

REPORTING OF NON-REPORTABLE and INTERBANK TRANSACTIONS

(A) INTRODUCTION

The purpose of this document is to create a guideline of how Reporting Entities must report the transactions as per the NON REPORTABLE and INTERBANK ReportingQualifiers. This reporting is based on debits and credits of accounts and how to link the ExceptionName element requirements with transactions.

Although the INTERBANK module will only be implemented in the 2nd phase in future, we will refer to these transactions based on the minimum requirements. These rules can, of course, change during the development of the INTERBANK module. Transactions identified as INTERBANK can and must now be reported as NON REPORTABLE until the 2nd phase is implemented.

Refer also to Section B.2 of the Operations Manual.

These transactions have their own validation Rules as per Section E.1 of the Business and Technical Specifications, reflected under “C” in respect of the NON REPORTABLE ReportingQualifier and “D” in respect of the INTERBANK ReportingQualifier .

(B) NON REPORTABLE TRANSACTIONS

A non-reportable transaction is defined a transaction which can be directly or indirectly linked to a BOPCUS / BOPDIR / NON RESIDENT RAND message at the same Reporting Entity or another Reporting Entity. In addition, a non-reportable transaction includes domestic transactions where a

currency conversion takes place or transfers between resident currency accounts or between non-resident currency accounts. A non-reportable transaction excludes domestic ZAR transactions between residents and resident banks. The term ZZ1 will be used to refer to a non-reportable transaction, which must be reported under the NON REPORTABLE message structure.

To streamline the reporting of these non-reportable transactions and to ensure that all transactions are reported, it is suggested to report each debit and credit of an account as an OUTWARD and an INWARD transaction respectively.

There are various types of transactions classified as NON REPORTABLE and each type of transaction will be referred to below.

(i) **Non-reportable resident ZAR transfers to CFC or resident FC Account transactions and vice versa.**

Rand conversions for the credit of a CFC or resident FC Account or vice versa, are regarded as a non-reportable transaction and the resident instructing or beneficiary details must be reflected under either the Resident IndividualCustomer or Resident EntityCustomer elements. The “non-resident” party to this transaction, which is the credit or debit to the CFC account, must be reflected under the ExceptionName attribute with the wording “NOSTRO NON REPORTABLE”. The other important items to be reflected are the applicable AccountIdentifiers, which will be discussed in the examples to follow.

Example 1 (Within the same bank):

A resident entity or individual instructs his bank, ABC Bank Limited, to debit a cheque or savings account and to convert the funds into USD for the credit of a CFC or resident FCA Account in their books.

Since the resident account to be debited and the CFC or resident FCA Account to be credited are both maintained by ABC Bank Limited, ABC Bank Limited must report 2 non-reportable transactions, an OUTWARD when the resident cheque or savings account is debited and an INWARD when the CFC or FC Account is credited with the USD.

The OUTWARD transaction will reflect the USD and ZAR amount with an AccountIdentifier under the resident account holder details RESIDENT OTHER. The name and customer details of the cheque or savings account holder must be reflected under the ResidentCustomerAccountHolder either as an Individual or Entity depending on the account. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE, under the NonResident Exception name field. Category ZZ1 is applicable.

The INWARD transaction will reflect the USD amount with an AccountIdentifier under the resident account holder details CFC RESIDENT or FCA RESIDENT. The name and customer details of the CFC or FC Account holder must be reflected under the ResidentCustomerAccountHolder as an Entity or Individual respectively. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE under the NonResident Exception name field. Category ZZ1 is applicable.

The same as above will apply when a CFC or resident FC Account is debited and converted into ZAR for the credit of a resident account, except that the flow will be in the opposite direction.

The Nostro entries of this transaction forms part of the book entries which be discussed under INTERBANK transactions. (Refer to the 2nd paragraph under (A) above)

Example 2 (Between banks):

A resident instructs his bank, ABC Bank Limited, to debit a cheque or savings account and to convert the funds into USD for the credit of a CFC or FC Account in the books of another bank.

Since the resident account to be debited is with ABC Bank limited and the CFC account to be credited is with XYZ Bank limited, ABC Bank Limited will report the OUTWARD leg of the transaction with the debit of the cheque or savings account and XYZ Bank Limited will report the INWARD leg of the transaction with the credit of the CFC or FC Account.

