Annual Report
on
Exchange Arrangements and Exchange Restrictions
2015

International Monetary Fund

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Cataloging-in-Publication Data
Joint Bank-Fund Library

Annual report on exchange arrangements and exchange restrictions 2015. – Washington, D.C. : International Monetary Fund, 2015.
pages ; cm.

Includes bibliographical references.
ISBN: 978-1-51352-879-3 (Print)
ISBN: 978-1-51355-000-8 (PDF)
ISBN: 978-1-51357-584-1 (ePub)
ISBN: 978-1-51357-423-3 (Mobi)

1. Foreign exchange – Law and legislation. 2. Foreign exchange administration. I. International Monetary Fund.

K4440.A13 I57 2015

ISSN (Online) 2304-0831
ISSN (Print) 0250-7366

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Recommended citation: International Monetary Fund, *Annual Report on Exchange Arrangements and Exchange Restrictions* (Washington, October 2015).

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[1] These chapters are available on AREAER Online (www.elibrary-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.

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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 Darbar, Ivett Jamborne Hankoczy, 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 Special Topic was prepared by Salim Darbar and Viktoriya Zotova. The report was edited and produced by Linda Griffin Kean, Linda Long, and Lucy Scott Morales 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 66th 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.[1] 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 reports on such restrictions.[2] It also provides information related 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.[3]

The AREAER goes beyond these, however, to provide a comprehensive description of global exchange and trade systems. It describes 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.[4] 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.[5]

The AREAER also provides detailed information on the exchange rate arrangements of member countries: the de jure arrangements as described by the countries and the de facto exchange rate 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 arrangements with no separare legal tender	Currency board arrangements			
Soft pegs	Conventional pegged arrangements	Pegged exchange rates within horizontal bands	Stabilized arrangements	Crawling pegs	Crawl-like arrangements
Floating regimes (market-determined rates)	Floating	Free floating			
Residual	Other managed arrangements				

Note: This methodology became effective on 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.

[1] In addition to the 188 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).

[2] The IMF's Articles of Agreement are available at www.imf.org/external/pubs/ft/aa/index.htm.

[3] www.imf.org/external/np/sec/pn/2012/pn1289.htm.

[4] The information on restrictions and MCPs consists of verbatim quotes from each country's most recent published IMF staff report as of December 31, 2014, 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.

[5] 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 in several formats. This Overview is available in print and online, and the detailed information for each of the 191 member countries and territories is included on a CD that accompanies the printed Overview 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.[6]

In general, the AREAER includes a description of exchange and trade systems as of December 31, 2014. However, any changes made to member countries' exchange rate arrangements before April 30, 2015, are reflected in the report as are some other developments through July 31, 2015.[7]

Overall Developments

During January 1, 2014–July 31, 2015, liberalization of foreign exchange transactions continued unabatedly accompanied by measures to advance the financial sector regulatory agenda against the backdrop of still weak and uneven global recovery, volatility of capital flows and commodity prices, and recurring pressures in financial markets. The growth divergence across major economies has also been reflected in exchange rate movements, both in the appreciation of the U.S. dollar and the weakening of many emerging market currencies, particularly those of commodity exporters. These movements triggered various policy responses, including intensified foreign exchange interventions in some cases and adjustments in monetary policy in others, although many emerging market economies have relied on exchange rate flexibility in the absence of significant market disruptions.

Emerging market economies generally experienced tighter external financing conditions and some weakening in capital inflows in the second half of the reporting period. Many of these economies came under renewed pressure in early 2014; equities fell, risk premiums rose, and currencies depreciated. While pressures were felt widely, economies with relatively high inflation and external deficits were among the most affected. Following strong capital inflows and an increase in asset prices in the second quarter of 2014, emerging market portfolio flows weakened beginning in September 2014 and became outflows toward the end of the reporting period, including in China, and emerging market asset prices fell.

The volatility in capital flows and related pressures in emerging market financial markets reflect a variety of factors, including shifts in markets' expectation of the Federal Reserve's interest rate liftoff, changes in the perception of easy external financing conditions related to the European Central Bank's June 2014 announcement of a new round of credit easing, weaker emerging market growth, and lower commodity prices (particularly of oil). These conditions also underscore the challenges emerging market economies face as a result of shifting sentiment. Sensitivity to movements in U.S. and euro area interest rates, geopolitical developments, and continued divergence in U.S. economic activity strength vis-à-vis the rest of the world are at play. Domestic vulnerabilities may compound risks for some economies with these increasingly differentiated market pressures.

Despite generally volatile market conditions, IMF member countries moved to more stable exchange rate regimes and for the most part continued to ease controls on current and capital transactions. The reform of the financial sector regulatory framework also continued by phasing in stronger regulatory standards for the global banking system, particularly in the euro area.

[6] For further information on these resources, see www.imf.org/external/publications/index.htm, www.imfbookstore.org, or www.elibrary.imf.org.

[7] The date of the latest reported development is indicated for each country in the country chapters on the CD accompanying the printed version of the Overview 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 2015 AREAER documents the following major trends and significant developments:

- Exchange rate arrangements shifted markedly toward more stable managed arrangements. The use of other managed arrangements (the residual category of de facto exchange rate arrangements) has gradually diminished with improving global financial conditions, while the number of countries using a soft peg increased. The shift toward more managed arrangements may indicate recurring pressure on emerging market currencies as a result of capital flow volatility.
- The role of the exchange rate as the anchor for monetary policy continued to decline, with more countries moving to inflation targeting. The U.S. dollar remained the dominant exchange rate anchor, although the number of countries anchoring to it continued to decrease.
- Exchange rate interventions increased, as the volatility of major currencies picked up and currencies of emerging markets were heavily affected by capital flow volatility, geopolitical tensions, and in some cases domestic conditions during the reporting period. Members relied more on the use of foreign exchange auctions as a tool for managing foreign reserves and as a vehicle for foreign exchange interventions.
- The modernization of foreign exchange market structures continued as foreign exchange markets developed and market-based arrangements spread. However, the number of countries with central bank auctions also increased, reflecting volatile global and internal market conditions. Countries overwhelmingly eased conditions for foreign exchange forward and swap operations to deepen the foreign exchange market, facilitate businesses' risk management, and manage liquidity.
- The number of IMF member countries accepting the obligations of Article VIII, Sections 2(a), 3, and 4, remained at 168, with no new acceptances. Twenty IMF members avail themselves of the transitional arrangement under Article XIV.
- The previous trend toward liberalization with respect to payments for invisible transactions continued, but conditions for other current transactions were generally tightened. In addition, the overall number of restrictive measures on current payments and transfers increased considerably, in part due to improved reporting but also reflecting more restrictive regulatory conditions in response to balance of payments pressures.
- Members continued to liberalize capital transactions. Measures mostly eased conditions for both inflows and outflows, as in the previous reporting period. The transactions that recorded the largest number of changes were related to capital and money market instruments, followed by foreign direct investment, and in both cases easing measures predominated over tightening measures. This trend may be driven by the greater share of portfolio flows in total capital flows to emerging market economies and may suggest their further globalization and financial deepening. Tightening measures were mainly introduced in the context of balance of payments crises or pressures on the domestic foreign exchange market.
- Developments in the financial sector indicate progress with the implementation of the global regulatory reform agenda and continued liberalization of controls on capital flows. Prudential frameworks were generally tightened both for commercial banks and institutional investors to bolster financial stability. The continued easing of capital controls reflects implementation of broader capital flow liberalization plans and in some cases, tighter external financing conditions and weaker capital inflows. Reserve requirements were used extensively to implement monetary policy and reduce dollarization, and as a regulatory response 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. (These are on the CD that accompanies the printed version of the Overview and are available through AREAER Online.)

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 nine 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 2008–15. Table 4 highlights changes in the reclassification of the de facto exchange rate arrangements between January 1, 2014, and April 30, 2015. Table 5 outlines IMF member countries' monetary anchors, and Table 6 reports other changes related to the exchange rate and monetary policy frameworks. Table 7 presents the structure of the foreign exchange markets among the membership. Finally, Table 8.a reports changes regarding foreign exchange markets, and Tables 8.b and 8.c report changes in currency and exchange rate structures and in exchange subsidies and taxes, respectively.

Exchange Rate Arrangements[8]

A marked shift toward more stable managed arrangements characterized developments in exchange rate arrangements in this reporting period against the backdrop of weak global recovery and slowly improving financial conditions.

- *Other managed arrangements:* There was a large decline in the number of countries in this residual exchange rate category between May 1, 2014, and April 30, 2015, with a clear shift toward more predictable exchange rate management. The number of countries in this category decreased to its lowest level since the introduction of this category in 2008. 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, and its use has gradually diminished with improving global financial conditions. The number of other managed arrangements declined by 8, to 10, with no new additions to this category. Of the eight countries that left this group, five met the criteria for a stabilized arrangement (Cambodia, Costa Rica, Czech Republic, Islamic Republic of Iran, Mauritania), one moved to a crawl-like arrangement (Rwanda), and two moved to a floating arrangement (The Gambia, Russia). Of the eight countries, four returned to their exchange rate arrangement in the previous reporting period—stabilized (Cambodia, Costa Rica), crawl like (Rwanda), and floating (The Gambia).

- *No separate legal tender; currency boards:* There was only one change among the countries that have no separate legal tender or have currency boards. This is not surprising given that countries with these arrangements tend to maintain their exchange rate policies unless there are large structural changes in their economies that result in an exit. Lithuania adopted the euro on January 1, 2015, and its exchange rate arrangement changed from a currency board to free floating. Lithuania is the 19th member of the European Economic and Monetary Union (EMU).

- *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 increased by 38.5 percent since its lowest level in 2009, with most of the additions in stabilized and crawl-like arrangements (Table 3). Countries with soft pegs represent the single largest exchange rate arrangement category—equal to the combined number of hard pegs and floating arrangements and accounting for 47.1 percent of all members.

- *Conventional pegs:* The number of countries in this category remained at 44, with only two changes: (1) Libya, which has a de jure conventional peg, followed an appreciating trend against the Special Drawing Right (SDR) for more than six months in the reporting period, and thus it was reclassified to a crawl-like arrangement; and (2) Iraq was reclassified retroactively to a conventional peg regime following the publication of the Central Bank of Iraq's exchange rate policy maintaining the dinar peg to the U.S. dollar since January 2012. Among conventional peg arrangements, the largest share is the soft pegs, with 48.9 percent.

- *Stabilized arrangements:* The number of countries with stabilized arrangements increased by 1, to 22. There were nine changes in this category between April 2014 and April 2015, with the majority involving reclassification from the residual category other managed (Cambodia, Costa Rica, Czech Republic, Islamic Republic of Iran, Mauritania). Four countries moved to other soft peg categories, three to crawl like (Angola, Islamic Republic of Iran,[9] Tajikistan), and one to conventional peg (Iraq). The large number of changes involving other soft pegs may reflect the tendency of countries with such arrangements to change

[8] This section summarizes developments between May 1, 2014, and April 30, 2015.

[9] The Iranian rial was reclassified retroactively to stabilized from other managed arrangement as of July 2013, and reclassified again to a crawl-like arrangement as of March 2014. The first change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's AREAER.

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. The category stabilized arrangement remained the second largest among the soft pegs, with 24.5 percent.

- *Crawl-like arrangements:* The number of countries with these arrangements increased by 5, to 20. While one country left this category, six countries moved into it. The number of crawl-like arrangements has increased significantly since 2008, which may indicate more one-sided interventions to control depreciation or appreciation exchange rate pressure. One country, Honduras, was reclassified as a crawling peg, because the statistical data on the exchange rate confirmed the de jure exchange rate arrangement. The six countries reclassified to a crawl-like arrangement were Libya (previously conventional peg); Angola, Islamic Republic of Iran, and Tajikistan (previously stabilized); Papua New Guinea (previously floating); and Rwanda (previously other managed). All six intervened heavily, significantly reducing their reserves to counter depreciation pressure during the reporting period. Notwithstanding large foreign exchange market interventions, Tajikistan experienced a 30 percent depreciation of the somoni. Similarly, Angola, Libya, and Papua New Guinea faced a 9 percent (average) depreciation of their currencies from January 2014 to April 2015 despite a decline in their reserves by 25 percent (average).
- *Pegged exchange rates within horizontal bands:* Only Tonga has 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 arrangements:* The number of countries with floating arrangements increased by 1, to 37, and there were also three changes in the composition of the group. Two countries entered this category. Both of them (The Gambia, Russia) previously had other managed arrangements. One country (Papua New Guinea) moved from floating to a crawl-like arrangement in this reporting period.
- *Free floating:* The number of countries with free-floating arrangements increased by 1, to 30. The only change registered in this category was Lithuania (previously currency board), which was reclassified as free floating when it joined the EMU on January 1, 2015.

Table 2. De Facto Classification of Exchange Rate Arrangements and Monetary Policy Frameworks, April 30, 2015

The classification system is based on the members' actual, de facto arrangements as identified by the 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.

Table 2 (continued)

Exchange rate arrangement (number of countries)	Monetary Policy Framework						
	Exchange rate anchor				Monetary aggregate target (25)	Inflation-targeting framework (36)	Other[1] (43)
	U.S. dollar (42)	Euro (25)	Composite (12)	Other (8)			
No separate legal tender (13)	Ecuador El Salvador Marshall Islands Micronesia Palau Panama Timor-Leste Zimbabwe	Kosovo Montenegro San Marino		Kiribati Tuvalu			
Currency board (11)	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			
Conventional peg (44)	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritrea Iraq (01/12) Jordan Oman Qatar Saudi Arabia South Sudan Turkmenistan United Arab Emirates Venezuela	Cabo Verde Comoros Denmark[2] São Tomé and Príncipe **WAEMU** Benin BurkinaFaso Côte d'Ivoire Guinea Bissau Mali Niger Senegal Togo **CEMAC** Cameroon Central African Rep. Chad Rep. of Congo Equatorial Guinea Gabon	Fiji Kuwait Morocco[3] Samoa	Bhutan Lesotho Namibia Nepal Swaziland			Solomon Islands[4]
Stabilized arrangement (22)	Cambodia (01/14) Guyana Lebanon Maldives Suriname Trinidad and Tobago	FYR Macedonia	Singapore Vietnam[5]		Bangladesh[5] Bolivia[5] Burundi[5] Democratic Rep. of the Congo[5] Guinea[5] Sri Lanka[5] Yemen[5]	Czech Rep.[6] (11/13)	Costa Rica (04/14) Azerbaijan[5] Egypt[5] Kazakhstan[8] (02/14) Mauritania[6] (11/13)
Crawling peg (3)	Honduras[6] (07/11) Nicaragua		Botswana				
Crawl-like arrangement (20)	Jamaica[8]	Croatia	Iran[5,6,9] (03/14) Libya (03/14)		Belarus[5] China[5] Ethiopia[5] Uzbekistan[5] Rwanda[6] (09/13) Tajikistan[5] (05/14)	Armenia[5] Dominican Republic[5] Guatemala[5]	Angola[5] (09/14) Argentina[5] Haiti[5] Lao P.D.R.[5] Papua New Guinea (04/14) Switzerland[7] Tunisia[4,8]
Pegged exchange rate within horizontal bands (1)			Tonga				

Table 2 (concluded)

Exchange rate arrangement (number of countries)	Monetary Policy Framework						
	Exchange rate anchor				Monetary aggregate target (25)	Inflation-targeting framework (36)	Other[1] (43)
	U.S. dollar (42)	Euro (25)	Composite (12)	Other (8)			
Other managed arrangement (10)	Liberia		Algeria Syria		Myanmar Nigeria		Kyrgyz Rep. Malaysia Pakistan Sudan Vanuatu
Floating (37)					Afghanistan The Gambia (01/14) Madagascar Malawi Mozambique Seychelles (03/14) Sierra Leone Tanzania Ukraine (02/14) Uruguay	Albania Brazil Colombia Georgia Ghana Hungary Iceland India Indonesia Israel Korea Moldova New Zealand Paraguay Peru Philippines Romania Russia (11/14) Serbia South Africa Thailand Turkey Uganda	Kenya[8] Mauritius Mongolia Zambia
Free floating (30)						Australia Canada Chile Japan Mexico Norway Poland Sweden United Kingdom	Somalia United States **EMU** Austria Belgium Cyprus Estonia Finland France Germany Greece Ireland Italy Latvia (01/14) 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.
[1] Includes countries that have not explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.
[2] The member participates in the European Exchange Rate Mechanism (ERM II).
[3] 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.
[4] The country maintains a de facto exchange rate anchor to a composite.
[5] The country maintains a de facto exchange rate anchor to the U.S. dollar.
[6] The exchange rate arrangement or monetary policy framework was reclassified retroactively, overriding a previously published classification.
[7] The country maintains a de facto exchange rate anchor to the euro.
[8] The central bank has taken preliminary steps toward inflation targeting.
[9] The exchange rate arrangement was reclassified twice during this reporting period, reverting to the classification in the previous year's report.

Table 3. Exchange Rate Arrangements, 2008–15

(Percent of IMF members as of April 30)[1]

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

Source: AREAER database.
[1] Includes 188 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).
[2] 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.
[3] 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.
[4] 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.
[5] As published in the 2011 and 2012 AREAERs; does not include South Sudan, which became IMF member on April 18, 2012.

Table 4. Changes and Resulting Reclassifications of Exchange Rate Arrangements, January 1, 2014–April 30, 2015

Country	Change	Previous Arrangement[1]	Arrangement in the 2015 AREAER
Angola	In 2014, the kwanza remained stable but has been gradually losing value (about 20% a year) since late September. International reserves have been used to smooth the devaluation, declining by about US$3½ billion since the end of June 2014, to US$28 billion at the end of 2014. Because the exchange rate started a depreciating trend within a 2% band against the U.S. dollar at the end of September 2014, with about 12% depreciation by the end of April 2015, the de facto exchange rate arrangement has been reclassified from a stabilized arrangement to a crawl-like arrangement effective September 17, 2014.	Stabilized arrangement	Crawl-like arrangement

Table 4 (continued)

Country	Change	Previous Arrangement[1]	Arrangement in the 2015 AREAER
Cambodia	As of January 2014, the riel has stabilized within a 2% band against the U.S. dollar, with one realignment in June 2014. Accordingly, the de facto exchange rate arrangement was reclassified from other managed to a stabilized arrangement, effective January 1, 2014.	Other managed	Stabilized arrangement
Costa Rica	Since April 2014, the exchange rate has stabilized within a 2% band against the U.S. dollar with a one-time adjustment in June. Accordingly, the de facto exchange rate arrangement was reclassified to stabilized from other managed arrangement, effective April 7, 2014.	Other managed	Stabilized arrangement
Czech Republic[2]	Since November 2013, the koruna has stabilized within a 2% band against the euro, with a temporary shift in July 2014. Accordingly, the de facto exchange rate arrangement was retroactively reclassified from other managed to a stabilized arrangement, effective November 19, 2013. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions.*	Other managed	Stabilized arrangement
The Gambia	During 2013, the dalasi depreciated against the U.S. dollar following a series of presidential exchange rate directives that imposed overvalued exchange rates. Because there were no further presidential interventions and in the absence of similar constraints on the exchange rate formation in 2014, the de facto exchange rate arrangement was reclassified from other managed to a floating arrangement, effective January 1, 2014.	Other managed	Floating
Honduras[2]	In July 2011, the Central Bank of Honduras (by means of Resolution No. 284-7/2011 of July 21, 2011) reactivated the crawling band system that had been in operation until mid-2005. As a result, following a long period of stability, the lempira was allowed to crawl once again in July 2011 and thereafter followed a steadily depreciating trend against the U.S. dollar, with a small one-time adjustment in November 2011. Accordingly, the de facto exchange rate arrangement has been reclassified retroactively to a crawling peg arrangement, effective July 25, 2011. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions*.	Crawl-like arrangement	Crawling peg
Iran[2]	From September 2012 to July 2013, the rial traded at three different rates—an official appreciated rate for imports of priority goods, a second official rate for the sale of oil export receipts and imports of other essential goods, and a flexible bureau rate for the sale of nonoil exports and the imports of all remaining goods. The authorities unified the two official exchange rates at the more depreciated rate in July 2013, after the premium between the depreciated official and bureau rates remained about 30%. From July 2013 to March 2014, the sole remaining official rate stayed stable against the U.S. dollar. Accordingly, the de facto exchange rate arrangement has been retroactively reclassified to stabilized from other managed, effective, July 3, 2013. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions*.	Other managed	Stabilized arrangement
Iran[3]	From March 2014 until the end of the year, the official exchange rate resumed a depreciating trend within a 2% band against the U.S. dollar, with one realignment in July 2014.Therefore, the de facto exchange rate arrangement has been retroactively reclassified to a crawl-like arrangement from stabilized, effective March 24, 2014.		Crawl-like arrangement
Iraq[2]	The de jure and de facto exchange rate arrangements have been retroactively reclassified to a conventional peg arrangement, effective January 15, 2012 (previously classified as de jure floating and de facto stabilized). The Central Bank Law gives the board of the Central Bank of Iraq the authority to formulate exchange rate policy, and the board has maintained its policy to keep the official exchange rate at ID 1,166 per U.S. dollar since January 15, 2012. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions*.	Stabilized arrangement	Conventional peg

Table 4 (continued)

Country	Change	Previous Arrangement[1]	Arrangement in the 2015 AREAER
Kazakhstan	Since February 2014 (following an 18% devaluation against the U.S. dollar), the tenge has stabilized within a 2% range against the U.S. dollar (notwithstanding an asymmetric 6% expansion of the official band as of September 11, 2014). On that basis, the de facto exchange rate was reclassified to a stabilized from a crawl-like arrangement.	Crawl-like arrangement	Stabilized arrangement
Latvia	The de jure exchange rate arrangement of the euro area is free floating. Latvia participates in a currency union (EMU) with, as of January 1, 2014, 17 other members (previously 16) of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.	Conventional peg	Free floating
Libya	Since March 2014, the dinar has followed an appreciating trend within a 2% band against the SDR. Therefore, the de facto exchange rate arrangement has been reclassified to a crawl-like from a conventional peg arrangement.	Conventional peg	Crawl-like arrangement
Lithuania	The de jure exchange rate arrangement of the euro area is free floating. Effective January 1, 2015, Lithuania participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers. Thus, following the adoption of the euro the de facto exchange rate arrangement of Lithuania has been reclassified to the category free floating from the category currency board. Previously, the de facto exchange rate arrangement was a currency board. The currency board was established by the Law on Credibility of the Litas and was in effect since April 1, 1994. The litas exchange rate against the euro was fixed by the Resolution of the Government of the Republic of Lithuania approving the proposal of the Bank of Lithuania regarding the anchor currency and the litas official exchange rate (February 1, 2002, No. 157) and the Resolution of the Bank of Lithuania on the Anchor Currency and the Official Exchange Rate of the Litas (February 1, 2002, No. 15).	Currency board	Free floating
Mauritania[2]	Since November 2013, the ouguiya has stabilized within a 2% band against the U.S. dollar, with two realignments, one on March 24, 2014, and the other on May 28, 2014. Accordingly, the de facto exchange rate arrangement was retroactively reclassified from other managed to a stabilized arrangement, effective November 20, 2013. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions*.	Other managed	Stabilized arrangement
Papua New Guinea	Beginning in April 2014, the exchange rate followed a depreciating trend within a 2% band against the U.S. dollar, with one realignment in June 2014. Accordingly, the de facto exchange rate arrangement was reclassified to a crawl-like arrangement from floating.	Floating	Crawl-like arrangement
Russia	Effective November 10, 2014, the Bank of Russia eliminated its exchange rate corridor and canceled regular foreign exchange interventions, adopting a de jure floating exchange rate regime (previously a de jure other managed). Under this arrangement, the Bank of Russia does not interfere with the development of trends in the dynamics of the ruble's exchange rate against foreign currencies as a result of fundamental macroeconomic factors and does not fix restrictions on the level of the ruble's exchange rate or target values for changes in the exchange rate. Accordingly, the de facto exchange arrangement was reclassified from other managed to a floating arrangement. The Bank of Russia may perform interventions in the domestic foreign exchange market only in the event that risks to financial stability arise, and in connection with the replenishment or expenditure of sovereign funds.	Other managed	Floating

Table 4 (concluded)

Country	Change	Previous Arrangement[1]	Arrangement in the 2015 AREAER
Rwanda[2]	Since the end of September 2013, the franc has followed a depreciating trend within a 2% band against the U.S. dollar with several short periods of stability and with only one episode of spikes lasting less than five days a quarter. Accordingly, the de facto exchange rate arrangement was reclassified retroactively to a crawl-like arrangement from other managed arrangement, effective September 24, 2013. The change is reflected as of January 1, 2014, corresponding to the first day of the period covered in this year's *Annual Report on Exchange Arrangements and Exchange Restrictions*.	Other managed	Crawl-like arrangement
Seychelles	Given the rupee's increased volatility and departure from the 2% band against the U.S. dollar in April 2014, the de facto exchange rate arrangement was reclassified from a crawl-like arrangement to floating, effective March 27, 2014.	Crawl-like arrangement	Floating
Tajikistan	In 2014, the exchange rate remained stabilized until April, and started a depreciating trend against the U.S. dollar within a 2% band in May, with one realignment in December 2014. Accordingly, the de facto exchange rate was reclassified to crawl-like from a stabilized arrangement, effective May 1, 2014. The rate of depreciation from May to December 2014 was about 9%. While the somoni depreciated more rapidly beginning at the end of March 2015, further observation is necessary to determine the new trend. Until then, the de facto exchange rate remains classified as a crawl-like arrangement.	Stabilized arrangement	Crawl-like arrangement
Ukraine	Between March 2010 and December 31, 2013, the hryvnia remained stable against the U.S. dollar within a 2% band, with a slight shift of the band in the second half of 2012. In January 2014, the market exchange rate began depreciating, despite National Bank of Ukraine (NBU) interventions. In February 2014, the NBU discontinued massive interventions in support of the hryvnia, adjusted its official hryvnia–U.S. dollar exchange rate broadly in line with the market exchange rate, and resumed the practice of setting the official exchange rate based on the weighted average rate for the foreign exchange transactions of the previous day. Accordingly, the de facto exchange rate arrangement was reclassified to floating from a stabilized arrangement, effective February 7, 2014.	Stabilized arrangement	Floating

Source: AREAER database.

[1] This column refers to the arrangements as reported in the 2014 AREAER, except in cases when a reclassification took place during January 1–April 30, 2014, in which case it refers to the arrangement preceding such a reclassification.

[2] The exchange rate arrangement was reclassified retroactively, overriding a previously published classification for the entire reporting period or part of the period.

[3] Cells in the column "Previous Arrangement" are blank if there was a subsequent reclassification during the reporting period.

Monetary Anchors[10]

The exchange rate remained the anchor for monetary policy for fewer than half of member countries—45.5 percent (Table 5). There were two changes in official monetary anchors[11] compared with three in the previous reporting period: Kazakhstan left the group of countries anchored to the U.S. dollar (42), and Lithuania joined the EMU and left the group of members anchored to the euro (25). The number of members anchored to another single currency (8) and to a composite (12) remained the same (see Table 2).

[10] Monetary anchors are defined as the main intermediate target the authorities pursue to achieve their policy goal (which, overwhelmingly, is price stability). The inventory of monetary anchors is based mainly on members' declaration in the context of the yearly AREAER update or Article IV consultations. For the 2010 reporting year, country officials were asked for the first time to report specific information about the monetary policy framework, and as a result, the information provided by officials improved considerably.

[11] The officially announced monetary anchor may differ from the anchor implemented in practice, as a result of the de facto exchange rate arrangement.

Fifty-six 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 67 countries with de facto floating exchange rate arrangements—floating or free floating—the monetary anchor varies among monetary aggregates (10), inflation targeting (32), and other (25, including the 19 EMU countries). Fifteen countries implementing soft pegs and other managed arrangements target monetary aggregates. Countries with either stabilized or crawl-like arrangements (42) 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 (2), and other monetary policy frameworks (5).

- The share of IMF members with the exchange rate as the main policy target continued to decrease from 46.6 percent to 45.5 percent. Countries with hard pegs or conventional pegs make up three-quarters 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. However, these countries account for less than 20 percent of global output and world trade. Exchange rate anchors are by far the first choice of small, open economies.
- The U.S. dollar maintained its position as the dominant exchange rate anchor. The share of countries using the U.S. dollar as an exchange rate anchor decreased slightly to 22.0 percent due to a change in Kazakhstan's monetary policy framework to "other." With this change, the share of countries using the U.S. dollar as exchange rate anchor has continued its steady decline. Countries that continue to anchor to the dollar also include those with moderate trade relations with the United States.
- The share or composition of countries using an exchange rate anchor to the euro decreased to 13.1 percent when the currency of Lithuania changed from the litas to the euro on Lithuania's entry to the EMU in January 2015. 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, such as Bulgaria, the former Yugoslav Republic of Macedonia, Montenegro, and San Marino.
- Twelve countries anchor their exchange rate to a currency composite. Three track the 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; Tonga tracks a composite that includes the Australian and New Zealand dollars in combination with major global currencies (Japanese yen and U.S. dollar); and the remaining seven countries do not disclose the composition of their reference currency baskets (Algeria, Fiji, Islamic Republic of Iran, Kuwait, Samoa, Singapore, Vietnam).
- The number of countries with an exchange rate anchor to another single currency remained unchanged (8). Two of these countries (Kiribati, 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 remained unchanged at 25, compared with the previous reporting period. However there were four changes: two countries switched from monetary aggregate targeting to "other monetary framework" (Kenya, Papua New Guinea); and two (Belarus and Bolivia—both previously anchored to the U.S. dollar) started to target a monetary aggregate. 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 36. India agreed to a new monetary policy framework with its government in February 2015 and switched to an inflation-targeting framework (previously classified as other monetary framework). Russia changed to an inflation-targeting framework in January 2015, in accordance with the key elements of the Uniform State Monetary Policy for 2015–17. The countries in this group are mostly middle income but include some advanced economies as well. Of these, 32 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.[12] A few countries refer to their monetary framework as "inflation targeting light," suggesting that they also consider indicators other than inflation. Jamaica, Kazakhstan, Kenya, and Tunisia have taken preliminary steps toward a transition to an inflation-targeting framework.
- Since 2008, the "other monetary policy framework" category has increased from 12 to 43, largely exceeding the 30 percent decline in countries anchored to the U.S. dollar and the 18 percent decline in countries targeting inflation. The number of countries that are not committed to a specific target (the "other" column in Table 2) also remained unchanged, despite eight changes in the reporting period. Four countries (Kazakhstan, Kenya, Lithuania, Papua New Guinea) reported the use of a multiple-indicator approach to monetary policy, and four countries left this group: Belarus and Bolivia adopted a monetary aggregate target framework, while India and Russia switched to targeting inflation. 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.

