



South African Reserve Bank

Financial Surveillance Department

2020-08-13

Exchange Control Circular No. 9/2020**Amendments to the Currency and Exchanges Manual for Authorised Dealers**

Flowing from representations made, Authorised Dealers are advised that amendments to Sections A.1, B.2(H) and E.(B) of the Currency and Exchanges Manual for Authorised Dealers (Authorised Dealer Manual) are hereby implemented.

In order to address market terminology misalignment, various terms were reviewed and new definitions have been added under Section A.1 of the Authorised Dealer Manual.

The outlay of Section B.2(H) was changed to, inter alia, highlight the requirements Authorised Dealers must adhere to when facilitating the transfer of funds on behalf of institutional investors and the requirements institutional investors must adhere to in obtaining foreign exposure.

The conditions under which existing local and offshore assets can be transferred between institutional investors or between managing institutions are outlined.

A dispensation has been granted for institutional investors to open customer foreign currency accounts to accept foreign currency deposits emanating from the disinvestment proceeds of foreign assets, pending the reinvestment of the funds offshore.

The 15 days after each calendar quarter end within which managing institutions that manage assets on behalf of other institutional investors are required to report the asset

allocation of such funds or policies to the originating institution as at the end of each calendar quarter has been amended to 15 working days.

The registration by discretionary financial services providers (previously known as investment managers) wishing to invest funds offshore directly is required in respect of retail as well as institutional assets. Discretionary financial services providers who elect not to register as institutional investors with the Financial Surveillance Department, may not invest funds offshore directly in respect of retail as well as institutional assets, but will be able to acquire foreign exposure for their clients only through another domestic institutional investor. Should a discretionary financial services provider elect to withdraw its registration with the Financial Surveillance Department a request, on the official letterhead of the investment manager, should be emailed to sarbportfolio@resbank.co.za.

Furthermore, the circumstances in which discretionary foreign assets under the management of a discretionary financial services provider may be registered in the name of the underlying retail client as the beneficial owner, are outlined.

The measures that may be taken by the Financial Surveillance Department as administrator of the exchange control system in respect of any deviation or non-compliance by an institutional investor with the Exchange Control Regulations, requirements as outlined in the Authorised Dealer Manual, specific authorities granted as well as any other requirements or conditions as may be stipulated from time to time by the Financial Surveillance Department, are outlined.

The terminology outlined in Section B.2(H) was aligned to market terminology/respective Acts. For ease of reference the change in terminology is outlined in the table below:

Current terminology	New terminology
Foreign portfolio investment allowance.	Prudential limit.
Investment managers.	Discretionary financial services providers, i.e. a Category II and IIA financial services provider authorised in terms of the Financial Advisory and

Current terminology	New terminology
	Intermediary Services Act, 2002 (Act No 37 of 2002).
Long-term insurers.	Life insurers licensed under the Insurance Act, 2017 (Act No. 18 of 2017) to conduct life insurance business.
Retirement funds.	Pension funds registered under the Pension Funds Act, 1956 (Act No. 24 of 1956).
Collective investment schemes management company.	Manager registered under Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) to administer collective investment schemes (referred to as CIS managers in the Authorised Dealer Manual.
Administrator.	Section13B administrator as appointed in terms of section 13B of the Pension Funds Act, 1956 (Act No. 24 of 1956).
Stockbroker.	Authorised user as defined in the Financial Markets Act, 2012 (Act No. 19 of 2012).

The following amendments have been made to the relevant sections of the Authorised Dealer Manual:

Section A.1

Following definitions have been added:

CIS Manager means a manager registered under CISCA to administer collective investment schemes.

Pension Funds Act means Pension Funds Act, 1956 (Act No. 24 of 1956)

Insurance Act means Insurance Act, 2017 (Act No. 18 of 2017)

FAIS Act means Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002)

Financial Markets Act means Financial Markets Act, 2012 (Act No. 19 of 2012)

Section B.2(H)

The entire section has been deleted and replaced as follows:

(H) South African institutional investors

(i) Institutions subject to a prudential limit in respect of foreign exposure

(a) Institutional investors refer to:

(aa) pension funds registered under the Pension Funds Act;

(bb) life insurers licensed under the Insurance Act to conduct life insurance business with a distinction between:

(1) non-linked business, i.e. the underwritten policy business other than individual and fund investment linked business; and

(2) linked business, i.e. individual and fund investment linked business;

(cc) CIS managers registered under CISCA to administer collective investment schemes; and

(dd) discretionary financial services providers authorised under the FAIS Act registered with the Financial Surveillance Department as institutional investors. A discretionary financial services provider means a Category II and IIA financial

services provider authorised in terms of the FAIS Act.