The OUTWARD transaction reported by ABC Bank Limited will reflect the USD and ZAR amount with an AccountIdentifier under the resident account holder details RESIDENT OTHER. The name and customer details of the cheque or savings account holder must be reflected under the ResidentCustomerAccountHolder either as an Individual or Entity depending on the account. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE, under the NonResident Exception name field. Category ZZ1 is applicable. ABC Bank Limited must reflect DTCUS on the SWIFT message to XYZ Bank Limited.

The INWARD transaction reported by XYZ Bank Limited will reflect the USD amount with an AccountIdentifier under the resident account holder details CFC RESIDENT or FCA RESIDENT. The name and customer details of the CFC or FC Account holder must

be reflected under the ResidentCustomerAccountHolder as an Entity or Individual respectively.. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE under the NonResident Exception name field. Category ZZ1 is applicable.

The same as above will apply when a CFC or FC Account is debited and converted into ZAR for the credit of a resident account, except that the flow will be in the opposite direction. The SWIFT message generated by the bank debiting the CFC or FC Account, must reflect EX CFC or EX Res FCA.

The bank to bank leg of this transaction forms part of the book entries between the Nostro accounts of ABC Bank Limited and XYZ Bank Limited. This will be discussed under INTERBANK transactions. (Refer to the 2nd paragraph under (A) above)

(ii) Non-reportable CFC to CFC or resident FC Account to resident FC Account transactions and vice versa.

Example 1 (Within the same bank):

A resident entity instructs his bank, ABC Bank Limited, to debit a CFC or FC Account and to transfer the funds for the credit of another CFC or FC Account in the books of ABC Bank Limited.

Since the CFC or FC Account to be debited is with ABC Bank limited and the CFC or FC Account to be credited is also with ABC Bank limited, ABC Bank Limited will report the OUTWARD leg of the transaction with the debit of the CFC or FC Account and the INWARD leg of the transaction with the credit of the CFC or FC Account.

The OUTWARD transaction reported by ABC Bank Limited will reflect the foreign amount with an AccountIdentifier under the resident entity account holder details CFC RESIDENT or FCA RESIDENT respectively. The name and customer details of the CFC or FC Account holder must be reflected under the ResidentCustomerAccountHolder either as an Entity or Individual respectively. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE, under the NonResident Exception name field. Category ZZ1 is applicable.

The INWARD transaction reported by ABC Bank Limited will reflect the USD amount with an AccountIdentifier under the resident account holder details CFC RESIDENT or FCA RESIDENT respectively. The name and customer details of the CFC or FC Account holder must be reflected under the ResidentCustomerAccountHolder as an Entity or Individual respectively. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE under the NonResident Exception name field. Category ZZ1 is applicable.

Example 2 (Between 2 banks):

A resident entity instructs his bank, ABC Bank Limited, to debit a CFC or resident FC Account and to transfer the funds for the credit of another CFC or FC Account in the books of XYZ Bank Limited.

Since the CFC or FCA Account to be debited is with ABC Bank limited and the CFC or FC Account to be credited is with XYZ Bank limited, ABC Bank Limited will report the OUTWARD leg of the transaction with the debit of the CFC or FC Account and the INWARD leg of the transaction with the credit of the CFC or FC Account must be reported by XYZ Bank Limited.

The OUTWARD transaction reported by ABC Bank Limited will reflect the foreign amount with an AccountIdentifier under the resident account holder details CFC RESIDENT or FCA RESIDENT respectively. The name and customer details of the CFC or FC Account holder must be reflected under the ResidentCustomerAccountHolder. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE, under the NonResident Exception name field. Category ZZ1 is applicable. The SWIFT message to XYZ Bank Limited must indicate that the funds originated from a CFC or FC Account of a resident. (EX CFC or EX FCA)

The INWARD transaction reported by XYZ Bank Limited will reflect the foreign amount with an AccountIdentifier under the resident account holder details CFC RESIDENT or FCA RESIDENT respectively. The name and customer details of the CFC or FC Account holder must be reflected under the ResidentCustomerAccountHolder. The “non-resident” party to this transaction is reflected as NOSTRO NON REPORTABLE under the NonResident Exception name field. Category ZZ1 is applicable.

(iii) **Non-reportable transfers to non-resident FC Accounts and vice versa.**

Transfers from abroad for the credit of a non-resident FC Account or vice versa, are regarded as a non-reportable transaction and the resident details must reflect the wording FCA NON RESIDENT NON REPORTABLE under the ExceptionName attribute. The details of the foreign party involved in the transaction must be reflected under either the non-resident Individual or Entity elements. The other important items to be reflected are the applicable AccountIdentifiers, which will be discussed in the examples to follow.