Table 5. Monetary Policy Frameworks and Exchange Rate Anchors, 2008–15

(Percent of IMF members as of April 30)[1]

	U.S. Dollar	Euro	Composite	Other Currency	Monetary Aggregate	Inflation Targeting	Other[2]
2008[3]	33.0	14.4	8.0	3.7	11.7	22.9	6.4
2009[3]	28.7	14.4	7.4	4.3	13.3	15.4	16.5
2010[4]	26.5	14.8	7.9	3.7	13.2	16.4	17.5
2011[5]	25.3	14.2	7.4	4.2	15.3	16.3	17.4
2012[5]	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

Source: AREAER database.

[1] Includes 188 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

[2] Includes countries that have no explicitly stated nominal anchor but instead monitor various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

[3] Does not include Kosovo, Tuvalu, and South Sudan, which became IMF members on June 29, 2009, June 24, 2010, and April 18, 2012, respectively.

[4] Does not include Tuvalu and South Sudan, which became IMF members on June 24, 2010, and April 18, 2012, respectively.

[5] Does not include South Sudan, which became an IMF member on April 18, 2012.

[12] 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).[13] These assessments draw on information that is publicly available and also on information made available to the IMF through self-reporting, various market reports, and significant changes in some members' foreign exchange reserves and other sources, including during official staff visits to member countries. This section summarizes developments in foreign exchange interventions since January 1, 2014, some of which are also depicted in Tables 6 and 8.a.

Intervention Purpose

As discussed in the April 2015 *Global Financial Stability Report*, volatility in major exchange rates has increased more than during any similar period since the global financial crisis. The U.S. dollar has strengthened against major currencies, such as the euro and yen, which depreciated significantly in 2014. Currencies of emerging market economies were heavily affected by capital flow volatility in the reporting period. Against this backdrop, central banks have intervened heavily to counter rapid depreciation or appreciation pressures on their local currency. Seventy-nine percent of *de facto* exchange rate arrangement reclassifications between May 1, 2014, and April 30, 2015, were the result of increased exchange rate management by central banks.

In some countries, exchange rate pressure reflects domestic conditions rather than the global environment. Faced with significant volatility against the backdrop of political protests and unwarranted changes in the lira exchange rate, Turkey initiated unsterilized foreign exchange interventions early in 2014, which resulted in a rapid loss of international reserves. In April 2014, the daily foreign exchange selling auction amount decreased from a minimum of US$50 million to US$40 million as a result of improvement in the current account deficit. This amount was further reduced in May 2014 to US$20 million and to US$10 million in July 2014 because of favorable developments in the balance of payments, but it was returned to US$40 million in the last quarter of 2014 when increased volatility was observed in the exchange rate and stayed at this level until the end of 2014. The Central Bank of the Republic of Turkey (CBRT) intervenes directly or through flexible auctions in the market in both directions, if there is unhealthy price formation due to speculative behavior stemming from a loss of market depth. In such cases, the CBRT may buy or sell foreign exchange at the rates quoted by the banks directly. Since February 2015, the minimum amount of the auction for the following day is announced by the CBRT at 5:20 p.m. Further, on days when it is deemed necessary due to excessive volatility in the exchange rates, the foreign currency amount offered for sale may be raised up to 50 times the announced minimum. Leaning the other way, Israel announced in December 2014 that it would purchase US$3.1 billion in 2015 in the foreign exchange market to offset the effect of natural gas production on the exchange rate. The Bank of Israel purchased US$7 billion in the foreign exchange market during 2014 (US$5.3 billion in 2013).

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.) However, foreign exchange interventions are occasionally also conducted in the forward or options markets or through verbal interventions.

Following heavy interventions at the beginning of 2014, Russia eliminated its exchange rate corridor and canceled regular foreign exchange interventions, increasing the flexibility of the ruble. During the first quarter of 2014, capital outflows persisted, spurred by expectations of continuing ruble depreciation. The onset of geopolitical tensions raised the ruble pressure considerably, and the Bank of Russia (BR) sharply increased net interventions, which reached US$26 billion for the month of March, almost matching the US$27 billion in net interventions for all of 2013. Moreover, in response to significant currency pressures in early March, the

[13] 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.

BR lowered the flexibility of its foreign exchange rule. It increased more than fourfold, to US$1.5 billion, the cumulative intervention required to move the exchange rate corridor. Starting in June 2014, the BR implemented several changes in its intervention policy to gradually revert to more flexibility. In June, it reduced the intervention threshold to US$1 billion, eliminated the US$100 intervention subband, and reduced the amount of interventions in the remaining subband from US$300 to US$200. In June 2014, the volume of interventions aimed at smoothing fluctuations in the ruble's exchange rate in all subbands of the operational band was reduced by US$100 million. In August 2014, the operational band was widened to Rub 9 from Rub 7, and the volume of interventions aimed at smoothing fluctuations in the ruble's exchange rate in all subbands of the operational band was set at zero. The amount of cumulative intervention was reduced from US$1 billion to US$350 million. Finally, in November 2014, the BR eliminated its exchange rate corridor and canceled regular foreign exchange interventions.

Similarly, Guatemala widened the fluctuation margin, triggering interventions from 0.65 percent to 0.7 percent. The Bank of Guatemala may also intervene on a discretionary basis whenever the nominal exchange rate shows unusual volatility.

Public announcements, which could be considered verbal intervention, have also been used to guide the foreign exchange market—for example to prevent the exchange rate from exceeding a certain limit. The Czech Republic maintained its intention to weaken the koruna as announced in November 2013, keeping the exchange rate against the euro close to CZK 27. The commitment is asymmetric; the Czech National Bank does not intervene to strengthen the currency toward the level of CZK 27. This measure aims to reach the inflation target in the face of a near-zero policy rate. Since then, the koruna has traded between CZK 27.0 and CZK 28.33 per euro. In contrast, on January 15, 2015, the Swiss National Bank surprised the financial markets by announcing its decision to discontinue the minimum exchange rate floor of CHF 1.20 per euro—originally set in September 2011—which resulted in a two-day appreciation of about 18 percent.

Several countries took important steps toward increased flexibility of the exchange rate and reduced intervention. China widened the floating band of the renminbi's trading prices against the U.S. dollar in the interbank foreign exchange market. Since then, the People's Bank of China has largely withdrawn its usual foreign exchange interventions, letting market supply and demand have a greater effect on the exchange rate. Belarus 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 value of the currency basket.

Costa Rica developed a new foreign currency management strategy for the nonbank public sector, according to which the Central Bank of Costa Rica (1) will directly meet the nonbank public sector's net daily foreign currency requirements by drawing on its international reserves; and (2) will replenish this foreign currency through participation in the foreign exchange market (Monex) on the basis of the central bank's macroeconomic program and the prevailing conditions in the Monex (seasonal trends in private sector foreign currency flows).

The former Yugoslav Republic of Macedonia adopted a new decision on the manner and terms for buying and selling foreign currency. The decision specifies the criteria for selecting market makers in the foreign exchange market. Although the decision stipulates that the National Bank of the Republic of Macedonia may trade foreign currency only with market makers, if there are larger imbalances between supply and demand, the central bank may buy and sell foreign currency with all banks.

Table 6. Changes in Exchange Rate Arrangements, Official Exchange Rate, and Monetary Policy Framework, January 1, 2014–July 31, 2015

Country	Change
Albania	Effective January 28, 2015, in quantitative terms, the Bank of Albania defines price stability as keeping the annual change in consumer prices at 3%, on average terms and for long time periods (January 2015 revised Monetary Policy Report). Previously there was a fluctuation band of ±1% around the target.
Azerbaijan	Effective February 16, 2015, the Central Bank of the Republic of Azerbaijan implemented an exchange rate policy based on the currency basket comprising the U.S. dollar and the euro. Previously a bilateral peg against the U.S. dollar had been in place since January 2011.

Table 6 (continued)

Country	Change
Belarus	Effective January 1, 2015, the National Bank of the Republic of Belarus selected a monetary-targeting framework that uses growth in broad money as an intermediate target in monetary policy. Growth in rubel base money is used as an operating target in monetary policy. The inflation target for 2015 was set at 18% with a 2% band. The goals and parameters of monetary policy are defined annually in Main Directions of Monetary Policy of the Republic of Belarus, approved by the president (Decree No. 551 of December 1, 2014). Previously, the monetary framework was "other monetary framework." The main goal of monetary policy in 2014 was to lower inflation to 11% using monetary instruments, taking into account the government's economic policy measures. The interest rate policy in 2014 aimed to attain positive interest rates (in real terms) in order to ensure the safety and attractiveness of savings in rubels.
Belarus	Effective January 9, 2015, the value of the currency basket is calculated as the weighted geometric mean of the bilateral exchange rates of the Belarusian rubel to the U.S. dollar, the euro, and the Russian ruble, with weights of 0.3, 0.3, and 0.4, respectively. Previously, the value of the basket was calculated as the geometric mean with equal weights for the currencies constituting the basket.
Belarus	Effective January 9, 2015, the National Bank of the Republic of Belarus (NBRB) 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 value of the currency basket. To this end, an operational rule is applied that limits the ability of the NBRB to influence the setting of the exchange rate. Currency interventions are used to reduce the volatility of the exchange rate, and not to regulate its level. In terms of the structure of the currency basket, the share of the Russian ruble was increased to 40%, while the shares of the euro and the U.S. dollar are each equal to 30%.
Botswana	Effective January 26, 2015, the weights of the basket changed to 50% for the South African rand and 50% for the SDR (in 2014, 55% and 45%, respectively), and the rate of change was set to zero—previously 0.16%.
Costa Rica	Effective January 29, 2014, in the context of its commitments regarding inflation under the 2014–15 macroeconomic program, the Central Bank of Costa Rica adjusted its inflation target by 1 percentage point (pp), placing it within the range of 4% ± 1 pp (previously 5% ±1 pp).
Costa Rica	Effective March 12, 2014, the board of directors of the Central Bank of Costa Rica expanded its exchange rate intervention policy and approved a second criterion for intervention between days in the event that the exchange rate exhibits behavior that is inconsistent with the variables that determine its behavior in the medium and long term. This criterion was not used in 2014 and remained unused at the time the current report was issued.
Costa Rica	Effective March 13, 2014, to contain second round effects on inflation, the Central Bank of Costa Rica amended its monetary policy rate by applying an adjustment of 100 basis points.
Costa Rica	Effective May 7, 2014, to contain second round effects on inflation, the Central Bank of Costa Rica amended its monetary policy rate in two occasions. In the first, it applied an adjustment of 100 basis points (bp) effective March 13, 2014, and, in the second, it applied an increase of 50 bp, raising the monetary policy rate to 5.25%.
Costa Rica	Effective July 31, 2014, the Central Bank of Costa Rica launched a program for the purchase of foreign currency up to US$250 million, established under the revised 2014–15 macroeconomic program. As of December 31, 2014, the balance for the program was US$227 million.
Costa Rica	Effective November 29, 2014, the board of directors of the Central Bank of Costa Rica determined that the balance of the foreign currency budget for the nonbank public sector could not exceed 3% of the balance of the estimated adequate reserves. This percentage was increased to 8% in November 2014.
Costa Rica	Effective February 2, 2015, under Article 5 of the legal act adopted during session 5677-2015 of the Central Bank of Costa Rica's (BCCR's) board of directors held January 30, 2015, a de jure managed float exchange arrangement was established (previously classified as a crawling band arrangement). Under this arrangement, (1) the BCCR will allow the exchange rate to be freely determined by foreign currency supply and demand, but it may participate in the market in order to meet its own foreign currency requirements and those of the nonbank public sector and, at its discretion, to prevent sharp fluctuations in the exchange rate; (2) the BCCR may carry out direct operations or use foreign currency trading instruments that it deems appropriate, in accordance with current regulations; and (3) in its stabilization transactions in the foreign exchange market, the BCCR will continue to apply intervention rules updated to reflect the amendments established under this resolution.
Costa Rica	Effective February 2, 2015, the Central Bank of Costa Rica's board of directors lowered its policy rate by 50 basis points to a rate of 4.75%.
Costa Rica	Effective March 19, 2015, the Central Bank of Costa Rica's board of directors lowered its policy rate by 50 basis points to a rate of 4.25%.
Costa Rica	Effective April 23, 2015, the Central Bank of Costa Rica's board of directors lowered its policy rate by 25 basis points to a rate of 4.0%.

Table 6 (continued)

Country	Change
Ghana	Effective January 2, 2015, the Bank of Ghana publishes daily reference foreign exchange rates against cedis. The U.S. dollar–cedi reference midrate is the weighted average of all the daily spot foreign exchange market transactions of at least US$10,000 reported by all banks until 2:30 p.m. to the Bank of Ghana. The other currencies' reference rate to cedis is based on the current cross-rates in the international foreign exchange market from Reuters. Previously, the banking sector's reference rate was derived from the interbank exchange rate, which was based on the daily volume of trades and the previous day's actual rates reported by authorized dealers in their dealings with each other and with their customers. The Bank of Ghana official exchange rate was a weighted average of the previous day's interbank trading rates.
Guatemala	Effective January 1, 2014, the fluctuation margin (added to or subtracted from the five-day moving average of the reference exchange rate) that determines whether the Bank of Guatemala (BOG) may intervene in the exchange market was increased from ±0.65% to ±0.70%. The BOG may intervene if the reference rate reaches or exceeds these limits around the moving average of the reference rates for the previous five business days, pursuant to Monetary Board Resolution No. JM-121-2013.
India	Effective September 1, 2014, based on the reference rate for the U.S. dollar and middle rates of the cross-currency quotes, the Reserve Bank of India began publishing reference rates for the pound sterling against the rupee on a daily basis.
Iraq	Effective February 16, 2014, the Central Bank of Iraq set the cash exchange rate at ID 1,190 per U.S. dollar, LC exchange rate at ID 1,184 per U.S. dollar, and transfer transaction rate at ID 1,187 per U.S. dollar.
Iraq	Effective February 16, 2014, the Central Bank of Iraq uses the official selling rate (previously buying rate) of the day minus 0.001% (previously 1%) to purchase the government's foreign exchange receipts.
Iraq	Effective February 16, 2014, the commissions added to the currency selling window exchange rate of ID 1,166 per U.S. dollar to determine the selling rate of the Central Bank of Iraq were increased to ID 18 per U.S. dollar from ID 9 for import payments through LCs; ID 21 per U.S. dollar for drafts; and ID 24 per U.S. dollar from ID 13 for cash sales.
Iraq	Effective February 22, 2015, the Central Bank of Iraq buys foreign currency at the daily selling exchange rate minus 0.001% (previously ID 8 per U.S. dollar).
Japan	Effective October 31, 2014, the Bank of Japan (BOJ) announced an expansion of the easing program to achieve its inflation target: accelerating the pace of increase in the monetary base to about ¥80 trillion annually (an addition of about ¥10–20 trillion compared with the past). This goal will be achieved through increased purchases of Japanese government bonds so that their amount outstanding rises annually by about ¥80 trillion (about ¥30 trillion more than in the past). The average remaining maturity of the BOJ's Japanese government bond purchases will be extended to about 7–10 years (an extension of about three years at maximum compared with the past). The BOJ will also purchase exchange-traded funds and Japan real estate investment trusts so that their amounts outstanding rise by about ¥3 trillion annually (triple the past rate) and about ¥90 billion yen (triple the past rate), respectively.
Kazakhstan	Effective July 1, 2014, the National Bank of Kazakhstan launched a program to provide long-term tenge liquidity of 12 months in the form of foreign exchange interest rate swaps with second-tier banks.
Kazakhstan	Effective November 1, 2014, the National Bank of Kazakhstan performs operations to provide liquidity in the domestic market through overnight reverse repo transactions, with a reference to the market rate for these operations.
Kazakhstan	Effective December 1, 2014, the National Bank of Kazakhstan performs operations to provide liquidity in the domestic market through overnight foreign exchange swap transactions, with a reference to the market rate for these operations.
Kyrgyz Republic	Effective March 1, 2014, pursuant to the Law of the Kyrgyz Republic on the National Bank of the Kyrgyz Republic (NBKR), the NBKR's main objective is to ensure price stability through its monetary policy. On December 20, 2013, the executive board of the NBKR decided to move to a new monetary policy basis whereby, in the development and implementation of monetary policy, interest rates rather than base money (reserve money) would serve as an intermediate target. The arrangement for determining the discount rate changed from being pegged to the average value of an NBKR 28-day note for the past four auctions to setting its rate by decision of the Executive board+F27 (National Bank of the Kyrgyz Republic Executive Board Resolution No. 51/9 of December 20, 2013). The NBKR's goal, however, remains the same: achieving and maintaining price stability, as specified in the Law on the National Bank.
Latvia	Effective January 1, 2014, the de jure exchange rate arrangement of the euro area is free floating. Latvia participates in a currency union (EMU) with, as of January 1, 2014, 17 other members (previously 16) of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The ECB publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers.

Table 6 (continued)

Country	Change
Lithuania	Effective January 1, 2015, the de jure exchange rate arrangement of the euro area is free floating. Effective January 1, 2015, Lithuania participates in a currency union (EMU) with 18 other members of the EU and has no separate legal tender. The euro, the common currency, floats freely and independently against other currencies. The European Central Bank (ECB) publishes information regarding its interventions; it last intervened in March 2011. When it intervenes, the ECB intervenes at the quotes of the market makers. Thus, following the adoption of the euro the de facto exchange rate arrangement of Lithuania was reclassified to the category free floating from the category currency board. Previously, the de facto exchange rate arrangement was a currency board. The currency board was established by the Law on Credibility of the Litas and was in effect since April 1, 1994. The litas exchange rate against the euro was fixed by the Resolution of the Government of the Republic of Lithuania approving the proposal of the Bank of Lithuania regarding the anchor currency and the litas official exchange rate (February 1, 2002, No. 157) and the Resolution of the Bank of Lithuania on the Anchor Currency and the Official Exchange Rate of the Litas (February 1, 2002, No. 15).
Lithuania	Effective January 1, 2015, with the adoption of the euro, the monetary framework of an exchange rate anchor vis-à-vis the euro ceased to exist and was replaced by the monetary framework of the Eurosystem. To maintain price stability is the primary objective of the Eurosystem and of the single monetary policy for which it is responsible. This is stated in the Treaty on the Functioning of the European Union, Article 127(1). "Without prejudice to the objective of price stability," the Eurosystem will also "support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union." These include a "high level of employment" and "sustainable and non-inflationary growth." Price stability is commonly defined as inflation rates at levels below, but close to, 2% over the medium term.
Lithuania	Effective January 1, 2015, with the adoption of the euro, the official exchange rate is the ECB reference rate. The ECB publishes a reference rate based on the daily concertation procedure between CBs within and outside the European System of Central Banks, which normally takes place at 2:15 p.m. CET. The reference rate against the euro is the average of the buying and selling rates. Previously, the litas was pegged to the euro at the rate of LTL 3.4528 per euro within the context of the ERM II. The official exchange rate was used for accounting and valuation. According to Article 3 of the Law on Credibility of the Litas, the official exchange rate of the litas and the anchor currency was established or changed by the Bank of Lithuania (BOL) in coordination with the government. The Law on the Bank of Lithuania authorized the BOL to determine the litas exchange rate regulation system independently. As a member of the ERM II, Lithuania had to adhere to its rules, in particular with respect to consultation with other ERM II partners.
FYR Macedonia	Effective July 1, 2014, the National Bank of the Republic of Macedonia revised the exchange rate list and added 22 new currency rates, which are on the exchange rate list of the ECB.
Maldives	Effective September 8, 2014, the Maldives Monetary Authority quotes buying, selling, and midrates each day. The midrate (reference exchange rate) is calculated each day as the midpoint of the weighted average of the buying and selling rates of commercial banks' transactions with their clients conducted two days before (previously one day before).
Mauritania	Effective January 5, 2015, the official or reference exchange rate for the U.S. dollar (central rate) is the latest available fixing rate (previously the fixing rate of the previous day).
Paraguay	Effective January 1, 2015, the inflation target for 2015 is 4.5% (lowered from 5% previously) with a tolerance band of ±2%, as determined by Resolution No. 8, Minute No. 88 of December 11, 2014.
Paraguay	Effective March 27, 2015, the Executive Committee for Open Market Operations reduced the monetary policy rate to 6.5% (previously 6.75%).
Russia	Effective January 13, 2014, the daily volume of targeted interventions was decreased from US$60 million to zero.
Russia	Effective March 3, 2014, given the increasing volatility in the foreign exchange market, with the aim of maintaining financial stability, the Bank of Russia began to set the parameters of exchange rate policy daily. The amount of cumulative interventions that triggers a shift in the boundaries of the operational band by 5 kopeks was increased to US$1.5 billion.
Russia	Effective May 22, 2014, the volume of interventions aimed at smoothing out fluctuations in the ruble's exchange rate in all subbands of the operational band was reduced by US$100 million, with the aim of increasing flexibility in setting the exchange rate of the ruble.
Russia	Effective June 17, 2014, the volume of interventions aimed at smoothing out fluctuations in the ruble's exchange rate in all subbands of the operational band was reduced by US$100 million.
Russia	Effective June 17, 2014, the volume of cumulative interventions that leads to a shift in the floating operational band was lowered from US$1.5 billion to US$1 billion.
Russia	Effective August 18, 2014, the operational band was widened to Rub 9 from Rub 7, and the volume of interventions aimed at smoothing out fluctuations in the ruble's exchange rate in all subbands of the operational band was set at US$0.00. The amount of cumulative interventions was reduced from US$1 billion to US$350 million.

Table 6 (continued)

Country	Change
Russia	Effective November 5, 2014, in the event that the value of the two-currency basket reaches the limits of the operational band, the intensity of currency interventions was set at US$350 million a day.
Russia	Effective November 10, 2014, the Bank of Russia eliminated its exchange rate corridor and canceled regular foreign exchange interventions, adopting a de jure and de facto floating exchange rate regime. Under this arrangement, the Bank of Russia does not interfere with the development of trends in the dynamics of the ruble's exchange rate against foreign currencies as a result of fundamental macroeconomic factors and does not fix restrictions on the level of the ruble's exchange rate or target values for changes in the exchange rate. The Bank of Russia may perform interventions in the domestic foreign exchange market only in the event that risks to financial stability arise, and in connection with the replenishment or expenditure of sovereign funds.
Russia	Effective January 1, 2015, the Bank of Russia made the transition to the inflation-targeting framework. The main objective of the Bank of Russia's monetary policy is to ensure price stability. A medium-term target was set of bringing inflation down to 4% in 2017 and keeping it close to this level in the future.
Serbia	Effective January 12, 2015, the renminbi was included in the list of currencies against which the official middle exchange rates of the dinar are quoted in the National Bank of Serbia list of official exchange rates and in which banks and exchange bureaus may trade.
Solomon Islands	Effective May 27, 2014, the Solomon Islands dollar per U.S. dollar value is the value of the index multiplied by the Solomon Islands dollar per U.S. dollar value on the day the basket peg was introduced. The exchange rate (midrate) is now expressed in Solomon Islands dollars per U.S. dollar and is determined by the total index of the basket multiplied by the initial base rate expressed in Solomon Islands dollars rather than U.S. dollars as was done previously. The midrate is announced as the official rate.
Solomon Islands	Effective October 30, 2014, the ±1% band around the base rate was removed after the October 29, 2014, Central Bank of Solomon Islands board meeting. As a result, the Solomon Islands dollar now follows the basket peg more closely.
South Africa	Effective July 1, 2014, the weights for the nominal effective exchange rate (NEER), which is calculated according to South Africa's largest international trading partners in manufactured goods, are based on average trade data in 2010/2011/2012. The NEER is calculated against 20 currencies (previously 15): the five largest weights are 29.26% euros (previously 35%), 13.72% U.S. dollars (previously 15%), 20.54% renminbi (previously 12%), 5.82% pounds sterling (previously 11%), and 6.03% Japanese yen (previously 10%).
Switzerland	Effective January 15, 2015, the Swiss National Bank decided to discontinue the minimum exchange rate floor of CHF 1.20 per euro. Although the Swiss franc has departed from the 2% band against the euro since mid-January 2015, further observation is necessary to determine the new trend. Until then, the de facto exchange rate remains classified as a crawl-like arrangement.
Thailand	Effective January 6, 2015, the Bank of Thailand changed the monetary policy target for 2015 from core inflation to headline inflation with an annual average target of 2.5% ±1.5%. Previously, the target was core inflation with a quarterly average target of 0.5% to 3.0%.
Turkmenistan	Effective January 1, 2015, after having maintained an exchange rate of TMT 2.85 per U.S. dollar since May 2008, the Central Bank of Turkmenistan devalued the currency to TMT 3.50 per U.S. dollar.
Ukraine	Effective February 7, 2014, the National Bank of Ukraine adjusted its official hryvnia–U.S. dollar exchange rate broadly in line with the market exchange rate.
Ukraine	Effective April 4, 2014, the National Bank of Ukraine implemented a new method of calculating the official exchange rate. The official rate was the weighted average of the buying and selling rates of the hryvnia against the U.S. dollar based on transactions whose value date was the current day in the interbank foreign exchange market (including bank-client transactions) recorded in the System for the Confirmation of Agreements on the Interbank Foreign Exchange Market of Ukraine (Deal Confirmation System) after noon, but no later than 3 p.m., of the same day. Previously, the official hryvnia exchange rate against the U.S. dollar was defined as the weighted average of the selling and buying exchange rates relative to the U.S. dollar in the interbank foreign exchange market for the previous business day, with a possible deviation of ±2%.
Ukraine	Effective March 31, 2015, the National Bank of Ukraine changed the method of determining the official hryvnia–U.S. dollar exchange rate from the weighted average of the selling and buying exchange rates of the hryvnia against the U.S. dollar based on transactions whose value date was the current day in the interbank foreign exchange market (including bank-client transactions) recorded in the System for the Confirmation of Deals on the Interbank Foreign Exchange Market of Ukraine (Deal Confirmation System) after noon, but no later than 3 p.m., of the same day to the weighted average rate of the hryvnia against the U.S. dollar based on all the foreign exchange deals concluded on the previous day between banks and banks and their clients on "tod," "tom," and "spot" terms, regardless of the value date.
Uruguay	Effective July 1, 2014, the Macroeconomic Coordination Committee, composed of members from the Central Bank of Uruguay and the Ministry of Finance, announced April 8, 2014, a widening of the inflation-target band to 3%–7% from the previous range of 4%–6%. It also increased the monetary policy horizon to 24 months.

Table 6 (concluded)

Country	Change
Venezuela	Effective March 24, 2014, the Alternative Foreign Currency Exchange System (Complementary System to the Administration of Foreign Exchange II, SICAD II) was established. It was administered by the Central Bank of Venezuela and the Ministry of Popular Power for the Economy, Finance, and Public Banking and under the operational control of said institution; the system connected the bid and offer rates presented by the operator institutions on behalf of their clients and/or users acting as suppliers or buyers of foreign currency, or on their own behalf as suppliers of foreign currency, employing for this purpose procedures for the registration, confirmation, and execution of these rates, which were agreed on automatically by the system in a blind, organized, and transparent market. The system had been in operation every banking business day; this system had been used for the performance of foreign currency purchase and sale operations, with an average exchange rate of Bs 50.34 per U.S. dollar, which remained stable around this value throughout the year (with a standard deviation of approximately Bs 0.7 per U.S. dollar).
Venezuela	Effective February 13, 2015, the SICAD II system was replaced by a new exchange rate platform—the Marginal Foreign Currency Exchange System (*Sistema Marginal de Divisas*, SIMADI)—which expanded participation in foreign exchange transactions to individuals and legal entities operating in any economic sector and having accounts in financial institutions stipulated in Exchange Agreement (*Convenio Cambiario*) No. 20. Foreign exchange transactions via the new platform may take place in cash and by transfers and are supervised by *Sudeban* and the central bank. At inception, foreign exchange transactions took place at the exchange rate Bs 170 per U.S. dollar, and since then local currency has depreciated by about 18% to Bs 200 per U.S. dollar. The share of foreign exchange transactions at the SIMADI rate is relatively small (about 4.3% of total foreign exchange supply).
Vietnam	Effective September 5, 2014, the de jure exchange rate arrangement (Clause 2, Article 15 Decree No. 70/2014/ND-CP) is a managed floating system, and is determined by the State Bank of Vietnam (SBV) based on a currency basket of countries with trade, financing, and investment relationships with Vietnam, consistent with macroeconomic targets of each period. Previously, the SBV applied the exchange rate within the permitted transaction band it stipulated for each period. The dong–U.S. dollar exchange rate could fluctuate around the official exchange rate within a daily transaction band of ±1%.

