



14/6/2_2025

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Exchange Control Circular No. 4/2025

Hedging – Agricultural commodities

We refer to Exchange Control Circular No. 2/2025 and the announcement made by the Minister of Finance during the 2025 Budget Speech as outlined in Annexure E - Financial Sector Update of the Budget Review.

In a continuous effort to reduce red tape, Authorised Dealers may now allow resident agricultural commodity producers with firm commitments to hedge their foreign exposures on foreign commodity exchanges, provided they produce suitable documentary evidence and report to the Financial Surveillance Department of the South African Reserve Bank.

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

Section D.1(G)(iv)

The sub-section has been amended to read as follows:

- (iv) With the exception of subsection (v)(b)(bb) below, residents who wish to hedge directly with an offshore counterparty require the prior written approval of the Financial Surveillance Department.

Section D.1(G)(v)(b)(bb)

A new subsection has been added, and the existing subsection has been renumbered.

(bb) Agricultural commodities

(1) Authorised Dealer may allow resident agricultural commodity producers and end-users with firm commitments to hedge their foreign exposures on foreign commodity exchanges, subject to the following conditions:

(i) Local producers and end users of agricultural commodities may only enter into hedging contracts abroad in order to induce certainty regarding their foreign exposure risks.

(ii) No speculative deals may be entered into.

(iii) Should it be necessary for the local producer/end user to transfer any funds abroad in respect of losses incurred, payment may only be effected against substantiating documentation.

(iv) The requirements of Exchange Control Regulation 6 must also be adhered to, when applicable.

(v) At the end of each 12-month period, the Financial Surveillance Department must be furnished with a summary of the transactions entered into reflecting, inter alia, amounts transferred abroad and amounts received, together with confirmation that no speculative positions were taken during the period under review.

The amended Authorised Dealer Manual 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