- (b) Institutional investors may invest funds offshore up to the applicable prudential limit and subject to the requirements as outlined below.
- (c) Discretionary financial services providers may elect to register with the Financial Surveillance Department as an institutional investor. Registration is required for all discretionary financial services providers wishing to invest and/or manage funds offshore directly in respect of retail as well as institutional assets. A request, on the official letterhead of the discretionary financial services provider, should be emailed to sarbportfolio@resbank.co.za. Subsequent to registration, the requirements outlined in (viii) below must also be adhered to.
- (d) For discretionary financial services providers to register with the Financial Surveillance Department as an institutional investor, it must be authorised by the Financial Sector Conduct Authority as a discretionary financial services provider.
- (e) For an authorised user, excluding an external authorised user, (as defined in the Financial Markets Act) to register with the Financial Surveillance Department as an institutional investor, it must in addition to the registration with a South African exchange also be authorised by the Financial Sector Conduct Authority as a discretionary financial services provider.
- (f) Discretionary financial services providers who elect not to register as institutional investors with the Financial Surveillance Department, may not invest and/or manage funds offshore directly in respect of retail as well as institutional assets, but will be able to acquire foreign exposure for their clients only through another domestic institutional investor. These discretionary financial services providers, who elect not to register with the Financial Surveillance Department, are treated as intermediaries and are exempt from the requirements as outlined in (viii) below.

- (g) Discretionary financial services providers are required to declare their status regarding registration with the Financial Surveillance Department when they invest with another domestic institutional investor.
 - (h) Should a discretionary financial services provider elect to withdraw its registration with the Financial Surveillance Department, a request, on its official letterhead should be emailed to sarbportfolio@resbank.co.za.
- (ii) The distinction between institutional assets and retail assets
- (a) The reporting procedure requires that a distinction be made between institutional assets under management and retail assets under management.
 - (b) Institutional assets
 - (aa) Institutional assets refer to assets held or managed on behalf of other institutional investors as well as assets received indirectly from institutional investors through an intermediary, such as an administrative financial services provider, nominee company or a discretionary financial services provider not registered as an institutional investor with the Financial Surveillance Department. All assets sourced from an intermediary identified as institutional assets applicable to the underlying institutional investor should be included as institutional assets in the quarterly asset allocation report of the managing institutional investor.
 - (c) Retail assets
 - (aa) Retail assets refer to assets received from individuals and other entities such as companies, trusts, as well as assets received indirectly from retail clients through an intermediary, such as an administrative financial services provider, nominee

company or a discretionary financial services provider not registered as an institutional investor with the Financial Surveillance Department. All assets sourced from an intermediary identified as retail assets applicable to the underlying retail client should be included as retail assets in the quarterly asset allocation report of the reporting institutional investor.

(d) Foreign assets

(aa) Foreign assets are defined by the Financial Surveillance Department as the sum of foreign currency denominated assets and Rand denominated foreign assets.

(bb) Foreign currency denominated assets may be acquired directly through foreign currency transfers from South Africa.

(cc) Rand denominated foreign assets may be acquired indirectly through investments with another domestic institutional investor or by acquiring approved inward listed investments, excluding inward listed shares, based on foreign referenced assets or issued by foreign entities, listed on a South African exchange. (See section H. of the Authorised Dealer Manual for the definition of inward listed shares.)

(iii) The distinction between managing institution and originating institution

(a) Managing institution

(aa) A managing institution is a life insurer, CIS manager or discretionary financial services provider registered with the Financial Surveillance Department that offers investment products to institutional and/or retail clients.

(b) Originating institution

(aa) An originating institution is an institutional investor that qualifies for a prudential limit that elects to invest in products offered by a managing institution, either directly or through an intermediary, such as a discretionary financial services provider not registered as an institutional investor with the Financial Surveillance Department or an administrative financial services provider.

