



Ministra de Finanzas y Precios

Resolution No.211/2021

REGARDING: The Decree-Law 17 "On the Implementation of the Monetary Order Process" of 24 November 2020 provides for monetary and exchange rate unification as of 1 January 2021.

REGARDING: Agreements 8956 and 8960 of the Council of Ministers, both dated 25 November 2020, provide for the creation of the Evaluation Commission that evaluates and approves the measures to be adopted with the entities that are classified by the banking system as high risk, without possibilities of recovery and are not subject to credit, and those that by resorting to bridge credit and the compensatory mechanism, cannot recover and possess sustained losses for not bearing the effects of the monetary order; as well as the issuance of Budget Guarantee letters, associated to the granting of the bridge loan by commercial banks and to overdue debts with foreign countries without banking instruments, at the moment of decreeing the Monetary Ordering Process, respectively.

REGARDING: Agreement 9073 of the Council of Ministers, dated May 5, 2021, authorises the Minister of Finance and Prices to issue letters of Budgetary Guarantee to cover the



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Budgetary Guarantee letters to cover the exchange rate differential of foreign obligations acquired by importing companies prior to the establishment of the monetary and exchange unification, which expire up to 360 days after the beginning of the process; and to Cuban parties or partners of foreign investment modalities, for debts due abroad, dividends payable and profits retained at the beginning of the Monetary Ordering.

REGARDING: Resolution 184, issued by the undersigned, dated May 26, 2021, establishes the Budgetary Guarantee Letter forms to support the State Budget to the entities of the business system for the aforementioned concepts; therefore, it is necessary to establish the procedure for its issuance.

THEREFORE: In the exercise of the powers conferred upon me by Article 145, paragraph d), of the Constitution of the Republic of Cuba:

RESOLVED

FIRST: To approve the following:

"FINANCIAL PROCEDURE FOR THE ISSUANCE OF BUDGETARY COMFORT LETTERS TO THE CORPORATE SECTOR, DERIVED FROM THE IMPLEMENTATION OF THE MONETARY AND EXCHANGE RATE UNIFICATION PROCESS".

CHAPTER I GENERAL



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Article 1. The purpose of the procedure is to establish the issuance of Budget Guarantee letters to the business sector, as a commitment of the State Budget derived from the implementation of the monetary and exchange rate unification process.

Article 2. The State Budget supports the entities of the business system by means of Budget Guarantee letters for the mismatch generated by the exchange rate differential derived from the monetary and exchange rate unification process, in the following situations:

- a) Associated with the granting of the Bridge Credit by commercial banks, subject to approval by the Evaluation Commission.
- b) Overdue debts with foreign countries without banking instruments, at the time of decreeing the Monetary Regulation Process.
- c) Obligations with foreign countries, acquired by importing companies, prior to the establishment of monetary and exchange rate unification, which mature up to three hundred and sixty days after the beginning of this process.
- d) To Cuban parties or partners of foreign investment modalities, for debts due abroad, dividends payable and profits retained at the beginning of the Monetary System.

CHAPTER II ISSUANCE OF BUDGET GUARANTEE LETTERS ASSOCIATED WITH THE GRANTING OF BRIDGING LOANS

Article 3. Once the Evaluation Commission has approved the granting of the Bridging Loan with Budget Guarantee Letter, the Directorate Generals of Institutional Care and Territorial Care transfer to the Financial Policy Directorate the file with the documentation relating to the analysis of the report drawn up by the entity requesting the Bridging Loan and the approval issued by the aforementioned Commission, on the working day following receipt of said approval.

Article 4. The Directorate of Financial Policy prepares the proforma of the budgetary Letter of Guarantee and submits it for the signature of the Minister of Finance and Prices, within two working days following receipt of the file.

Article 5. These guarantees are issued for the amount of the principal to support the operation of the Bridging Loan; the accrued interest to be paid is assumed by the company.



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Article 6. The Financial Policy Directorate shall prepare a file with copies of the Budget Guarantee letters issued by the Minister of Finance and Prices for these operations.

Article 7. The Financial Policy Directorate shall file the original of the Budget Guarantee Letter in the file and send it to the Treasury and Public Credit Directorate within two working days of its approval.

