



South African Reserve Bank

Financial Surveillance Department

2011-10-25

Exchange Control Circular No. 14/2011

Foreign Direct Investments outside the Common Monetary Area by South African Companies

Authorised Dealers are advised that South African companies will be permitted to make bona fide new outward foreign direct investments outside their current line of business. This will enable South African companies to diversify their offshore operations from a domestic base.

Authorised Dealers may, in terms of the current dispensation for investments not exceeding Rand 500 million per applicant company per calendar year, also authorise requests by South African companies to make bona fide new outward foreign direct investments outside the current line of business of the applicant company.

The Financial Surveillance Department will also consider requests by South African companies to make investments, excluding passive investments, in excess of Rand 500 million per applicant company per calendar year where such investments fall outside the current line of business of the applicant company.

In addition, the prohibition on the transfer of additional working capital funding in respect of investments below Rand 500 million per applicant company per calendar year, is withdrawn. Authorised Dealers may now permit the transfer of additional working capital and/or funding to enable the South African company to increase their approved equity interest and/or voting rights in a specific foreign target entity. The transfer of such additional funding is subject to the provision that the Authorised Dealer may permit the transfer of funds for the aforementioned purpose, provided

that the additional funding is authorised within the same calendar year in which the original investment was approved by an Authorised Dealer and that it will not result in the overall limit of Rand 500 million per applicant company per calendar year being exceeded.

The current reporting requirements as outlined in Section B.2(B)(ii) of the Exchange Control Rulings will remain extant.

Replacement pages of the Exchange Control Rulings incorporating the relevant amendments are attached to the Exchange Control Circular No. 19/2011 dated 2011-10-25.



Deputy General Manager