



South African Reserve Bank
Financial Surveillance Department

2018-02-21

Exchange Control Circular No. 5/2018

Foreign direct investments and foreign portfolio 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 up to 40 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 and foreign portfolio investments where the South African company on its own or where several South African companies collectively hold an equity interest and/or voting rights in the foreign target entity that exceed 40 per cent in total.

Loop structures above the prescribed threshold will require Financial Surveillance Department's prior approval with due consideration to transparency, tax, equivalent audit standards and governance.

In view of the aforementioned, various changes were made to section B.2(C) of the Currency and Exchanges Manual for Authorised Dealers.

The amended Manuals and guideline documents may be accessed on the SARB

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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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