



South African Reserve Bank

Financial Surveillance Department

2012-11-01

## **Exchange Control Circular No. 17/2012**

### **International Headquarter Companies**

Flowing from representations made, Authorised Dealers are referred to Exchange Control Circular No. 2/2011 dated 2011-01-25 and are advised that the requirement for approval by the Financial Surveillance Department of foreign persons who wish to establish headquarter companies in South Africa has been withdrawn. However, newly established headquarter companies have to be registered with the Financial Surveillance Department for reporting purposes.

In order to report all transactions on behalf of the headquarter company via the electronic cross-border foreign exchange transaction reporting system, a ring fenced resident foreign currency account in the name of the company must be opened. Certain reporting requirements as outlined in Section F.3 of the Business and Technical Specifications document will have to be adhered to as a result of the nature of these transactions over this account.

No shareholder in the headquarter company whether alone or together with any other company forming part of the same group of companies as a shareholder may hold less than 10 per cent of the shares and voting rights.

Furthermore, the requirement that the shares and/or debt of the headquarter company may not be listed on the JSE Limited or that the shares in the headquarter company may not be directly or indirectly held by a shareholder with shares or debt listed on the JSE Limited, is also withdrawn.

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In view of the aforementioned, the following amendments to the Exchange Control Rulings have been made:

Section B.2(B)(vi)(a)

The entire subsection has been deleted and substituted with the following:

“Subject to registration with the Financial Surveillance Department for reporting purposes, newly established headquarter companies who meet the following shareholding and asset criteria may invest offshore without restriction.”

Section B.2(B)(vi)(a)(aa)

The limit of “20 per cent” has been deleted and substituted with “10 per cent”.

Section B.2(B)(vi)(a)(bb)

The entire subsection has been deleted.

The existing subsections B.2(B)(vi)(a)(cc) and (dd) have been renumbered (bb) and (cc), respectively.

A new subsection B.2(B)(vi)(d) has been added as follows:

“Authorised Dealers must submit annually to the Financial Surveillance Department a detailed organogram of the headquarter company as well as their latest available audited financial statements.”

A new subsection B.2(B)(vi)(e) has been added as follows:

“In order to report all transactions on behalf of the headquarter company via the electronic cross-border foreign exchange transaction reporting system, a ring fenced resident foreign currency account in the name of the company must be opened. Certain reporting requirements as outlined in Section F.3 of the Business and



Technical Specifications document will have to be adhered to as a result of the nature of these transactions over this account.”

The existing subsections (d), (e), and (f) have been renumbered (f), (g) and (h), respectively.

Replacement pages of the Exchange Control Rulings incorporating the relevant amendments are attached hereto.



**Deputy General Manager**