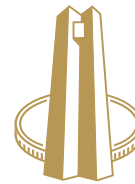


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SOUTH AFRICAN RESERVE BANK
Financial Surveillance Department

14/6/2_2024

2024-11-26

Exchange Control Circular No. 15/2024

Customer foreign currency accounts: Settlement over CFC accounts

We refer to Exchange Control Circular No. 2/2024 wherein interested parties were invited to submit comments on the draft circulars following the announcement made by the Minister of Finance in Annexure E of the 2024 Budget Review. Following the inputs received from interested parties, the final circular is hereby issued.

It was mentioned in the 2024 Budget Review that trade, in particular regional trade, is hampered by onerous red tape and approvals. Some of the red tape relates to applications which must be considered by the Financial Surveillance Department of the South African Reserve Bank.

Following the above, Authorised Dealers will be permitted to process legitimate foreign transactions in respect of all current account payments to be paid from customer foreign currency (CFC) accounts. All capital account payments, inter alia loans, equity and dividends are excluded.

The payments may only be processed provided that the Authorised Dealer concerned has satisfied itself that the transactions are permissible in terms of the various sections of the Currency and Exchanges Manual for Authorised Dealers (Authorised Dealer Manual) or in respect of which a specific authority has been granted by the Financial Surveillance Department.

The following amendments to the Authorised Dealer Manual are outlined:

Section B.13(B)(ii)

The sub-section has been amended as follows:

- (ii) Selling commissions (and any other export-related expenses) may be paid from export proceeds that were credited to a CFC account.

Section E.(B)(iii)

The sub-section has been amended as follows:

- (a) The following payments may be settled from single CFC account balances:
 - (aa) imports and software electronically downloaded, including all costs related thereto; and
 - (bb) all legitimate current account payments may be permitted by an Authorised Dealer to be paid from a CFC account. All capital account payments, inter alia loans, equity and dividends, are excluded.
- (b) The payments referred to above may only be processed provided that the Authorised Dealer concerned has satisfied itself that the transactions are permissible in terms of the various sections of the Authorised Dealer Manual or in respect of which a specific authority has been granted by the Financial Surveillance Department.
- (c) In instances where foreign currency is purchased in the spot market for permissible transactions in respect of a firm and ascertainable underlying commitment or the maturity proceeds of hedging contracts are credited to a CFC account, the onus is on clients of Authorised Dealers to ensure that such funds are transferred abroad within a period of 30 days. Authorised Dealers must ensure that this dispensation is not abused.

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 path: Home>What we do>Financial Surveillance>Financial Surveillance documents.

Acting Head of Department: Financial Surveillance