Source: AREAER database

Official Exchange Rates

The vast majority (167) 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 such exchange rates is often based on market exchange rates, such as exchange rates 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 2014–15 reporting period, Argentina 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 (China, Ghana, Iraq, Serbia, Solomon Islands, Ukraine), while Venezuela introduced a third official exchange rate, SICAD II, which was later replaced by a new platform SIMADI (see Table 8a). Countries from all income levels and various geographic regions are represented among the 26 members that report no official or reference exchange rates; about half (12) are countries with no separate legal tender, 4 are soft pegs, 7 are floating or free floating, and 3 have the residual de facto exchange rate arrangement. Among the countries that do not compute an official exchange rate, some, including Argentina, Japan, Peru, and Singapore, publish the market-determined rates on their monetary authority's website to promote information transparency.

Foreign Exchange Markets

The modernization of foreign exchange market structures and the expansion of use of forward transactions continued during 2014 and through July 2015, although there were only minor changes in the reported foreign exchange market structure of members (Table 7). There was a decline in the number of countries with a foreign exchange standing facility (by 1) as foreign exchange markets developed and market-based arrangements increased, but also an increase in the number of countries with central bank auctions (by 3), reflecting volatile global and internal market conditions. Other noteworthy developments include an increase in the number of countries with over-the-counter interbank markets (by 5) and a decrease in those with interbank markets based on market makers (by 1). The number of countries with a forward foreign exchange market increased by 3, to 130. Resumed reporting by Somalia contributed to the increase in the number of members with spot and interbank market foreign exchange markets. Table 8.a includes detailed descriptions of changes concerning foreign exchange market arrangements.

Table 7. Foreign Exchange Market Structure, 2012–15

(Number of IMF members as of April 30)[1]

	2012	2013	2014	2015
Spot exchange market	**187**	**188**	**188**	**189**
Operated by the central bank	115	118	118	118
Foreign exchange standing facility	77	76	75	74
Allocation	30	31	27	27
Auction	29	31	32	35
Fixing	5	5	6	6
Interbank market	159	161	161	162
Over the counter	115	122	127	132
Brokerage	46	49	50	50
Market making	71	73	75	74
Forward exchange market	**127**	**129**	**127**	**130**

Source: AREAER database.

[1] Includes 188 member countries and three territories: Aruba, Curaçao, and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

Table 8.a. Changes in Foreign Exchange Markets, January 1, 2014–July 31, 2015

Country	Change	Type
Argentina	Effective February 4, 2014, forward positions were limited to 10% of regulatory capital.	Tightening
Bangladesh	Effective June 22, 2014, the limit on foreign exchange funds called "export development funds" for exporters' import obligations was increased from US$1.2 billion to US$1.5 billion.	Easing
Belarus	Effective August 11, 2014, the limits on transactions involving the purchase and sale of foreign currency in the over-the-counter market between a bank and a business entity were raised from 1,000 currency units to 20,000 currency units. There are no restrictions on the size of transactions involving the purchase and sale of foreign currency between banks or between banks and nonresident banks (National Bank of the Republic of Belarus Executive Board Resolution No. 508 of August 11, 2014, on Foreign Currency Purchase and Sale Transactions in the Domestic Foreign Exchange Market).	Easing
Belarus	Effective December 19, 2014, a temporary ban was imposed on the purchase and sale of foreign currency in the over-the-counter market. All foreign currency purchase and sale transactions had to be performed in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company.	Tightening
Belarus	Effective February 20, 2015, the restrictions on foreign currency purchase and sale transactions in the over-the-counter (OTC) market were partially lifted. The functioning of the OTC market resumed in accordance with the procedure that was in effect until December 19, 2014, when a temporary ban was imposed on the purchase and sale of foreign currency in the OTC market. The supply of and demand for foreign currency on the part of business entities continues to be met primarily through trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company.	Easing
Bolivia	Effective January 1, 2015, since the implementation of direct sales in June 2013, the total bid (US$150 million daily) has been distributed as follows: US$100 million for the bolsín and US$50 million for direct sales—previously US$120 million for the bolsín and US$30 million for direct sales.	Neutral

Table 8.a (continued)

Country	Change	Type
Bulgaria	Effective May 30, 2014, changes were made in Ordinance No. 26 of the Bulgarian National Bank on Financial Institutions, including registration and capital requirements (Official Gazette, issue 44 of May 27, 2014).	Tightening
Bulgaria	Effective August 18, 2014, further amendments to Ordinance No. 26 of the Bulgarian National Bank regarding registration and capital requirements for financial institutions were undertaken (Official Gazette, issue 68 of August 15, 2014).	Tightening
Chad	Effective November 1, 2014, commercial banks may acquire euro notes at 1.5% from the CB.	Easing
China	Effective March 17, 2014, the floating band of the renminbi's (RMB's) trading prices against the U.S. dollar in the interbank foreign exchange market was widened from 1% to 2%—i.e., on each business day, the trading prices of the RMB against the U.S. dollar in the market may fluctuate within a band of ±2% around the central parity released that day by the China Foreign Exchange Trade System.	Easing
China	Effective March 19, 2014, the interbank foreign exchange market launched direct trading of the renminbi (RMB) against the New Zealand dollar. The middle rate of the RMB against the New Zealand dollar is determined based on the average of the day's market makers' quotes. Previously, the rate was determined through the cross-rates by the China Foreign Exchange Trading System based on the day's middle rate of the RMB against the U.S. dollar and the exchange rates for the U.S. dollar against the New Zealand dollar.	Neutral
China	Effective June 19, 2014, the interbank foreign exchange market launched direct trading of the renminbi (RMB) against the pound sterling. The middle rate of the RMB against the pound sterling is determined based on the average of the day's market makers' quotes. Previously, the rate was determined through the cross-rates by the China Foreign Exchange Trading System based on the day's middle rate of the RMB against the U.S. dollar and the exchange rates for the U.S. dollar against the pound sterling.	Neutral
China	Effective July 14, 2014, the 3% (4%) maximum limit on the spread between banks' bid and offer rates of the RMB against the U.S. dollar for spot (cash) transactions to their clients was removed and the People's Bank of China (PBC) has allowed banks to set exchange rate quotes to their clients based on supply and demand in the market (PBC No. 2014/188). Previously, the spread between the maximum spot prices (cash) offered and the minimum spot prices (cash) of the RMB against the U.S. dollar could not exceed 3% (4%) of the daily midrate. The difference between the highest spot exchange (cash) selling price and the lowest spot exchange (cash) buying price had to contain the day's midrate.	Easing
China	Effective September 30, 2014, the interbank foreign exchange market launched direct trading of the renminbi (RMB) with the euro. The RMB–euro midrate is decided by the average quote of that day's market makers. Previously, the RMB-euro exchange rate was determined by the China Foreign Exchange Trading System based the calculation on that day's cross-rate of the RMB–U.S. dollar midrate with the U.S. dollar–euro rate.	Neutral
China	Effective October 28, 2014, the interbank foreign exchange market launched direct trading of the renminbi (RMB) with the Singapore dollar. The middle rate of the RMB against the Singapore dollar is determined based on the average of the day's market makers' quotes. Previously, the rate was determined through the cross-rates by the China Foreign Exchange Trading System based on the day's middle rate of the RMB against the U.S. dollar and the exchange rates for the U.S. dollar against the Singapore dollar.	Neutral
China	Effective December 15, 2014, the interbank foreign exchange market launched direct trading of the renminbi (RMB) with the Kazakhstani tenge. The daily RMB-tenge reference rate is determined by averaging the quotes from tenge-quoting banks by the China Foreign Exchange Trading System before the daily interbank foreign exchange market opens.	Neutral
Colombia	Effective March 21, 2014, the Chinese renminbi, the Hong Kong dollar, the Singapore dollar, and the Korean won were added to the list of reserve currencies in which derivative operations can be conducted.	Easing
Colombia	Effective March 21, 2014, the Bank of the Republic extended the program for the purchase of international reserves, with the goal of accumulating up to US$1 billion between April and June 2014.	Neutral
Colombia	Effective June 20, 2014, the Bank of the Republic extended the program for the purchase of international reserves, with the goal of accumulating up to US$2 billion between July and September 2014.	Neutral

Table 8.a (continued)

Country	Change	Type
Colombia	Effective July 31, 2014, regulations were established for foreign currency clearing and settlement systems and their operators in order to strengthen risk management in this area, and spot exchange transactions among exchange market intermediaries carried out within a foreign currency trading system or registered in a foreign currency transaction system were allowed to be cleared and settled using bilateral mechanisms if these systems' services are temporarily unavailable.	Easing
Colombia	Effective September 26, 2014, the Bank of the Republic extended the program for the purchase of international reserves, with the goal of accumulating up to US$1 billion between October and December 2014.	Neutral
Colombia	Effective September 26, 2014, the option of settling transactions in foreign currency in the foreign currency clearing and settlement system through deposit accounts in the Bank of the Republic was eliminated, given that the foreign currency account service for exchange market intermediaries was discontinued.	Neutral
Colombia	Effective November 28, 2014, any entity (not strictly exchange market intermediaries) supervised by the Financial Superintendency was allowed to participate in foreign currency trading systems.	Easing
Colombia	Effective December 19, 2014, the Bank of the Republic announced that it would not continue to accumulate international reserves.	Neutral
Colombia	Effective February 1, 2015, certain exchange market intermediaries were allowed to (1) send or receive drawings in foreign currency from operations that must be conducted through the foreign exchange market and (2) purchase and sell foreign currency and securities representing foreign currency from operations that must be conducted through the foreign exchange market. The relevant exchange market intermediaries may offer financial derivatives linked to the exchange rate, provided these are cleared and settled through a central clearinghouse of the counterparty authorized by the Financial Superintendency.	Easing
Costa Rica	Effective June 26, 2014, the board of directors of the Central Bank of Costa Rica (BCCR) developed a new foreign currency management strategy for the nonbank public sector, according to which the BCCR (1) will directly meet the nonbank public sector's net daily foreign currency requirements by drawing on its international reserves; and (2) will replenish this foreign currency through participation in the foreign exchange market (Monex) on the basis of the BCCR's macroeconomic program and the prevailing conditions in the Monex (seasonal trends in private sector foreign currency flows).	Neutral
Cyprus	Effective December 12, 2014, foreign exchange bureaus were allowed to operate in Cyprus with Central Bank of Cyprus approval, in accordance with the provisions of the Central Bank of Cyprus Bureaux de Change Directive of 2014, issued December 12, 2014.	Easing
Denmark	Effective March 24, 2015, the voluntary market-making agreement between six banks in the euro-krone market was dissolved.	Neutral
Egypt	Effective January 27, 2014, the Central Bank of Egypt offered about US$1.5 billion to the market at its fourth exceptional auction.	Neutral
Egypt	Effective May 14, 2014, the Central Bank of Egypt offered about US$1.1 billion to the market at its fifth exceptional auction, where banks were required to apply with the amounts of their clients' entire outstanding staple food commodities import needs.	Neutral
Egypt	Effective January 29, 2015, the client and interbank bid and ask rates may both vary between ±10 piastres from the previous auction rate, with a minimum spread of zero and a maximum spread of 10 piastres between the bid and ask rates. Previously, the following restrictions applied: (1) The interbank bid and ask rates could vary between ±1 piastre around the weighted average rate of the latest auction held by the Central Bank of Egypt. (2) The client bid rate could vary between one piastre below the interbank bid rate and the interbank bid rate. (3) The client ask rate (for those with commercial needs) could vary between the interbank ask rate and one piastre above the interbank ask rate.	Easing
Egypt	Effective February 5, 2015, the Central Bank of Egypt imposed a daily foreign currency cash deposit limit of US$10,000 and a monthly maximum of US$50,000.	Tightening
Egypt	Effective March 1, 2015, the Central Bank of Egypt sold US$420 million in the interbank market to clear all outstanding strategic goods—namely, staple commodities, raw material, and pharmaceuticals.	Neutral
Egypt	Effective March 22, 2015, banknote bid rates may vary between –10 and +5 piastres of the previous auction rate, and the banknote ask rate may vary between –10 and +10 piastres of the previous auction rate, with a minimum bid and ask spread of zero and a maximum spread of 10 piastres.	Tightening

Table 8.a (continued)

Country	Change	Type
Fiji	Effective January 1, 2015, authorized banks may write net forward sales contracts up to F$50 million (previously up to F$40 million).	Easing
Ghana	Effective February 4, 2014, foreign exchange bureaus may not sell or buy more than US$10,000 or its equivalent a transaction (BG/GOV/SEC/2014/01).	Tightening
Ghana	Effective February 4, 2014, offshore foreign exchange deals by resident and nonresident companies, including exporters and nonresident banks, are strictly prohibited (BG/GOV/SEC/2014/03).	Tightening
India	Effective January 7, 2014, authorized dealers may provide forward exchange cover to foreign portfolio investors, which consist of foreign institutional investors (FIIs), subaccounts under FIIs, and qualified foreign investors, effective January 7, 2014, up to the market value of their investments in equities and/or debt in India as of a particular date. Previously, authorized dealers provided forward exchange cover only to FIIs up to the full amount of their investments in debt instruments and equities and they could hedge the entire market value of their investments in equities and/or debt in India as of a particular date.	Easing
India	Effective June 20, 2014, foreign portfolio investors eligible to invest in the Indian debt and equity assets under Foreign Exchange Management Act (FEMA, 1999) were allowed access to the domestic exchange-traded currency derivatives market for hedging currency risk arising from the market value of their exposure to Indian debt and equity securities. Domestic participants and foreign portfolio investors (FPIs) may take both long (buy) and short (sell) positions in foreign currency–rupee pairs up to US$10 million or equivalent an exchange without establishing any underlying exposure. FPIs may not take a short position beyond US$10 million at any time or a long position beyond US$10 million in any exchange without an underlying exposure (A.P. (DIR Series) Circular No. 148 of June 20, 2014).	Easing
India	Effective September 30, 2014, outstanding forward contracts of importers and exporters booked on the basis of past performance must not exceed 100% of the eligible limit and must be on a deliverable basis. The eligible limit is defined as the past three years' average of actual export or import turnover or the previous year's actual turnover, whichever is higher for exporters or importers (effective September 30, 2014); previously importers could not exceed 25% of the eligible limit.	Easing
India	Effective March 31, 2015, foreign portfolio investors (FPIs) were allowed to take long (buy) and short (sell) positions in U.S. dollar–rupee pairs of currency derivatives up to US$15 million an exchange. They may also take long and short positions in euro-rupee, pound sterling–rupee, and Japanese yen–rupee pairs totaling up to the equivalent of US$5 million an exchange. However, an FPI may not take a short position greater than US$15 million in a U.S. dollar–rupee pair and greater than US$5 million in all other total currency pairs at any time. A long position exceeding these limits in any exchange requires an underlying exposure. Previously, these underlying exposures were not required for trading in the currency futures and exchange-traded currency options market, which was available only to residents.	Easing
India	Effective March 31, 2015, limits regarding underlying exposure for exchange-traded currency derivatives contracts were revised. Domestic participants and foreign portfolio investors (FPIs) may take long (buy) and short (sell) positions in U.S. dollar–rupee pairs of currency derivatives up to US$15 million an exchange. They may also take long and short positions in euro-rupee, pound sterling–rupee, and Japanese yen–rupee pairs totaling up to the equivalent of US$5 million an exchange. However, an FPI may not take a short position greater than US$15 million in a U.S. dollar–rupee pair and greater than US$5 million in all other total currency pairs at any time. A long position exceeding these limits in any exchange requires an underlying exposure. Previously, these underlying exposures were not required for trading in the currency futures and exchange-traded currency options market, which was available only to residents.	Tightening
Indonesia	Effective November 10, 2014, the scope of operations that are acceptable as underlying transactions for derivative transactions was expanded (PBI 16/16/PBI/2014). Underlying transactions include transactions related to trades of goods and services, both domestic and foreign, and/or investments in the form of FDI, portfolio investment, loans, and capital and other investments, both domestic and foreign. Previously, fewer types of underlying transactions were acceptable for derivative transactions.	Easing
Indonesia	Effective November 10, 2014, derivatives transactions may be settled by netting for the purpose of rollover, early termination, and unwinding of the initial derivative transaction. Netting is for transactions with a nominal value not exceeding US$1 million and is permitted, provided they are supported by underlying transactions from the initial derivatives transactions (PBI 16/16/PBI/2014).	Easing

Table 8.a (continued)

Country	Change	Type
Iraq	Effective February 16, 2014, the total amount sold monthly to a bank (for its direct sales window and sales to financial transfer and intermediary companies) may not exceed 25% of its capital, calculated in U.S. dollars, for banks with capital less than ID 250 billion. Demand from banks with capital greater than ID 250 billion is met. U.S. dollars sold for documentary credits are transferred after the bank confirms receipt of the required documents.	Easing
Iraq	Effective February 22, 2015, the weekly limits on the amount banks may buy in cash foreign exchange from the Central Bank of Iraq currency sales window were introduced at US$300,000 for banks with capital greater than ID 250 billion and US$200,000 for all other banks. The weekly limits for money transfer companies and money exchange bureaus are US$150,000 and US$50,000, respectively.	Tightening
Israel	Effective December 9, 2014, the Bank of Israel announced that it will purchase US$3.1 billion in 2015 in the foreign exchange market to offset the effect of natural gas production on the exchange rate.	Neutral
Jamaica	Effective October 20, 2014, the Bank of Jamaica operates a foreign exchange surrender facility for public sector entities (PSE facility), which consolidates the foreign exchange demand of PSEs and coordinates foreign currency payments to minimize volatility in the market. Under this facility, commercial banks surrender 20% (previously 15%) of foreign currency purchases daily.	Tightening
Jordan	Effective January 1, 2014, the board of directors of the Central Bank of Jordan gave money exchange companies a period of one year to reconcile their positions with the new paid-up-capital requirements.	Easing
Korea	Effective January 1, 2014, spot foreign exchange transactions are allowed between security brokerages.	Easing
Korea	Effective December 1, 2014, the won-yuan spot foreign exchange market was launched with 12 designated market makers.	Neutral
Kyrgyz Republic	Effective February 13, 2014, the requirement to use cash machines by banks in conducting exchange transactions in cash foreign exchange was abolished.	Easing
Kyrgyz Republic	Effective February 13, 2014, the requirements for the internal control on combating terrorism financing and legalization (laundering) of proceeds from crime in exchange bureaus were strengthened.	Tightening
Kyrgyz Republic	Effective December 12, 2014, exchange bureaus were required to provide information on the sources of their operating funds.	Tightening
Kyrgyz Republic	Effective January 8, 2015, in order to achieve the objectives and tasks of the National Bank of the Kyrgyz Republic, its board may change by a separate resolution the current regulations on economic standards and requirements and the foreign exchange position limits for a limited time.	Neutral
Lao P.D.R.	Effective August 14, 2014, the Bank of Lao P.D.R. (BOL) allows banks to enter into kip and foreign exchange forward contracts with maturities of 7 days, 14 days, 3 months, 6 months, and 1 year. Transactions between the BOL and commercial banks may be executed in U.S. dollars or Thai baht and must be made via kip. Transactions between commercial banks or between commercial banks and business units may be executed in various currencies (euros, yen, renminbi, Australian dollars, among others), but must be made via kip. The exchange rate may be set according to forward contracts between the BOL and banks, between banks, or between banks and business units.	Easing
Latvia	Effective January 1, 2014, the Bank of Latvia's foreign exchange standing facility ceased to exist with Latvia's adoption of the euro.	Neutral
Lithuania	Effective January 1, 2015, the Bank of Lithuania (BOL) adopted the Rules of the Eurosystem Monetary Policy Operations to be carried out by the BOL (Resolution No. 03-324, December 9, 2014). The BOL may provide liquidity in foreign currency in accordance with the Eurosystem procedures. Foreign exchange transactions are solely for management of the BOL's own financial assets. Previously, the BOL provided a foreign exchange window at the official euro exchange rate for commercial banks and for branches of foreign credit institutions (subject to reserve requirements) at their request. There was a fixed fee of LTL 50 a transaction for foreign exchange transactions (Paragraph 5 of the February 26, 2004, Resolution No. 16 of the Board of the Bank of Lithuania on approving the rules for concluding and executing litas and anchor currency–euro exchange transactions between the BOL and banks). The BOL also engaged in transactions at the official exchange rate with other institutions, such as the government and international organizations.	Neutral

Table 8.a (continued)

Country	Change	Type
Lithuania	Effective January 1, 2015, the Law on Foreign Currency was repealed at the time of the introduction of the euro in Lithuania. According to the Law on the Introduction of the Euro, the euro is the legal tender in Lithuania. There are no limits on exchanging euros for other currencies. Any legal person may engage in foreign exchange operations with Bank of Lithuania (BOL) permission.	Easing
FYR Macedonia	Effective March 11, 2014, the National Bank of the Republic of Macedonia Council adopted the Decision on Amendments of the Decision on Currency Exchange Operations. A principal amendment is cancellation of repurchases. Foreign exchange bureaus may now sell foreign currency cash to foreign natural persons in the same way as to domestic natural persons. In addition, foreign exchange operations were modernized through introduction of ATMs with a foreign exchange operations function for banks.	Easing
FYR Macedonia	Effective July 1, 2014, the manner and the terms for buying and selling of foreign currency and the criteria for selecting market makers in the foreign exchange market were revised. Although the National Bank of the Republic of Macedonia (NBRM) may trade foreign currency only with market makers, if there are larger imbalances between supply and demand, the NBRM may buy and sell foreign currency with all banks. Twenty-two new currency rates which are on the exchange rate list of the European Central Bank were included in the list of currencies of the NBRM.	Neutral
FYR Macedonia	Effective September 15, 2014, the terms of the agreement for market makers in the domestic foreign exchange market were revised. Under the revised terms, the maximum bid-ask spread on quotes with each other was lowered from MKD 0.07 to MKD 0.05 per euro.	Tightening
FYR Macedonia	Effective September 15, 2014, the minimum size of a transaction between a market maker and the National Bank of the Republic of Macedonia in the foreign exchange market maker segment was increased from €0.35 million to €0.5 million. The minimum transaction size among market makers remained unchanged.	Tightening
Mexico	Effective December 8, 2014, the Foreign Exchange Commission announced that Banco de Mexico would auction up to US$200 million daily at a minimum exchange rate equivalent to the reference exchange rate set forth the preceding business day in accordance with Banco de Mexico provisions, plus 1.5%. Thus, the auction results in assignment only if the exchange rate depreciates at least 1.5% between sessions. As of March 11, 2015, this mechanism had been used twice (December 11, 2014; March 6, 2015).	Neutral
Mexico	Effective March 11, 2015, the Foreign Exchange Commission announced that Banco de Mexico would auction US$52 million daily at no minimum price from March 11, 2015, until June 8, 2015. The auction process announced on December 8, 2014, by the Foreign Exchange Commission continues.	Neutral
Mexico	Effective May 22, 2015, the Foreign Exchange Commission extended the daily US$52 million auction to September 29, 2015.	Neutral
Mexico	Effective July 31, 2015, the trigger for the additional auctions was reduced from a daily depreciation of 1.5% to 1%.	Neutral
Mexico	Effective July 31, 2015, the amount of the daily auction was increased from US$52 million to US$200 million until September 30, 2015.	Neutral
Nigeria	Effective November 25, 2014, the Central Bank of Nigeria increased the midpoint of the retail Dutch auction system rate from N 155 per US$ to N 168 per US$ and the band from ±3% to ±5%.	Neutral
Papua New Guinea	Effective June 4, 2014, the Bank of Papua New Guinea introduced an exchange rate trading band: within 75 basis points above the interbank midrate to buy kina and within 75 basis points below the midrate to sell kina.	Tightening
Peru	Effective October 1, 2014, the Central Reserve Bank of Peru began participating in foreign exchange swap auctions with financial institutions.	Neutral
Philippines	Effective December 22, 2014, thrift banks authorized to issue foreign LCs and pay, accept, and negotiate import and export drafts and bills of exchange may apply for Type 2 derivatives authority to operate as a dealer, broker, and end-user of deliverable foreign exchange forwards subject to certain conditions (Circular No. 864).	Easing
Philippines	Effective December 22, 2014, thrift banks, rural banks, and cooperative banks may buy and sell foreign exchange subject to compliance with foreign exchange rules and regulations.	Easing

Table 8.a (continued)

Country	Change	Type
Russia	Effective September 17, 2014, the Bank of Russia adopted a decision to perform foreign exchange swap operations involving the sale of U.S. dollars for rubles. Interest rates are set at the key rate minus 1.00 percentage point for the ruble side of the transaction and 1.50 percentage points a year for the foreign exchange side of the transaction. Information about the parameters of these operations is posted on the Bank of Russia's website.	Neutral
Russia	Effective November 5, 2014, the Bank of Russia added repo auctions in U.S. dollars and euros with maturities of 7 days, 28 days, and 12 months to the set of instruments for providing foreign exchange.	Neutral
Russia	Effective December 23, 2014, the Bank of Russia introduced credits in foreign currency backed by rights of claim on credits in foreign currency with maturities of 28 and 365 calendar days.	Neutral
Russia	Effective March 30, 2015, the Bank of Russia raised the minimum interest rates at repo auctions and at auctions for credits in foreign currency backed by rights of claim on credits in foreign currency by 50 basis points. The interest rates on these operations were set at LIBOR + 100 basis points (previously LIBOR + 50 basis points).	Neutral
Russia	Effective March 30, 2015, the interest rates on the operations of credits in foreign currency backed by rights of claim on credits in foreign currency with maturities of 28 and 365 calendar day were set at LIBOR + 125 basis points (previously LIBOR + 75 basis points).	Neutral
São Tomé and Príncipe	Effective January 4, 2015, regulations governing the interbank market came into force (NAP No. 04/2015).	Neutral
Sierra Leone	Effective March 18, 2015, the Bank of Sierra Leone moved from the weekly foreign exchange retail auction to a weekly wholesale foreign exchange auction system of noncash foreign exchange for the payment of the importation of goods. 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. The offer amount, which is determined by the Bank of Sierra Leone, is currently US$3 million, and bids must be submitted in multiples of US$50,000, up to a maximum of US$300,000 a bidder (previously, under the retail auction, bids from all participants were submitted in multiples of US$5,000, up to a maximum of US$100,000 a bidder an auction). Foreign exchange is sold at the auction only through the competitive window. Bids in the wholesale foreign exchange auction are awarded from the highest rate to the bid that clears the preannounced offer amount. The spread between the highest successful bid and the bid that clears the auction must be less than or equal to 2%.	Easing
Solomon Islands	Effective December 1, 2014, the Central Bank of the Solomon Islands (CBSI) widened the U.S. dollar–Solomon Islands dollar spread for commercial banks and the spread for transactions with the CBSI. Commercial banks may set their U.S. dollar–Solomon Islands dollar rate with a spread of ±20 basis points (previously 13 basis points) around the midpoint before setting cross-rates for the Solomon Islands dollar against other currencies. Foreign exchange transactions between commercial banks and the CBSI and between the government and the CBSI are effected at the CBSI's own spread limit of ±12 basis points (previously 9 basis points) around the midpoint.	Easing
Solomon Islands	Effective December 1, 2014, the interbank margin widened to ±12 basis points around the midpoint.	Easing
Solomon Islands	Effective December 1, 2014, U.S. dollar and Australian dollar margins were widened: U.S. dollars to ±20 basis points and Australian dollars to ±25 basis points (previously 2%) around the midpoint.	Easing
Sri Lanka	Effective January 1, 2014, of the 84 money changers authorized to deal in foreign exchange, 18 may purchase and sell all foreign currencies (previously only designated currencies). The remaining 66 money changers may only buy foreign currencies (previously only designated currencies) from their clients.	Easing
Suriname	Effective June 1, 2014, the Central Bank of Suriname issued the guidelines on licensing and minimum capital requirements to the money transaction offices.	Tightening
Tajikistan	Effective March 13, 2015, significant administrative restrictions on foreign exchange trading were introduced. These included the introduction of a maximum exchange rate banks may use with their customers, and the closure of non-bank-owned cash foreign exchange kiosks (about half of all cash exchange points in the country).	Tightening

Table 8.a (continued)

