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South African Reserve Bank
Financial Surveillance Department

2015-06-25

Exchange Control Circular No. 19/2015**Amendments to the Macro-Prudential Foreign Exposure Limit Return**

Authorised Dealers are referred to the 2014 Budget Speech wherein the Minister of Finance announced that the Macro-Prudential Foreign Exposure Limit (MPL) Return will be revised.

Flowing from the above, a joint task team consisting of representatives from certain Authorised Dealers and the Financial Surveillance Department was established to explore the possible enhancements to the current MPL Return.

Amendments have been effected to enhance the reporting in the current MPL Return which, *inter alia*, include the calculation methodology and reporting of derivative exposures, the elimination of double counting and the inaccurate reporting of certain line items. Net foreign intra-group advances/exposures will now form part of the Authorised Dealers' foreign exposure regardless of whether or not there is on-lending to third parties.

The revised MPL Return will more accurately reflect the true foreign economic exposure of the Authorised Dealers and must include both gross and net derivative figures. The gross derivative figures are only reported for disclosure purposes and do not form part of the foreign exposure calculations.

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The first submission of the revised MPL Return must be based on the July 2015 data and must be submitted to the Financial Surveillance Department by the 20th working day of August 2015.

The MPL Return may be downloaded from the South African Reserve Bank website—www.reservebank.co.za by following the links: Home>Regulation and supervision>Financial surveillance and exchange controls > Prudential returns>Macro-prudential foreign exposure limit return.

In view of the aforementioned, Authorised Dealers are advised of the amendments to the Exchange Control Rulings.

Sub-sections B.2(B)(iv)(f),(g),(i),(k) and (l) have been deleted and substituted with the following:

Section B.2(B)(iv)(f)

“Authorised Dealers must note that all foreign intra-group bank exposures should be included in the calculation of the macro-prudential limit, however, the netting of these foreign intra-group exposures is allowed as provided for in the Macro-Prudential Foreign Exposure Limit Return.”

Section B.2(B)(iv)(g)

“Foreign exposures directly related to infrastructural development and/or outward foreign direct investment, including acquisitions in terms of Section 52 of the Banks Act, 1990, (Act No. 94 of 1990), are excluded from the macro-prudential limit. C.F.C. account balances, foreign currency denominated facilities made available to South African companies in respect of bona fide foreign direct investments are similarly excluded from the macro-prudential limit.”



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Section B.2(B)(iv)(i)

“Authorised Dealers must complete and submit a Macro-Prudential Foreign Exposure Limit Return on a monthly basis to the Financial Surveillance Department by the 20th working day of the following month. The amounts reflected on the applicable Bank Supervision Department’s BA Returns, under the specified line items, must be populated when completing the Macro-Prudential Foreign Exposure Limit Return. The Return must reflect both gross and net derivative figures however the gross derivative figures are only reported for disclosure purposes and do not form part of the calculation of the macro-prudential limit.”

Section B.2(B)(iv)(k)

“The Return must be submitted electronically via e-mail to the following address: sarbportfolio@resbank.co.za, containing the wording: “Macro-Prudential Foreign Exposure Limit Return” in the subject field.”

Section B.2(B)(iv)(l)

“Authorised Dealers must reflect a breakdown of their macro-prudential limit into the largest five asset classes by indicating amounts and percentages on an aggregated basis on the monthly Return.”

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



Deputy Head: Financial Surveillance

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