

Financial Surveillance Department

2011-06-01

**Exchange Control Circular No. 8/2011**

**Amendments to the Exchange Control Rulings**

Flowing from representations made, Authorised Dealers are advised of the following amendments to the Exchange Control Rulings:

Section B.2(E)(ii)(a)(aa)

The words “per annum” have been deleted and substituted with “per calendar year”.

Section B.2(E)(ii)(b)(aa)

The words “per annum” have been deleted and substituted with “per calendar year”.

Section B.2(E)(iii)(e)

A second paragraph has been added as follows:

“The proceeds from insurance policies may be transferred directly to the emigrant abroad where the emigrant has no bank account in South Africa, provided that the foreign capital allowances stipulated in subsections (E)(ii)(a) and (b) above will not be exceeded.”

Section B.10(C)

A new subsection (vii) has been added as follows:

“(vii) Refund of pro rata worldwide corporate group insurance

Where the group/global insurance cover is taken out by the non-resident holding/parent company, Authorised Dealers may transfer the pro rata premium against the production of documentary evidence confirming the local company's portion.”

#### Section B.12(A)

The entire first paragraph has been deleted and substituted with the following:

“Authorised Dealers may authorise merchanting trade transactions by residents provided that the time-lag between paying funds away to the foreign supplier (seller) and receiving funds from the foreign importer (buyer) will not exceed 60 days for trade with countries on the African continent, including Mauritius, and 14 days for trade with any other country. Payment must, of course, be received in foreign currency or Rand from a Non-Resident Account.”

The entire third paragraph has been deleted and substituted with the following:

“In instances where the above-mentioned requirements cannot be complied with, a written application must be submitted to the Financial Surveillance Department for consideration.”

#### Section B.14(Y)

The entire subsection has been deleted and substituted with the following:

“Where South African entities are required to remit funds abroad in respect of employment contracts involving non-residents who are employed in the Republic, Authorised Dealers may allow such transfers provided that the payments are commensurate with the work undertaken. In this regard the provisions of subsection B.5(A)(i) should be adhered to by the individual contract workers.

Where South African entities are required to remit funds abroad in respect of employment contracts involving non-residents who are employed outside the Republic, Authorised Dealers may allow such transfers provided that the payments are commensurate with the work undertaken.”

#### Section B.15(D)

The heading has been deleted and substituted with the following **“PERFORMANCE/RETENTION GUARANTEES”**.

#### Section B.15(D)(i) and (ii)

The word “/retention” has been inserted after the word “Performance” in the first line of each subsection.

#### Section C.(F)(iv)

The reference to “B.5(C)(iii)” has been deleted and substituted with “B.4(D)(iii)”.

#### Section G.(E)(ii)

The first sentence of the first paragraph has been deleted and substituted with the following:

“Securities lending is the transfer of ownership of a locally quoted security, including inward listed securities, from a lender to a borrower in exchange for collateral of an agreed type and for an agreed value.”

#### Section I.2(B)

The word **“FINANCED”** in the heading has been deleted and substituted with **“FINANCE”**.

Section I.2(B)(i) and (ii)

The word “denomination” in the first line of each subsection has been deleted and substituted with “denominated”.

Section K.(H)

The reference to “I.1(E)” has been amended to read “I.1(F)”.

New subsections “O” and “P” have been added as follows:

**“(O) REPORT OF ACTIVE CURRENCY MANAGEMENT REGARDING  
IN-BETWEEN TRADES IN RESPECT OF BENEFICIAL HOLDINGS  
TRADING**

See subsections D.1(C)(i)(f) and (g).

**(P) REPORT OF ACTIVE CURRENCY MANAGEMENT REGARDING  
IN-BETWEEN TRADES IN RESPECT OF FORWARD RATES APPLICABLE  
TO EACH CONTRACT CONCLUDED**

See subsections D.1(C)(i)(f) and (g).”

Replacement pages of the Exchange Control Rulings incorporating the relevant amendments are attached hereto.

**Deputy General Manager**