Country	Change	Type
Trinidad and Tobago	Effective May 23, 2014, authorized dealers may resell foreign exchange proceeds obtained from a competitive auction up to the price of their successful bidding rate. Previously, a cap determined by the latest allocation exchange rate applied to the rate at which banks could sell foreign exchange purchased at auction to their clients. The last competitive auction of the year was held in June 2014.	Easing
Tunisia	Effective March 1, 2014, an electronic bank interlinking platform and a market-making agreement were introduced.	Neutral
Tunisia	Effective September 15, 2014, the Central Bank of Tunisia amended Circular No. 2001-11 to introduce the designation of foreign exchange market makers.	Neutral
Turkey	Effective April 28, 2014, the daily foreign exchange auction selling amount was decreased from “minimum US$50 million” to “minimum US$40 million.”	Neutral
Turkey	Effective May 9, 2014, the daily foreign exchange auction selling amount was decreased from “minimum US$40 million” to “minimum US$20 million.”	Neutral
Turkey	Effective July 25, 2014, the daily foreign exchange auction selling amount was decreased from “minimum US$20 million” to “minimum US$10 million.”	Neutral
Turkey	Effective September 29, 2014, the daily foreign exchange auction selling amount was increased from “minimum US$10 million” to “minimum US$40 million.”	Neutral
Turkey	Effective October 9, 2014, the lending rates applied to the central bank’s one-week-maturity borrowing from the last-resort facility were reduced from 10% to 7.5% for U.S. dollars and from 10% to 6.5% for euros in the foreign exchange deposit market.	Easing
Turkey	Effective December 1, 2014, the foreign exchange auction selling amount was decreased from “minimum US$40 million” to “minimum US$20 million.”	Neutral
Turkey	Effective December 9, 2014, the daily foreign exchange auction selling amount was increased from “minimum US$20 million” to “minimum US$40 million.”	Neutral
Turkey	Effective February 27, 2015, the foreign exchange auction selling amount is set on a daily basis depending on the conditions in the foreign exchange market. The minimum amount of the auction for the following day is announced by the Central Bank of the Republic of Turkey at 5:20 p.m. through Reuters CBTQ, Bloomberg CBT/Foreign Exchange Auctions, and Anadolu Agency DV007 pages. Further, on days when it is deemed necessary due to excessive volatility in the exchange rates, the foreign currency selling amount may be raised up to 50 times (previously 10 times) the announced minimum.	Neutral
Turkey	Effective March 10, 2015, the lending rates applied to the Central Bank of the Republic of Turkey’s one-week-maturity borrowing from its standing facility were reduced from 7.5% to 4.5% for U.S. dollars and from 6.5% to 2.5% for euros.	Easing
Ukraine	Effective June 8, 2014, the registration of exchange offices by the regional offices of the National Bank of Ukraine was discontinued.	Tightening
Ukraine	Effective September 8, 2014, the National Bank of Ukraine reactivated its multiple price auctions, which had not been in operation since February 18, 2010.	Neutral
Ukraine	Effective September 19, 2014, banks were allowed to submit multiple bids in the National Bank of Ukraine’s auctions.	Neutral
Ukraine	Effective October 9, 2014, banks were allowed to purchase foreign exchange to conduct foreign currency exchange transactions.	Easing
Ukraine	Effective November 5, 2014, some of the operational rules of the National Bank of Ukraine’s multiple price auction changed.	Neutral
Ukraine	Effective November 12, 2014, the selection of the winning bids in the National Bank of Ukraine’s (NBU’s) auctions was changed. The NBU first determines the standard deviation of the bids from the simple average of all bids. Bids that are within the standard deviation are considered for calculating the weighted average of the bids. The bids are satisfied starting from the bid with the exchange rate corresponding to the weighted average of the submitted bids in descending order of the bid rates until the announced auction size is fully met. Previously, winning bids were selected according to the following method: first the weighted average of the bids was calculated disregarding the bids with the five most depreciated exchange rates. Foreign exchange was sold starting with the bid with the most depreciated exchange rate within 1% of the weighted average exchange rate until all foreign exchange offered for sale was exhausted. The cutoff rate was determined as the exchange rate of the last at least partially satisfied bid. The cutoff rate and the weighted average rate are posted at 11:00 a.m. on the NBU page in Thomson Reuters. The weighted average rate is the indicative rate for the day.	Neutral

Table 8.a (concluded)

Country	Change	Type
Ukraine	Effective February 5, 2015, the National Bank of Ukraine suspended its multiple price auctions.	Neutral
Ukraine	Effective March 4, 2015, banks were prohibited from entering into derivative transactions on the stock exchanges.	Tightening
Ukraine	Effective March 4, 2015, limits were introduced on a bank's daily net foreign exchange purchase in the interbank and retail market for its own position. The limit for (1) "tod" transactions; (2) "tom," "spot," and "forward" transactions; and (3) "tod," "spot," and "forward" transactions is 0.1% of the bank's regulatory capital on the previous day. Swap transactions are not subject to the limits.	Tightening
Ukraine	Effective March 4, 2015, a bank's daily net foreign exchange purchase in the interbank market for its own position for "forward" terms may not exceed 0.1% of its regulatory capital.	Tightening
Ukraine	Effective April 15, 2015, authorized banks' purchase of foreign exchange received from foreign investors to increase the authorized capital of the bank were exempted from the limit on banks' daily net foreign exchange purchases in the interbank market.	Easing
Venezuela	Effective February 10, 2014, the special foreign exchange auctions through the Complementary System to the Administration of Foreign Exchange is administered and managed by the National Foreign Trade Center, which is also responsible for allocating foreign exchange at the close of each auction.	Neutral
Venezuela	Effective April 10, 2014, the Central Bank of Venezuela set the respective exchange rate for the settlement of foreign currency allocated through special auctions of foreign currency or securities denominated in foreign currency carried out through the Complementary System to the Administration of Foreign Exchange (SICAD) and managed by the National Foreign Trade Center in accordance with Exchange Agreement No. 26 of April 3, 2014. The exchange rate resulting from the last allocation of foreign currency performed through the SICAD is a reference exchange rate that applies to the settlement of foreign currency in certain operations.	Neutral
Venezuela	Effective September 24, 2014, exchange Agreement No. 30 of September 23, 2014 (Official Gazette No. 40504 of September 24, 2014) established the settlement in bolívares of operations involving the sale of foreign currency by Petróleos de Venezuela, S.A. to the Central Bank of Venezuela for the purposes of making special contributions to the National Development Fund.	Tightening
Venezuela	Effective February 13, 2015, the SICAD II system was replaced by a new exchange rate platform—the Marginal Foreign Currency Exchange System (*Sistema Marginal de Divisas*, SIMADI)—which expanded participation in foreign exchange transactions to individuals and legal entities operating in any economic sector.	Tightening

Source: AREAER database.

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 The Gambia and Tunisia joining and Latvia and Lithuania 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. Among other developments in this area during the reporting period, Mexico and Ukraine resumed interventions through auctions, Russia introduced repo auctions, and the Bank of Sierra Leone moved from the weekly foreign exchange retail auction to a weekly wholesale foreign exchange auction system.

- 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 (74), a reduction of 1 (Paraguay) that continues a downward trend that started in 2011. Such a facility allows market participants to buy foreign exchange from or sell it to the central bank at predetermined exchange rates and is 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 those with currency boards (11); conventional pegs, with the exception of South Sudan and Venezuela (42); crawling pegs (2); or a pegged exchange rate within horizontal bands (1). South Sudan, as a newly independent country with a de jure conventional peg exchange rate regime, has a nascent foreign exchange market and is in the process of developing its central bank operations. In Chad, where the Bank of Central African States' over-the-counter exchange transactions were previously conducted exclusively with national public accountants and treasuries, commercial banks may now acquire euro notes at 1.5 percent from the central bank. During the reporting period, Russia, which has a floating arrangement, introduced a standing facility; the Bank of Russia adopted a decision to perform foreign exchange swap operations involving the sale of U.S. dollars for rubles and publishes the parameters of these operations on its website. Turkey (also a floater) reduced the lending rates on the central bank's one-week-maturity borrowing from the last-resort and standing facilities. The remaining 18 countries with foreign exchange standing facilities are those with stabilized arrangements (9), with other managed arrangements (3), or whose foreign exchange markets are less developed. Four countries reported the elimination of their foreign exchange standing facilities: Latvia and Lithuania, after they joined the EMU, and Paraguay and Venezuela. The Central Bank of Costa Rica, to smooth foreign exchange market volatility after a depreciation episode in early 2014, decided to meet the nonbank public sector's net daily foreign currency requirements directly by drawing on its international reserves, and replenishing them through participation in the foreign exchange market.

- Foreign exchange auctions: There was an increase (by 3) in the number of countries holding official foreign exchange auctions (35). In a significant majority of those countries (28) 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 (nearly half of the countries with this classification) and 1 as free floating (Mexico). Six have de facto stabilized arrangements, 5 crawl like, and 3 other managed. Auctions are also used to influence exchange rate volatility rather than solely to manage foreign reserves. For example, Mexico resumed its auctions, which are now daily, 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 (previously 1.5 percent). Thus, the auction results in assignment only if the exchange rate depreciates at least 1 percent between sessions. Mexico also conducted daily auctions of US$52 million with no minimum price starting March 11, 2015, in order 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. For similar reasons, Turkey held foreign exchange selling auctions with amounts set on a daily basis, depending on the conditions in the foreign exchange market. The foreign currency amount for sale may be raised up to 50 times (previously 10 times) the announced minimum in case of excessive exchange rate volatility. The Bank of Russia added repo auctions in U.S. dollars and euros with maturities of 7 days, 28 days, and 12 months to the set of instruments for providing foreign exchange and introduced credits in foreign currency backed by rights of claim on credits in foreign currency with maturities of 28 and 365 calendar days. Ukraine held multiple price auctions (following a hiatus since February 18, 2010) between September 8, 2014, and February 5, 2015, and changed some of the operational rules several times during this period, adjusting them to rapidly evolving market conditions. Venezuela started using the exchange rate resulting from the last allocation of foreign currency performed through the Complementary System to the Administration of Foreign Exchange as a reference exchange rate that applies to the settlement of foreign currency in certain operations, while Trinidad and Tobago relaxed the rules for resale of foreign exchange acquired in auctions. The Bank of Sierra Leone moved from a weekly foreign exchange retail auction to a weekly wholesale foreign exchange auction system of noncash foreign exchange for the payment of the importation of goods. 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. The Gambia reported conducting auctions by written invitation or solicitation for sealed written bids addressed to all banks, and Tunisia reported currency swaps through auctions at the initiative of the Central Bank of Tunisia.

- 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. Given South Sudan's nascent foreign exchange market, the Bank of South Sudan attempts to clear the foreign exchange market through weekly allocations under the nominal anchor of the fixed exchange rate. It currently provides foreign exchange only for public services, such as medical, travel, and study needs, and these are subject to weekly or currency-specific limits. In addition, a special foreign exchange facility applies to essential imports. During the reporting period, Iraq introduced one tightening and one easing measure with respect to banks' purchases of foreign exchange at the Central Bank of Iraq currency selling window, and Bangladesh increased the limit on foreign exchange funds called "export development funds" for exporters' import obligations (easing).

- Fixing sessions: This arrangement is more characteristic of an early stage of market development, when they help establish a market-clearing exchange rate in a shallow market with less-experienced market participants. The number of countries holding such sessions remained the same, but only Belarus and Mauritania continue to do so on a regular basis. As a major conduit for foreign aid flows, Mozambique's central bank channels foreign exchange into the market by holding selling sessions with authorized banks via its software platform. 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 a functioning interbank market increased by 1, to 162, with Somalia reporting the existence of such a market following resumption of official communication with the IMF. 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 (132), five more than in the previous year, operate over the counter: 70 of those operate exclusively over the counter, 74 employ a market-making arrangement, and 50 allow for intermediation by brokers. Eight members reported an inactive interbank market, an increase of 2 from the previous reporting period.

- Over-the-counter operations: These account for the majority of interbank markets (132) 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. Brunei Darussalam, Estonia, The Gambia, Guatemala, and Zimbabwe joined this group, in part due to improved reporting. During the reporting period, Belarus eased the limits on transactions involving the purchase and sale of foreign currency in the over-the-counter market between a bank and a business entity, raising them from 1,000 currency units to 20,000 currency units. On December 19, 2014, a temporary ban was imposed on the purchase and sale of foreign currency in the over-the-counter market. All foreign currency purchase and sale transactions had to be performed in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company. The measure was partially lifted February 20, 2015, but the supply of and demand for foreign currency by business entities continues to be met primarily through trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company.
- Brokerage arrangements: There was no change in the number or composition of countries that reported using brokers since the previous reporting period. During the reporting period, Korea allowed spot foreign exchange transactions between security brokerages. In the Philippines, thrift banks authorized to issue foreign letters of credit and pay, accept, and negotiate import and export drafts and bills of exchange were allowed to apply for Type 2 derivatives authority to operate as a dealer, broker, and end-user of deliverable foreign exchange forwards subject to certain conditions.
- Market-making agreements: Seventy-four 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. During the reporting period, in Korea, where previously there were no designated market makers in the spot foreign exchange market, 12 foreign exchange banks were temporarily designated as market makers to launch the won-yuan spot foreign exchange market. Cyprus 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. The former Yugoslav Republic of Macedonia adopted a decision stipulating that the National Bank of the Republic of Macedonia may trade foreign currency only with market makers, but that if there are larger imbalances between supply and demand, the central bank may buy and sell foreign currency with

all banks. It subsequently reduced market makers' maximum bid-ask spread on quotes with each other and increased the minimum size of a transaction between a market maker and the central bank in the foreign exchange market maker segment. In Tunisia, an electronic bank interlinking platform, a market-making agreement, and the designation of foreign exchange market makers were introduced.

Most member countries (169) 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. An equal number of easing and tightening changes affected exchange bureaus during the reporting period. Ghana imposed a per-transaction limit on foreign exchange bureau transactions (US$10,000), while the Central Bank of Suriname issued guidelines on licensing and minimum capital requirements of money transaction offices. Jordan gave money exchange companies one year to reconcile their positions with the new paid-up-capital requirements. As part of a comprehensive program to stabilize the domestic financial system, Ukraine implemented a series of tightening measures: it decreased the limits on daily foreign currency cash purchases and discontinued required registration of exchange offices by the regional offices of the National Bank of Ukraine. In Cyprus, foreign exchange bureaus were allowed to operate with Central Bank of Cyprus approval, and Sri Lanka allowed authorized money changers to deal in all foreign currencies (previously only designated currencies). The former Yugoslav Republic of Macedonia further liberalized the operations of exchange bureaus by cancelling repurchases and unifying the conditions for selling foreign exchange to residents and nonresidents.

A series of easing measures were introduced in a number of member countries that expanded the scope of operation of financial intermediaries. In the Philippines, thrift banks, rural banks, and cooperative banks were allowed to buy and sell foreign exchange subject to compliance with foreign exchange rules and regulations. Colombia established regulations for foreign currency clearing and settlement systems and their operators in order to strengthen risk management in this area. In contrast, Ghana strictly prohibited offshore foreign exchange deals by resident and nonresident companies, including exporters and nonresident banks, in order to reduce foreign exchange market pressure by enhancing the repatriation of foreign exchange earnings and the use of the domestic currency.

Although the majority of members refrain from restricting exchange rate spreads and commissions in the interbank market, several countries imposed new or additional restrictions in this area. Tajikistan introduced significant administrative restrictions on foreign exchange trading, including a maximum exchange rate banks may use with their customers, and the closure of non-bank-owned cash foreign exchange kiosks (about half of all cash exchange points in the country). Papua New Guinea introduced an exchange rate trading band. On the easing side, China eliminated the bid-ask spread for renminbi–U.S. dollar spot transactions, allowing banks to base their exchange rate quotes on supply and demand in the market. Egypt also eased the limits on the bid-ask spreads in the interbank and spot markets (except for banknotes) after they were progressively tightened during the previous reporting period.

There were several other developments. To contain foreign exchange market pressure, in April 2015 Ukraine introduced limits on a bank's daily net foreign exchange purchase in the interbank and retail market for its own position, except purchases of foreign exchange received from foreign investors to increase banks' authorized capital. On the easing side, with respect to currency pricing, China further widened the interbank renminbi–U.S. dollar trading fluctuation band from ±1 percent to ±2 percent around the central parity released on the same day by the China Foreign Exchange Trade System. In the interbank market, direct trading of the renminbi was launched in China against the euro, pound sterling, New Zealand dollar, Kazakhstani tenge, and Singapore dollar, while the Solomon Islands widened the U.S. dollar–Solomon Islands dollar spread for commercial banks, the interbank U.S. dollar and Australian dollar margins, and the spread for transactions with the Central Bank of the Solomon Islands. In Lithuania, on 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.

Other Measures

Most of the changes in other measures during the reporting period refer to forward and swap operations (Table 8.a), exchange rate structure (Table 8.b), and taxes and subsidies on foreign exchange transactions (Table 8.c).

- Forward and swap operations: There was continued easing of forward transactions. Lao P.D.R. joined the group of countries with a forward market when banks were allowed to enter into kip and foreign exchange forward contracts with maturities of 7 days, 14 days, 3 months, 6 months, and 1 year. India expanded authorized dealers' ability to provide forward exchange cover to qualified foreign investors up to the market value of their investments in equities and/or debt in India as of a particular date. It allowed foreign portfolio investors access to the domestic exchange-traded currency derivatives market for hedging currency risk from the market value of their exposure to Indian debt and equity securities and let them take positions in certain rupee-currency pairs. India also increased the limit on outstanding forward contracts of importers and exporters booked on the basis of past performance. The Philippines allowed thrift banks authorized to issue foreign letters of credit and pay, accept, and negotiate import and export drafts and bills of exchange to apply for Type 2 derivatives authority to operate as a dealer, broker, and end-user of deliverable foreign exchange forwards subject to certain conditions. Fiji increased the limit on banks' net forward sales contracts. Colombia, where derivatives operations are limited to reserve currencies, added several currencies to the list of currencies eligible for derivatives transactions (renminbi, Hong Kong dollar, Singapore dollar, won) and allowed the relevant exchange market intermediaries to offer financial derivatives linked to the exchange rate, provided they are cleared and settled through a central clearinghouse of the counterparty authorized by the Financial Superintendency. The Central Reserve Bank of Peru began participating in foreign exchange swap auctions with financial institutions. In Indonesia, derivatives transactions were allowed, subject to certain conditions, to be settled by netting for the purpose of rollover, early termination, and unwinding of the initial derivative transaction, and the scope of operations that are acceptable as underlying transactions for derivatives transactions was expanded. All derivatives contracts of foreign currency against rupiah offered by domestic banks to nonresidents with a nominal value exceeding US$1 million must be based on an underlying local investment activity. Exceptions to the overwhelmingly easing trend were Ukraine, where 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 position for forward, among other (excluding swap), transactions, and Argentina, where forward positions were limited to 10 percent of regulatory capital. Tajikistan reported having a forward exchange market.
- Exchange rate structure: There were several changes in the number of countries maintaining a dual or multiple exchange rate structure (see Table 8.b). Currently, 24 countries are classified as having more than one exchange rate, of which 13 are dual and 11 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. Myanmar abolished the use of foreign exchange certificates as part of its plan to liberalize its foreign exchange regime and remove its multiple exchange rate structure. Belarus took steps to improve its multiple exchange rate structure, as did Ghana and Ukraine (both with dual structure) with respect to the calculation of their reference/official exchange rates. In contrast, Argentina reinstated the requirement to sell proceeds to the central bank at the reference rate on the date of sale or on the day the sale should have taken place, whichever is less favorable, for payments for imports pending official customs entry and exporters who fail to sell their export proceeds within the prescribed time period. Venezuela's exchange rate structure changed from dual to multiple with the introduction of a third official foreign exchange market rate (SICAD II) with a more depreciated exchange rate vis-à-vis the other two, which was later replaced by a new platform, SIMADI, that expanded participation in foreign exchange transactions to individuals and legal entities operating in any economic sector. Finally, a series of neutral changes were recorded. Latvia and Lithuania adopted the euro; Zimbabwe announced the adoption of four additional official currencies: the Australian dollar, Chinese renminbi, Indian rupee, and Japanese yen; 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 applies to repayment of Swiss franc loans and kuna loans with a Swiss franc currency clause undertaken prior to this date.
- Taxes and subsidies on foreign exchange transactions: There were slightly more easing (5) than tightening (4) changes with respect to foreign exchange subsidies and taxes (see Table 8.c), most of which were made by Belarus and Ukraine. Overall, 32 emerging market and developing economies (the same as the previous year) tax foreign exchange transactions. In a bid to reduce depreciation pressures on the Belarusian rubel, Belarus, on December 20, 2014, imposed a temporary tax of 30 percent payable by banks on the purchase

of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company. The tax was reimbursed to banks by organizations and individual entrepreneurs on whose behalf the foreign currency was acquired in the trading sessions. The tax was gradually reduced and ultimately repealed as of January 8, 2015. 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. The tax was subsequently increased to 2 percent on individuals' foreign currency cash purchases but was eliminated on other foreign exchange purchases. In response to changes in capital inflows, Brazil continued to take steps that ease the taxing of foreign-exchange-related transactions. 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 contrast to the broad use of foreign exchange taxes, only three countries have foreign exchange subsidies in place: the Islamic Republic of Iran, Serbia, and Venezuela. In Serbia, the subsidies target certain agricultural and food industry exports; 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 the exchange rate of Bs 6.30 per U.S. dollar (Exchange Agreement No. 14).

Table 8.b. Changes in Currency and Exchange Rate Structures, January 1, 2014–July 31, 2015

Country	Change	Type
Argentina	Effective September 26, 2014, Communication A 3608 governing the exchange rate applied in the case of proceeds from exports of goods and services surrendered after the established deadline and payments for imports pending official customs entry was reinstated.	Tightening
Belarus	Effective April 21, 2014, the over-the-counter exchange rate set by the bank is used when persons performing foreign exchange operations surrender foreign currency in an amount less than the lot established in exchange trading, and in the resale of unused foreign currency. Previously, amounts under one lot were sold directly to banks at the rate established at the Belarusian Currency and Stock Exchange on that day; if no trading session in a particular currency took place on that date or the currency was not traded at the Belarusian Currency and Stock Exchange, the official National Bank of the Republic of Belarus rate on the sale date applied.	Easing
Belarus	Effective August 11, 2014, the limits on transactions involving the purchase and sale of foreign currency in the over-the-counter market between a bank and a business entity were raised from 1,000 currency units to 20,000 currency units. There are no restrictions on the size of transactions involving the purchase and sale of foreign currency between banks or between banks and nonresident banks (National Bank of the Republic of Belarus Executive Board Resolution No. 508 of August 11, 2014, on Foreign Currency Purchase and Sale Transactions in the Domestic Foreign Exchange Market).	Easing
Croatia	Effective January 27, 2015, the Consumer Credit Act was amended with a view to freezing 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) for repayment of Swiss franc loans and kuna loans with a Swiss franc currency clause for such loans undertaken prior to this date. This kuna–Swiss franc rate is valid for one year from the date of implementation.	Neutral
Ecuador	Effective February 27, 2015, electronic currency is placed in circulation exclusively by the Central Bank of Ecuador (CBE), backed by its liquid assets, based on policies and regulations issued by the Monetary and Financial Policy and Regulatory Board (Resolution No. 005-2014-M). The CBE is the only entity authorized to provide and manage national or electronic metallic currency in Ecuador equivalent and convertible to U.S. dollars, in accordance with the provisions of the code and the regulation and authorization of the Monetary and Financial Policy and Regulatory Board. The currency referred to is a means of payment and is unrestricted legal tender with unlimited redeemability in Ecuador within the framework of the regulations issued by the Monetary and Financial Policy and Regulatory Board. The government may not require a private individual or legal entity to accept any currency other than the U.S. dollar.	Neutral
Latvia	Effective January 1, 2014, the currency of Latvia changed from the Latvian lats to the euro when Latvia joined the EMU.	Neutral

Table 8.b (concluded)

Country	Change	Type
Lithuania	Effective January 1, 2015, the currency of Lithuania changed from the Lithuanian litas to the euro when Lithuania joined the EMU.	Neutral
Myanmar	Effective March 31, 2014, the process for redemption of foreign exchange certificates was successfully completed.	Easing
Zimbabwe	Effective January 30, 2014, the Reserve Bank of Zimbabwe announced the adoption of four additional official currencies: the Australian dollar, Chinese renminbi, Indian rupee, and Japanese yen.	Neutral

Source: AREAER database.

Table 8.c. Changes in Exchange Subsidies and Exchange Taxes, January 1, 2014–July 31, 2015

Country	Change	Type
Aruba	Effective April 1, 2015, the State Ordinance on Exchange Rate Margin Compensation Central Bank of Aruba requires commercial banks 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% 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% of the florin equivalent of these purchases.	Tightening
Belarus	Effective December 20, 2014, a temporary tax of 30% payable by banks on the purchase of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company was imposed. The banks received reimbursement for the tax from organizations and individual entrepreneurs on whose behalf the foreign currency was acquired in the trading sessions. The amount of the tax was gradually reduced to 20% and was repealed as of January 8, 2015.	Tightening
Belarus	Effective December 29, 2014, the temporary tax of 30% payable by banks on the purchase of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company, imposed on December 20, 2014, was reduced to 20%.	Easing
Belarus	Effective January 5, 2015, the temporary tax of 30% payable by banks on the purchase of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company, imposed on December 20, 2014, and reduced to 20%, effective December 29, 2014, was further reduced to 10%.	Easing
Belarus	Effective January 8, 2015, the temporary tax of 30% payable by banks on the purchase of foreign currency in trading sessions of the Belarusian Currency and Stock Exchange Open Joint-Stock Company, imposed on December 20, 2014, was repealed.	Easing
Brazil	Effective June 4, 2014, the maximum maturity of external loans subject to the 6% IOF rate was reduced from 360 to 180 days. External loans with an initial term of more than 180 days will still be subject to the 6% IOF rate if the loan is repaid within the 180-day period.	Easing
Ukraine	Effective April 1, 2014, the Law on Mandatory Pension Insurance Tax imposed a 0.5% foreign exchange transaction tax in order to replenish the state pension fund. The tax applies to all cash and noncash foreign exchange purchases (net of transaction fees) by residents and nonresidents. Banks must accrue, withhold, and remit to the Special Fund of the State Budget the proceeds of this tax. Banks must also report monthly to the National Bank of Ukraine the amount of accrued/withheld foreign exchange transaction tax.	Tightening
Ukraine	Effective January 1, 2015, the Law on Mandatory Pension Insurance Tax increased the tax on individuals' foreign currency cash purchase from 0.5% to 2%, except purchases for loan repayment.	Tightening
Ukraine	Effective January 1, 2015, the Law on Mandatory Pension Insurance Tax eliminated the tax on all noncash foreign exchange purchases.	Easing

Source: AREAER database.

Member Countries' Obligations and Status under Articles VIII and XIV

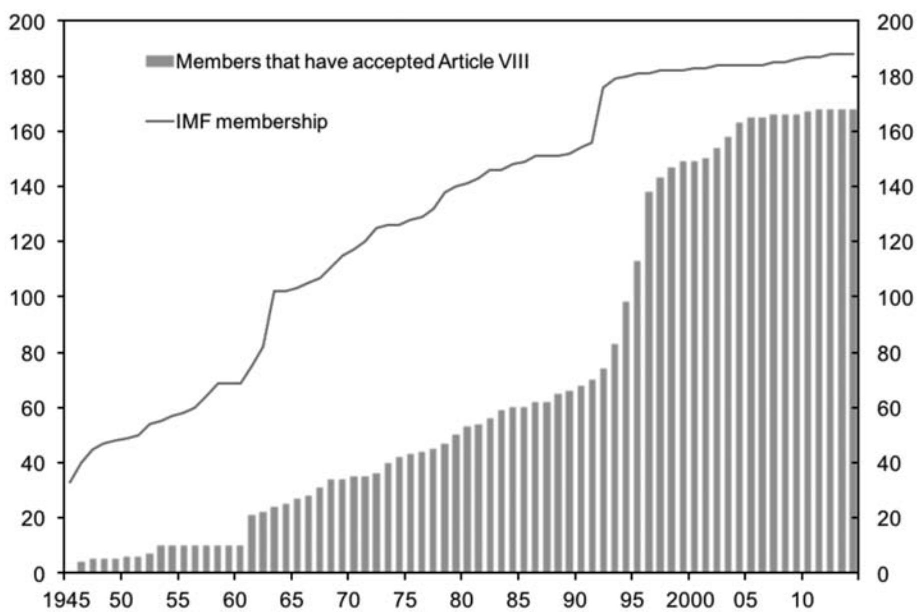
This section provides an overview of the status of IMF members' acceptance of the obligations of Article VIII, Sections 2(a), 3, and 4, of the IMF's Articles of Agreement and of the use of the transitional arrangements of Article XIV. It also describes recent developments in restrictive exchange measures—namely, exchange restrictions and multiple currency practices (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 2014 and to members' positions as reported in the latest IMF staff reports as of December 31, 2014.

Of 188 members of the IMF, 168 have accepted Article VIII status (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.

No member country has accepted Article VIII obligations since 2011. Following the period of increased acceptance in the first half of the 2000s, the share of Article VIII members has remained flat at about 90 percent of total members in recent years. Of these Article VIII members, the number of those maintaining restrictive exchange measures stayed the same at 31 in 2014.[14]

The latest IMF staff reports indicate that many members with Article XIV status maintain restrictions subject to IMF jurisdiction under Article VIII.[15] Among the 20 members with Article XIV status, 3 countries maintain no 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, and that of Somalia will be reviewed in due course. 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, 1945–2014[1]



Source: AREAER database.
[1] As of December 31, 2014.

[14] The AREAER does not indicate whether the Executive Board of the IMF has approved such measures.

[15] The member countries that avail themselves of the transitional arrangements under Article XIV are Afghanistan, Albania, 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

The overall number of restrictive exchange measures increased considerably, while the composition of the members maintaining them changed only marginally (Table 9). The trend reflects in part the elimination of only a few previously identified restrictive exchange measures. In 2014, only two countries reported the removal of an exchange restriction (Sudan) or an MCP (Myanmar). On the other hand, largely reflecting improved reporting by member countries, 19 restrictive measures were newly introduced or identified in 2014. Six of the new measures (5 exchange restrictions and 1 MCP) were maintained by Article VIII countries, whereas 13 new measures (10 exchange restrictions and 3 MCPs) were maintained by Article XIV members. Although many of the restrictive measures were in place for some years and only recently identified as restrictions or MCPs, some restrictions were introduced in recent years in response to balance of payments difficulties—for example, in Bhutan, Ghana, and Ukraine. A relatively large number of newly identified restrictive measures in Article XIV members reflects the completion of the first IMF staff review for several countries. For example, the review of exchange arrangement for South Sudan as a new IMF member found 4 exchange restrictions and 3 MCPs, the majority of which are under the transitional arrangements of Article XIV.

Article XIV members continued to maintain a significantly higher number of restrictions or MCPs than Article VIII countries. With a stable country composition and an increase in the number of restrictive exchange measures, the average number of measures increased from 3.9 to 4.4 for Article XIV countries, and from 1.8 to 2.0 for Article VIII countries. The overall average number of measures rose to 2.8 a member country in 2014.

