



South African Reserve Bank

Financial Surveillance Department

2011-10-25

**Exchange Control Circular No. 19/2011**

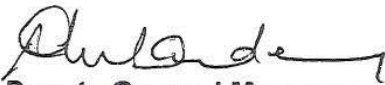
**Foreign direct investments outside the Common Monetary Area by South African Companies – Loop structures**

Authorised Dealers are advised that the policy regarding loop structures into the Common Monetary Area ("CMA") by South African companies with approved offshore investments has been amended.

South African companies are now permitted to acquire from 10 to 20 per cent equity and/or voting rights, whichever is the higher, in a foreign target entity, which may hold investments and/or make loans into any CMA country. This dispensation does not apply to foreign direct investments where the South African company holds an equity interest and/or voting rights in excess of 20 per cent.

In view of the aforementioned various changes were made to Section B.2(B)(ii) of the Exchange Control Rulings and accordingly it is incumbent on Authorised Dealers to ensure that they become fully conversant with the contents thereof.

Replacement pages of the Exchange Control Rulings incorporating the relevant amendments as well as that outlined in Exchange Control Circular No. 14/2011 dated 2011-10-25 are attached hereto.

  
**Deputy General Manager**