



South African Reserve Bank

Financial Surveillance Department

2017-04-19

### **Exchange Control Circular No. 9/2017**

## **Amendments to the Currency and Exchanges Manuals and the guideline documents**

Following the representations made, various amendments to the Manuals and guideline documents are hereby implemented.

For ease of reference, attached is a schedule highlighting the amendments made to the applicable Manuals and guideline documents.

The amended Manuals and guideline documents may be accessed on the SARB website: [www.reservebank.co.za](http://www.reservebank.co.za) by following the links: Home>Regulation and supervision>Financial surveillance and exchange controls>Currency and exchanges documents.

  
**Head of Department: Financial Surveillance**



South African Reserve Bank  
Financial Surveillance Department

**Amendments to the Currency and Exchanges Manuals and the guideline documents**

**A. Currency and Exchanges Manual for Authorised Dealers**

Item no	Section of the Manual	Amendment in the Currency and Exchanges Manual
1.	B.1(E)(v)	<p>Computer software- Extension of agreements</p> <p>The subsection has been amended as follows:</p> <p>(v) Authorised Dealers may, where applicable, approve the extension of the agreements authorised in (i) to (iv) above as well as agreements previously approved by the Financial Surveillance Department, provided that the agreement originally entered into makes provision for an extension or an addendum to the agreement is viewed confirming the extension thereof.</p>
2.	B.2(C)(i)(f)(hh)	<p>South African companies</p> <p>The subsection has been amended as follows:</p> <p>(hh) requests to transfer unutilised amounts and/or additional working capital to foreign target entities and/or increase an applicant's approved equity interest and/or voting rights in a foreign target entity may be approved by Authorised Dealers in subsequent years provided that:</p>
3.	B.3(E)	<p>Licence agreements involving the local manufacture of goods</p> <p>The subsections have been amended as follows:</p> <p>(i) Royalties and fees payable to non-residents (related and unrelated parties) in respect of licence</p>

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		<p>agreements involving the local manufacture of goods are subject to the following conditions:</p> <ul style="list-style-type: none"> <li data-bbox="584 347 2063 564">(a) in respect of any new, renewed or amended licence agreement involving the local manufacture of goods, licensees should be informed that they must submit the royalty agreement in triplicate, supported by a statement furnishing the information called for in the questionnaire Form DTP 001, directly to the Technology Transfer (Royalties) Unit, Directorate of the Enterprise Organisation, Department of Trade and Industry, Private Bag X86, Pretoria, 0001 and not to the Financial Surveillance Department;</li> <li data-bbox="584 608 2063 715">(b) the Authorised Dealer should be satisfied that the payments fall within the terms of the relative agreement and where applicable, comply with any conditions laid down in the authority granted by the Department of Trade and Industry;</li> <li data-bbox="584 758 2063 865">(c) where applicable, minimum payments, advance payments and down payments are permissible provided that such payments are normal in the trade concerned. The advance payments and down payments must be recoupable from future royalties or fees payable;</li> <li data-bbox="584 908 2063 1015">(d) prior to effecting any payments, Authorised Dealers should view a copy of the approval letter from the Department of Trade and Industry. An invoice from the licensor, verifying the purpose and the amount involved, from the relevant non-resident party must also be presented for payment; and</li> <li data-bbox="584 1058 2063 1193">(e) a letter from the independent auditors of the local applicant entity, confirming the amount or percentage transferred or to be transferred has been correctly calculated and is reasonable in the trade concerned, is submitted to the Authorised Dealer effecting the transfer, at least once per calendar year.</li> </ul>
4.	B.10(K)	<p>Nominated branches</p> <p>Authorised Dealers are advised that the name Heerengracht branch under the heading of ABSA Bank Limited has been deleted and replaced by Roggebaai branch, Cape Town from the list of names contained in section B.10(K).</p>

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5.	B.10(K)	<p>Nominated branches</p> <p>Authorised Dealers are advised that the name Hatfield branch under the heading of ABSA Bank Limited has been deleted and replaced by Brooklyn branch, Pretoria from the list of names contained in section B.10(K).</p>
6.	B.10(K)	<p>Nominated branches</p> <p>Authorised Dealers are advised that the following branches have been added under the heading of The Standard Bank of South Africa Limited on the list of names contained in section B.10(K).</p> <p>TPS Operations SA, Johannesburg Non Resident Centre, Johannesburg</p>
7.	B.14(J)(iv)	<p>Miscellaneous transfers- Refunds</p> <p>A new paragraph has been inserted as follows:</p> <p>(iv) Any other refunds not exceeding a total value of R100 000 per calendar year due to non-residents involving related parties, provided that the Authorised Dealer is satisfied that the relevant transaction complies with the transfer pricing guidelines and that suitable documentary evidence is viewed in this regard.</p>
8.	E.(D)(iv)	<p>Foreign bank accounts</p> <p>A new paragraph has been inserted as follows:</p> <p>(iv) Authorised Dealers may, where applicable, approve the extension of the authorities previously granted by the Financial Surveillance Department provided the conditions stipulated in (i) above are strictly adhered to.</p>
9.	I.3(C)(i)(a)(aa)	<p>Trade finance, long-term loans and working capital loans extended by Authorised Dealers- Imports</p> <p>The subsection has been amended as follows:</p> <p>(aa) Authorised Dealers may, on application to the Financial Surveillance Department or unless exempted,</p>

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		extend short-term foreign trade finance facilities, relating to the importation of goods into South Africa to residents subject to the following conditions:
10.	I.3(C)(i)(b)(aa)	<p>Trade finance, long-term loans and working capital loans extended by Authorised Dealers- Exports</p> <p>The subsection has been amended as follows:</p> <p>(aa) Authorised Dealers may, on application to the Financial Surveillance Department or unless exempted, extend short-term foreign trade finance facilities relating to the export of goods from South Africa to residents, subject to the following conditions:</p>
11.	I.3(C)(ii)(a)	<p>Trade finance, long-term loans and working capital loans extended by Authorised Dealers- Short-term working capital loans</p> <p>The subsection has been amended as follows:</p> <p>(a) Authorised Dealers may, on application to the Financial Surveillance Department or unless exempted, extend short-term foreign currency working capital loan facilities, specifically relating to the financing of current assets, other than those arising from the import or the export of goods into or from South Africa, to residents on the following basis:</p>
12.	I.3(C)(iii)(a)&(b)	<p>Trade finance, long-term loans and working capital loans extended by Authorised Dealers- Long-term loans</p> <p>The subsection has been amended as follows:</p> <p>(a) In the event of an Authorised Dealer wishing to interpose itself locally and assume the funding of a capital goods import by substituting either local funding or shorter-term foreign currency finance facilities and, in so doing, bars direct utilisation of new long-term lines of credit, which were available for that specific purpose (by e.g. negotiating any bills of exchange or promissory notes, transferring or providing any security or acknowledging any debt), the Financial Surveillance Department's prior approval must be obtained, if not exempted.</p> <p>(b) Should an Authorised Dealer in similar circumstances wish to interpose itself through a subsidiary or branch office outside South Africa, it may do so provided that such transactions are financed solely out</p>

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		of the offshore entity's own resources abroad. It follows that no funding may be provided from the CMA to the offshore entity to assist either wholly or partially, with the financing of such a transaction. Furthermore, such financing must run for the full credit period originally agreed and the resident debtor may not repay such financing at an earlier date, without the Financial Surveillance Department's prior approval.