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Exchange Control Circular No. 2/2022

Offshoring and cloud computing

We refer to Exchange Control Circular No. 10/2020 and advise that flowing from representations made, the following amendments to the Currency and Exchanges Manual for Authorised Dealers (AD Manual) and Currency and Exchanges Manual for Authorised Dealers in foreign exchange with limited authority (ADLA Manual) have been made accordingly:

Section J.(D)(i) of the AD Manual and section C.1(D)(i) of the ADLA Manual

A new subsection (i) with key concepts has been inserted as follows:

- (i) For the purpose of this subsection, the following key concepts are outlined below:

Concept	Description
Business processes	Business processes refer to FinSurv related business processes which include, but are not limited to, on-boarding of customers, exchange control compliance, sanction screenings, releasing of cross-border payments and activities relating to reporting to FinSurv.
Data	Data refers to cross-border transactional data, customer information and digital images of documentation, e.g. documentary evidence obtained in terms of the Authorised Dealer

Concept	Description
	Manual and ADLA Manual.
Customer information	Customer information is data captured in the centralised customer database of reporting entities which, inter alia, includes data captured during on-boarding of a customer, client identification and verification documentation as obtained in terms of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001).
Transactional data	Transactional data is cross-border transactional data reported by reporting entities to FinSurv in terms of the provisions outlined in the Authorised Dealer Manual and ADLA Manual.
Digital images of documentation	Digital images of documentation include documentary evidence obtained and/or stored in an electronic format by reporting entities as outlined in the Authorised Dealer Manual, ADLA Manual or specified in terms of certain approvals granted by FinSurv.
Offshoring	Offshoring is the transferring of the business processes (including, but not limited to exchange control compliance), services, systems, data or infrastructure of the reporting entities to a branch or Head Office situated outside the borders of South Africa.
Cloud computing	Cloud computing is defined as a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage facilities, applications and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.

Concept	Description
	<p>Forms of cloud computing may include a public cloud, private cloud, community cloud or hybrid cloud.</p> <p>Computers providing capacity can be in different geographical locations which may be subject to different laws, business practices and government oversight.</p>
Local outsourcing	<p>Local outsourcing is the subcontracting of business processes (including, but not limited to exchange control compliance), functions, services, systems, data or infrastructure of reporting entities, as contemplated in the Authorised Dealer Manual and ADLA Manual, to a third party within South African jurisdiction but not based at the premises of the relevant reporting entities.</p>
International outsourcing	<p>International outsourcing is the subcontracting of business processes (including, but not limited to exchange control compliance), functions, services, systems, data or infrastructure of reporting entities, as contemplated in the Authorised Dealer Manual and ADLA Manual to a third party situated outside the borders of South Africa.</p>
Regulatory access to data	<p>Regulatory access to data refers to FinSurv's access to data and systems. This includes access to transactional systems' front-end and back-end systems as well as folders, servers and databases.</p>
System replication	<p>System replication refers to duplication of transactional systems' front-end and back-end</p>

Concept	Description
	systems as well as folders, servers and databases. This also includes the replication tools used to keep transactional systems' front-end and back-end systems as well as folders, servers and databases synchronised.
Data replication	Data replication refers to the process of copying data from one location to another, including the replication tools used.

Sections J.(D)(ii) to (viii) of the AD Manual and sections C.1(D)(ii) to (vii) of the ADLA Manual

The current subsections (i) to (vii) have been renumbered (ii) to (viii). The words 'to authorise' and 'exclusively' have been deleted in subsection (ii).

- (ii) The Financial Surveillance Department is prepared to consider requests for the following offshoring and cloud computing models relevant to data, infrastructure and systems, as contemplated in the Authorised Dealer Manual/ADLA Manual:

The amended Authorised Dealer Manual and ADLA Manual may be accessed on the South African Reserve Bank website, www.resbank.co.za by following the links: Home>What we do>Financial Surveillance>Financial Surveillance documents.

Head of Department: Financial Surveillance