

S.I. 88 of 2025

FINANCIAL INSTITUTIONS ACT

(Cap.79)

Financial Institutions (Foreign Currency Exposure) (Amendment) Regulations, 2025

In exercise of the powers conferred by sections 27 and 32 of the Financial Institutions Act (Cap.79), the Central Bank hereby makes the following regulations —

Citation and commencement

1. These regulations may be cited as the Financial Institutions (Foreign Currency Exposure) (Amendment) Regulations, 2025 and shall come into operation on the 30th day of its publication in the Official Gazette.

Amendments to S.I. 16 of 2009

2. The Financial Institutions (Foreign Currency Exposure) Regulations, 2009 (S.I. 16 of 2009) (hereinafter referred to as the principal regulations) are amended throughout the regulations by repealing the expression “overall foreign currency risk exposure” and therefor substituting the expression “overall net open position”.

Amendment of regulation 2

3. Regulation 2 of the principal regulations is amended as follows —

(i) for the definition “capital”, the following definition shall be substituted —

“ “capital base” shall have the same meaning assigned to it in regulation 2 of the Financial Institutions (Capital Adequacy) Regulations, 2010 (S.I.73 of 2010);”;

(ii) by repealing the definitions “form FCER1” and “form FCER2”;

(iii) by repealing clause (a) in the definition “mid-rate” and substituting therefor the following clause —

“(a) in relation to the three main currencies, means the weighted average rate of all buying and selling telegraphic transfers (TT) of banks of the reporting day as published by the Central Bank; and”;

- (iv) for the definition of “long position”, the following definition shall be substituted —

‘ “net long position” means the extent to which foreign currency assets exceed foreign currency liabilities including off-balance sheet items, in a specific currency, indicating an overbought position;’.

- (v) for the definition of “short position”, the following definition shall be substituted —

‘ “net short position” means the extent to which foreign currency liabilities exceeds foreign currency assets including off-balance sheet items, in a specific currency, indicating an oversold position;’;

- (vi) by inserting after the definition of “net short position”, the following definitions —

‘ “off-balance sheet items” means the financial commitments or contractual obligations that are not recorded on a bank's balance sheet but may still expose the institution to financial, operational and legal risks and these items include but not limited to, undelivered spot purchases and sales, forward purchases and sales obligations on account of letters of credit, bills for collection, undrawn overdraft and loans and guarantees and other similar instruments that are certain to be called and are likely to be irrecoverable;

“net off-balance sheet items” means off-balance sheet assets net of off balance sheet liabilities in each individual currency;’;

- (vii) by repealing the definitions “over all foreign currency risk exposure” and “shorthand method” and therefor substituting the following definition —

‘ “overall net open position” means the aggregate of the foreign exchange exposure of a bank, measured as the greater sum of net short positions or the sum of net long positions;’;

- (viii) for the definition of “single currency exposure”, the following definition shall be substituted after the definition of “net off-balance sheet items”—

‘ “net open position in individual currency” means the sum of all assets in a given foreign currency net of sum of all liabilities in that foreign currency, including net off-balance sheet items in that currency;’.

Substitution of new regulations for regulations 3 to 6.

4. By repealing regulations 3 to 6 of the principal regulations and therefor substituting the following regulations —

“Application

3. These regulations shall apply to the banks licensed by the Central Bank under section 6 of the Financial Institutions Act. (Cap. 79)

Calculation of overall net open position

4. The overall net open position shall be calculated in the manner specified below —

- (a) calculate the domestic currency equivalent to the net open position in each individual foreign currency;
- (b) calculate the sum of all net short positions;
- (c) calculate the sum of all net long positions; and
- (d) determine the overall net open position as the higher of the sum of all net short positions or the sum of net long positions.

Foreign currency exposure limit

5. The overall net open position of a bank shall not exceed thirty per cent. of its capital base on any given day.

Reporting requirements

6. A bank shall submit the forms related to its reporting requirements in such form and manner as may be specified by the Central Bank in electronic mode before noon on the business day following the day to which the said form relate.

Exemptions by the Central Bank

7.(1) Where a bank anticipates, in the normal course of its business, that the overall limit specified in regulation 5 may be exceeded; or the limit is exceeded due to the circumstances beyond the bank's reasonable ability to anticipate or control, the bank shall apply in writing to the Central Bank for a temporary exemption of the overall limit, stating the reasons for the excess position and indicating how and when the excess position shall be corrected.

(2) Upon receiving a written application from the bank pursuant to subregulation (1), the Central Bank may grant a temporary exemption, with such conditions as may be deemed necessary by the Central Bank.”.

Repeal of SCHEDULE 1 and SCHEDULE 2

5. By repealing SCHEDULE 1 and SCHEDULE 2 of the principal regulations.

MADE this 21st day of November, 2025.

**CAROLINE ABEL
GOVERNOR
CENTRAL BANK OF SEYCHELLES**