Example 1 (Within the same bank):

A non-resident entity or individual instructs his bank, ABC Bank Limited, to debit a non-resident FC Account and to transfer the funds for the credit of another non-resident FC Account in their books.

Since the non-resident FC Account to be debited and the non-resident FC Account to be credited are both maintained by ABC Bank Limited, ABC Bank Limited must report 2 non-reportable transactions, an OUTWARD when the non-resident FC Account is debited and an INWARD when the non-resident FC Account is credited with the foreign amount.

The OUTWARD transaction will reflect the FOREIGN amount with an AccountIdentifier under the non-resident account holder details NON RESIDENT FCA. The non-resident FC Account holder of the account to be debited must be reflected under either the non-resident Individual or Entity elements. The “resident” party to this transaction is reflected as FCA NON RESIDENT NON REPORTABLE, under the Resident Exception name field and the Country must reflect the SWIFT country code applicable to the currency of the account. Although EU is not a country code, it will be allowed if the account is designated as an Euro account. Category ZZ1 is applicable.

The INWARD transaction will reflect the foreign amount with an AccountIdentifier under the non-resident account holder details NON RESIDENT FCA. The non-resident FC Account holder of the account to be credited must be reflected under either the non-resident Individual or Entity details. The name and customer details of the non-resident FC Account holder must be reflected under the Non-resident Individual or Entity elements. The

“resident” party to this transaction is reflected as FCA NON RESIDENT NON REPORTABLE under the Resident Exception name field and the Country must reflect the SWIFT country code applicable to the currency of the account. Although EU is not a country code, it will be allowed if the account is designated as an Euro account. Category ZZ1 is applicable.

The Nostro entries of this transaction forms part of the book entries which be discussed under INTERBANK transactions.

Example 2 (Between banks):

A non-resident entity or individual instructs his bank, ABC Bank Limited, to debit a non-resident FC Account and to transfer the funds for the credit of another non-resident FC Account in the books of XYZ Bank Limited or to a foreign bank account.

Since the non-resident FC Account to be debited is with ABC Bank limited and the non-resident FC Account to be credited is with XYZ Bank limited, ABC Bank Limited will report the OUTWARD leg of the transaction with the debit of the non-resident FC Account and the INWARD leg of the transaction with the credit of the non-resident FC Account must be reported by XYZ Bank Limited.

The OUTWARD transaction reported by ABC Bank Limited (If it is a South African Bank) will reflect the foreign amount with an AccountIdentifier under the non-resident account holder details NON RESIDENT FCA. The non-resident FC Accountholder of the account to be debited must be reflected under either the non-resident Individual or Entity elements. The “resident” party to this transaction is reflected as FCA NON RESIDENT NON REPORTABLE, under the Resident Exception name field and the

Country must reflect the SWIFT country code applicable to the currency of the account. Although EU is not a country code, it will be allowed if the account is designated as an Euro account. Category ZZ1 is applicable.

The INWARD transaction reported by XYZ Bank Limited (if it is a South African Bank) will reflect the foreign amount with an AccountIdentifier under the non-resident account holder details NON RESIDENT FCA. The non-resident FC Accountholder of the account to be credited must be reflected under either the non-resident Individual or Entity elements. The “resident” party to this transaction is reflected as FCA NON RESIDENT NON REPORTABLE under the Resident Exception name field and the Country must reflect the SWIFT country code applicable to the currency of the account. Although EU is not a country code, it will be allowed if the account is designated as an Euro account. Category ZZ1 is applicable.

In cases where one of the banks are not a South African Bank, only the South African bank will report either the INWARD or OUTWARD leg of the transaction.

The Nostro entries of this transaction forms part of the book entries which be discussed under INTERBANK transactions. (Refer to the 2nd paragraph under (A) above)

(C) INTERBANK TRANSACTIONS

An Interbank transaction is a transaction between Authorised Dealers or between an Authorised Dealer and a foreign Bank, which transaction is not directly or indirectly linked to a BOPCUS / BOPDIR / NON RESIDENT RAND / NON REPORTABLE message. An interbank transaction

excludes domestic ZAR transactions between resident banks, foreign currency transfers between resident accounts as well as currency transfers or ZAR/Currency transfers between South African domiciled branches of an Authorised Dealer. Currently, the INTERBANK transactions is regarded as a NON REPORTABLE transaction until phase 2 of the FinSurv Reporting System is implemented. To assist Reporting Entities to report these transactions under the NON REPORTABLE or INTERBANK ReportingQualifiers, the following guidelines are applicable:

(i) Nostro to Nostro transactions

The ReceivingBank, ReceivingCountry, OriginatingBank and OriginatingCountry must be supplied.

