

Exchange Control Department

2010-07-09

Exchange Control Circular No.28/2010

Borrowing abroad by Residents

Authorised Dealers are advised that as a further administrative reform, the requirement that all loan applications where commitment fees, raising fees and/or any other administrative fees are payable must be referred to Exchange Control, has been amended by the introduction of a five percent cap on the combined commitment fees, raising fees and/or any other administrative fees payable by the borrower. Where the combined percentage fee payable exceeds five percent, such applications will have to be referred to Exchange Control for consideration.

Applications for the upfront payment of commitment fees, raising fees or any other administrative fees by the borrower should be submitted to Exchange Control for consideration.

However, where fees payable are to be paid from the loan funds raised abroad, Authorised Dealers may effect such payments provided that the full loan proceeds have been received by the Authorised Dealer, thus ensuring that the loan commitment is correctly recorded on the Loan Reporting System and that the transaction flows are, similarly, recorded correctly via the Cross-border Foreign Exchange Transaction Reporting System.

Subsections 1.3(A)(ii), (iii) and (iv) of the Exchange Control Rulings have been amended to incorporate the above-mentioned changes.

Replacement pages of the Exchange Control Rulings, incorporating the relevant amendments, are attached hereto.

Deputy General Manager