(iv) Prudential limits

(a) The foreign exposure of retail assets may not exceed:

(aa) 30 per cent in case of pension funds and the non-linked business of life insurers; and

(bb) 40 per cent in case of discretionary financial services providers registered as institutional investors with the Financial Surveillance Department, CIS managers and the linked business of life insurers.

(b) The prudential limit in respect of foreign exposure is applied to an institutional investor's total retail assets under management.

(c) The provisions of subsection (G) above should also be adhered to in respect of any offshore acquisitions held indirectly via a local private equity fund.

(d) Compliance with the prudential limit does not preclude an institutional investor from also having to comply with any relevant prudential regulations as administered by the Financial Sector Conduct Authority.

- (v) African allowance
 - (a) Institutional investors are allowed to invest an additional 10 per cent of their total retail assets under management in African assets.
 - (b) The provisions of subsection (G) above should also be adhered to in respect of any offshore acquisitions held indirectly via a local private equity fund.
 - (c) African debt encompasses debt securities issued and listed on a South African exchange by African governments, African public entities, African local authorities, African development agencies and by non-African development institutions where the funds raised are earmarked for use in Africa.
 - (d) African assets can be acquired as follows:
 - (aa) directly by acquiring foreign currency denominated portfolio assets in Africa through foreign currency transfers from South Africa. A collective investment scheme in South Africa sanctioned by the Financial Sector Conduct Authority is preferred in instances where the institutional investor wishes to obtain direct African exposure by means of a pooling arrangement (e.g. an African fund set up specifically by a managing institution);
 - (bb) indirectly by acquiring approved inward listed debt instruments listed on a South African exchange and classified as 'African'. (See (c) above for the criteria for 'African' classification);
 - (cc) indirectly, on application to the Financial Surveillance Department through an Authorised Dealer, through a foreign registered fund mandated to invest into Africa. The foreign registered fund should be mandated to invest at least 75 per cent of funds under management into Africa. A copy of the

mandate or prospectus must accompany such application; or

(dd) indirectly, on application to the Financial Surveillance Department through an Authorised Dealer, through investments in instruments issued by African entities that are listed on non-African exchanges to raise funds earmarked for use in Africa.

(e) This dispensation should not be used by an institutional investor to circumvent the adherence to the respective prudential limits by routing investments earmarked for the offshore market via Africa, where the institutional investor can influence the decision making process.

(f) Compliance with the African allowance limit does not preclude an institutional investor from also having to comply with any relevant prudential regulations as administered by the Financial Sector Conduct Authority.

(vi) Requirements for Authorised Dealers

(a) Authorised Dealers must ensure that when facilitating the transfer of funds on behalf of institutional investors, where such funds represent retail assets under management, the underlying retail clients' accounts are not debited for conversion purposes under any circumstances. A separate trust account, either in the name of the managing institution or in the name of a party mandated by the managing institution, must be debited for this purpose and the transaction must be reported in the name of the institutional investor in terms of the requirements of the Reporting System.

(b) Authorised Dealers are not required to scrutinise the quarterly asset allocation reports of institutional investors wishing to obtain foreign exposure.

(c) Authorised Dealers are obliged to ensure that they are dealing with

a legitimate institutional investor.

- (d) Prior to the transfer of any funds abroad in respect of pension funds, life insurers, discretionary financial services providers registered with the Financial Surveillance Department and CIS managers, Authorised Dealers must obtain:

- (aa) a registration certificate issued by the Financial Sector Conduct Authority; and

- (bb) documentary evidence confirming the acceptance (not acknowledgement) of the latest quarterly asset allocation report of the institutional investor issued by the Financial Surveillance Department.

- (e) In instances where Authorised Dealers are unable to confirm the registration of an institutional investor with the Financial Sector Conduct Authority and/or obtain proof of acceptance of the quarterly asset allocation report, the matter must be referred to the Financial Surveillance Department.

- (f) Authorised Dealers must adhere to section A.3(E)(v)(b) of the Authorised Dealer Manual in respect of foreign exchange or hedging transactions with registered institutional investors domiciled and incorporated in Lesotho, Swaziland and/or Namibia.

(vii) Requirements for institutional investors

- (a) Under no circumstances may retail clients have direct access to the foreign assets and all assets abroad must be registered in the name of either an offshore nominee company/custodian or the managing institution.

