loan OET Code – P94</i> Principal & Interest(excluding up front fees)	<ul style="list-style-type: none"> • Original loan agreement & repayment schedule • Original bank confirmation that funds were received from offshore • Original tax clearance certificate for amounts above \$10,000¹ (except European Investment Bank) 	All capital transfers must be approved by NRBT. Refer EC Directive 02/11
14.	Loan Pre-payment <i>Gov't loan OET Code – P93, Private loan OET Code – P94</i>	<ul style="list-style-type: none"> • Same as loan repayment • Lender's demand for early repayment • Revised repayment schedule (<i>where applicable</i>) 	All capital transfers must be approved by NRBT. Refer EC Directive 02/11

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
15.	Local Borrowing Facilities P95 a. Non-resident controlled business entities b. Non-resident individuals	<ul style="list-style-type: none"> Original documents for approval of projects (<i>If new</i>) Valid Work Permit (2 years) 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
16.	Maintenance OET Code – P81 An applicant may submit a letter stating estimated expenses for the month; NRBT can issue a blanket approval for a specified period.	<ul style="list-style-type: none"> Application stating relationship between applicant and beneficiary Evidence of the source of funds 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
17.	Medical Expenses/Reimbursements OET Code – P31 a. Paid directly to the Medical Institution b. Paid directly to the Patient	a. Paid to Medical Institution <ul style="list-style-type: none"> Original invoice or letter from the medical institution stating the amount due Visa of the applicant (<i>If applicable</i>) b. Paid to Patient <ul style="list-style-type: none"> Original invoice or letter from the medical institution stating the amount due Letter from medical institution confirming admittance Visa of the applicant (If applicable) 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
18.	Migrant transfers - Source of funds: a. Sale of personal assets OET Code – P92 b. Maturity of life insurance P51 c. Death benefits P81 d. Rental/Directors fees P51 e. Savings/Retirement Fund/Refund OET Code – P71	<ul style="list-style-type: none"> Valid passport (<i>including family members</i>) Permanent resident visa (including family members) Evidence of the source of funds <ul style="list-style-type: none"> Original retirement fund cheque or letter of withdrawal from Retirement fund Airline Ticket For d only - Original tax clearance certificate for amounts above \$10,000¹ 	All capital transfers must be approved by NRBT EC Directive 02/11
19.	Offshore Investment OET Code – P95 a. Set up of new Subsidiaries b. Individual/Entities c. Retirement Fund	<ul style="list-style-type: none"> Details and evidence of proposed investment - shares/equity or prospectus Valid identification of applicant Evidence of the source of funds 	All capital transfers must be approved by NRBT EC Directive 02/11
20.	Oil Import Payments OET Code – P11	<ul style="list-style-type: none"> Supplier's invoice Custom import entry documents Tax clearance for freight and port charges Projected payments for ensuing quarter Re-export figures from shipment 	Up to T\$100,000 per application
21.	Pensions/Superannuation/Gratuity a. Payment by Gov't & Retirement Fund OET Code – P71 b. Payment by companies OET Code P92	<ul style="list-style-type: none"> Gov't/Retirement Fund Cheque Evidence of payment due 	Up to T\$100,000 per application
22.	Profit declared and distributed to non-resident shareholders/partners/sole proprietors OET Code – P63 a. Capital - remittance of accumulated profit b. Dividend or operating Profit	<ul style="list-style-type: none"> Audited accounts for amount above T\$100,000 per amount distributed Unaudited accounts for amounts of T\$100,000 and below; Director's Resolution approving profit distribution Original tax clearance certificate for amounts above \$10,000¹ 	All capital transfers must be approved by NRBT EC Directive 02/11

