



South African Reserve Bank

Financial Surveillance Department

2017-03-01

Exchange Control Circular No. 8/2017

Technology, media, telecommunications, exploration and other research and development companies

The attention of Authorised Dealers and Authorised Dealers in foreign exchange with limited authority is drawn to the announcement by the Minister of Finance in the 2017 Budget Speech regarding intellectual property and loop structures.

As a result thereof, reference is made to section B.2(F) of the Currency and Exchanges Manual for Authorised Dealers (AD Manual) whereby South African unlisted technology, media, telecommunications, exploration and other research and development companies could apply for approval to primary list offshore to raise loans and capital for their operations.

Authorised Dealers are advised that, in addition to the current dispensation, such companies may now establish companies offshore without the requirement to primary list offshore.

This dispensation provides for the creation of loop structures in order to raise loans and capital.

In view of the aforementioned, Authorised Dealers are advised of the following amendments to the AD Manual:

Section B.2(F)(ii)

A new subsection has been inserted as follows:

'Authorised Dealers are advised that unlisted South African technology, media, telecommunications, exploration and other research and development companies may establish an offshore company to raise foreign funding for their operations, subject to the following conditions:

- (a) registration with the Financial Surveillance Department;
- (b) the established offshore company must be a tax resident in South Africa;
- (c) full details of the percentage shareholding in the offshore company including the group structure must be provided; and
- (d) an annual report must be submitted to the Financial Surveillance Department on the operations, including details of funds raised offshore.'

Section B.2(F)(iii)

A new subsection has been inserted as follows:

'Companies established in terms of (ii) above, may in turn hold investments and/or make loans into South Africa.'

The amended Manual and guideline document may be accessed on the SARB website: www.reservebank.co.za by following the links: Home>Regulation and supervision>Financial surveillance and exchange controls>Currency and exchanges documents.



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