- (b) As an exception to (a) above, discretionary foreign assets under the management of a discretionary financial services provider, where it is a legislative requirement, may be registered in the name

of the underlying retail client as the beneficial owner, provided that:

- (aa) the discretionary financial services provider is registered as the sole authorised intermediary or signatory; and
 - (bb) the discretionary financial services provider is the only party that has exclusive transactional authority over any foreign assets beneficially held in the name of the retail client.
- (c) The offshore nominee company/custodian or the managing institution will hold the beneficial ownership on behalf of retail clients resulting in the retail clients not being able to transfer ownership nor change registration of the foreign assets into their own names. It follows, therefore, that the only recourse that retail clients have to the managing institution is a domestic payment in Rand.
- (d) Existing offshore assets may only be transferred between institutional investors, subject to the transferring institutional investor viewing:
- (aa) a letter confirming the authority to transfer the offshore assets directly to the receiving institutional investor; and
 - (bb) a letter from the receiving institutional investor on its letterhead confirming that it:
 - (1) has proof of the acceptance by the Financial Surveillance Department of its latest quarterly asset allocation report; and
 - (2) has sufficient capacity available in terms of its prudential limit; and
 - (3) will include the offshore assets to be received in its quarterly asset allocation report as retail assets and/or

institutional assets.

- (cc) Offshore assets in transit should be reported in the quarterly asset allocation report of the transferring institutional investor until such time the funds have been accepted by the receiving institutional investor.
- (e) In the event of existing local assets being transferred between institutional investors, the local assets in transit should be reported in the quarterly asset allocation report of the transferring institutional investor until such time the funds have been accepted by the receiving institutional investor.
- (f) Where a managing institution manages funds on behalf of an originating institution, the managing institution may, in principle, invest the funds of the originating institution offshore, subject only to the mandate agreed with the originating institution or otherwise outlined in the mandate of a pooled investment product.
- (g) Where funds of an originating institution are transferred between managing institutions, the originating institution should ensure that the funds in transit are still included in its quarterly asset allocation report whilst such funds are in the process of being transferred to the new managing institution.
- (h) Institutional investors may participate in instruments issued by local entities in the offshore market whether priced in Rand or foreign currency on condition that the requirements of the Financial Sector Conduct Authority are complied with. These investments will be subject to the respective prudential limits.
- (i) The originating institution retains the responsibility for ensuring that both its direct and indirect foreign investments remain within the prudential limit. To ensure the consistent classification of foreign exposure, institutional investors are required to report their assets on a 'look-through' basis.

- (j) 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.
- (k) Institutional investors may not repatriate Rand to South Africa. Foreign currency proceeds in respect of prudential investments, i.e. capital and income, must be converted to Rand in South Africa with a local Authorised Dealer as the counterparty to the foreign exchange transaction.
- (l) The initial conversion of Rand to foreign currency for the purchase of Rand denominated instruments issued offshore could be hedged locally, but the subsequent conversion back to Rand to purchase Rand denominated instruments issued offshore constitutes price risk and may be hedged either in the foreign market or on a South African exchange by utilising approved foreign referenced derivative products traded in Rand and issued by a South African exchange.
- (m) Institutional investors are permitted to hedge the currency risk in terms of effecting prudential 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 Authorised Dealer Manual). The currency risk of the prudential investment and the currency risk in respect of the repatriation of funds may be hedged. However, the price risk of the underlying prudential investment may be hedged either in the foreign market or on a South African exchange by utilising approved foreign referenced derivative products traded in Rand and issued by a South African exchange.
- (n) Institutional investors must take cognisance that any position held as a result of active currency management transactions, not resulting in the actual pay away or receipt of currency (i.e. the

'in-between trades') is regarded as foreign currency exposure and must accordingly be marked off against their respective prudential limits as well as being accounted for in the quarterly asset allocation reports.