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
23.	Refund a. Hotel bookings cancelled P31 b. Tax Refund (<i>beneficiary must be non-resident</i>) P41 c. Other (<i>incl. airline tickets sold locally by travel agents</i>) P31	<ul style="list-style-type: none"> Documentary evidence of cancelled booking from hoteliers and travel agencies Bank confirmation of receipt of funds from offshore Original tax clearance certificate for amounts above \$10,000¹ – For a and c only Application by Inland Revenue Department or original IRD Cheque Evidence of payment due Letter from Donor for return of funds 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
24.	Subscriptions to clubs/magazines, societies and trade organizations including entrance fees. P51	<ul style="list-style-type: none"> Invoice or statement for the amount due 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
25.	Travel Allowance OET Code – P31	<ul style="list-style-type: none"> Valid passport and visa Airline ticket or e-ticket, or copy of email confirmation of airline bookings Government Official Travel: In the absence of any travel documents a supporting letter from the Ministry of Finance. Evidence of the source of funds for amounts more than T\$50,000. Original tax clearance for amounts above T\$50,000.¹ – for personal travel only 	Up to T\$20,000 per application or up to T\$5,000 per month without supporting documents.
26.	Visa Application Fees OET Code – P51	<ul style="list-style-type: none"> No documents required 	T\$5,000 per month without supporting documents.
27	Wages Paid in foreign currency cash to foreign crew members P63	<ul style="list-style-type: none"> Documentary evidence of receipt of funds from offshore Source of funds from Offshore 	Up to T\$100,000 per application or up to T\$5,000 per month without supporting documents.
28.	Withdrawal of Investment by non-resident Investors a. Sales of Shares/Assets P95 b. Shareholders Funds P63	<ul style="list-style-type: none"> Signed sale & Purchase Agreement (or original documentary proof of sale) Original tax clearance certificate for amounts above \$10,000¹ Original bank confirmation that funds originated from offshore (<i>where applicable</i>) Evidence that the beneficiary is non-resident 	All capital transfers must be approved by NRBT EC Directive 02/11
	OTHER EC REQUIREMENTS		
29.	Foreign Currency Customer Accounts a) Exporters b) Other Foreign Exchange Earners c) Regional or International Organisations e.g. High Commissions, Embassies	For opening of accounts and outward transfers <ul style="list-style-type: none"> a) & b) requires prior approval of NRBT c) fully delegated 	Refer EC Directive 01/11

No	Type of Payment	Documentary Requirements (<i>originals to be sighted and stamped by authorised dealers</i>)	Delegated Limit
30.	Foreign Currency Loans by commercial banks	<ul style="list-style-type: none"> Loans are financed from offshore Banks cannot buy from NRBT to finance foreign currency loans Local borrowing by customers to fund profit remittances is prohibited 	Fully delegated subject to conditions in EC Directive 03/05
31.	Forward Exchange Contracts Commercial banks can write forward cover for genuine exporters and importers up to USD 2 million per bank ³	<ul style="list-style-type: none"> Bank to lodge application on behalf of customer with supporting documents <p>Due date must be shown on application</p>	<p>Banks can write FEC up to US\$2M limit without NRBT approval.</p> <p>Underlying payment transactions up to T\$100,000 per application.</p>
32.	Removal of cash (hand carry)	<ul style="list-style-type: none"> Valid passport & visa Airline ticket or e-ticket, or copy of email confirmation of airline bookings Evidence of source of cash Reason for hand carry of cash 	Removal of cash of T\$10,000 and above require prior approval of NRBT: Regulation 3 of FEC Regulations 2009
33.	House Materials - Shopping	<ul style="list-style-type: none"> Evidence of intention to build a house e.g. letter from bank to state that they have approved a loan to purchase house and amount to be sent overseas Invoices and Custom import entry document to be submitted to NRBT when shipment arrives 	Up to T\$100,000 per application
34.	Land and/or House purchase for investment overseas	<ul style="list-style-type: none"> Copy of purchase agreement e.g. original copy of agreement to sell Legal documents relating to purchase 	All capital transfers must be approved by NRBT EC Directive 02/11
35.	Reduction of Funds by Foreign Companies e.g. insurance companies	<ul style="list-style-type: none"> Letter from head office to advise source of funds and decision to reduce funds Audited accounts for amount above T\$100,000 Unaudited accounts for amounts of T\$100,000 and below Any other information 	Up to T\$100,000 per application

³ Refer Governor's letter dated 27 January 2003

Notice to Banks and Authorised Foreign Exchange Dealers:

