



14/6/2_2022

2022-02-23

Exchange Control Circular No. 5/2022

Export of multi-listed domestic securities by private individuals

We refer to Exchange Control Circular No. 4/2022 and the announcement made by the Minister of Finance in Annexure F of the 2022 Budget Review, wherein it was mentioned that private individuals may export dual/multi-listed domestic securities to a foreign securities register in a jurisdiction where those securities are listed utilising their single discretionary allowance and/or foreign capital allowance, provided the Financial Surveillance Department is duly notified and that all tax, anti-money laundering and reporting requirements are complied with.

In this regard, private individuals will require a confirmation letter and/or approval letter from the Financial Surveillance Department to be presented to the South African Central Securities Depository Participant concerned, in order to transfer the securities in question to a foreign register.

The following amendments to the Currency and Exchanges Manual for Authorised Dealers (Authorised Dealer Manual) are outlined:

Section B.2(B)(i)(o) and (p)

New subsections have been added as follows:

- (o) Private individuals may, as part of their single discretionary allowance and/or foreign capital allowance, export multi-listed domestic securities to a foreign securities register in a jurisdiction where such securities are listed, subject to tax compliance and reporting to the Financial Surveillance Department via a Central Securities Depository Participant, in conjunction with an Authorised Dealer.

- (p) Since these transactions will not result in actual flow of funds from South Africa, the process thereof as well as the reporting must take place as outlined hereunder:
- (aa) An applicant must furnish the following information through an Authorised Dealer, at the time of submitting a request for a confirmation letter and/or approval letter to the Financial Surveillance Department:
 - (1) the full names and identity number of the applicant;
 - (2) the name of the company whose securities are exported as well as number of securities and the market value thereof; and
 - (3) domicilium and name of the target foreign register on which those securities are listed.
 - (bb) In this regard, the confirmation letter and/or approval letter from the Financial Surveillance Department must be presented by the applicant to the relevant South African Central Securities Depository Participant to effect the transaction.
 - (cc) Central Securities Depository Participants may, in conjunction with an Authorised Dealer, allow the transfer of domestic listed securities abroad, up to a total market value of R1 million per calendar year in terms of the single discretionary allowance for private individuals, without the requirement to obtain a TCS PIN letter, provided a confirmation letter from the Financial Surveillance Department is viewed.
 - (dd) Central Securities Depository Participants may, in conjunction with an Authorised Dealer, also allow the transfer of domestic listed securities of up to a total market value of R10 million per calendar year in terms of the foreign capital allowance, provided that a TCS PIN letter is obtained as well as a confirmation letter from the Financial Surveillance Department is viewed.
 - (ee) Private individuals who export securities with a market value of more than R10 million are subject to a more stringent verification process by SARS as well as an approval process from the Financial Surveillance Department. Such transfers will trigger a risk management test that will, inter alia, include verification of the tax status and the source of funds, as well as risk assess the private individual in terms of the anti-money laundering and countering terror financing requirements, as prescribed in the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001).

The amended Authorised Dealer Manual and guidelines document may be accessed on the SARB website, www.resbank.co.za by following the links: Home>What we do>Financial Surveillance> Financial Surveillance documents.

Head of Department: Financial Surveillance