More than a half of newly identified exchange restrictions apply to payments and transfers for certain current international transactions covering both imports and current invisible transactions. Four exchange restrictions arise from administered allocations, rationing, and undue delay. These include priority allocation of foreign exchange at a more appreciated rate to certain transactions in the Islamic Republic of Iran, rationing in South Sudan, the extra burden caused by channeling of foreign exchange transactions to the parallel market in South Sudan, and the imposition of absolute limits on the availability of foreign exchange for certain current international transactions in Ukraine. Bhutan restricted the availability of Indian rupees for certain current international transactions to manage recurring pressure on Indian rupee reserves.

Most other newly identified exchange restrictions are imposed on payments for imports, usually in the form of requirements to submit certificates of tax clearance. For example, South Sudan requires proof that an importer is current on its tax payments before providing foreign exchange for priority imports. Albania and Ghana restrict access to foreign exchange for import payments if the importer cannot submit proof in the form of customs clearance documents that the previous import payments had indeed been delivered. Ghana also prohibits foreign-currency-denominated loans to non-foreign-exchange earners, limiting trade credits for importers.

Some IMF members maintained exchange restrictions specific to current invisible transactions. These include a limit on payments for current invisible transactions by requiring a tax certificate showing no outstanding taxes (Albania), ceilings on the amount of foreign exchange residents may purchase for certain invisible transactions (South Sudan), and requirements to pay the interest on and amortization of external loans from companies' own foreign exchange resources (Bhutan).

All three newly identified MCPs arise from actual differences between exchange rates used in different exchange markets, including for certain official transactions. In the Islamic Republic of Iran, the official exchange rate for all exchange transactions differs in practice by more than 2 percent from the market rate. In South Sudan, two MCPs arise from the spread of more than 2 percent between the official and market exchange rates and the spread of more than 2 percent between the parallel market rate, on one hand, and the official exchange rate and commercial market rate on the other hand. Myanmar eliminated an MCP arising from the use of foreign exchange certificates in March 2014, when all such certificates were redeemed and subsequently abolished.

Table 10 provides descriptions of restrictive exchange measures as indicated in the latest IMF staff reports as of December 31, 2014. Excluded from Table 10 are member countries that have not consented to publication of such measures described in unpublished IMF staff reports.

Table 9. Exchange Restrictions and Multiple Currency Practices, January 1–December 31, 2014

	Member under								
	Article XIV Status			Article VIII Status			Total		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Total number of restrictions and MCPs maintained by members[1]	54	54	66	49	57	62	103	111	128
Restrictions on payments for imports	6	4	7	3	5	7	9	9	14
Advance import deposit and margin requirements	2			1	1	1	3	1	1
Restrictions on advance payments			1	2	2	2	2	2	3
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	1	2				1	1	2
Other	1	1	2		2	4	1	3	6
Restrictions on payments for invisibles	15	19	21	6	8	7	21	27	28
Education	1	1	1				1	1	1
Medical services	1	1	1				1	1	1
Travel services	3	3	3	1			4	3	3
Income on investment	8	9	10	5	7	6	13	16	16
Tax clearance requirement	2	3	4	1	3	2	3	6	6
Exchange tax on profits				1			1		
Interest on deposits and bonds	1	1	1	2	2	2	3	3	3
Profits and dividends	3	3	3	1	2	2	4	5	5
Foreign exchange balancing for profit remittances	1	1	1				1	1	1
Clearance of debts to government to remit profits	1	1	1				1	1	1
Other	2	5	6		1	1	2	6	7
Restrictions on amortization on external loans	1	1	2	3	3	3	4	4	5
Restrictions on unrequited transfers	3	4	4	1	2	2	4	6	6
Wages and salaries		1	1	1	1	1	1	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	10	7	11	9	10	13	19	17	24
Administered allocations, rationing and undue delay	5	3	5	3	4	6	8	7	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	3	4	4	4	5
Surrender of export earnings to have access to foreign exchange	0	0	0	1	1	1	1	1	1
Other	3	2	4	1	1	1	4	3	5
Multiple currency practices	14	14	16	21	23	24	35	37	40
Exchange taxes	4	4	4	1			5	4	4
Exchange subsidies				1	1	1	1	1	1

Table 9 *(concluded)*

	Member under Article XIV Status			Member under Article VIII Status			Total		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Multiple price auctions	2	3	3	2	2	2	4	5	5
Differentials between official, commercial, and parallel rates	7	6	7	14	17	18	21	23	25
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
Memorandum items:									
Average number of restrictions per member	3.9	3.9	4.4	1.5	1.8	2.0	2.2	2.5	2.8
Number of countries with restrictions	14	14	15	32	31	31	46	45	46

Sources: AREAER database; and IMF staff reports.
[1] Includes 188 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.[16] In total, 33 members notified the IMF of measures introduced solely for security reasons during 2014, while 9 members did so during January–April 2015. The number of countries notifying the IMF of such measures rose significantly from 14 during 2013 and 12 during 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 UN Security Council resolutions or EU regulations.

Table 10. Exchange Restrictions and/or Multiple Currency Practices by Country, as of December 31, 2014

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Albania	The IMF staff report for the 2013 Article IV consultations with Albania states that, as of February 14, 2014, Albania maintained an exchange restriction in the form of outstanding debit balances on inoperative bilateral payment 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 tax 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 premium, 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)

[16] See Decision No. 144-(52/51) in *Selected Decisions and Selected Documents of the International Monetary Fund*, Issue 36 (Washington: IMF, 2012).

Table 10 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Angola	The IMF staff report for the 2014 Article IV Consultation states that, as of August 14, 2014, Angola continues 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 maintains two exchange restrictions resulting from (1) limits on the remittances of dividends and profits from foreign investments that do not exceed US$1,000,000, and (2) the discriminatory application of the 0.015% stamp tax on foreign exchange operations that are subject to approval under Article VIII, Section 2(a). Angola maintains two MCPs (1) arising from the Dutch foreign exchange auction, and (2) the discriminatory application of the 0.015% stamp tax on foreign exchange operations that are subject to approval under Article VIII, Section 3. (Country Report No. 14/274)
Aruba	The IMF staff report for the 2013 Article IV consultation discussions with the Kingdom of the Netherlands—Aruba states that, as of July 12, 2013, Aruba maintained a foreign exchange restriction arising from the foreign exchange tax on payments by residents to nonresidents (1.3% of the transaction value). (Country Report No. 13/258)
Bangladesh	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)
Belarus	The IMF staff report for the 2014 Article IV consultation with Belarus states that, as of June 10, 2014, 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% of the exchange rates in the OTC market and the Belarusian Currency and Stock Exchange (BCSE), (2) the potential deviation by more than 2% 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. 14/226)
Bhutan	The IMF staff report for the 2014 Article IV consultation with Bhutan states that, as of June 2, 2014, Bhutan continues 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 requirement on remittances of income in convertible currencies or other foreign currencies from FDI; and (3) the availability of foreign exchange for importers who are not able to provide the identity of the seller. Bhutan also maintains 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 (RMA'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)
Bosnia and Herzegovina	The IMF staff report for the 2012 Article IV consultation with Bosnia and Herzegovina states that, as of September 12, 2012, 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. 12/282)
Burundi	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% from market exchange rates. (Country Report No. 14/293)

Table 10 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Colombia	The IMF staff report for the 2014 Article IV consultation with Colombia states that, as of May 2, 2014, Colombia maintained an exchange restriction subject to IMF approval under Article VIII arising from the special regime for the hydrocarbon sector. (Country Report No. 14/141)
Democratic Republic of the Congo	The IMF staff report for the 2014 Article IV consultation with the Democratic Republic of the Congo (DRC) states that, as of May 20, 2014, 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. 14/301)
Cyprus	The IMF staff report for the 2014 Article IV consultation states that, as of October 6, 2014, Cyprus maintained three exchange restrictions under Article VIII Section 2(a) arising from: (1) limits on payments for certain transactions involving normal business activity, including the import of goods and services; (2) limitations on certain invisible payments by individuals, including firm limits on remittances for living expenses for certain family members; and (3) limits on access to certain funds deposited with financial institutions in Cyprus that prevent nonresidents from accessing, converting, and transferring out of Cyprus recently acquired net income from current international transactions or investment income. (Country Report No. 14/313)
Ethiopia	The IMF staff report for the 2014 Article IV consultation with Ethiopia states that, as of September 8, 2014, 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 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 Report No. 14/303)
Fiji	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, on the proceeds of airline ticket sales, 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)
Gabon	The IMF staff report for the 2012 Article IV consultation with Gabon notes that, as of January 31, 2013, Gabon levies 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. (Country Report No. 13/55)
Ghana	The IMF staff report for the 2014 Article IV consultation with Ghana states that, as of April 23, 2014, Ghana maintained two exchange restrictions and a MCP subject to IMF approval. The exchange restrictions arise from (1) the limitation/prohibition on purchasing and transferring foreign exchange 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 that are unrelated to the underlying transaction; and (2) the prohibition for commercial banks to grant foreign currency-denominated loans to non-foreign exchange earners (including importers), which constitutes the withdrawal of previously existing normal, short-term banking and credit facilities. A MCP also arises, because the Bank of Ghana requires the use of its internal rate (i.e., 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 (i.e., the interbank exchange rate) and the rates used by banks in their transactions with their customers by more than 2%. (Country Report No. 14/129)
Guinea	The IMF staff report for the Request for Disbursement Under the Rapid Credit Facility and for Modification of Performance Criteria Under the Extended Credit Facility Arrangement with Guinea states that, as of September 19, 2014, Guinea maintained a MCP, 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. 14/298)
Iceland	The IMF staff report for the 2013 Article IV consultation and Third Post-Program Monitoring Discussion with Iceland states that as of July 18, 2013 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. 13/256)

Table 10 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
India	The IMF staff report for the 2014 Article IV consultation with India states that, as of January 10, 2014, 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. 14/57)
Iran	The IMF staff report for the 2014 Article IV consultation with the Islamic Republic of Iran states that, as of March 14, 2014, Iran maintained exchange restrictions and MCPs subject to IMF jurisdiction under Article VIII, Sections 2(a) and 3: Exchange restrictions arise from (1) limitations on the availability of foreign exchange for travel and studies abroad as well as for the payment for imports based on priority lists. Amounts in excess of these limitations may only be purchased in the foreign exchange bureau market but at a more depreciated exchange rate, and (2) limitations on the transferability of rial profits from certain investments under the Foreign Investment Promotion and Protection Act and from limitations on other investment-related current international payments under this act. A MCP, which also gives rise to an exchange restriction, arises from the establishment of an official exchange rate for use in all exchange transactions, which in practice differs by more than 2% from the rate used by foreign exchange bureaus. A MCP arises from the budget subsidies for foreign exchange purchases in connection with payments of certain LCs opened prior to March 21, 2002, under the previous multiple exchange rate system. (Country Report No. 14/93)
Iraq	The IMF staff report for the 2013 Article IV consultation with Iraq states that, as of April 30, 2013, Iraq maintained eight exchange restrictions and one MCP subject to IMF jurisdiction and approval. The exchange restrictions are (1) the limitation that corporates can purchase foreign exchange in the auction for import transactions only; (2) limitation on the availability of foreign exchange cash for individuals (i.e., one request a month, this measure gives rise to an exchange restriction because the limitation of one request a month constitutes a governmental limitation on the availability of foreign exchange for payments and transfers by individuals for current international transactions, e.g., basic allocations for tourist or business travel abroad, family living expenses, etc. Furthermore, because of the limitation on the availability of foreign exchange in the noncash auction to corporates and only for trade transactions, individuals who need to make payments and transfers for current international transactions beyond the maximum limit have no alternative means or channels to get access to foreign exchange, except for resorting to informal sources); (3) maximum limits on the availability of foreign exchange cash in the auction for banks (This measure gives rise to an exchange restriction because the maximum cap constitutes a governmental limitation on the availability of foreign exchange for certain payments and transfers, e.g., repatriation of certain investment income by nonresidents, including remittances of profits, dividends or interest. Because of the limitation on the availability of foreign exchange in the noncash auction by corporates to only trade transactions, they would have no other means or channels to get access to such foreign exchange beyond the maximum limits, except for resorting to informal sources.); (4) maximum limits on the availability of foreign exchange cash in the auction for money transfer companies and money exchange bureaus; (5) 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; (6) the requirement to submit a tax certificate and a letter of no objection 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; (7) the requirement that before non-Iraqis may transfer proceeds in excess of ID15 million out of Iraq, the banks are required to give due consideration to legal obligations of these persons with respect to official entities, which must be settled before allowing any transfer; and (8) an Iraqi balance owed to Jordan under an inoperative bilateral payments agreement. The MCP arises from the absence of a mechanism to ensure that the official exchange rate and the market exchange rate do not deviate by more than 2%. (Country Report No. 13/217)
Kyrgyz Republic	The IMF staff report for the Sixth Review under the Three-Year Arrangement under the Extended Credit Facility with the Kyrgyz Republic states that, as of June 12, 2014, the Kyrgyz Republic maintained a MCP, which predates the arrangement, arising from the use of the official exchange rate for government transactions. The official rate may differ by more than 2% 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%. (Country Report. No. 14/200)
Malawi	The IMF staff report for the Third and Fourth Reviews under the Extended Credit Facility Arrangement with Malawi states that, as of December 27, 2013, Malawi maintained a MCP identified in 2006 as inconsistent with Article VIII, Section 3, due to a spread of more than 2% between the exchange rates of commercial banks and the rates of foreign exchange bureaus. At that time, the IMF determined that the spread resulted from official action by the Reserve Bank of Malawi through informal limitation on the availability of foreign exchange and moral suasion on commercial banks. (Country Report No. 14/37)

Table 10 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Maldives	The IMF staff report for the 2012 Article IV consultation with Maldives states that, as of January 22, 2013, Maldives maintained an exchange restriction and a MCP subject to IMF approval under Article VIII, Section 2(a), of the IMF's Articles of Agreement, arising from the Maldives Monetary Authority's policy of rationing its supply of foreign exchange to commercial banks. This rationing by a governmental agency has caused the 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% from the official exchange rate. The more than 2% exchange rate spread gives rise to a MCP subject to IMF approval under Article VIII, Section 3, and also to an exchange restriction given the additional cost involved for obtaining foreign exchange.
Mongolia	The IMF staff report for the 2013 Article IV consultation with Mongolia states that, as of November 4, 2013, 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 multi-price auction do not deviate by more than 2%. 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 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%, the way the reference rate is used in government transaction gives rise to a MCP. (Country Report No. 14/64)
Montenegro	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)
Myanmar	The IMF staff report for the 2014 Article IV consultation with Myanmar states that, as of September 9, 2014, Myanmar still maintained exchange restrictions and MCPs 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, multi-priced foreign currency auction. The MCP arising from the foreign exchange certificate (FEC) rate has been removed, as FECs were redeemed from April 1, 2013, to March 31, 2014, and have subsequently been abolished. (Country Report No. 14/307)
Nepal	The IMF staff report for the 2014 Article IV consultation with Nepal states that, as of June 17, 2014, Nepal maintained an exchange restriction under Article VIII, arising from the Industrial Enterprises Act that places a 75 percent limit on the conversion and transfer to foreign currency of salaries of nonresidents from countries where convertible currency is in circulation. Since the limit applies to amounts that may be less than net salaries, it gives rise to an exchange restriction under Article VIII. (Country Report No. 14/214)
Nigeria	The IMF staff report for the 2013 Article IV consultation with Nigeria states that, as of February 2, 2013, MCPs are a technical characteristic of the Central Bank of Nigeria's Dutch auction system and give rise to a MCP under Article VIII of the IMF's Articles of Agreement. (Country Report No. 14/103)
São Tomé and Príncipe	The IMF staff report for the 2013 Article IV consultation and Second Review under the Extended Credit Facility with São Tomé and Príncipe states that, as of December 2, 2013, 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/fulfilled 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. 14/02)
Serbia	The IMF staff report on the 2013 Article IV consultation with Serbia states that, as of June 14, 2013, Serbia maintained a system free of restrictions on payments and transfers for current international transactions, except with respect to blocked pre-1991 foreign currency savings deposits. (Country Report No. 13/206)
Sierra Leone	The IMF staff report for the First Review Under the Extended Credit Facility Arrangement with Sierra Leone states that, as of June 4, 2014, 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%. (Country Report No. 14/171)

Table 10 (continued)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
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 CB, (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% between the official exchange rate (buying and selling exchange rates of the CB) and the exchange rate at which commercial banks sell foreign currency within the limits set by the CB, and (2) the spread of more than 2% 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 (BSS) 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) a 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% from the rate used by commercial banks; (3) a 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 a MCP arising from the imposition by the government of a cash margin requirement for most imports. (Country Report No. 14/364)
Suriname	The IMF staff report for the 2014 Article IV consultation with Suriname states that, as of August 13, 2014, Suriname maintained two MCPs arising from the spread of more than 2% between the buying and the selling rates in the official market for government transactions and also from the possible spread of more than 2% between these 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 2014 Article IV Consultation states that, as of June 25, 2014, Swaziland maintained an exchange restriction subject to IMF approval under Article VIII arising from a 50% limit on the provision for advance payments for the import of capital goods in excess of 10 million emalangeni. (Country Report No. 14/223)
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) a MCP resulting from divergences of more than 2% between the official exchange rate and officially recognized market exchange rates; (3) a non-interest-bearing advance import deposit requirement of 75%–100% 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)
Tunisia	The IMF staff report for the 2012 Article IV consultation with Tunisia states that, as of July 10, 2012, Tunisia maintained a MCP 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 US$20 million). (Country Report No. 12/255)
Tuvalu	The IMF staff report for the 2014 Article IV consultations with Tuvalu states that, as of August 5, 2014, IMF staff continues to conduct a comprehensive review of the exchange system to assess jurisdictional implications. (Country Report. No. 14/253)

Table 10 (concluded)

Country[1]	Exchange Restrictions and/or Multiple Currency Practices[2]
Ukraine	The IMF staff report for the First Review Under the Stand-By Arrangement states that, as of August 18, 2014, Ukraine maintained two MCPs arising from (1) the use of the official exchange rate for certain government transactions without establishing a mechanism to ensure that the official exchange rate does not deviate from the market exchange rate by more than 2% and (2) 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. In addition to these existing MCPs, the IMF staff identified two exchange restrictions inconsistent with Article VIII, Section 2(a) arising from (1) the imposition of absolute limits on the availability of foreign exchange for certain current international transactions and (2) the imposition of a foreign exchange transaction tax that applies to both cash and noncash purchases of foreign exchange. (Country Report No. 14/263)
Uzbekistan	The IMF staff report for the 2012 Article IV consultation with Uzbekistan states that, as of February 1, 2013, Uzbekistan maintained at least two exchange restrictions and one multiple currency practice (MCP) subject to IMF jurisdiction. First, undue delays (of up to and exceeding 12 months) in the availability of foreign exchange for payments and transfers for current international transactions give rise to an exchange restriction. Second, the Central Bank of Uzbekistan's practice of providing only limited foreign exchange for payments and transfers for current international transactions is considered direct rationing and gives rise to an exchange restriction. Third, the practice that no interest is paid on "blocked accounts" for conversion of sum to foreign exchange and that these transactions are delayed beyond the normal 5–7 business days, give rise to a MCP, since the lack of interest payments directly increases the cost of the exchange transaction. (Country Report No. 13/278)
Zambia	The IMF staff report for the 2013 Article IV consultations with Zambia states that, as of November 26, 2013, Zambia maintained three exchange restrictions subject to IMF approval under Article VIII, Section 2(a). The first exchange restriction arises from the requirement that a person making payments of dividends in foreign exchange to a foreign bank account or nonresident person provide a tax clearance certificate and evidence of payment of corporate or income tax. The measure gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a), because it imposes limitations on the availability of foreign exchange for the making of payments of current international transactions based on noncompliance with obligations that are unrelated to the proposed transaction. The second exchange restriction arises from the requirement that a person making payments for royalties, management fees, technical fees, commissions, or consultancy fees in foreign exchange to a foreign bank account or nonresident person be accompanied by evidence of corporate tax payments. This measure similarly gives rise to an exchange restriction subject to IMF approval under Article VIII, Section 2(a) because it imposes limitations on the availability of foreign exchange for the making of payments of current international transactions based on noncompliance with obligations that are unrelated to the proposed transaction. Further, Zambia continues 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. (Country Report No. 14/5)
Zimbabwe	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.

[1] Includes 188 members and 3 territories: Aruba and Curaçao and Sint Maarten (all in the Kingdom of the Netherlands) and Hong Kong SAR (China).

[2] The measures described in this table are quoted from IMF staff reports issued as of December 31, 2014, 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 2014 through July 2015. The measures are divided into five major categories: trade-related measures, current invisible transactions and transfers, account transactions, capital controls, and provisions specific to commercial banks and institutional investors.

Trade-Related Measures

Unlike for other categories, but continuing the trend observed in the last year, members reported notably more restrictive trade-related measures from January 2014 through July 2015. The total number of changes in exchange and trade controls on imports and exports amounted to 223—a significant increase from the last year—of which 83 were easing, 103 were tightening, and 37 were neutral.

Imports and import payments

Countries reported about the same number of tightening measures (59) and easing measures (54) related to import transactions and import payments, along with 28 neutral changes. The majority of the total 141 reported measures in this category are related to trade regulations, such as changes in quotas, tariffs, and licensing of imports of certain goods and services. Many of the tightening measures took the form of limits on imports of certain goods or imports from certain countries, likely aiming at supporting domestic industry policies or introduced for national security purposes. Some members enacted free trade agreements or bilateral partnership agreements and lowered various tariffs.

A few countries reported changes involving payments for imports, in particular, tightening of rules on advance payments. The measures that aimed at reducing capital flight through such payments include lowering or introducing a limit on the amount of advance payment for imports (Morocco, Ukraine, Zimbabwe) and a verification requirement by the central bank to make advance payments for import contracts (Ukraine). Morocco later reversed some of the limits on advance payments. Conditions for advance payments were liberalized in some countries. For example, Bangladesh raised the minimum for advance payments that require a repayment guarantee. South Africa eased a document verification requirement to monitor the use of foreign exchange purchased for certain advance payments for imports.

Exports and export proceeds

More than half of the 83 reported changes tighten regulations on export transactions or export proceeds (44 measures), while some countries reported easing changes (30) and measures that are considered neutral (9). Similar to import transactions, many reported changes include sanctions against specific countries or prohibition of exports of certain goods (such as defense-related products). Some countries liberalized exports of certain goods by increasing the export quota, reducing the export tax, or removing the export licensing requirement.

About a third of the reported measures in this category pertain to repatriation and surrender requirements on export proceeds, and more than half of them were changes toward tightening. In particular, surrender requirements were introduced or tightened in Angola, Belarus, Ghana, Madagascar, Ukraine, Uzbekistan, and Venezuela, although some of the measures were later eased or reversed (in Belarus, Ghana, and Ukraine). Surrender requirements are typically tightened during balance of payments difficulties, when the exchange rate comes under pressure because of imbalances in the foreign exchange market. As for repatriation requirements, tightening measures include shortening of the time period for repatriation in India and Madagascar and expansion of the scope of application in the Democratic Republic of the Congo.

There were a few measures toward liberalization. For example, Sudan eased the surrender requirement by allowing exporters to retain export proceeds for their import operations or to sell them to other importers. Similarly, Bangladesh and Malawi lowered the share of export proceeds subject to the surrender requirement. Repatriation requirements were eased by lengthening the time period for repatriation in Korea and Sudan and by expanding the exemptions in Morocco.

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, interest); payments for travel, education, and medical expenses and subscription and membership fees; and unrequited transfers (for example, remittance of nonresidents' salaries and wages).

The recent liberalization trend continues in this category. During the reporting period, there were 99 reported measures, of which 63 were easing, 34 were tightening, and 2 were neutral. Most of the measures pertain to regulations on payments (84); a limited number of reported measures concern proceeds from invisible transactions (15).

Payments for current invisibles and current transfers

The liberalization trend was driven by several members. In particular, Bangladesh, Cyprus, India, South Africa, and Sri Lanka moved forward with liberalization in this area with multiple easing measures. Quantitative limits on transfers abroad were raised in several countries, including the limits for business and personal travel allowances (Bangladesh, Morocco, Sri Lanka); personal remittances (Fiji); transfer of profits and dividends to nonresident shareholders by a company (Fiji); credit card payments by businesses (South Africa); and all permitted current or capital account transactions by individuals (India). Cyprus lifted the quantitative limits on external transfers by individuals and legal entities without supporting documents in several steps. Albania and Zambia eliminated the requirement to submit a tax clearance certificate for certain current transactions

More than 70 percent of the tightening measures were implemented in Ukraine in a bid to prevent further deterioration of macroeconomic stability in the face of strong and persistent foreign exchange outflows and complement other controls on capital transactions. The measures took various forms, including daily and monthly limits on individuals' non-trade-related international transfers, daily limits on individuals' foreign currency cash purchases, limits on withdrawals from foreign exchange accounts, tighter document verification by the central bank for external payments, a prohibition of transfers of dividend income and proceeds from the sale of securities, and proof of payment of tax obligation requirements before purchases or transfers of foreign exchange under import contracts.

Proceeds from current invisibles and current transfers

Of the limited number of reported changes (15), about half were implemented by Ukraine. Most of the measures were related to the repeated renewal of surrender and repatriation requirements. The remaining measures reported in this category by the other members were related mainly to easing of repatriation or surrender requirements, which are described in the previous section.

Account Transactions

The changes in regulations for resident and nonresident account transactions were predominantly in the direction of liberalization. Members reported 108 changes in total for resident and nonresident account transactions, of which 79 are easing measures, 25 are tightening measures, and 4 are neutral measures. If changes by Cyprus, which lifted many restrictions in several steps, are excluded, there were 35 easing, 25 tightening, and 4 neutral changes. Liberalization of transactions took place in many countries (20), while tightening measures were introduced in a handful of countries (5) in response to balance of payments difficulties or for national security reasons.

Many countries allowed their residents more access to foreign currency accounts or convertible domestic currency accounts. For example, Bangladesh allowed the shipping industry to open foreign currency accounts. Morocco enhanced the convertibility of domestic currency accounts for individuals for travel purposes. Serbia allowed residents to maintain foreign exchange in accounts abroad for settling tax and other liabilities to a foreign state. Vietnam allowed opening foreign currency accounts abroad by state agencies and political organizations or funds operating in Vietnam. It also permitted resident foreign individuals to have convertible domestic currency accounts. Venezuela allowed microfinance banks to open accounts in foreign currency. Zimbabwe, which has a multicurrency system, expanded the allowable set of foreign currencies for individuals' and firms' foreign exchange accounts.

Some countries reported easing of controls on the use of foreign currency accounts. In many cases, the liberalization applies to both resident and nonresident accounts. For example, the Democratic Republic of the Congo allowed overseas transfers from foreign exchange accounts with supporting documentation. India raised the yearly ceiling on transfers by individuals for permitted current or capital account transactions. Sierra Leone allowed over-the-counter foreign currency banknote withdrawals from foreign currency accounts up to a ceiling. Swaziland raised the limit on foreign currency deposits by individuals for investment purposes.

A handful of countries implemented numerous changes in their regulations for resident and nonresident account transactions. Most tightening changes were reported by these countries, except for blocking of certain nonresident individuals' accounts, reported by Norway and the United States for security reasons.

Cyprus eliminated restrictions on the maintenance of resident and nonresident accounts, and all balances became freely transferable by April 2015. Restrictive measures were first introduced in March 2013 in response to the financial crisis and were subsequently gradually liberalized. In 2014–15, Cyprus reported 34 easing measures related to resident and nonresident accounts. In particular, in February 2014, restrictions on transfers from fixed-term deposits to sight and current accounts on maturity were removed. The limits on noncash payments or transfers of deposits and funds between accounts in credit institutions in Cyprus were increased in February and March 2014 and removed in May 2014. The authorities removed the ban on terminating fixed-term deposits before maturity, the daily limits on cash withdrawals from bank accounts, and the ban on cashing checks during March–May 2014. The ban on opening accounts for new customers was removed in June 2014, except in the case of accounts in foreign banks exempt from restrictive measures. This ban was removed in April 2015 as the last step in eliminating restrictions. Liberalization of limits on payments or transfers abroad started in December 2014, removing limits for normal business transactions on presentation of supporting documents in January 2015 and gradually raising and ultimately removing the ceilings on transfers by individuals and legal entities without supporting documents by April 2015.

With the purpose of curbing foreign exchange shortages and dollarization, Ghana imposed a requirement to create margin accounts for import bills and circumscribed the use of foreign exchange held in foreign currency accounts between February and August 2014. In February 2014, importers purchasing foreign exchange in advance for the settlement of import bills were required to place the foreign exchange in a margin account for up to 30 days; extension beyond 30 days is subject to bank approval with proper documentation. Cash withdrawals over the counter from foreign exchange accounts were banned, except for travel, and no checks or checkbooks could be issued for these accounts. External transfers from these accounts without documentation became subject to ceilings. Ghana reversed most of the new rules by August 2014, reporting 3 tightening and 5 easing changes in the end.

Ukraine is another country that tightened regulations for resident and nonresident account transactions in 2014 to curb deposit outflows, with 10 tightening and 5 easing changes reported for these categories. A daily limit was introduced for withdrawal from domestic currency accounts in March 2014 and from residents' foreign exchange accounts in May 2014. The daily limit applicable to withdrawals from domestic currency accounts was raised in June 2015. External transfers by resident and nonresident individuals for non-trade-related purposes became subject to daily and monthly ceilings in May 2014, except for a brief period in August 2014. To ease pressure in the foreign exchange market, beginning in March 2015 foreign exchange account holders were required to use the foreign exchange in their accounts for payments and transfers abroad before purchasing additional foreign exchange from authorized dealers.