- (o) No transfers may be effected in respect of costs related to prudential investments, foreign held assets and liabilities by institutional investors, without prior reference to the Financial Surveillance Department.
 - (p) Institutional investors may open a CFC account to accept foreign currency deposits emanating from the disinvestment proceeds of foreign assets, pending the reinvestment of the funds offshore. See section E.(B) of the Authorised Dealer Manual.
 - (q) Refer to section A.3(E)(vi) of the Authorised Dealer Manual with regard to South African institutional investors entering into Rand transactions with residents of other CMA countries.
 - (r) Should an institutional investor exceed the respective prudential limit, no further funds may be transferred abroad or foreign classified investments made either directly or indirectly.
- (viii) Reporting requirements for institutional investors
- (a) Quarterly asset allocation reports
 - (aa) The quarterly asset allocation reports provide the primary mechanism for monitoring compliance with the respective prudential limits.
 - (bb) This supports a system of prudential regulation of foreign exposures and provides consistent, industry-wide statistics on the foreign diversification levels for all types of institutional investors.

- (cc) All quarterly asset allocation reports must be submitted within two months of the end of the calendar quarter to the Financial Surveillance Department either through an Authorised Dealer or via bulk or single direct reporting, irrespective of whether the institutional investor has offshore exposure.
- (dd) In reporting on asset allocations, the 'look-through' principle is applied to investments in collective investment schemes, life insurance policies and other investment products. This principle ensures the consistent classification of foreign exposure, whether acquired directly in foreign currency or indirectly through a domestic intermediary. For instance, a pension fund holding foreign equities through a collective investment scheme registered locally should record such an investment as a Rand denominated foreign asset.
- (ee) Managing institutions that manage assets on behalf of other institutional investors are required to report the asset allocation of such funds or policies to the originating institution as at the end of each calendar quarter within 15 working days of each calendar quarter end. This information is necessary to enable the originating institution to 'look-through' to the underlying assets in compiling its quarterly reports.
- (ff) Managing institutions are required to provide, as part of its quarterly asset allocation report, an updated list of all their current institutional investors registered with the Financial Surveillance Department.
- (gg) Life insurers, CIS managers and discretionary financial services providers, are required to submit quarterly asset allocation reports of their asset holdings according to the major asset classes as at the end of each calendar quarter. The quarterly report needs to reflect the allocation of retail assets and institutional assets under management, separately.

- (hh) In the case of pension funds, the section 13B administrators, i.e. pension fund administrators as appointed in terms of section 13B of the Pension Funds Act, must submit quarterly asset allocation reports for each fund under their administration, unless otherwise instructed by the pension fund. The quarterly report relates to the allocation of total assets of the respective pension fund.
- (ii) Section 13B administrators are required to submit via sarbportfolio@resbank.co.za within two months of the end of the calendar quarter to the Financial Surveillance Department, a list of all pension funds under administration, clearly indicating clients onboarded or where mandates have been terminated as well as the status of all other remaining pension funds under administration for the quarter under review.
- (jj) In cases where the respective prudential limit has been exceeded, the institutional investor must as part of the quarterly asset allocation report provide:
 - (1) an explanation for the over-exposure; and
 - (2) a clear indication of how and by when they intend to adjust the foreign exposure to fall within the applicable limit.
- (kk) See (vii)(p) above regarding further offshore investments if an institutional investor has exceeded the respective prudential limit.
- (ll) An institutional investor has discharged its reporting obligation once the quarterly asset allocation report has been accepted (not acknowledged) by the Financial Surveillance Department.

(b) Audit reports

(aa) An institutional investor, with total portfolio assets at fair value in excess of R6 million, directly or indirectly, will also be required as part of its financial year-end audit to obtain an audit report from its external auditors assessing the institutional investor's quarterly asset allocation reports.

(bb) The audit reports must be submitted to the Financial Surveillance Department within a maximum period of six months after its financial year-end either through the institutional investor's Authorised Dealer or by sending an email to sarbportfolio@resbank.co.za.

(cc) The formats of the audit reports may be downloaded from the South African Reserve Bank's website: www.resbank.co.za, by following the links: Home>Regulation and supervision> Financial surveillance and exchange controls> Auditors reports and representation letters> Institutional investor auditor's report.

(ix) Reporting format

(a) To register for online submission of the quarterly asset allocation report, a request, on the official letterhead of the institutional investor or appointed section 13B administrator concerned, should be emailed to sarbportfolio@resbank.co.za, specifying the wording "Request for online registration" in the subject field. The completed quarterly asset allocation report must be attached.

(b) An email will be sent to the institutional investor concerned, confirming the registration on the Portfolio Investment Reporting System.

(c) Subsequently, the interactive web-page may be accessed from the South African Reserve Bank's website: www.resbank.co.za, by

following the links: Home>Regulation and supervision>Financial surveillance and exchange controls> Online Services>Electronic Submission of Asset Allocation Reports.