1. **The banks and authorized foreign exchange dealers have been delegated the authority** to approve the current payments of amounts up to **T\$100,000** with supporting documents or T\$5,000 per month for current transaction without supporting documents.
2. **Applications that exceed the delegated limit must be approved by the NRBT.** Applicants must complete the exchange control application form and attach supporting documents which are to be submitted to the NRBT enquiries desk for approval. Applications lodged at the NRBT before 12 noon should be approved and available for pickup by 3pm of the same day if all documentary requirements are in order. The NRBT may also approve urgent request for approval while you wait, please inform/call the Exchange Control Officer to confirm. The NRBT at this time does not provide telephone approvals.
3. **Banks and authorized dealers are required to sight and stamp supporting documents** that have been presented and paid.
4. If the **applicant/customer is unable to provide documentary requirements**, please send the application to NRBT with a letter on why they cannot provide these documentary requirements.
5. If unsure of any transaction please refer the customer to the NRBT or call to clarify.
6. **Exchange Control Forms Approved by the NRBT expires after 30 days** please refer to the date on the EC application form.
7. **All funds brought from abroad, except for export proceeds, will be allowed to be remitted out subject to the submission of bank confirmation of receipt of funds in Tonga.**
8. **a. Partial import payment:** For imports that are paid in installments/partly paid, the banks and foreign exchange dealers are required to stamp the original invoice and note the amount that has been paid; if the customer goes to another bank or foreign exchange dealer, that bank or foreign exchange dealer should refer to the amount that has been paid under this invoice and should not pay any amount that exceeds the remaining balance in the invoice to be paid.
b. Advance payment for imports: NRBT may approve payments for imports without documentary evidence subject to the applicant providing relevant Custom Import Entry documents to NRBT for recording purposes. Note: Failure to do so would result in the rejection of subsequent payment applications. If banks and foreign exchange dealers approve advance import payments within their delegation limit then the banks and foreign exchange dealers are required to follow up on the documentary requirements. **Banks and foreign exchange dealers are to refer the applicant to the NRBT if they are unable to follow up on the documentary requirements.**
9. **Banks and authorized dealers are required to report all approved applications that have been paid to the NRBT** before the end of the next business day.
10. **Tax Clearance is required for all taxes related to the payment application only.**
11. **Blanket approval:** the Reserve Bank provides exchange control blanket approvals for up to a year on outward payments that are to be made on a monthly or quarterly basis eg. expatriates' salaries, maintenance of families residing overseas, funding of overseas accounts for purchases/shopping or imports, **loan repayment subject to provision of loan repayment schedule** etc. Applicants are required to complete and submit an exchange control form and letter stating estimated expenses or funds to be remitted for the year.
12. A **“Resident”** in Tonga, in accordance with Regulation 2 of the Foreign Exchange Control (Amendment) Regulations 2009, means:
 - a Tongan national residing in Tonga
 - a person who is not a Tongan national who has resided continually in Tonga for 2 years or more, or been granted a permit to reside in Tonga on an assured income
 - a married couple of whom one of the spouses is a resident in Tonga; or
 - a business entity (partnership, company, branch operation, sole proprietor, trust) that is incorporated, formed or registered and operating under the laws of Tonga.A **“Non-resident”** is a person who is not a resident in Tonga.

13. **Gifts:** no documentary requirements are required for amounts up to T\$10,000 per beneficiary and T\$10,000 per applicant per annum. The Reserve Bank issues a list to all the banks and foreign exchange dealers on applicants who have breached the T\$10,000 per annum limit. If the applicant is on the NRBT Gift list then he/she can no longer send gift payments. The applicant must provide the supporting documents for the relevant payment e.g. maintenance, medical fees. banks/foreign exchange dealers are to sight the relevant documents for payments within the delegated limits.
14. **Travel Allowance:** For travel allowance payments that have satisfied the documentary requirements, the applicant may choose to transfer approved funds, by telegraphic transfer, to a credit card, to debit card, traveler's cheques, foreign currency cash not exceeding T\$10,000 or to foreign currency account. NRBT approval will only be granted for the additional amount to the T\$20,000 delegated limit.
15. **Removal of cash:** banks/foreign exchange dealers are to conduct the transaction of selling foreign currency notes to customers and they must advise customers who are purchasing foreign currency cash above T\$10K equivalent that NRBT approval must be obtained for the removal or hand carry of cash across the border above T\$10K.
16. **Maintenance:** These are payments to support families living abroad such as school fees, paying of bills, rental payments, living allowance etc.
17. **Name of beneficiary account is not the name of the applicant.** The applicant may not have a foreign currency account and is sending the money to a beneficiary account of another person for shopping/import of goods. Banks and Foreign exchange dealers should facilitate the payment if their customer due diligence or Know Your Customer policies have been satisfied i.e. banks and foreign exchange dealers must establish the stated relationship between the beneficiary and the applicant for anti money laundering and terrorist financing purposes.
18. **Invoice payments:** Beneficiary Name on invoice and name of beneficiary account should be the same. If it is a third party payment, banks and foreign exchange dealers must sight a letter from the supplier of the invoice that the funds are to be paid to the stated beneficiary account.
19. **OET Code:** This information is to assist the banks and authorized restricted foreign exchange dealers to ensure accurate reporting of OET data to the Reserve Bank. It is used for i) as a preliminary indication of Tonga's Balance of Payments position ii) to enable the NRBT to monitor and forecast movements in the Kingdom's foreign exchange holdings, and iii) to enable the Department of Statistics to compile Tonga's official balance of payments statistics.
20. **Breach of NRBT Exchange Control Requirements:** In accordance with Regulation 11 of the Foreign Exchange Control (Amendment) Regulations 2009, a person who commits an offence against these regulations shall be liable on conviction (i) in the case of an individual to a fine not exceeding \$20,000 or imprisonment for a term not exceeding 3 years (ii) in the case of a body corporate to a fine not exceeding \$200,000.
21. **Confidentiality:** The applicant/customer is to be assured that the NRBT treat the information provided confidentially. The NRBT will not inform anyone outside the NRBT, unless authorized by the applicant/customer, except to the extent the NRBT is required to by law.
22. **Complaints:** an applicant/customer has a right to complain and the NRBT welcomes complaints in writing regarding its services. A complaint received gives the NRBT the opportunity to improve and maintain confidence in its services and products.