Capital Controls

IMF members continued to liberalize capital transactions amid uneven global recovery and volatile capital flows. After a strong first half of the year, capital flows to emerging market economies slowed in the second half of 2014. Softer inflows were driven by a number of factors, including shifts in market expectations of interest rate hikes in the United States, weaker growth in emerging markets, a stronger U.S. dollar, lower commodity prices (particularly oil), and geopolitical events. Emerging market economies' responses have varied depending on their circumstances: favorable prospects and a resumption of inflows have led some to ease outflows; lower oil prices translated into lower inflation and have allowed some to ease monetary policy; and depreciation pressure has led some to intervene or impose controls on foreign exchange transactions.

Overall, the number of measures reported was greater than reported in the previous period. The trend of easing measures predominating both inflows and outflows continued. From January 2014 through July 2015, IMF members reported 289 measures compared with 251 during the previous period (January 2013 through

July 2014).[17] Of the total, 210 measures (about 72 percent) were directed toward easing capital flows, slightly higher than the previous reporting period (67 percent). Of the remaining measures, 57 (about 20 percent) were tightening measures, and the rest (about 8 percent) were 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.[18] In addition to capital controls included in this section, prudential-type measures discussed in the next section may also be 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 building the AREAER database.

Repatriation and surrender requirements

A handful of countries adjusted repatriation and surrender requirements with respect to capital transactions. Two measures were directed at tightening outflows, while the remaining measures were directed at easing outflows. Ukraine took measures against the backdrop of a challenging geopolitical situation reflected in a volatile foreign exchange market. It doubled the surrender requirement on foreign direct investment, only to reverse it later by half the increase to 75 percent. It also removed the surrender requirement on foreign exchange transfers to resident individuals above a certain threshold after extending it in May 2014. 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. Vietnam eliminated the requirement that profits and earnings from portfolio investments had to be repatriated within a given time period.

Controls on capital and money market instruments

The total number of measures to adjust controls on capital and money market instruments dropped slightly (to 79) after more than doubling during the previous reporting period. Nevertheless, these were the most frequent measures reported, just as in the previous reporting period. Measures to ease (52) as opposed to tighten (21) 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.

Measures to ease inflows included increased access to domestic securities markets and greater equity participation by foreigners. Brazil liberalized investments into the health care sector. China allowed renminbi funds raised abroad to be used for debt servicing and permitted certain investment funds to be marketed in Hong Kong SAR. Moldova and Qatar increased the limits on foreign ownership of investment firms and domestic listed companies, respectively. The Philippines expanded the scope of institutions that may provide custodial services to include nonbanks. South Africa permitted certain unlisted companies to list overseas or to raise

[17] The total number of measures includes a large number of changes reported by Cyprus, similar to the previous reporting period. Cyprus, to deal with its economic crisis, imposed wide-ranging temporary restrictions in March 2013 that significantly constrained capital transactions across many categories. Subsequently, as conditions improved, restrictions were gradually eased starting as early as April 2013 and finally all restrictions were eliminated in April 2015. 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 Cyprus.

[18] 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 "The Liberalization and Management of Capital Flows: An Institutional View" (Washington: IMF, 2012).

foreign loans and capital. Sri Lanka took steps to attract inflows by easing conditions for foreign institutional investors to invest in corporate bonds in Sri Lanka, and reduced the minimum maturity of bonds issued to foreign investors by companies incorporated in Sri Lanka to one year from two years. In line with its commitments under the East African Community (EAC) Common Market Protocol, Tanzania took steps to liberalize capital flows from EAC countries, while keeping some limits to deter short-term flows and attract long-term flows. Accordingly, nonresidents from the EAC may hold government securities, subject to limits on the total amount and a minimum holding period. In addition, foreign investors were allowed to purchase securities, without limit, of a listed company or in a public offering. As net portfolio inflows slowed, Uruguay reduced the reserve requirement on nonresidents' central bank securities (both peso and indexed units). Venezuela allowed nonresident individuals and legal entities to sell foreign exchange cash and securities in the domestic financial markets.

Only a handful of measures were undertaken to tighten inflows, including stricter reporting requirements and limits on acquiring sovereign bonds. Iraq strengthened documentary requirements for the transfer of funds abroad related to sales of securities or shares by nonresidents. Moldova tightened disclosure and reporting requirements—for example, when a public interest entity's foreign shareholding reaches certain thresholds. Ukraine tightened conditions on investors seeking to acquire government bonds to prevent circumvention of capital outflow controls. Vietnam introduced requirements that inward portfolio investments be made through local currency accounts at a local bank.

The largest number of measures eased conditions for outflows as residents were given greater freedom to allocate portfolio investments abroad. Argentina permitted advance payment on premiums for financial debts using proceeds from issuances of bonds or other debt securities that are considered external issuances on the foreign exchange market. Belarus put in place detailed procedures that would permit nonresidents to issue securities in the domestic market. To facilitate the development of a broader range of investment alternatives in the local market Chile permitted certain foreign securities, including exchange-traded funds and shares, to be traded locally (in national currency). 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 outflows as it sought to further internationalize the use of the renminbi. For instance, foreign nonfinancial enterprises were allowed to use renminbi raised through the issuance of renminbi-denominated debt instruments in the domestic market and abroad. Clearing banks abroad and nonresident participating banks were allowed to undertake repo business in the interbank bond market to fund offshore renminbi business. Limits on the composition of investment portfolios were eliminated for qualified domestic institutional investors' overseas renminbi investments. Fiji delegated to authorized dealers approval of limited withdrawals of investment by nonresidents from sales of shares and assets, eliminating the need for central bank approval. Several countries relaxed the limit on domestic institutional investors' investments in foreign or foreign-currency-denominated assets (China, Jamaica, Poland, Turkey). As part of its capital account liberalization strategy, Iceland removed the restriction on the payment of principal on bonds denominated in foreign currency issued by residents to nonresidents. Against the backdrop of improved growth prospects and strong investor confidence, which led to sizable capital inflows, India gradually raised the amount residents could remit abroad under the Liberalized Remittance Scheme and allowed alternative investment funds to invest in foreign venture capital enterprises, up to a limit. Other countries also relaxed restrictions on residents' investments in foreign assets, either directly or through depository receipts (Moldova, Swaziland, Tanzania). Turkey eased regulations on investment services provided by foreign-based financial institutions to residents. Vietnam expanded the range of institutions that may undertake outward portfolio investment.

Tightening measures on outflows included measures to shore up reserves and ease pressure on the domestic exchange market. With the current account recording a deficit for the first time in 15 years owing to low oil prices and lower volume of hydrocarbon exports, Algeria tightened portfolio outflows: residents may not invest in debt and money market securities abroad, and purchases of shares must involve more than 10 percent of voting rights. Bolivia capped the amount insurance companies could invest abroad at 10 percent. Residents in Lao P.D.R. must have central bank approval in order to transfer funds or invest abroad. Lebanon introduced an approval requirement for the sale of a host of financial products by banks, financial institutions, financial intermediation companies, and collective investment plans. Turkey required approval of the prospectus or issue documents by the market regulator before the public offering or sale of foreign capital market instruments and depository receipts. In addition, it strengthened regulatory requirements for foreign mutual funds offered in Turkey. Vietnam introduced additional regulations on outward portfolio investments and transfer of original capital and profits from foreign portfolio investments. Ukraine took steps to tighten outflows to shore up a falling currency. It extended the ban on transferring proceeds from sales of securities to include securities traded on the stock exchange; introduced an approval requirement to transfer abroad funds related to debt securities sold on the stock exchange; prohibited the transfer of dividends and proceeds from securities not traded on the stock exchange; and prohibited the purchase of foreign exchange based on individual licenses.

Controls on derivatives and other instruments

There was a sharp increase in measures affecting such transactions (35 compared with 20 in the previous period). About half of the measures were undertaken by Cyprus and India, and most leaned toward easing of controls.

More than a third of the measures were to ease outflows: Cyprus accounted for half as it gradually removed all controls. India took several 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 permitted all resident individuals, firms and companies, to book foreign exchange forward contracts up to a limit on the basis of a simple declaration without any further documentation. The requirement for a quarterly statutory auditor's certificate in the derivatives market was relaxed, and only an annual certificate is now required. Importers may now hedge currency under the past performance route, the same way exporters can, up to 100 percent of the eligible limit. To provide flexibility to foreign portfolio investors who intend to keep their investment in Indian debt securities until maturity, they were permitted to hedge the coupon receipts falling due during the following 12 months. 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. Croatia eliminated all restrictions on transactions in derivatives and other instruments on its entry into the European Union, and Israel eliminated the reserve requirement on nonresidents' foreign currency swap and forward transactions introduced a few years ago in the face of large capital inflows. Other countries also eased regulations on various aspects of derivatives transactions. Jamaica increased collective investment schemes' allowable proportion of foreign assets, and Tanzania eased restrictions on buying and selling such instruments issued in other EAC countries. Indonesia expanded the scope of acceptable underlying transactions that could support derivatives transactions and permitted settlement by netting under certain conditions. Colombia expanded the list of allowable currencies for such transactions. The Philippines authorized certain thrift banks to operate as dealers, brokers, and end-users of deliverable foreign exchange forwards, subject to certain conditions, and Turkey removed the requirement that derivatives traded abroad have the same underlying instruments as those traded in the local derivatives exchange. Morocco eliminated the requirement that swap contracts for foreign currencies and dirhams have a grant element of at least 25 percent. Brazil simplified the administrative procedures by removing the requirement for nonresident investors to register with two different authorities.

A few countries took steps to tighten inflows and outflows. Argentina limited forward positions to 10 percent of regulatory capital. Colombia eliminated the option of settling transactions in foreign currency in the foreign currency clearing and settlement system through deposit accounts at the central bank. Lebanon introduced an approval requirement for the marketing of financial derivatives. Paraguay introduced limits on the net forward position vis-à-vis nonresidents, including based on average daily turnover. Ukraine prohibited banks from derivatives transactions on the stock exchange as part of wide-ranging restrictions put in place to deal with the balance of payments crisis.

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 was the same, but the easing trend was somewhat lower, with about 67 percent of measures aimed at relaxing conditions. Changes in controls on cross-border lending were the third most frequent measures, unlike during the previous reporting period, when they were the second most frequent measures reported. Easing measures tended more toward inflows than outflows, reflecting tighter external financing conditions for emerging market economies. The tightening measures were about evenly directed to both inflows and outflows.

India accounted for just over a third of measures to ease inflows, and all related to external borrowing in response to softer inflows and as part of its capital flow liberalization efforts. The measures included extension of the use of commercial borrowing by the aviation sector through March 31, 2015; permission for selected nonresident lenders to extend loans under the external commercial borrowing scheme in rupees; allowing external commercial loans to be placed in term deposits for up to six months until use; expanding the types of collateral assets that may be used for external commercial borrowing; and expanding the conditions for rescheduling and restructuring of such loans. Bangladesh did away with the approval requirement on collateral held by authorized dealers with respect to external borrowing by enterprises. Brazil and Ukraine rolled back controls on inflows that were introduced at a time of large capital inflow surges. Brazil reduced the tax to zero from 6 percent on external loans with maturity greater than 180 days (however, to prevent circumvention, external loans with an initial maturity greater than 180 days would still be subject to the 6 percent IOF rate if the loan is repaid within 180 days). Ukraine eliminated the reserve requirement on short-term deposits and loans from nonresidents to encourage inflows. Other easing measures affected the scope of borrowers, the types of loans, and the ceilings on borrowing. For example, Sri Lanka made it easier for importers to obtain credit by eliminating time restrictions on suppliers' credit and by removing the 90- to 120-day borrowers' settlement requirement for credit to finance exports. South Africa permitted certain unlisted companies to borrow from overseas with approval. For loans not guaranteed by the government, Vietnam expanded borrowing from abroad to include restructuring loans under certain conditions, and Zimbabwe increased the amount residents may borrow from abroad without approval.

Cyprus accounted for more than half of the measures to ease outflows as it removed the temporary restrictions it had imposed in 2013. Bangladesh allowed authorized dealers to issue bonds and guarantees in foreign currency in favor of projects financed by the government and removed the approval requirement for guarantees in foreign currency to service providers in Saudi Arabia related to pilgrimage. China relaxed restrictions on the purpose and maturities of lending abroad.

Tightening measures were about evenly divided across inflows and outflows, unlike last year. Lebanon capped the value of car and housing loans in foreign currency based on the value of the car or property. Ukraine banned the early repayment of loans to nonresidents (with some exceptions) and reduced the maturity of commercial loans that residents may extend to nonresidents to 90 days. Lebanon took measures to tighten inflows by limiting the amount of foreign borrowing banks and nonbanks may undertake against sovereign bonds and central bank certificates of deposit based on equity capital and the pledged portfolio. Vietnam tightened conditions on foreign borrowing—primarily through reporting requirements, including borrowing by majority-state-owned enterprises.

Controls on direct investment

The liberalization trend continued with about 77 percent of the measures directed at easing conditions compared with about 70 percent during the previous reporting period. In addition, there was a marked jump in the total number of measures (53 compared with 36). As a result, changes in this category have become the second most common measures reported following those on capital and money market instruments.

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 permitted investments from Chile, Japan, and Korea at a higher automatic threshold similar to that for investors from New Zealand and the United States. In addition, Japanese and Korean life insurers may now operate branches in Australia, and investors from Thailand and Singapore were given greater access to investment in rural land. India increased permitted equity participation under the automatic route (insurance and telecommunications sectors) and under the approval process (defense, asset reconstruction companies, credit information companies, broadcasting, and telecommunications). Argentina extended the window for submission of documents related to capital contributions. Brazil allowed foreign direct investment in the health care sector, including control in such companies. China allowed the conversion of foreign exchange capital to renminbi by foreign-owned enterprises. Fiji increased the amount of transfers of profits and dividends by authorized dealers permissible without central bank approval to reduce impediments to foreign direct investment. Sweden eliminated the requirement that a founding party of a limited liability (joint-stock) company with one or more founders must either reside in the European Economic Area (EEA) or be an EEA legal entity and that a partnership may be a founding party only if each member with unlimited liability resides in the EEA. South Africa permitted companies listed on the local stock exchange to establish a subsidiary in South Africa for African and offshore operations that are not subject to foreign exchange restrictions. To facilitate further foreign direct investment, South Africa also permitted certain unlisted companies to list overseas or to raise foreign capital and companies listed on the local exchange to have a secondary listing or list depository receipt programs on foreign exchanges.

About half of outflow easing measures are attributed to Cyprus as it gradually eased and then eliminated temporary controls on outflows. China replaced the approval requirement for outward direct investments (except in sensitive countries, regions, and industries) with a reporting system. It also allowed profit repatriation without verification under a limit; above the limit verification is required. To facilitate external operations of domestic enterprises, India increased the limit on outward direct investment to 400 percent from 100 percent of the net worth of a company under the automatic route (up to US$1 billion; higher amounts require approval) and expanded the scope of companies that may invest abroad by including limited liability partnership companies. South Africa eased some of the rules governing holding companies by permitting parent companies to transfer up to R 2 billion a year to a holding company; additional amounts require approval. In line with its other liberalization measures on capital transactions, Tanzania allowed foreign direct investment in any EAC country without approval. Thailand increased the overall limit on outward direct investment as part of its plans for financial account liberalization.

Only a handful of countries took measures to tighten outflows. Firms from Vietnam undertaking outward investment in the gas and petroleum sector faced additional requirements pertaining to bank accounts. Ukraine prohibited the purchase of foreign exchange based on individual licenses and imposed a 100 percent surrender requirement on foreign direct investment (which was later lowered). With respect to repatriation abroad of income and capital from foreign direct investment, Argentina permitted repatriation without approval under certain conditions. Ukraine first prohibited the transfer of dividends and proceeds on securities not traded on the stock exchange and later extended the ban to securities traded on the stock exchange.

Controls on real estate transactions

The number of measures on such transactions was greater than in the previous reporting period. Measures to ease restriction were slightly more than those that tightened conditions (excluding Cyprus). The easing measures were about equal for inflows and outflows.

Hong Kong SAR took measures to stem inflows to residential property markets in an attempt to reduce the pressure on real estate prices by imposing additional stamp duties. India imposed restrictions on citizens of Hong Kong SAR and Macao SAR on acquiring or transferring immovable property in India other than through a lease not exceeding five years, without prior approval. Latvia eliminated an exception that allowed non–EU residents to acquire land in protected areas where local governments planned construction. To limit outflows, Iceland permitted nonresidents to sell their real estate in Iceland to residents only through withdrawal from a króna-denominated account and if the proceeds are deposited in a króna-denominated account. Iraq introduced an approval requirement for the transfer of funds abroad related to the sale of property by nonresidents. Ukraine prohibited the purchase of foreign exchange based on individual licenses, including for purchasing real estate abroad.

In contrast, several countries eased inflows and outflows affecting real estate transactions. Restrictions on nonresidents' purchases of agricultural land and forestland were removed in Latvia, Lithuania, and Romania following a transition period after joining the EU. The Slovak Republic allowed natural and legal persons from EU and EEA member countries and Switzerland to acquire property, except as restricted by special regulations. Australia increased the approval threshold for direct interest in developed nonresidential commercial real estate. China and Poland increased the limit on certain domestic institutional investors' acquisition of foreign assets, including real estate abroad. India permitted resident individuals to remit money under the Liberalized Remittance Scheme for acquisition of property overseas and increased the limit. Swaziland raised the maximum individuals may invest in real estate abroad with central bank approval.

Controls on personal transactions

The number of measures taken was only marginally higher than in the previous reporting period. Measures to ease capital flows outnumbered those taken to tighten flows (even after excluding Cyprus). Cyprus, India, and Ukraine accounted for most of the measures in this category. While Cyprus and India eased conditions, Ukraine accounted for all the tightening measures as it faced pressure in the foreign exchange market. Measures included prohibition of early repayment of loans and limits on non-trade-related transfers and individual cash purchases of foreign exchange. 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 further increasing the limits, also relaxing limits on gifts and donations abroad. Argentina eased access to the local foreign exchange market for purchases of assets abroad by eliminating the central bank approval requirement; however, these purchases are subject to Administration of Public Revenue Program approval. Bhutan reintroduced access to loans to finance personal imports of vehicles and construction material for housing; these loans were previously prohibited to manage Indian rupee shortages. Fiji allowed automatic access to an emigration allowance up to a limit and increased the limit on transfers related to gifts, maintenance, and wedding expenses. Swaziland eased outflows by increasing the amount individuals may transfer abroad and increased allowance limits for emigrants and for gifts by residents to nonresidents.

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.[19] This category covers some monetary and prudential measures in addition to foreign exchange controls.[20] 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 (321) introduced from January 2014 through July 2015 increased by 20 percent compared with the previous reporting period. Most of the increase involved commercial banks and other credit institutions, for which the number of reported measures increased by close to 30 percent, while the number of measures affecting institutional investors remained almost the same as before.

As in the previous reporting period, prudential measures (248) made up close to 80 percent of the reported measures. There were 73 reported changes in capital controls, 14 fewer than in the previous period. Most of the new measures affect the banking sector; close to 80 percent (253) introduced changes in the regulatory framework of commercial banks and other credit institutions, and only 68 target institutional investors.

[19] Capital controls and prudential measures are highly intertwined because of their overlapping application. For example, some prudential measures (such as different reserve requirements for deposit accounts held by residents and nonresidents) could also be regarded as capital controls because they distinguish between transactions with residents and nonresidents and hence influence capital flows.

[20] Inclusion of an entry in this category does not necessarily indicate that the aim of the measure is to control the flow of capital.

Changes in capital controls overwhelmingly ease regulatory constraints (of the 73 measures 49 are easing) as in the previous reporting period, but prudential measures were more balanced: 98 had a tightening and 87 an easing effect. There was a noticeable increase in the number of measures considered neutral (63 compared with 38), mostly reflecting member countries' efforts to consolidate and update financial sector regulatory and institutional arrangements and adopting relevant EU regulations and directives which incorporate the new global standards on bank capital into the EU legal framework. The summary of the changes in this category is presented in Table 11.

Table 11. Provisions Specific to the Financial Sector, January 2014–July 2015

	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	32	12	0	44	17	12	0	29	73
Prudential Measures	82	83	44	209	5	15	19	39	248
Total	114	95	44	253	22	27	19	68	321

Source: AREAER database.

Commercial banks and other credit institutions

The majority of measures affecting capital controls liberalized inflows (22) as member countries advanced their liberalization agendas and rolled back inflow controls, likely reflecting tighter external financing conditions and some weakening in capital inflows in the context of generally more volatile capital flows. There were 8 new measures easing conditions for capital outflows, while 2 affected both inflows and outflows.

- *Controls on capital inflows:* Reversing the previous tightening measures introduced in the face of large capital inflows in early 2011, Israel eliminated the 10 percent reserve requirement on nonresidents' currency swap transactions and foreign currency forwards, and Brazil reduced the financial transaction tax to zero for maturities exceeding 180 days. In the context of deteriorating balance of payments conditions, Ukraine eliminated the unremunerated reserve requirement on short-term external borrowing put in place during a previous inflow surge. With a tightening external financing environment, several measures improved the conditions for financial sector external borrowing. Indonesia exempted certain short-term debt from the daily limit, and Zimbabwe permitted banks to borrow up to US$1 million without Exchange Control approval but continues to require External Loans and Exchange Control Review Committee approval for larger amounts. As part of the financial sector development agenda, greater nonresident participation in banking institutions of some emerging market economies was allowed. The ceiling on foreign ownership in local banks was increased in the Philippines to 100 percent, to 20 percent in commercial banks and to 15 percent in credit institutions in Vietnam. Bangladesh eased conditions for foreign-owned enterprises to borrow locally.
- *Controls on capital outflows:* Against the backdrop of improved macroeconomic and financial sector conditions, Cyprus relaxed and ultimately removed the deposit withdrawal and transfer limits introduced in March 2013. Colombia authorized local banks to grant sureties and guarantees in domestic currency to nonresidents to ensure the fulfillment of obligations within the country. Indonesia further liberalized banks' capital transactions by providing an exemption for banks to lend to foreign parties for investment or trade operations in Indonesia. It also enhanced the international use of its currency by removing the prohibition against rupiah transfers to accounts at an overseas bank. South Africa advanced its liberalization agenda, exempting "foreign member funds" from the macroprudential limits on investment abroad and permitted banks to participate in foreign syndicated loans within their macroprudential exposure limit. Uzbekistan permitted commercial banks to hold correspondent and other bank accounts with foreign banks without Central Bank of Uzbekistan approval.

As in the previous reporting period, only a few measures (12) tightened capital controls, slightly more affecting outflows than inflows. With the general return of capital inflows to emerging market economies in the second quarter of 2014, India rolled back the exceptional measures introduced in August 2013 to attract foreign exchange deposits. During this period, banks were exempt from the cash reserve and statutory liquidity ratios on incremental deposits to such accounts with maturities of three years or more, and the interest rate ceiling was increased. In a bid to reduce exchange rate pressure, Argentina limited banks' forward positions to 10 percent of regulatory capital in February 2014. Jamaica tightened the surrender requirement under its foreign exchange management framework for public sector entities, which consolidates the foreign exchange demand of public sector entities and coordinates foreign currency payments to minimize volatility in the market. To halt the rapid depreciation of the exchange rate in the context of a balance of payments crisis Ukraine reduced the limit on banks' long foreign exchange positions from 5 to 1 percent and imposed a tight limit on banks' net foreign exchange purchases in the foreign exchange market. Serbia extended the period during which banks must assign more favorable credit risk weight to central governments and central banks of EU members. Liberia lowered the ceiling for banks' liquid assets abroad from 50 percent to 40 percent of their foreign currency deposits.

The 209 reported prudential measures indicate continued strengthening of the prudential framework of banks' operations to advance the global financial sector reform agenda. These measures were almost equally divided between tightening (83) and easing (82) measures. A notable development compared with the previous reporting period is the increase in measures with a neutral effect (44 compared with 12).

- Measures that relaxed the regulatory framework for banks' operations include the deregulation of interest and profit rates on residential property loans and other financing products in Brunei Darussalam and lower lending rates in Vietnam for specific purpose loans. India lowered the liquidity requirement on demand and time liabilities. In Venezuela, banks were permitted to receive foreign exchange deposits but were required to hold these with the central bank. To support lending in local currency, Peru implemented a new type of repo operation to inject local currency; this operation allows the Central Reserve Bank of Peru to provide nuevos soles to financial institutions in exchange for foreign currency reserve funds, which reduces the banks' dollar reserve requirements up to 10 percent of their liabilities, subject to foreign currency reserve requirements.
- The measures that tightened the regulatory framework for commercial banks and other credit institutions mostly affected liquidity and funding ratios, interest rates, and the capital of banks. Prudential requirements were revised to enhance the liquidity, solvency, and risk management of commercial banks and other credit institutions in Germany, Malaysia, Mexico, Oman, Singapore, and Vietnam. Bolivia set minimum interest rates for deposits and loans for the production sector. Vietnam reduced the interest rate cap on individuals' dollar deposits. Portugal introduced a prudential minimum own funds requirement, and Hungary increased the foreign exchange funding adequacy ratio to enhance the stability of the domestic financial system and intends to further increase the ratio to 100 percent by January 1, 2017. Mauritania now requires that the term of consumer loans not exceed the depreciation period of the goods and that the monthly payments not exceed one-third of the customer's stable regular income, taking into account the client's other liabilities as well. As a measure to control liquidity, El Salvador imposed a new 0.25 percent tax on cash deposits, payments, and withdrawals exceeding US$5,000 through checks and electronic payments.
- Prudential requirements for the acquisition of shares in banks and related procedural rules were tightened in Korea. The threshold for acquisition by nonfinancial business operators subject to Financial Supervisory Commission approval was returned to 4 percent from 9 percent, reversing a change made in 2009. In Russia, procedures and criteria have been established to assess the financial standing of entities and individuals who acquire shares in a bank exceeding 10 percent. Moldova continued strengthening prudential requirements for bank owners, reduced the qualifying holding to 1 percent, and implemented tools for assessment and ongoing monitoring of the ownership process. Minimum capital requirements were increased in Djibouti and Kazakhstan.
- Reporting and disclosure requirements were tightened to increase transparency and boost confidence in the banking system in Italy, Moldova, and San Marino. To enhance the effectiveness of the prudential framework, Brunei Darussalam tightened sanctions for banks' noncompliance with prudential standards. Austria instituted a requirement that financial institutions prepare and submit restructuring and liquidation plans to the Austrian Financial Market Authority to shore up the framework for early intervention in preventing banking crises.

Close to half of the measures not considered capital controls were related to reserve requirements, reflecting the importance of this tool to monetary policy and financial stability objectives and as part of the policy responses to increased capital flow volatility. As in the previous reporting period, easing outnumbered tightening during 2014 and early 2015. The large number of measures also reflects a few countries' adjustment of their reserve requirements in several steps over the reporting period.[21]

- Reserve requirements were tightened for monetary purposes and to bolster the macroprudential liquidity buffer against external shocks in Armenia, Brazil, the Dominican Republic, Ghana, Moldova, the Philippines, and Turkey by increasing the rate of required reserves on local and/or foreign-currency-denominated liabilities.[22] All of these countries apply different reserve ratios to domestic and foreign currency liabilities. The Kyrgyz Republic tightened its required reserves framework by changing the amount of funds to be held as a daily minimum on correspondent accounts with the central bank.
- Reserve requirements were lowered in Angola, Belarus, Botswana, Maldives, Romania, and Serbia. Tajikistan lowered the reserve requirement on domestic currency liabilities and increased it on foreign-currency-denominated denominated deposits. The Central Bank of the Republic of Turkey increased the remuneration of banks' and financing companies' lira component of required reserves and allowed more choice in the denomination of required reserves. It also increased the remuneration of the required reserves and changed the maturity-dependent required reserves on foreign exchange liabilities to encourage the maturity extension of noncore foreign exchange liabilities by increasing the ratio on shorter maturities. Peru gradually decreased all reserve requirements, including on external borrowing, in several steps in the first half of 2014 and in 2015—except the marginal reserve requirement rate in foreign currency.[23]
- Reserve requirements occasionally target other objectives. Higher rates of required reserves on foreign currency liabilities were implemented to facilitate dedollarization of the economy (Armenia, Kyrgyz Republic, Peru). To reduce the financial stability risks of excessive foreign exchange volatility, Peru increased required reserves for financial institutions whose daily operations with foreign exchange derivatives exceed specific thresholds. Tunisia eliminated the additional reserve requirement of 30 percent of the increase in consumer credit balances compared with the level on September 30, 2012.[24]

Reported measures on commercial banks' exchange rate risk management indicate adoption of new regulatory standards and adjustments to increased exchange rate volatility. EU countries aligned their domestic regulations with the new EU financial sector regulatory framework and set own funds requirements for banks whose foreign exchange exposure exceeds 2 percent of their own funds. On adoption of the new EU framework, the Croatian National Bank eliminated banks' obligation to maintain open foreign exchange positions at 30 percent of a bank's regulatory capital. Under the new regulation banks must report daily on open foreign exchange positions in relation to regulatory capital. The Czech Republic also requires credit institutions to report to the Czech National Bank if the net foreign exchange position exceeds a certain percentage of the credit institution's capital (15 percent for a single currency and 20 percent for all currencies). Foreign exchange exposure limits were reduced by half in Ghana, to lower banks' exchange rate risk and their ability to take a position against the currency. In contrast, with the stabilization of financial markets, Rwanda and Sri Lanka have significantly increased banks' net open position limits. Lebanon implemented an asymmetric open foreign exchange position limit for nonbank financial institutions, which may hold a long net position up to

[21] Peru gradually decreased its multicomponent reserve requirements in 31 steps. Turkey introduced a reserve option mechanism, under which a gradually increasing share of required reserves on lira liabilities may be held in foreign currency and gold. The new regime was implemented in several steps, which increased the number of changes significantly.