Under the non-resident ExceptionName NOSTRO NON REPORTABLE or NOSTRO INTERBANK must be used and under the resident ExceptionName NOSTRO NON REPORTABLE or NOSTRO INTERBANK must be used together with the applicable CountryCode, which may not be ZA. The ForeignValue must also be supplied.

The principle to report these transactions are also based on the debit and credits of the Nostro accounts.

(ii) Vostro to Vostro transactions

The ReceivingBank, ReceivingCountry, OriginatingBank and OriginatingCountry must be supplied.

Under the non-resident Entity details the name of the Vostro accountholder must be supplied. Under the AdditionalNonResidentData the AccountIdentifier is VOSTRO and

the AccountNumber of the Vostro must be supplied. The resident ExceptionName can either be RTGS INTERBANK or RTGS NON REPORTABLE or VOSTRO INTERBANK depending on the availability of information together with the applicable CountryCode of the Vostro account holder must be supplied, which may not be ZA. The RandAmount must also be supplied.

The principle to report these transactions are also based on the debit and credits of the Vostro accounts.

(D) **ADLA INTERBANK transactions**

With Interbank transactions where the ADLA purchases or sells foreign exchange notes, these transactions must, in the interim, be reported under the NON REPORTABLE module.

Examples:

ADLA purchase USD notes from AD ABC Ltd funded via existing funds in the ADLA USD account at AD ABC Limited.

- (i) Debit your USD account held at AD ABC Limited. It is an Outward payment from AD ABC Limited's perspective and the NOSTRO of AD ABC Limited will be credited. AD ABC Limited must report that Outward transaction.
- (ii) AD ABC LIMITED must report this OUTWARD transaction where ADLA is the ResidentEntityName, with CFC RESIDENT as the AccountIdentifier.
- (iii) The "Non-resident party" to this transaction is NOSTRO INTERBANK under the Non-resident ExceptionName attribute.
- (iv) The OriginatingBank & ReceivingBank is AD ABC Limited.

When ADLA receives the USD notes, this is the part where ADLA will report the "Inward" leg of the transaction.

- (i) Credit your internal "stock" account. From your perspective, this is an Inward payment.

- (ii) ADLA must report this INWARD transaction where ADLA is the ResidentEntityName and AccountIdentifier is CASH. (Even if it is credited to an internal “stock” account in your books)
- (iii) The “Non-resident party” to this transaction is NOSTRO INTERBANK under the Non-resident ExceptionName attribute.
- (iv) The OriginatingBank is AD ABC LIMITED & ReceivingBank is ADLA.

In addition to above, If ADLA must fund the purchase of USD notes from ZAR to fund your CFC account at AD ABC Limited first, then the following will apply:

- (i) Debit your ZAR account at AD ABC Limited and credit your CFC account at AD ABC Limited, AD ABC Limited will report the Outward transaction on the following basis:
- (ii) ResidentEntityName is ADLA, with AccountIdentifier of your ZAR account
- (iii) Non resident party is “NOSTRO NON REPORTABLE”

If you debit your ZAR account to purchase the USD note outright (Not via a CFC account), the following will apply:

- (i) AD ABC Limited will report an Outward with the resident EntityName as ADLA + AccountIdentifier “RESIDENT OTHER” + your account number.
- (ii) Non-resident ExceptionName is then “NOSTRO INTERBANK”

From the above, ADLA will only report an Inward when the ADLA physically receives the USD Notes.

The opposite flow will apply if ADLA sold USD notes to AD ABC Limited and receives either a credit to the ADLA’s CFC account or ZAR account.

In the case where the ADLA buy or sell USD notes to any other ADLA or AD, the same rules will apply except that other banks will be reflected as OriginatingBanks or ReceivingBanks.

It is important to look at the flow of funds and to link it to an account where funds are paid to or originated from and where those accounts are held.

ADLA’s are still regarded as a “customer” of an AD and that is why the AD will

report the majority of these transactions and ADLA will only report the leg where you physically receive USD notes or supplies USD notes.

Distribution of Currency notes between ADLA branches are completely excluded from reporting – this is only an internal book entry and not a cross-border flow of funds.