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ROYAL MONETARY AUTHORITY OF BHUTAN

RMA/FRSD/34/2013-2014/ 0860

Date: 29/08 /2013

The Chief Executive Officer (s)  
All Financial Service Providers

Dear Sir(s),

Subject: Issue of Guarantees by the financial institutions

This is to inform you that financial institutions in Bhutan will not be allowed to provide guarantees or equivalent commitment on behalf of any corporate or private entity for issuance of corporate bonds or debt instruments of any kind.

The restriction is made based on following, amongst other:-

- To safeguard the overall financial stability in the country
- To avoid significant systemic implication within the financial sector.
- To reduce stress to its capital and avoid overleveraging of its capital
- To avoid concentration of risk through concentrated exposure
- To aid the development of a corporate debt market

We look forward to your cooperation on the matter

Yours sincerely,

Eden Dema  
(Deputy Governor)

CC: The Compliance Officer, All FI(s), for your information.