[22] Depending on the policy objective, reserve requirement ratios are often differentiated according to maturity, the denomination of the liability, or the residency of the depositor or lender. Reserve requirements imposed at different levels or under different conditions for liabilities to residents and nonresidents are considered capital controls.

[23] In order to encourage dedollarization, Peru increased the marginal reserve requirement on foreign currency from 50 percent to 60 percent in January 2015 and to 70 percent in March 2015, while it lowered reserve requirements on local currency.

[24] To address concerns with respect to consumer credit growth, the Central Bank of Tunisia imposed an additional 50 percent reserve requirement on increases in consumer credit in late 2012. The rate was subsequently reduced to 30 percent in March 2013,

100 percent and a short net position up to 5 percent of their equity.[25] Kazakhstan imposed a separate open position limit on derivatives, which may not exceed 30 percent of the bank's equity. Argentina also raised the overall net positive foreign exchange position limit from 15 percent to 30 percent of capital.

IMF members continued revising their regulatory frameworks for foreign currency lending to mitigate systemic risk from banks' unhedged foreign currency lending to residents. Several countries adjusted their framework for foreign exchange lending by domestic banks to residents, introducing slightly more measures that tightened than eased conditions. Angola banned foreign exchange lending in early 2015, except for credit to exporters. Following a significant tightening of the regulations, in early 2014, Belarus gradually relaxed the framework for foreign exchange lending to businesses. Facing pressure in the foreign exchange market, the relaxation was partially reversed later in the year and eased again in January–February 2015. A number of measures aimed to mitigate the financial stability risks involved in lending in foreign exchange. Risk assessment requirements related to foreign exchange loans were strengthened in Costa Rica and Ghana, while Indonesia required that finance companies fully hedge their foreign exchange loans and meet financial soundness requirements. Ghana relaxed the previous ban on foreign exchange lending to customers who do not earn foreign exchange by allowing such lending for international-trade-related transactions. Hungary, similarly to Lebanon, tightened loan-to-value and payment-to-income prudential limits for foreign-exchange-denominated loans before eliminating the limit on foreign exchange mortgage lending to individuals. Poland continued strengthening the regulatory framework for foreign currency lending started in 2012 by requiring banks to extend foreign-exchange-denominated mortgage loans only in the currency of the borrower's income and to apply stricter creditworthiness standards to foreign exchange credit exposure. In Colombia, loans funded from external financing must be in the same currency, may not have a longer maturity than the financing, and must be fully covered with a derivative transaction. Both Sri Lanka and Vietnam expanded the scope of foreign exchange lending without central bank permission. To deal with the financial stability consequences of foreign exchange loans to unhedged borrowers and to reduce the exposure of domestic private households to foreign currency loans, Croatia and Serbia introduced measures to ease the repayment of foreign exchange loans for individuals, and Peru implemented a repo operation to support the conversion of foreign exchange loans to local currency.

Forty-four reported measures (33 more than in the previous period) continued modernization and harmonization of financial sector regulatory norms, with a neutral effect. Several EU countries reported implementation of the new EU legal framework governing access to the activity, supervisory framework, and prudential rules for credit institutions and investment and incorporating the new global standards on bank capital (Austria, Czech Republic, Estonia, Germany, Italy, Norway, Portugal, Romania, Slovak Republic).[26] Austria further updated its financial sector regulations related to the single euro payments area project, which aims to replace current national payment services with a common EU-wide payment service implementing the changes originating from the division of tasks between the European Central Bank and the national supervisors under the auspices of the Single Supervisory Mechanism. WAEMU countries integrated into their domestic legal framework the Uniform Act on the Treatment of Dormant Accounts on the Books of Financial Agencies of the Member States of the West African Monetary Union. Bolivia authorized the Productive Development Bank (Banco Desarrollo Productivo) to implement and manage a system that provides registry and valuation services for unconventional guarantees in the financial system. Mexico amended several laws on financial institutions and activities with the objective of promoting growth in credit and investment, more competition and transparency among financial sector participants, and consumer protection. Kazakhstan now requires banks' financial statements to be based on International Financial Reporting Standards, and Argentina unified the definition in the foreign exchange and tax laws of countries not considered cooperating countries for the purposes of fiscal transparency. San Marino adopted regulations on payment and electronic money issuing services that implement European laws on purchases of electronic money and payment services. It also introduced several revisions to the financial sector regulatory framework, including on administrative sanctions applied by the Central Bank of San Marino and the Financial Intelligence Unit; the On-line Register of

[25] Asymmetric open foreign exchange position limits are often considered capital controls because they have the effect of influencing capital flows.

[26] Regulation (EU) No. 575/2013 (Capital Requirements Regulation) and Directive No. EU/2013/36 (Capital Requirements Directive IV).

Parent Companies, which records the composition of banking and financial groups operating in San Marino and principal information about the parent and components (financial and nonfinancial); and reports banks must submit to the central bank.

Institutional investors

Thirty members reported a total of 68 measures, almost exactly the same number as in the previous reporting period (69). Of these, 39 changes were of a prudential nature and 29 capital controls. The changes tightening constraints on the operations of institutional investors (27) during January 2014–July 2015 exceeded the number that eased constraints (22). As in the previous reporting period, prudential measures were mostly tightened, and capital controls were mostly relaxed, indicating the continued efforts to strengthen the prudential regulatory framework while gradually moving ahead with capital flow liberalization.

The overwhelming majority of the reported changes with respect to capital controls relaxed constraints on capital outflows (14 of 17). Regulatory limits on institutional investors' investments abroad were increased in Armenia, Brazil, Indonesia, Jamaica, and Turkey. These changes reflect ongoing capital flow liberalization efforts, relaxation of outflows in the context of large capital inflows, and deepening of the financial markets. Cyprus gradually increased and ultimately removed the limits on external transfers introduced in March 2013, removing the constraints on institutional investors' international operations. Only three measures eased controls on capital inflows: Australia allowed Japanese and Korean life insurers to operate through branches in Australia. Foreign life insurers must generally operate through Australian-incorporated subsidiaries, and only New Zealand and U.S. life insurers were previously exempt from this requirement. Conditions for external borrowing were eased in Vietnam; these loans now must be registered only with the State Bank of Vietnam.

Reported measures that tightened capital controls on the operations of institutional investors affected only outflows. The 12 measures generally imposed stricter conditions or limits on the investments of pension funds and insurance companies abroad in Albania, Armenia, Croatia, Kazakhstan, Liberia, Romania, and Uruguay. These measures are considered capital controls because they discriminate against investment in foreign assets by forbidding, or setting lower limits on, institutional investors' investments abroad compared with similar investments locally or requiring a minimum holding of local assets. Regulations on insurance companies' real-estate-related operations were strengthened in the Czech Republic.

Fifteen reported measures (four more than in the previous reporting period) tightened the prudential framework for institutional investors' operations to boost the stability of the financial system. More stringent prudential limits on institutional investors' investments in foreign exchange transactions were introduced in Albania and Moldova with respect to insurance companies and investment funds, respectively. Following the alignment of the domestic regulations with the new EU financial sector regulatory framework, investment firms became subject to risk requirements comprising foreign exchange components and own funds requirements relating to foreign exchange in France, Romania, and the United Kingdom. Armenia tightened the foreign exchange risk management framework for pension funds. To bolster the resilience of investment firms, the minimum equity capital requirement was gradually increased in Belarus. Costa Rica, Kazakhstan, and Switzerland strengthened disclosure and reporting requirements for pension funds to enhance transparency and oversight of operations. Croatia tightened the currency matching requirements for pension funds, and Romania revised the solvency rate calculation for insurance companies.

Five reported measures eased the prudential rules for investment by institutional investors. Albania removed the limit on investment portfolios held locally for insurance companies. China raised the limit on insurance companies' equity and real estate investments, and Costa Rica excluded special-purpose vehicles from the limit on investments in economic or financial interest groups under certain conditions. Poland started gradually increasing the limit on open pension funds' investments in assets denominated in a currency other than zlotys and will continue until January 1, 2016, when the limit reaches 30 percent of total assets.

Close to half of the reported changes in prudential measures specific to institutional investors were recorded as neutral (19). These changes cannot be linked directly to the easing or tightening of rules and reflect mainly institutional or procedural changes. Austria updated the framework for investments in corporate loans, subordinated bonds, and alternative investment funds. Several countries revised their basic legal framework for institutional investors. New legislation went into effect in Croatia and El Salvador on mandatory and voluntary pension funds and investment funds, respectively, and Serbia introduced a new insurance law. Hungary, Italy, and Romania aligned domestic regulations on insurance operations and asset management with the respective new EU framework. Since Belarus repealed the law on investment funds in July 2015, there is no regulation governing the operation of investment funds. Kazakhstan overhauled its pension system through establishment of the single pension fund and the transfer to this fund of the pension assets of all existing pension funds. The existing pension funds may retain their own assets, and, following the transfer of the pension assets, may continue operations as pension portfolio managers or voluntary pension funds. Several regulations on institutional investors were updated in Turkey to ensure consistency with other domestic legislation and to further diversify the types of institutional investors operating there. Relatedly, a new electronic platform, which provides investors access to all funds registered by the Capital Market Board, began operations.

Special Topic

The AREAER at 65+

Brief History and Recent Developments[1]

The *Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAER) helps fulfill several of the fundamental purposes of the International Monetary Fund, as articulated in the Articles of Agreement: to facilitate the expansion and balanced growth of international trade; to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation; and to assist in the establishment of a multilateral system of payments and in the elimination of foreign exchange restrictions. Since the IMF's earliest days, the AREAER has served as a primary platform for the systematic and comprehensive collection and dissemination of information on individual countries' exchange arrangements and exchange restrictions, informing both internal IMF country assessments and policy recommendations as well as external policy and academic and business research. The AREAER is one of the oldest IMF publications and one of two reports required by the Articles of Agreement.

In the beginning…

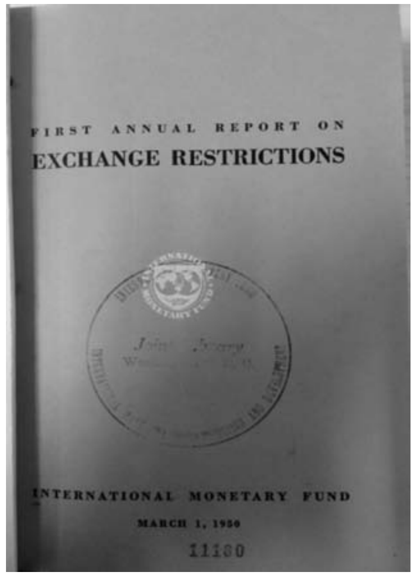
The *First Annual Report on Exchange Restrictions* was issued in March 1950, in accordance with Article XIV, Section 4, of the IMF's Articles of Agreement.[2] The obligation to report foreign exchange restrictions was part of the IMF's task of assisting members in establishing a multilateral system of payments with respect to current account transactions between members and in the elimination of foreign exchange restrictions that hamper the growth of world trade. At that time, in the economic turmoil following World War II, many IMF members opted for the transitional arrangements under Section 2 of Article XIV, which permitted them to maintain and adapt (or introduce under special circumstances) restrictions on payments and transfers for current international transactions.[3] It was difficult to distinguish between the effects of transitional arrangements and other restrictions, and so, for completeness, the first annual report also covered restrictions applied in accordance with Article VIII.

[1] Prepared by Salim M. Darbar and Viktoriya V. Zotova.

[2] Per the original Articles of Agreement in effect prior to their second amendment in 1978, Article XIV, Section 4, read: "*Action of the Fund relating to restriction*[:] Not later than three years after the date on which the Fund begins operations and in each year thereafter, the Fund shall report on the restrictions still in force under Section 2 of this Article. Five years after the date on which the Fund begins operations, and in each year thereafter, any member still retaining any restrictions inconsistent with Article VIII, Sections 2, 3, or 4, shall consult the Fund as to their further retention. The Fund may, if it deems such action necessary in exceptional circumstances, make representation to any member that conditions are favorable for the withdrawal of any particular restriction, or for the general abandonment of restrictions, inconsistent with the provisions of any other articles of this Agreement. The member shall be given suitable time to reply to such representations. If the Fund finds that the member persists in maintaining restrictions which are inconsistent with the purposes of the Fund, the member shall be subject to Article XV, Section 2(a)."

[3] Per the original Articles of Agreement before the second amendment, Article XIV, Section 2, read: "*Exchange Restrictions*[:] In the post-war transitional period members may, notwithstanding the provisions of any other articles of this Agreement, maintain and adapt to changing circumstances (and in the case of members whose territories have been occupied by the enemy, introduce where necessary) restrictions on payment and transfers for current international transactions. Members shall, however, have continuous regard in their foreign exchange policies to the purpose of the Fund; and, as soon as conditions permit, they shall take all possible measures to develop such commercial and financial arrangements with other members as will facilitate international payments and the maintenance of exchange stability. In particular, members shall withdraw restrictions maintained or imposed under this Section as soon as they are satisfied that they will be able, in the absence of such restrictions, to settle their balance of payments in a manner which will not unduly encumber their access to the resources of the Fund."

The First Issue



The first report comprised two parts. Part I provided a general description of exchange restrictions, which were grouped into three categories—quantitative, cost, and composite restrictions—based on their characteristics, and discussed their application.[4] During World War I, the restrictions on foreign trade became extensive. These were further intensified during the Great Depression and carried over into World War II. Countries that became members of the IMF in the wake of the war subscribed to the principle that although restrictions on current transactions may be necessary in certain conditions, they are generally undesirable. However, even when such restrictions had served their original purpose and the need to protect the balance of payments had receded, policymakers were reluctant to remove them because they made it possible for them to pursue policies they otherwise could not. Thus, when the first report was prepared, restrictions were still widespread and were being eliminated more slowly than the IMF's founders had probably envisaged. Only 5 of the 48 members had accepted the obligation to avoid restrictions on current payments and discriminatory currency practices under Article VIII; the other 43 had chosen to make use of the transitional arrangements under Article XIV, Section 2 (Figure 1).

Part II of the first *Annual Report on Exchange Restrictions* contained country surveys of those members using the transitional arrangements. The survey provided a uniform format to outline the restrictive features of each country's exchange regime, including the date of introduction; nature of the restrictive system; and information on exchange rates, payments, and receipts. Where applicable, information on exchange control territory, nonresident accounts, domestic banknotes, and foreign banknotes was also included.

The annual report evolved rapidly during the first few years. By the fourth annual report, the country surveys in Part II contained additional information that became available through the bilateral consultations undertaken under Article XIV.[5] Each country survey started with a section on origin and essential features of the restrictive system, which was followed by sections on the country's exchange rate system and, where applicable, exchange control territory (Table 12). Sections on the administration of controls and the prescription of currency were introduced and the section on exchange payments was divided into imports and import payments and payments for invisibles. Similarly, the section on exchange receipts was split into exports and

[4] *First Annual Report on Exchange Restrictions* (IMF 1950).

[5] See the *Fourth Annual Report on Exchange Restrictions* (IMF 1953). Bilateral consultations began in 1952, after the IMF completed five years of operations, as required by Article XIV, with members still under the transitional provisions of the Articles of Agreement. The nature of these initial consultations is contained in the *Third Annual Report on Exchange Restrictions* (IMF 1952).

export proceeds and proceeds from invisibles. Restrictions on capital transactions, previously covered under exchange payments and exchange receipts, became a separate section. As in previous reports, for some countries, information on banknotes and nonresident accounts and tables of exchange rates were also included. A section detailing significant changes from the previous year was introduced in the second annual report to make it easier for the reader to capture the changes in the exchange and trade systems.

Table 12. Comparison of the Sections Covered in the 1950 and 1955 Reports

1950	1955
Date of Introduction	Origin and Essential Features
Nature of Restrictive System	Exchange Rate System
Exchange Rates	Exchange Control Territory
Exchange Control Territory	Administration of Control
Exchange Payments	Prescription of Currency
Exchange Receipts	Nonresident Accounts
Table of Exchange Rates	Imports and Import Payments
	Payments for Invisibles
	Exports and Export Payments
	Proceeds from Invisibles
	Capital
	Banknotes
	Table of Exchange Rates
	Changes Section

The sixth report, in 1955, was the first to include information on all member countries, at the request of the Executive Directors, who emphasized its value as reference material.[6] In the sixth report, countries were grouped into Article XIV members, those that had accepted Article VIII, and nonmember countries. Previous reports included surveys only of Article XIV countries and some nonmembers.

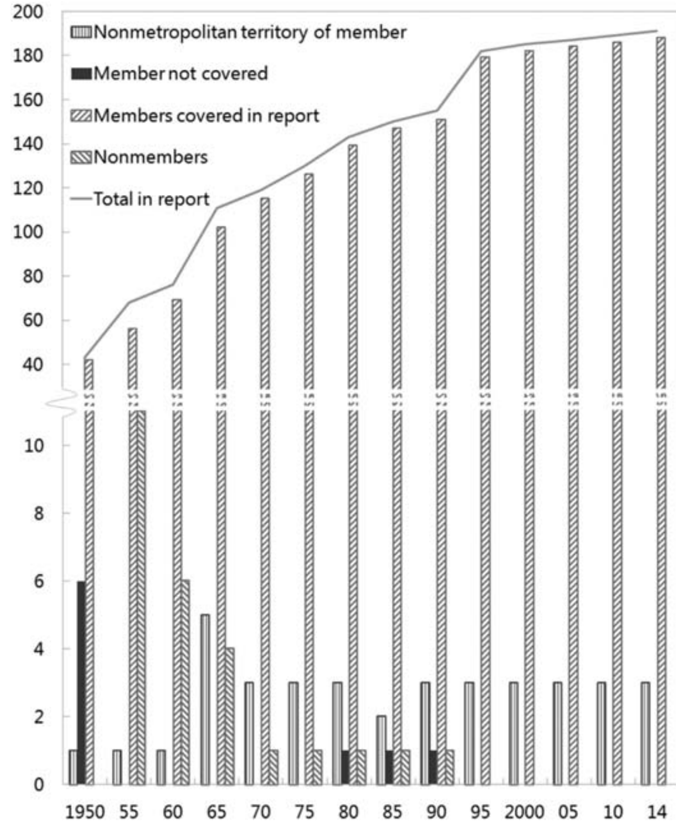
The middle years…

The structure of the report remained essentially the same for more than a decade, but its coverage continued to grow. The reports consisted primarily of country surveys of members and until 1991 of nonmembers (Figure 2). The current title, *Annual Report on Exchange Arrangements and Exchange Restrictions*, was adopted in 1979. By then, the report had grown along with the IMF's membership and the inclusion of more detailed information. For instance, the 1978 report was almost 500 pages long. The report extended beyond the information required under Article XIV, in part at the request of Executive Directors but also to give readers a fuller understanding of countries' exchange systems. The name change reflected the publication's expanded content.[7]

[6] See IMF Executive Board Minutes (EBM) 55/9. During the first few decades, the board provided comments on a draft report during a board discussion and then approved a final version. Comments on Part II were provided directly to the IMF staff by country authorities and/or by Executive Directors' offices. Over time, as the reports evolved, so did the role of the board, particularly with reference to Part I. Today, the board no longer reviews the AREAER, but country authorities still provide input to the country surveys, either directly or through their Executive Directors.

[7] See EBM/79/13 and EBM/79/76.

Figure 2. Coverage in the *Annual Report on Exchange Arrangements and Exchange Restrictions*, 1950–2015



Source: *Annual Report on Exchange Arrangements and Exchange Restrictions,* various issues.

With the second amendment of the Articles of Agreement in 1978, consultations under the amended Article IV became the primary means of implementing exchange rate surveillance by the IMF. The text of the original Article XIV was revised, deleting references to the war period but retaining the spirit of the original article, notably the requirement for an annual report on exchange arrangements and restrictions. The second amendment also introduced annual Article IV consultations for all 138 member countries of the IMF beginning in April 1978. Consultations had previously been mandatory only for those members that retained restrictions on current international payments under the provisions of Article XIV. Although not required by the Articles of Agreement, starting in 1960 consultations similar in scope were undertaken with members that had accepted the obligations of Article VIII. (Only 46 of the 138 members at the end of 1978 had accepted the obligations of Article VIII—Figure 1.) The established process of annual consultation under Articles VIII and XIV became the basis for the consultations under the new Article IV.[8] The annual Article IV consultations with member countries became another source of information for the AREAER.

Beginning in 1989, Part I of the AREAER was published separately in the World Economic and Financial Surveys series.[9] The first such report was titled *Developments in International Exchange and Trade Systems.*[10] Part II (the country surveys) was still issued annually as required by the Articles of Agreement, but the accompanying commentary was now less frequent: only six such reports were published between 1989 and 2007. The reports based on the country surveys continued to identify major trends and reviewed developments underlying trade and financial system topical issues, such as trade and payment systems, currency convertibility, and foreign exchange markets.

[8] De Vries 1985.

[9] *Annual Report on Exchange Arrangements and Exchange Restrictions, 1989—Proposed Outline* (EBD/89/13).

[10] IMF 1989.

and Now…

The AREAER underwent a major transformation in 1997. Country surveys were organized in a new tabular format covering more than 250 variables grouped under 12 categories, and an electronic database was introduced.[11] The major substantial change was expanded coverage of the regulatory framework for capital movements, prompted in part by discussions on extending the IMF's jurisdiction to international capital movements. A special supplement was issued in 1996, as a pilot for a revamped 1997 annual report,[12] which reported on capital transactions for a sample of 52 countries, using readily available data and data collected specifically for the pilot. The electronic database facilitated the way users can make comparisons across countries and over time. The online database now covers the period since 1999. Subscriptions to the database and individual printed annual reports can both be ordered from the IMF Bookstore.

The annual reports now also present information on countries' exchange rate arrangements in a new way. Information on the classification of exchange rate arrangements for many years relied on the de jure or declared classification. Initially, this meant reporting the par values under the fixed exchange rate system in effect after the founding of the IMF. With the collapse of the par value system in the 1970s, and the adoption of generalized floating of major currencies in 1973, members' obligations regarding their exchange rate policies changed significantly from what was envisioned under the earlier Bretton Woods system.[13] Following the second amendment of the Articles of Agreement in 1978, members were free to choose their own exchange rate arrangement. They were required to notify the IMF of their exchange rate regime on becoming a member and of any change thereafter. Based on these notifications, the IMF classified members' exchange rate regimes using a method introduced in 1975 and updated in 1982. Members' exchange rate regimes were grouped according to their degree of exchange rate flexibility, and reporting of exchange rate classification for the most part relied on members' de jure exchange rate arrangements through 1998.

Beginning with the 1999 annual report, a de facto exchange rate classification was introduced, which distinguished between what members reported and what actual developments showed. The new classification also mapped a country's exchange rate regime against a monetary framework. With this new de facto classification, the previously observed trend toward more flexible arrangements based on self-reported classifications was less noticeable, and it became evident that exchange rate targeting remained the principal form of exchange rate arrangement.

The de facto classification was revised in 2009 to increase consistency and objectivity and to expedite the classification process, conserve resources, and improve transparency.[14] Since 2012, the number of countries classified as having soft pegs has increased markedly and reached its highest level as of April 30, 2015 (Table 3). Soft pegs make up the bulk of exchange rate arrangements worldwide, followed by floating rates. This is likely a reflection of recurring pressure on the exchange rates of many emerging market economies as a result of capital flow volatility and the resulting tendency to increase management of the exchange rate.

The section of the AREAER that covers exchange rates also includes information on multiple exchange rates. In the early reports, for the countries that had multiple effective exchange rates, a table of these rates was included in the country survey. This information was later subsumed into the section on exchange arrangements. With the introduction of the tabular format in 1997, an explicit entry was used to identify the structure of the exchange rate as unitary, dual, or multiple. Starting with the 2006 issue, restrictions and/or multiple currency practices with respect to Articles VIII or XIV were explicitly captured in the country survey.

Starting in 2005, the AREAER included an overview of the developments during the reporting year, a descendent of the original Part I (which had been last published as part of the AREAER in 1988). The overview summarizes developments in exchange rate arrangements, changes in countries' exchange restrictions, and developments with respect to current and capital transactions and in the financial sector. These changes reflect major trends in the world economy and the international monetary system. For example, growing concern about capital inflows to emerging market economies was reflected in the greater number of measures affecting

[11] *Annual Report on Exchange Arrangements and Exchange Restrictions* (EBD/97/29). Appendix II of the 1997 AREAER provides a sample country report in the tabular format.

[12] *Exchange Arrangement and Exchange Restriction Annual Report 1996 Special Supplement.*

[13] IMF 1999.

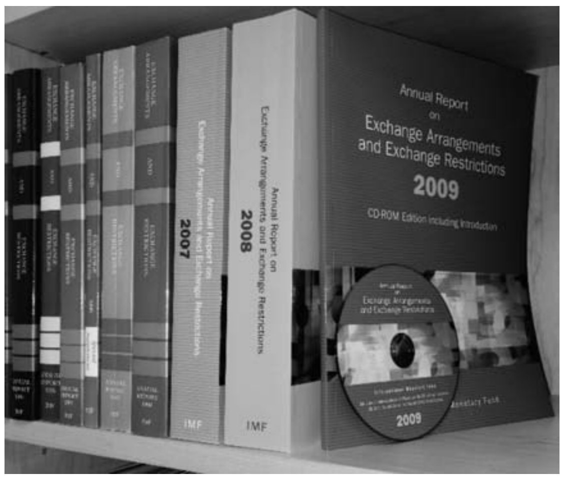
[14] Habermeier and others 2009.

capital transactions. Drawing on lessons from the global financial crisis, many countries strengthened their prudential (both micro and macro) frameworks, as can be seen by the increase in such changes in the section covering the financial sector.

The growing volume of data supplied by member countries (some country chapters are more than 50 pages long) led to a decision to discontinue printing a paper version of the full report starting with the 2009 issue. Individual country chapters are now published electronically (online and on a CD-ROM) and accompany the printed pamphlet containing the Overview. (Readers still have the option to special-order a paper copy of the full volume, which now comprises more than 3,200 pages.) The database is also available online to registered users.

2008 vs. 2009 edition

Less paper, more bytes



The AREAER in use

The AREAER database is used widely in IMF surveillance and research. For example, the database enables the construction of indices to measure the de jure degree of countries' financial openness, either overall or for any subset of variables.[15] These are created from the descriptive and categorical data in the AREAER and are used, for example, in the IMF's framework for External Balance Assessment and Reserve Adequacy Assessment. AREAER data can also be used to analyze a broad array of issues related to the cross-border flow of goods, services, money, and capital. Moreover, each country's staff report on the Article IV consultation contains the AREAER classification of its exchange rate arrangement.

The AREAER also has thousands of external users around the world.[16] It is consulted regularly by central bankers, government officials, researchers, educators, commercial banks, international businesses, nongovernmental organizations, and the media. Most users are in North America and Europe, but a significant number of orders for digital and paper copies come from Central and South America, the Asia-Pacific region, the Middle East, and Africa.

[15] A survey of AREAER-based indices is in the appendix to the 2010 AREAER (IMF 2010). Some indices described there have recently been updated.

[16] Usage statistics are based partly on a survey conducted in 2005: AREAER Usership Research, *Qualitative Findings* and on the latest IMF statistics.

The AREAER stands out for its comprehensive, concrete, and detailed information. Now that it is available in a well-organized searchable online format, it is easier to access and more user friendly. According to survey results, it serves purposes ranging from research for internal reports and policy analysis in central banks and government departments to helping commercial banks and international companies make practical business decisions and advise customers. It also serves as basis for academic research (for example, allowing the construction of indices) and is cited as reference material in various publications. The online database has been increasingly used by professionals from various fields. On average, 20 users visit the database each day, with almost 100 visitors a day in the peak months (during the first months of the calendar year and soon after new data releases). Users spend an average of 70 minutes a visit, with some remaining as long as eight hours.[17]

Although the demand for the printed version of the report has decreased with the introduction of the online database, hundreds of copies are still distributed globally each year. The largest number of orders for print copies come from the United States, but many copies are shipped to China, India, Japan, Russia, and other countries from all income groups.

Indeed, the 2005 survey results show that users believe that the AREAER provides "excellent value for the money" given its unique attributes. Even though most have a strong preference for the online format, there continues to be demand for both the online and print versions. In addition to its many other uses, the AREAER has also been given as an incentive gift. One bank, for example, gave complimentary copies to smaller referring banks and planned to extend the practice to corporate customers.

Conclusion

The AREAER is one of the earliest IMF publications and one of only two reports required by the Articles of Agreement. For more than 65 years, the AREAER has not only successfully served its original purpose of tracking developments in countries' exchange systems and informing IMF advice, but it has also kept up with the evolving nature of international financial flows. More recently, the AREAER was converted into a digital database in keeping with the times, which sparked growing interest. Given the role that international capital flows play in the global economy, the AREAER, with its unmatched country coverage and breadth of content, remains the primary database for policy, academic, and business research.

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[17] AREAER Web metrics May 1, 2013–April 30, 2015; IMF Communications Department.

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Compilation Guide

Status under IMF Articles of Agreement

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

Exchange Measures

Restrictions and/or multiple currency practices	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, 2013. Information on exchange restrictions and MCPs or on the absence of exchange restrictions and MCPs for countries with unpublished staff reports is published only with the consent of the authorities. If no consent has been received, the *Annual Report on Exchange Agreements and Exchange Restrictions* (AREAER) indicates "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 staff report has not been published and the authorities have not consented to publication of information on the existence of exchange restrictions and MCPs. Because in some cases the relevant staff document refers to years before the reporting period of the AREAER, more recent changes in the exchange system may not be included in those staff reports. Changes in the category restrictions and/or multiple currency practices are reflected in the subsequent edition of the AREAER, which covers the calendar year during which the IMF staff report with information on such changes is issued. Changes in the measures giving rise to exchange restrictions or MCPs that affect other categories of the country tables are reported under the relevant categories in the AREAER in accordance with the standard reporting periods.
Exchange measures imposed for security reasons	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).
References to legal instruments and hyperlinks	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

Currency	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.
Exchange rate structure	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 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 the measures in this category are reported in accordance with the standard 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 including information on such changes is issued.
Classification	Describes and classifies the de jure and the de facto exchange rate arrangements.