Article 8. The Treasury and Public Credit Directorate notifies the lender and the borrower of the Bridging Loan, as well as the Body, Agency of the Central State Administration and Higher Corporate Management Organisation, to which it is subordinated or integrated.

CHAPTER III ISSUANCE OF BUDGET COMFORT LETTERS TO UNDERTAKINGS IN CONNECTION WITH EXTERNAL DEBTS AND LIABILITIES

Article 9. This Chapter applies to letters of budgetary guarantee associated with the situations described in Article 2(b), (c) and (d).

Article 10. The heads of the bodies, agencies of the Central State Administration and higher organisations of Business Management, shall certify to the Minister of Finance and Prices the list of debts due abroad without banking instruments, at the time of decreeing the process of monetary order, and shall list for each entity, as appropriate, the following data:

- a) Name and REEUP code;
- b) Name of the joint venture and name and REEUP code of the entity assuming the debt;
- c) amount of the debt;
- d) operation being financed;
- e) country, bank or entity with which the payment obligation was contracted;
- f) currency of payment;
- g) amount of dividends payable; and
- h) amount of retained earnings.

Article 11. The General Directorates of Institutional Attention and Territorial Attention of this Ministry shall carry out a process of reconciliation of the debts referred to in the preceding Section with the corresponding bodies, agencies of the Central State Administration and higher organisations of Business Management, using as a reference the information reported by the Central Bank of Cuba in forms 1006 and 1007, on the status of the debts, and shall form a file.



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The results of the conciliation are recorded in minutes signed by all parties, which are kept in the authorised file.

Article 12. Based on the results of the conciliation, the General Directorates of Institutional Care and Territorial Care prepare an opinion, within a period of three working days, on the appropriateness of issuing the Budget Guarantee Letter, which is submitted to the Technical Advisory Board for its evaluation.

Article 13. The Technical Advisory Board evaluates the request within ten working days of receipt of the report and issues the corresponding certification within the working day following the session.

Article 14. Once the opinion has been approved by the Technical Advisory Board, the General Directorates of Institutional Care and Territorial Care shall hand over the file to the Directorate of Financial Policy.

Article 15. The Financial Policy Directorate prepares the pro forma budget guarantee letter and submits it to the Minister of Finance and Prices for signature within two working days of receipt of the file.

CHAPTER IV ACTIVATION OF BUDGET GUARANTEE LETTERS

Article 17. The heads of bodies, agencies of the Central State Administration and higher organisations of Business Management request this Ministry to activate the letters of Budgetary Guarantee, once the liquidity necessary to honour debts due abroad has been approved; to this end, they submit the following documents:

- a) Letter of liquidity capacity to support the external payment to be made; and
- b) certification issued by the authorised firms with the details of the beneficiary entity of the transfer in Cuban pesos.

The request received for the activation of the Budgetary Guarantee letters is processed by the Treasury and Public Credit Directorate, which makes the bank transfers to the requesting entity, in accordance with the availability of financial resources in the Central Budget account.

Article 18. The delivery of financing is made at the exchange rate in force on the day the request for activation of the Budget Guarantee Letter is processed.



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Article 19. If at the time of the transaction with the corresponding bank branch, there is an excess of the financial resources transferred, the company returns the resulting excess to the Central Budget Account on the working day following the operation.

If, at the time of the transaction with the relevant bank branch, there is a shortfall in the financial resources transferred, the company requests the Director General for Execution to return the amount due within three working days of the transaction.

Article 21. The entity sends to the General Director of Execution the evidence of the payment, within one working day after its execution.

FINAL PROVISIONS

FIRST: The Directorate of Treasury and Public Credit is responsible for guaranteeing the proper recording of operations, in accordance with Cuban Financial Reporting Standards, as well as the custody, recording, control and planning in the Preliminary Draft of the State Budget for the corresponding year.

SECOND: This Resolution shall enter into force three days after the date of its signature.

COMMUNICATE the present Resolution to the presidents or general directors of the higher organisations of Business Management, and the deputy ministers, general directors and directors of this Ministry.

THIS RESOLUTION SHALL be communicated to the heads of bodies and agencies of the Central State Administration and to the provincial governors.

FILE the original at the Legal Department of this Ministry.

ISSUED in Havana, on the 31st day of May 2021.

Meisi Bolaños Weiss
Minister of Finance and Prices