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SOUTH AFRICAN RESERVE BANK
Financial Surveillance Department

14/6/2_2022

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Exchange Control Circular No. 6/2022

Online foreign exchange trading activities of residents

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 announced that resident individuals may utilise the investment portion of their single discretionary allowance and/or foreign capital allowance to participate in online foreign exchange trading activities.

These online trading activities generally include one or a combination of options, such as trading global currencies against each other, trading a contract for difference, trading in foreign stocks, trading commodities including crypto currencies and trading foreign indices using the online trading platform of the broker concerned.

Residents should note that they may not fund their international trading accounts at registered brokers using South African credit, debit and virtual cards, but such trading accounts should be funded in terms of the single discretionary and/or foreign capital allowance, i.e. the Authorised Dealer concerned must convert the Rand into foreign currency and transfer such funds via the banking system as an Electronic Funds Transfer to a foreign bank account or the funds can be deposited in a foreign currency account at an Authorised Dealer.

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

Section B.2(B)(i)(q) and (r)

New subsections (q) and (r) have been included as follows:

- (q) Private individuals may only fund online international trading accounts at registered brokers in terms of the single discretionary and/or foreign capital allowance, i.e. the Authorised Dealer concerned must convert the Rand into foreign currency and transfer such funds via the banking system as an Electronic Funds Transfer to a foreign bank account or the funds can be deposited in a foreign currency account at an Authorised Dealer.
- (r) No South African debit, credit and virtual card may, however, be used to fund a foreign currency account at an Authorised Dealer or a bank abroad, nor may international trading accounts of private individuals be funded using South African credit, debit and virtual card transfers. Online international trading accounts, inter alia include trading global currencies against each other, trading a contract for difference, trading in foreign stocks, trading commodities including crypto currencies and/or trading foreign indices using an online trading platform of the broker concerned.

Section B.16(E)(v)

A new subsection (v) has been included as follows:

- (v) Cardholders should note that South African credit, debit and virtual cards may not be used to fund any international trading accounts, including crypto currency trading accounts.

The amended Authorised Dealer Manual and guidelines document 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