- (d) In addition, technical specifications enabling section 13B administrators to report electronically in bulk format have been developed. Such administrators wishing to make use of this facility must send an email to sarbportfolio@resbank.co.za, specifying the wording "Request for bulk reporting specifications" in the subject field.
 - (e) On receipt of the request in (d) above, the section 13B administrator will be assisted with the development of an interface to facilitate bulk reporting on behalf of pension funds.
- (x) Right of inspection
- (a) Authorised officials from the Financial Surveillance Department may at any time conduct an inspection at an institutional investor in the form and manner determined by the Financial Surveillance Department. The inspection will be conducted to establish an institutional investor's compliance with the Regulations, requirements outlined in the Authorised Dealer Manual and/or specific authorities granted.
- (xi) Compliance
- (a) An institutional investor shall comply with the Regulations, requirements as outlined in the Authorised Dealer Manual, specific authorities granted as well as any other requirements or conditions as may be stipulated from time to time by the Financial Surveillance Department.
 - (b) Any deviation or non-compliance with (a) above may result in measures being taken by the Financial Surveillance Department as

administrator of the exchange control system. These measures may consist of one or more of, inter alia, the following:

- (aa) an official warning from the Financial Surveillance Department setting out the nature of the contravention and seeking the assurance from the institutional investor that the required remedial steps have been undertaken to ensure compliance as outlined in (a) above;
- (bb) the temporary suspension of an institutional investor's business activities to specific types of transactions;
- (cc) encashment of foreign liquid assets and the repatriation thereof;
- (dd) the repatriation of income and/or capital or the withdrawal of any authority granted by the Financial Surveillance Department.
- (ee) the invoking of Regulation 18; and
- (ff) the remedies provided for under Regulations 22A, 22B and 22C.

Section E.(B)(i)(a)

A new subsection (hh) has been inserted

- (hh) institutional investors to facilitate foreign currency deposits emanating from disinvestment proceeds pending the reinvestment of the funds offshore.

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

A new subsection (gg) has been inserted and the current subsections (gg) to (jj) have been renumbered.

- (gg) the foreign currency deposits emanating from disinvestment proceeds by institutional investors may be held in a CFC account for up to 12 months whereafter it must be reinvested offshore or converted to Rand;
- (hh) when permitting the transfer of funds between CFC accounts at different Authorised Dealers, such transfers may only be by means of the appropriate SWIFT client transfer message type. The following provisions should also be adhered to:
 - (1) if proceeds are transferred between CFC accounts, Field 72 of the appropriate SWIFTS client transfer message type should clearly indicate 'TRF SPOT' and/or 'TRF HEDGE'. In the event of funds being transferred in bulk, this information should be broken down into the specific amounts, making up the total transferred;
 - (2) the Authorised Dealer receiving funds for credit to a CFC account from another Authorised Dealer may not accept such funds if Field 72 does not indicate, inter alia, the date on which the funds were originally credited to the CFC account;
 - (3) transfer of foreign currency, which was not acquired by means of a spot transaction or from the maturity of hedging contracts, should be reflected in Field 72 as 'TRF FROM ABROAD';
 - (4) transfer between local entities in settlement of transactions in rough diamonds, crude oil, wrought gold and steel, should be reflected in Field 72 as 'TRF 4 COMMODITIES'; and
 - (5) the authority number should be reflected in Field 72 in the event of funds being transferred between CFC accounts in terms of specific authorities granted by the Financial Surveillance Department;
- (ii) if a CFC account has been debited in respect of bridging finance, no forward cover may be availed of as the account may only be replenished by means of proceeds received from abroad;

- (jj) where a group of companies operates CFC accounts, the South African parent company may consolidate the group's earnings and any local subsidiary may utilise the funds, provided that the group operate through a centralised treasury located in South Africa; and
- (kk) interest earned on CFC accounts may be retained in such accounts and be used for set off purposes.

The amended Authorised Dealer Manual and Currency and Exchanges guidelines for business entities may be accessed on the South African Reserve Bank website: www.resbank.co.za by following the links: Home>Regulation and supervision>Financial surveillance and exchange controls>Currency and exchanges documents.

Head of Department: Financial Surveillance Department