De jure

The description and effective dates of the de jure exchange rate arrangements are provided by the authorities. Under Article IV, Section 2(a), of the IMF's Articles of Agreement and Paragraph 16 of 2007 Surveillance Decision No. 13919-(07/51), each member is required to notify the IMF of the exchange arrangements it intends to apply and to notify the IMF promptly of any changes in its exchange arrangements. Country authorities are also requested to identify, whenever possible, which of the existing exchange rate arrangement categories listed 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.

De facto

The 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. Wherever the description of the de jure arrangement can be empirically confirmed by the staff over at least the previous six months, the exchange rate arrangement is classified in the same way on a de facto basis. 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 have been reclassified retroactively to the date the behavior of the exchange rate changed and matched the criteria for reclassification to the appropriate category. For these countries, if the retroactive date of reclassification precedes the period covered in this report, 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.

No separate legal tender	Classification as an *exchange rate arrangement with no separate legal tender* involves 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 complete surrender of the monetary authorities' control over domestic monetary policy. Note: effective January 1, 2007, 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 other policies of the currency union or its members.
Currency board	Classification as a *currency board* involves 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 issuance 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 room 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 *conventional peg* involves 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 a 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 ±1% around a central rate—or the maximum and minimum values of the spot market exchange rate must remain within a narrow margin of 2% for at least six months.
Stabilized arrangement	Classification as a *stabilized arrangement* 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 *crawling peg* involves 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 *crawl-like arrangement*, 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. Usually, a minimum rate of change greater than allowed under a stabilized (peg-like) arrangement is required; however, an arrangement is considered crawl-like with an annualized rate of change of at least 1%, provided the exchange rate appreciates or depreciates in a sufficiently monotonic and continuous manner.
Pegged exchange rate within horizontal bands	Classification as a *pegged exchange rate within horizontal bands* involves 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 ±1% around a fixed central rate, or a margin between the maximum and minimum value of the exchange rate that exceeds 2%. It includes arrangements of countries in the ERM of the European Monetary System, which was replaced with the ERM II on January 1, 1999, for countries with margins of fluctuation wider than ±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 *floating* 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 is 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 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 *free floating* 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 is classified as floating. Detailed data on intervention or official foreign exchange transactions will not be requested routinely of member countries—only when other information available to the staff is not sufficient to resolve uncertainties about the appropriate classification.
Official exchange rate	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).
Monetary policy framework	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.
Exchange tax	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.
Exchange subsidy	Foreign exchange transactions are subsidized by using separate, nonmarket exchange rates.
Foreign exchange market	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.

Operated by the central bank

The role of the central bank in providing access to foreign exchange to market participants: foreign exchange standing facility, allocation of foreign exchange to authorized dealers or other legal and private persons, management of buy or sell auctions or fixing sessions. Price determination and frequency of central bank operations.

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.

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 banks' own books typically are not permitted.

Auctions are organized by the central bank, usually for market participants to buy and/or sell foreign exchange. Auctions 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.

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.

Interbank market

The organization and operation of the interbank market; interventions. The existence of brokerage, over-the-counter, and market-making arrangements.

Forward exchange market

The existence of a forward exchange market; institutional arrangement and market participants.

Official cover of forward operations

Official coverage of forward operations refers to the case in which an official entity (the central bank or the government) assumes the exchange risk of certain foreign exchange transactions.

Arrangements for Payments and Receipts

Prescription of currency requirements
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.

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.

Administration of control
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).

Payments arrears
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 of the party concerned.

Controls on trade in gold (coins and/or bullion)
Separate rules for trading in gold domestically and with foreign countries.

Controls on exports and imports of banknotes
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.

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 also 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 differentiating 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 as a form of payment for their imports.
Import licenses used as exchange licenses	Import licenses are used not for trade purposes but 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., phytosanitary 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.

Repatriation requirements	The obligation of exporters to repatriate export proceeds.
Surrender requirements	
Surrender to the central bank	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.
Surrender to authorized dealers	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.
Financing requirements	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.
Documentation requirements	The same categories as in the case of imports are used.
Export licenses	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).
Export taxes	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 on 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 government 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 and 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 effect that limit residents' and nonresidents' issuance 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 bonds and other securities with an original maturity of more than one year.
Shares or other securities of a participating nature	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. Investment for the purpose of acquiring a lasting economic interest is addressed under foreign direct investment.
Bonds or other debt securities	Refers to bonds and other securities with an original maturity of more than one year. The term "other debt 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 paper, 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.

Controls on derivatives and other instruments	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, and swaps of any of the instruments listed above). Controls on operations in foreign exchange without any other underlying transaction (spot or forward trading on the foreign exchange markets, forward cover operations, etc.) are also included.
Controls on credit operations	
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. It 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.
Controls on direct investment	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, and, in particular, in order to allow investor participation in the management of an 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.
Controls on liquidation of direct investment	Refers to the transfer of principal, including the initial capital and capital gains, of a foreign direct investment as defined above.
Controls on real estate transactions	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. It 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, and emigrants' assets).

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions	Describes regulations that are 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 entries under respective categories of controls on capital and money market instruments, on credit operations, or on 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 measures exist 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 "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 IMF Member Countries
(As of date shown on first page of country chapter; symbol key at end of table)

	Total number of member countries with these features	Afghanistan	Albania	Algeria	Angola	Antigua and Barbuda	Argentina	Armenia	Australia	Austria	Azerbaijan	The Bahamas	Bahrain	Bangladesh	Barbados	Belarus	Belgium	Belize	Benin	Bhutan	Bolivia
Status under IMF Articles of Agreement																					
Article VIII	168			•		•	•	•	•	•	•	•	•	•	•	•	•	•	•		•
Article XIV	20	•	•		•															•	
Exchange Rate Arrangements																					
No separate legal tender	13																				
Currency board	10					◊															
Conventional peg	42											◊	◊		◊			◊	▲	✚	
Stabilized arrangement	22										◊			◊							◊
Crawling peg	3																				
Crawl-like arrangement	20				◊		◊	◊								◊					
Pegged exchange rate within horizontal bands	1																				
Other managed arrangement	10			*																	
Floating	37	•	•																		
Free floating	30								•	⊕							⊕				
Exchange rate structure																					
Dual exchange rates	13						•					•									
Multiple exchange rates	11				•											•					
Arrangements for Payments and Receipts																					
Bilateral payments arrangements	62	•		•	•		•	•			•		•	•	•	•		•	•	•	
Payments arrears	24		•		•	•															
Controls on payments for invisible transactions and current transfers	98			•	•	•	•				•	•		•	•	•		•	•	•	•
Proceeds from exports and/or invisible transactions																					
Repatriation requirements	85		•	•	•	–	•				•	•		•	•	•		•	•	•	
Surrender requirements	59			•	•		•					•		•	•	•		•	•	•	
Capital Transactions																					
Controls on:																					
Capital market securities	151		•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Money market instruments	126	•	•	•	•		•			•		•		•	•	•	•	•	•	•	•
Collective investment securities	127		•	•	•		•	•	•	•	•	•		•	•	•	•	•	•	•	•
Derivatives and other instruments	101		•	•	■		•	•		•	•	•	•	•	•	•	•	•	•	•	
Commercial credits	86			•	•							•		•	•	•		•	•	•	•
Financial credits	114			•	•	•	•			•		•		•	•	•	•	•	•	•	•
Guarantees, sureties, and financial backup facilities	77			•	•		•					•		•	•	•		•	•	•	
Direct investment	151			•	•		•		•	•	•	•	•	•	•	•	•	•	•	•	
Liquidation of direct investment	39			•	•		•							•	•			•		•	
Real estate transactions	145	•	•	•	■	•	•	•	•	•		•	•	•	•	•		•	•	•	
Personal capital transactions	95			•	•	–	•		•		•	•		•	•	•		•	•	•	
Provisions specific to:																					
Commercial banks and other credit institutions	174	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Institutional investors	145		•	•	■	–	•	•	•	•	•	•		•	•	•	•	•	•	•	•

Summary Features of Exchange Arrangements and Regulatory Frameworks for Current and Capital Transactions in IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Bosnia and Herzegovina	Botswana	Brazil	Brunei Darussalam	Bulgaria	Burkina Faso	Burundi	Cabo Verde	Cambodia	Cameroon	Canada	Central African Republic	Chad	Chile	China	Colombia	Comoros	Congo, Dem. Rep. of	Congo, Republic of	Costa Rica	Côte d'Ivoire	Croatia
Status under IMF Articles of Agreement Article VIII		●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Article XIV	●						●															
Exchange Rate Arrangements																						
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											●			●								
Exchange rate structure Dual exchange rates							●															
Multiple exchange rates																						
Arrangements for Payments and Receipts Bilateral payments arrangements		●	●		●	●	●	●	●									●				●
Payments arrears						–		●	●								●				●	
Controls on payments for invisible transactions and current transfers	●			●		●	●	●		●		●	●		●		●	●	●		●	
Proceeds from exports and/or invisible transactions Repatriation requirements	●					●	●	●	●	●		●	●		●	●	●	●	●		●	
Surrender requirements			●			●		●	●	●		●	●				●		●	●	●	
Capital Transactions Controls on: *Capital market securities*	●	●	●		●	●	●			●	●	●	●	●	●	●	●	●	●		●	●
Money market instruments	●	●	●			●	●	●		●		●	●	●	●	●		●	●		●	●
Collective investment securities	●	●	●			●	●			●		●	●	●	●	●		●	●		●	●
Derivatives and other instruments			●			●	●	–		■		■	■	●	●	●	■	●	■		●	●
Commercial credits		●				●	●	●		●		●	●			●	●	●	●		●	
Financial credits	●		●			●	●	●		●		●	●		●	●		●	●	●	●	
Guarantees, sureties, and financial backup facilities						●		●		–		■	■	●	●		●	●	■		●	
Direct investment	●		●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	
Liquidation of direct investment										●		●	●		●	●	●	●	●			
Real estate transactions	●		●	●	●	●	●	●	●	●		●	●	●	●			●	●		●	●
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 IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Cyprus	Czech Republic	Denmark	Djibouti	Dominica	Dominican Republic	Ecuador	Egypt	El Salvador	Equatorial Guinea	Eritrea	Estonia	Ethiopia	Fiji	Finland	France	Gabon	Gambia, The	Georgia	Germany	Ghana	Greece
Status under IMF Articles of Agreement Article VIII	●	●	●	●	●	●	●	●	●	●		●		●	●	●	●	●	●	●	●	●
Article XIV											●		●									
Exchange Rate Arrangements																						
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	⊕											⊕			⊕	⊕				⊕		⊕
Exchange rate structure Dual exchange rates											●										●	
Multiple exchange rates																						
Arrangements for Payments and Receipts Bilateral payments arrangements						●	●	●				●									●	
Payments arrears				●	●			–			●	●										
Controls on payments for invisible transactions and current transfers							●	●		●	●		●	●		●	●				●	
Proceeds from exports and/or invisible transactions Repatriation requirements					●			●		●	●		●	●			●				●	
Surrender requirements					●					●	●		●	●			●				●	
Capital Transactions Controls on: *Capital market securities*		●		●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●
Money market instruments		●				●	●	●	●	●	●		●	●	●	●	●			●	●	●
Collective investment securities		●		●	●	●	●	●	●	●	–		●	●	●	●	●			●	●	●
Derivatives and other instruments		●			–	●	●	●	●	■	–		●	●	●		■			●	●	●
Commercial credits				●	●		●			●	●		●	●			●					
Financial credits		●		●	●		●			●	●		●	●	●		●	●		●		●
Guarantees, sureties, and financial backup facilities				●	●	●	●			■	–		●	●			■					
Direct investment	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●		●	●	●	●
Liquidation of direct investment										●			●	●			●					
Real estate transactions	●	●	●		●					●		●	●	●	●		●		●	●	●	●
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 IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Grenada	Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti	Honduras	Hungary	Iceland	India	Indonesia	Iran	Iraq	Ireland	Israel	Italy	Jamaica	Japan	Jordan	Kazakhstan	Kenya	Kiribati
Status under IMF Articles of Agreement Article VIII	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●
Article XIV													●									
Exchange Rate Arrangements																						
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														⊕		⊕		●				
Exchange rate structure Dual exchange rates			●									●										
Multiple exchange rates													●									
Arrangements for Payments and Receipts Bilateral payments arrangements		●	●		●		●			●			●						●			
Payments arrears			●		●				●													
Controls on payments for invisible transactions and current transfers	●		●	●			●		●	●		●	●					●		●		
Proceeds from exports and/or invisible transactions Repatriation requirements	●		●	●			●		●	●	●									●		■
Surrender requirements	●			●			●			●												
Capital Transactions Controls on: *Capital market securities*	●		●	●			●	●	●	●	●	●	●		●		●	●	●	●	●	●
Money market instruments	●		●	●			●	●	●	●	●	●	●				●			●	●	●
Collective investment securities	●		●	●			●	●	●	●	●	●	●			●	●			●	●	●
Derivatives and other instruments	●		●	●					●	●	●	●	●				●			●	●	●
Commercial credits	●		●	●	●		●			●	●	●					●			●		●
Financial credits	●		●	●	●		●	●	●	●	●	●	●				●			●		●
Guarantees, sureties, and financial backup facilities			●	●	●		●		●	●	●	●					●					●
Direct investment	●		●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Liquidation of direct investment	●								●	●			●				●					■
Real estate transactions	●		●	●			●	●	●	●	●	●	●	●	●		●		●		●	●
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 IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Korea	Kosovo	Kuwait	Kyrgyz Republic	Lao P.D.R.	Latvia	Lebanon	Lesotho	Liberia	Libya	Lithuania	Luxembourg	Macedonia, fmr. Yugoslav Rep.	Madagascar	Malawi	Malaysia	Maldives	Mali	Malta	Marshall Islands	Mauritania	Mauritius
Status under IMF Articles of Agreement Article VIII	●		●	●	●	●	●	●		●	●	●	●	●	●	●		●	●	●	●	●
Article XIV		●							●								●					
Exchange Rate Arrangements																						
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						⊕					⊕	⊕							⊕			
Exchange rate structure Dual exchange rates				●													●					
Multiple exchange rates																						
Arrangements for Payments and Receipts Bilateral payments arrangements				●	●					●			●	●		●						
Payments arrears				●	–																	
Controls on payments for invisible transactions and current transfers		●		●	●			●		●			●		●			●			●	
Proceeds from exports and/or invisible transactions Repatriation requirements	●				●			●		●				●	●	●		●			●	
Surrender requirements					●			●		●				●				●				
Capital Transactions Controls on: *Capital market securities*	●	●	●	●	●		●	●		●	●	●	●	●	●	●	●	●	●	–	●	●
Money market instruments			●	●	●		●	●		●	●	●	●	●	●	●		●		–	●	●
Collective investment securities			●	●	●		●	●		●	●	●	●	●	●	●		●		–	■	●
Derivatives and other instruments	●		●	■	●		●	■		■	●	●	●	●	●	●	■	●		–	■	
Commercial credits			●	●	●		●	●		●				●	●	●		●		–		
Financial credits			●	●	●		●	●		●		●		●	●	●		●		–	●	
Guarantees, sureties, and financial backup facilities				●			●			●				●	●	●		●		–	●	
Direct investment	●		●	●	●	●	●	●		●	●	●	●	●	●	●	●	●		●	●	●
Liquidation of direct investment										●										–		
Real estate transactions			●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●
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 IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Mexico	Micronesia	Moldova	Mongolia	Montenegro	Morocco	Mozambique	Myanmar	Namibia	Nepal	Netherlands	New Zealand	Nicaragua	Niger	Nigeria	Norway	Oman	Pakistan	Palau	Panama	Papua New Guinea	Paraguay
Status under IMF Articles of Agreement Article VIII	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●	●	●	●	●	●
Article XIV								●							●							
Exchange Rate Arrangements																						
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	●										⊕					●						
Exchange rate structure Dual exchange rates																						
Multiple exchange rates				●				●							●							
Arrangements for Payments and Receipts Bilateral payments arrangements			●	●																	●	
Payments arrears				●				●					●									
Controls on payments for invisible transactions and current transfers			●		●	●	●	●	●	●				●	●			●	●		●	●
Proceeds from exports and/or invisible transactions Repatriation requirements			●			●	●	●	●	●				●	●			●				
Surrender requirements						●	●		●	●				●	●			●				
Capital Transactions Controls on: *Capital market securities*	●	●	●	●	●	●	●	●	●	●		●		●	●	●	●	●				●
Money market instruments	●	■	●		●	●	●	●	●	●				●	●			●				●
Collective investment securities	●		●	●		●	●	●	●	●				●				●				
Derivatives and other instruments	●		●			●	●	●	●	●				●		●	●	●				●
Commercial credits		■	●			●	●	●	●	●			●	●	●			●				
Financial credits	●	■	●			●	●	●	●	●			●	●				●				●
Guarantees, sureties, and financial backup facilities	●	■	●			●	●	●	●	●				●				●			●	●
Direct investment	●	●	●			●	●	●	●	●	●	●	●	●		●	●	●	●			
Liquidation of direct investment							●	●		●												
Real estate transactions	●	●	●	●	●	●	●	●	●	●		●		●		●	●	●	●			●
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 IMF Member Countries

(As of date shown on first country page; see symbol key at end of table)

	Peru	Philippines	Poland	Portugal	Qatar	Romania	Russia	Rwanda	Samoa	San Marino	São Tomé and Príncipe	Saudi Arabia	Senegal	Serbia	Seychelles	Sierra Leone	Singapore	Slovak Republic	Slovenia	Solomon Islands	Somalia	South Africa
Status under IMF Articles of Agreement Article VIII	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•		•
Article XIV											•										•	
Exchange Rate Arrangements																						
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			•	⊕														⊕	⊕		•	
Exchange rate structure Dual exchange rates																					•	
Multiple exchange rates																•						
Arrangements for Payments and Receipts Bilateral payments arrangements	•	•	•		•	•	•				•				•				•			
Payments arrears											•			•								
Controls on payments for invisible transactions and current transfers		•	•					•	•				•	•		•		•		•		•
Proceeds from exports and/or invisible transactions Repatriation requirements							•		•				•	•		•				•		•
Surrender requirements									•				•							•		•
Capital Transactions Controls on: *Capital market securities*		•	•	•	•		•		•	•		•	•	•		•		•	•	•		•
Money market instruments		•	•	•			•		•	•		•	•	•		•			•	•		•
Collective investment securities		•	•	•			•		•	•		•	•	•		•		•	•	•		•
Derivatives and other instruments		•	•		•					•	–	•	•	•		•			•	•		•
Commercial credits		•	•							•	–	•	•									•
Financial credits		•	•						•	•	–	•	•	•		•	•		•	•		•
Guarantees, sureties, and financial backup facilities		•									–	•	•	•		•				•		•
Direct investment		•	•	•	•		•		•	•	•	•	•	•		•		•	•	•		•
Liquidation of direct investment									•											•		
Real estate transactions		•	•	•	•				•	•	•	•	•	•	•	•	•	•	•	•		•
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 IMF Member Countries

(As of date shown on first country page; see symbol key at end of table)

	South Sudan	Spain	Sri Lanka	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Sudan	Suriname	Swaziland	Sweden	Switzerland	Syria	Tajikistan	Tanzania	Thailand	Timor-Leste	Togo	Tonga	Trinidad and Tobago	Tunisia	Turkey	Turkmenistan
Status under IMF Articles of Agreement Article VIII		•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	
Article XIV	•											•										•
Exchange Rate Arrangements																						
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		⊕								•												
Exchange rate structure Dual exchange rates								•				•										
Multiple exchange rates	•						•															
Arrangements for Payments and Receipts Bilateral payments arrangements	–						•					•		•							•	•
Payments arrears	–													•								
Controls on payments for invisible transactions and current transfers	•		•	•	•	•	•	•	•			•	•	•	•		•	•		•	•	•
Proceeds from exports and/or invisible transactions Repatriation requirements	–		•	•		•	•	•	•			•	•	•	•		•			•		•
Surrender requirements	–			•		•	•		•			•					•			•		•
Capital Transactions Controls on: *Capital market securities*	–	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•
Money market instruments	–	•	•		•	•	•	•	•	•	•	•	•	•	•		•	•		•	•	•
Collective investment securities	–	•	•	•	•	•	■	•	•	•	•	•	•	•	•		•	•		•	•	•
Derivatives and other instruments	–	•	•	■	•		■	•	•	•	•	•	•	•	•		•	•		•	•	
Commercial credits	–		•		•	•		•	•		•	•	•	•			•	•		•	•	•
Financial credits	–	•	•	•	•	•		•	•	•	•	•	•	•	•		•	•		•	•	•
Guarantees, sureties, and financial backup facilities	–		•		•	•		•	•			•		•	•		•	•		•		•
Direct investment	–	•	•	•	•	•		•	•	•	•	•	•	•	•		•	•	•	•	•	•
Liquidation of direct investment	–		•		–			•						•				•				•
Real estate transactions	–	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
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 IMF Member Countries
(As of date shown on first country page; see symbol key at end of table)

	Tuvalu	Uganda	Ukraine	United Arab Emirates	United Kingdom	United States	Uruguay	Uzbekistan	Vanuatu	Venezuela	Vietnam	Yemen	Zambia	Zimbabwe	Aruba	Hong Kong SAR	Curaçao and Sint Maarten
Status under IMF Articles of Agreement Article VIII		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Article XIV	•																
Exchange Rate Arrangements																	
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					•	•											
Exchange rate structure Dual exchange rates			•														
Multiple exchange rates								•		•							
Arrangements for Payments and Receipts Bilateral payments arrangements		•	•				•		■		•			•			
Payments arrears	–	•							■			•	•				
Controls on payments for invisible transactions and current transfers	–		•					•		•				•	•		•
Proceeds from exports and/or invisible transactions Repatriation requirements	–		•					•	■	•	•			•	•		
Surrender requirements	–		•					•	■	•					•		
Capital Transactions Controls on: *Capital market securities*	–		•	•	•	•		•	■	•	•			•	•		•
Money market instruments	–		•		•	•	•	•	■	•	•			•	•		•
Collective investment securities	–		•	•	•	•		•	■	•	•			•	•		•
Derivatives and other instruments	–		•			•		■	■	•	•			•	•	•	•
Commercial credits	–		•					•	■	•	•			•	•		•
Financial credits	–		•					•	■	•	•	•		•	•		•
Guarantees, sureties, and financial backup facilities	–		•			•		•	■	•	•			•	•		•
Direct investment	–		•	•	•	•		•	■	•	•	•		•	•		•
Liquidation of direct investment	–		•					•	■	•				•	•		•
Real estate transactions	–	•	•	•	•	•		•	■	•	•			•	•	•	
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.

Country Table Matrix

Status under IMF Articles of Agreement

Date of membership

Article VIII
Article XIV

Exchange Measures

Restrictions and/or multiple currency practices

Exchange measures imposed for security reasons

In accordance with IMF Executive Board Decision No. 144-(52/51)

Other security restrictions

References to legal instruments and hyperlinks

Exchange Arrangement

Currency

Other legal tender

Exchange rate structure

Unitary

Dual

Multiple

Classification

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

Official exchange rate

Monetary policy framework

Exchange rate anchor

Monetary aggregate target

Inflation-targeting framework

Other monetary framework

Exchange tax

Exchange subsidy

Foreign exchange market

Spot exchange market

Operated by the central bank

Foreign exchange standing facility

Allocation

Auction

Fixing

Interbank market

Over the counter

Brokerage

Market making

Forward exchange market

Official cover of forward operations

References to legal instruments and hyperlinks

Arrangements for Payments and Receipts

Prescription of currency requirements

Controls on the use of domestic currency

For current transactions and payments

For capital transactions

Transactions in capital and money market instruments

Transactions in derivatives and other instruments

Credit operations

Use of foreign exchange among residents

Payments arrangements

Bilateral payments arrangements

Operative

Inoperative

Regional arrangements

Clearing agreements

Barter agreements and open accounts

Administration of control

Payments arrears

Official

Private

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

On domestic ownership and/or trade

On external trade

Controls on exports and imports of banknotes

On exports

Domestic currency

Foreign currency

On imports

Domestic currency

Foreign currency

References to legal instruments and hyperlinks

Resident Accounts

Foreign exchange accounts permitted

Held domestically

Approval required

Held abroad

Approval required

Accounts in domestic currency held abroad

Accounts in domestic currency convertible into foreign currency

References to legal instruments and hyperlinks

Nonresident Accounts

Foreign exchange accounts permitted

Approval required

Domestic currency accounts

Convertible into foreign currency

Approval required

Blocked accounts

References to legal instruments and hyperlinks

Imports and Import Payments

Foreign exchange budget

Financing requirements for imports

Minimum financing requirements

Advance payment requirements

Advance import deposits

Documentation requirements for release of foreign exchange for imports

Domiciliation requirements

Preshipment inspection

Letters of credit

Import licenses used as exchange licenses

Other

Import licenses and other nontariff measures

Positive list

Negative list

Open general licenses

Licenses with quotas

Other nontariff measures

Import taxes and/or tariffs

Taxes collected through the exchange system

State import monopoly

References to legal instruments and hyperlinks

Exports and Export Proceeds

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Financing requirements

Documentation requirements

Letters of credit

Guarantees

Domiciliation

Preshipment inspection

Other

Export licenses

Without quotas

With quotas

Export taxes

Collected through the exchange system

Other export taxes

References to legal instruments and hyperlinks

Payments for Invisible Transactions and Current Transfers

Controls on these transfers

Trade-related payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

Investment-related payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

Payments for travel

Prior approval

Quantitative limits

Indicative limits/bona fide test

Personal payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

Foreign workers' wages

Prior approval

Quantitative limits

Indicative limits/bona fide test

Credit card use abroad

Prior approval

Quantitative limits

Indicative limits/bona fide test

Other payments

Prior approval

Quantitative limits

Indicative limits/bona fide test

References to legal instruments and hyperlinks

Proceeds from Invisible Transactions and Current Transfers

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Restrictions on use of funds

References to legal instruments and hyperlinks

Capital Transactions

Controls on capital transactions

Repatriation requirements

Surrender requirements

Surrender to the central bank

Surrender to authorized dealers

Controls on capital and money market instruments

On capital market securities

Shares or other securities of a participating nature

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

Bonds or other debt securities

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

On money market instruments

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

On collective investment securities

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

Controls on derivatives and other instruments

Purchase locally by nonresidents

Sale or issue locally by nonresidents

Purchase abroad by residents

Sale or issue abroad by residents

Controls on credit operations

Commercial credits

By residents to nonresidents

To residents from nonresidents

Financial credits

By residents to nonresidents

To residents from nonresidents

Guarantees, sureties, and financial backup facilities

By residents to nonresidents

To residents from nonresidents

Controls on direct investment

Outward direct investment

Inward direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Purchase abroad by residents

Purchase locally by nonresidents

Sale locally by nonresidents

Controls on personal capital transactions

Loans

By residents to nonresidents

To residents from nonresidents

Gifts, endowments, inheritances, and legacies

By residents to nonresidents

To residents from nonresidents

Settlement of debts abroad by immigrants

Transfer of assets

Transfer abroad by emigrants

Transfer into the country by immigrants

Transfer of gambling and prize earnings

References to legal instruments and hyperlinks

Provisions Specific to the Financial Sector

Provisions specific to commercial banks and other credit institutions

Borrowing abroad

Maintenance of accounts abroad

Lending to nonresidents (financial or commercial credits)

Lending locally in foreign exchange

Purchase of locally issued securities denominated in foreign exchange

Differential treatment of deposit accounts in foreign exchange

Reserve requirements

Liquid asset requirements

Interest rate controls

Credit controls

Differential treatment of deposit accounts held by nonresidents

Reserve requirements

Liquid asset requirements

Interest rate controls

Credit controls

Investment regulations

Abroad by banks

In banks by nonresidents

Open foreign exchange position limits

On resident assets and liabilities

On nonresident assets and liabilities

Provisions specific to institutional investors

Insurance companies

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Pension funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

Investment firms and collective investment funds

Limits (max.) on securities issued by nonresidents

Limits (max.) on investment portfolio held abroad

Limits (min.) on investment portfolio held locally

Currency-matching regulations on assets/liabilities composition

References to legal instruments and hyperlinks

Changes during 2014

Status under IMF Articles of Agreement

Exchange measures

Exchange arrangement

Arrangements for payments and receipts

Resident accounts

Nonresident accounts

Imports and import payments

Exports and export proceeds

Payments for invisible transactions and current transfers

Proceeds from invisible transactions and current transfers

Capital transactions

Repatriation and surrender requirements

Controls on capital and money market instruments

Controls on derivatives and other instruments

Controls on credit operations

Controls on direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Controls on personal capital transactions

Provisions specific to the financial sector

Provisions specific to commercial banks and other credit institutions

Provisions specific to institutional investors

Changes during 2015

Status under IMF Articles of Agreement

Exchange measures

Exchange arrangement

Arrangements for payments and receipts

Resident accounts

Nonresident accounts

Imports and import payments

Exports and export proceeds

Payments for invisible transactions and current transfers

Proceeds from invisible transactions and current transfers

Capital transactions

Repatriation and surrender requirements

Controls on capital and money market instruments

Controls on derivatives and other instruments

Controls on credit operations

Controls on direct investment

Controls on liquidation of direct investment

Controls on real estate transactions

Controls on personal capital transactions

Provisions specific to the financial sector

Provisions specific to commercial banks and other credit institutions

Provisions specific to institutional investors