



**EXCHANGE CONTROL CIRCULAR  
TO  
AUTHORISED DEALERS AND PUBLIC**

**(Issued In Terms Of Section 35 (1) Of The Exchange Control Regulations  
Statutory Instrument 109 Of 1996)**

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**1. INTRODUCTION**

1.1 Reference is made to Exchange Control Directive RR86/2016 and ECOGAD8/2016 dated 5 May 2016, as well as Exchange Control Directive RR87 dated 6 May 2016 which operationalised measures announced in the Governor's Press Statement of 4 May 2016 on the promotion and sustenance of the multi-currency system as well as dealing with the cash shortages.

**2. CLARIFICATION OF FOREIGN EXCHANGE MANAGEMENT MEASURES**

2.1 In recognition of the need to improve the ease of doing business, improve exporter viability and competitiveness while further enhancing the spread of liquidity generated from exports of goods and services, the production and

marketing of tobacco and gold, Authorised Dealers are advised of the following clarifications on the foreign exchange management measures:

## 2.2 Foreign Currency Earners of USD Denominated Proceeds

2.2.1 Authorized Dealers are advised that 50% of all new foreign exchange receipts from the export of goods and services denominated in USD shall be transferred to the Reserve Bank immediately on receipt of funds. The remaining 50% shall be credited into the exporter's FCA in USD.

2.2.2 On receipt of the 50% export proceeds into its Nostro Account, the Reserve Bank shall immediately credit the same amount plus the 5% export incentive / bonus in USD into the Authorised Dealer's RTGS Account for the account of the exporter.

2.2.3 Accordingly, the requirement for the apportionment of 50% of foreign exchange receipts into 40% ZAR and 10% EUR, has been removed with immediate effect.

## 2.3 Exporters Receiving Proceeds in Other Currencies

2.3.1 Where the exporter's foreign currency earnings based on Form CD1 acquittals are denominated in other currencies in the multicurrency basket, such proceeds shall be credited 100% into the respective exporter's corporate FCA. Similarly, the 5% export incentive paid into the USD FCA shall also apply to such exporters on their foreign currency earnings.

## 2.4 Utilization of Tobacco Finance Facilities

- 2.4.1 With effect from 10 May 2016, 50% of all proceeds from tobacco drawdowns or tobacco offshore facilities disbursed for purposes of purchasing tobacco on the auction floors by the tobacco merchants, shall be transferred to the Reserve Bank of Zimbabwe (RBZ)'s Nostro Account immediately on drawdown of such proceeds.
- 2.4.2 Upon confirmation of receipt of the drawdown proceeds, the Reserve Bank shall immediately credit the same amount in US Dollars to the Authorised Dealer's RTGS Account for the account of the tobacco merchant and to facilitate payments to the various beneficiary tobacco growers' accounts.
- 2.4.3 Upon value-addition (tobacco processing) and export of tobacco, the Tobacco Merchant shall benefit from the 5% export incentive based on the value addition component, upon the full acquittal of the Form CD1.

## 2.5 Foreign Exchange Priority List Guideline

- 2.5.1 In addition to the foreign exchange priority list announced in ECOGAD8/2016, Authorised Dealers are advised that the following payment categories shall be included on Priority One (HIGH);
- a) Remittance of **rental income** from properties owned by non-resident Zimbabweans and foreign who would have purchased property using funds originating from offshore and transferred through normal banking channels

- b) Remittance of **pension income** for non-resident Zimbabweans who formally emigrated from Zimbabwe
- c) Importation of **packaging material** not available in Zimbabwe

## 2.6 Removal of the 10% threshold on Nostro Account Balances

2.6.1 Reference is made to ECOGAD1/14 dated 1 September 2014, in which Authorised Dealers were directed to maintain a 10% cash threshold in the Nostro Account.

2.6.2 Authorised Dealers are therefore advised that with effect from 10 May 2016, the requirement to maintain a 10% cash threshold in Nostro Accounts has been removed.

## 2.7 Removal of the 15% threshold on cash holdings by banks

2.7.1 Reference is made to ECOGAD1/14 dated 1 September 2014 in which Authorised Dealers were directed to maintain a 15% threshold on cash holdings by banks.

2.7.2 Authorised Dealers are therefore advised that with effect from 10 May 2016, the requirement to maintain a 15% threshold on cash holdings by banks has been removed.

## 2.8 Cash Withdrawals by Authorized Dealers with Limited Authority

2.8.1 In order to facilitate payouts of Diaspora remittances which are an important source of liquidity for Zimbabwe, Authorised Dealers are advised that

Money Transfer Agencies (MTAs) or Authorised Dealers with Limited Authority (ADLA) who make cash withdrawals for the purposes of paying Diaspora remittances are not restricted by cash withdrawal limits. However, Authorised Dealers are reminded to exercise the application of the Know Your Customer (KYC) principle and Customer Due Diligence (CDD) in disbursing cash to these entities.

3. Please be guided accordingly.

A handwritten signature in black ink, appearing to read 'Mpofu', written over a horizontal line.

M. B. Mpofu  
Director

**EXCHANGE CONTROL**

**10 MAY 2016**