



South African Reserve Bank
Financial Surveillance Department

2014-07-11

Exchange Control Circular No. 23/2014

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(B)(iii)(c)

The fifth, sixth and seventh paragraphs have been deleted and substituted with the following:

"Institutional investors are also permitted to hedge the currency risk in terms of making portfolio investments offshore, i.e. hedging the anticipated conversion of Rand into foreign currency for transfer offshore in terms of the provisions of Section D.1 of the Rulings. The currency risk of the offshore portfolio investment as well as the currency risk in respect of the repatriation of funds may be hedged in terms of the provisions of Section D.1 of the Rulings. However, the price risk of the underlying portfolio investment may be hedged either in the foreign market or on the JSE Limited by utilising approved foreign referenced derivative products traded in Rand and issued by the JSE Limited.

Institutional investors may not transfer Rand offshore. In order for an institutional investor to participate in Rand denominated instruments issued offshore, Rand would have to be converted to foreign currency and the resultant foreign currency be re-converted back to Rand in the offshore market to purchase the instrument. The initial conversion of Rand to foreign currency for the purchase of Rand denominated instruments issued offshore could be hedged in terms of the provisions of Section D.1

of the Rulings, but the subsequent conversion back to Rand to purchase Rand denominated instruments issued offshore constitutes price risk and may only be hedged in the foreign market.

Institutional investors may not repatriate Rand to South Africa. Foreign currency proceeds in respect of offshore portfolio investments must be converted to Rand in South Africa with a local Authorised Dealer as the counterparty to the foreign exchange transaction.”

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

The words “and assessing applications” at the end of the first sentence in the second paragraph have been deleted.

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


Deputy General Manager