



South African Reserve Bank

Financial Surveillance Department

2011-10-25

Exchange Control Circular No. 12/2011

Statement on exchange control

The attention of Authorised Dealers is drawn to the further steps in the liberalisation of exchange controls announced by the Minister of Finance in the 2011 Medium Term Budget Policy Statement, a copy of an extract of which is attached for ease of reference.

A number of Circulars, in amplification of the foregoing, have also been issued today.


Deputy General Manager

Towards a simpler, more competitive investment framework

Proposed reforms to the prudential and investment regulatory framework aim to promote investment into South Africa and as a gateway into Africa – and to reduce the cost of doing business.

Enhancing domestic capital markets

Following public comments received on the *Prudential Regulation of Foreign Exposure for Institutional Investors* discussion document, the National Treasury proposes that all inward listed shares on the JSE be classified as “domestic” for the purposes of trading on the exchange, and be included in its indices. Details will be provided by the JSE. Prudential institutions would still be required to report their foreign exposures to the regulatory authorities, subject to regulatory criteria. This proposal is intended to enhance the ability of the JSE to attract new listings and boost investments into Africa. Further work is in progress to modernise the foreign direct investment framework.

Improving access and competition in cross-border money remittances

Government proposes to remove ownership restrictions on international participation in foreign currency exchange bureaus, also known as authorised dealers with limited authority (ADLAs). The requirement for money remitters to partner with authorised dealers will also be removed. Remitters will be regulated as standalone entities, subject to reporting and regulatory requirements. These changes aim to reduce the cost of cross-border remittances, particularly to other countries in Africa.

Reducing red tape on cross-border transactions

Cross-border transaction thresholds will be amended to reduce red tape, simplify payment mechanisms and eliminate bias between resident and non-resident individuals.

The Reserve Bank will publish details on these proposals and other administrative reforms.