Please direct all enquiries to the Exchange Control Unit

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National Reserve Bank of Tonga
June 2011

1 July 2011

EC 01/11 Directive - Foreign Currency Customer Accounts

Effective on **1 September 2011**, all banks must comply with the following conditions when opening / operating of foreign currency accounts for their customers:

- That **the opening of all foreign currency accounts except regional or international organisations require the prior approval of the Reserve Bank**
- That banks are required to submit a letter of request to the Governor stating the purpose of the account with supporting documents.
- **That for exporters and other foreign exchange earners, all transfers out of the foreign currency account require the prior approval of the Reserve Bank** and are to be reported to the Reserve Bank within one business day.
- That a list of foreign currency accounts is to be reported to the Reserve Bank within **10** working days from the end of the **month**

This directive supersedes all previous directives regarding Foreign Currency Customer Accounts.

This directive is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000. Please ensure that all your branches comply with the new requirement.

1 July 2011

EC 02/11 Directive – Foreign Exchange Control Requirements

The banks and foreign exchange dealers are reminded of the following Foreign Exchange Control requirements:

1. That all outward transfers above T\$100,000 and above whether by your customers or by yourselves, require the prior approval of the Reserve Bank. This requirement also applies to forward contracts.
2. That all outward transfers up to T\$100,000 has been delegated to banks and foreign exchange dealers. The banks and foreign exchange dealers must ensure that all transfers up to T\$100,000 are bona fide transactions by citing documentary evidence prior to effecting the payment.
3. Irrespective of the amount, all outward transfers that fall within the following categories shall be submitted to the Reserve Bank for prior approval. These categories are:
 - Capital transfers, including property, migrants' transfers and debt forgiveness;
 - Acquisition/disposal of non-financial assets such as patents;
 - Direct investment, including equity capital;
 - Portfolio investment, including equity capital;
 - Portfolio investment, including equity and debt securities, and financial derivatives;
 - Other investments, including trade credits, loans and bank deposits.These categories also fall under the OET code P91 to P96.
4. That the prior approval of the Reserve Bank is required before loans in excess of T\$50,000 are made to any body corporate resident in Tonga which is, by any means controlled (whether directly or indirectly) by persons resident outside Tonga.
5. That compliance with the Reserve Bank Exchange Control requirements is a condition of licence.

This directive supersedes all previous directives regarding Foreign Exchange Control Requirements.

The above requirements are issued under the Foreign Exchange Control Regulations (Amendment) Act 2000.

5 October 2005

EC 03/05 Directive - Foreign Currency Loans

Effective immediately, all banks must comply with the following Reserve Bank requirements on foreign currency loans (by yourselves or your customers):

- That the loans are financed from offshore.
- That the banks cannot buy from the NRBT to finance foreign currency loans.
- That local borrowing by customers to fund profit remittances is prohibited
- All new foreign currency loans must be reported in FID 1-6 within 10 working days from the end of the month
- That a list of foreign currency loans is to be reported to the Reserve Bank within 15 working days from the end of the quarter. The report must include the following details
 - Customer Name
 - Type of customer eg. individual, exporter, importer, company
 - Currency
 - Outstanding balance in T\$
 - Purpose of the loan
 - Comments such as any other variations to the original loan agreement

This directive supersedes all previous directives regarding Foreign Currency Loans. This directive is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000. Please ensure that all your staffs who handle these types of transactions are fully conversant with this directive and that all your branches comply with this requirement.

8 February 2006

EC 04/06 Directive – Delegated Limits on Outward transfers of Gifts

Effective immediately, all banks and authorized restricted foreign exchange dealers must comply with the following Reserve Bank requirements:

For all outward transfers or payments classified as **gifts** (OET Code P81), the following conditions apply:

1. That all banks and authorized restricted foreign exchange dealers are authorized to make outward transfers for an **applicant up to a total amount of T\$10,000 per annum.**
2. That all banks and authorized restricted foreign exchange dealers are authorized to make outward transfers to a **beneficiary up to a total amount of T\$10,000 per annum.**
3. Any outward transfers, that exceed the delegated amounts of (T\$10,000 per annum) in 1 and 2 above would require the prior approval of the Reserve Bank.

This directive supersedes all previous directives regarding Foreign Currency outward transfers of Gifts and is issued under the Foreign Exchange Control Regulations (Amendment) Act 2000.