



**EXCHANGE CONTROL CIRCULAR NO. 1 OF 2021  
TO AUTHORISED DEALERS**

**ISSUED IN TERMS OF SECTION 35 (1) OF THE EXCHANGE CONTROL  
REGULATIONS STATUTORY INSTRUMENT 109 OF 1996**

1. Reference is made to the Monetary Policy Committee (MPC) Statement of 08 January 2021 on measures to refine and enhance the administrative arrangements of the Foreign Exchange Auction Trading System. For ease of implementation of the policy measures, Authorised Dealers are advised as follows:-

**2. MEASURES TO SUSTAIN THE AUCTION SYSTEM**

**2.1 Removal of the 60 Day Retention Period on Export Receipts**

2.1.1 In order to allow flexibility on the utilization of export receipts, Authorised Dealers are advised that with effect from 11 January 2021, the 60-day retention period on export receipts has been removed. Effectively, exporters may now retain net export receipts in their FCAs for an indefinite period.

2.1.2 Authorised Dealers are advised that this policy measure is also applicable to export receipts already held as balances in exporters' FCAs.

**2.2 Review of the Surrender Requirement on Export Receipts**

2.2.1 Authorised Dealers are advised that with effect from 11 January 2021, the surrender portion on all export receipts across all economic sectors, has been reviewed from the current 30% to 40%.

2.2.2 The 40% portion of the export proceeds shall be sold to the Reserve Bank at the prevailing foreign exchange auction rate.

2.2.3 Authorised Dealers are therefore required to put in place appropriate administrative arrangements to ensure that all export proceeds received as from 11 January 2021, are administered in line with these new arrangements.

### **2.3 Utilisation of funds allotted through the Foreign Exchange Auction Trading System**

2.3.1 In order to ensure the efficient utilisation of foreign exchange allotted through the Foreign Exchange Auction Trading System, such funds shall only be for settlement of current invoices and not outstanding or overdue amounts in respect of goods already received or services already rendered.

2.3.2 In this regard, Authorised Dealers are required to seek prior Exchange Control approval for the funding of all non-current expenditures in respect of goods already received or services already rendered.

2.3.3 For avoidance of doubt, current invoices for advance payments should not be more than 60 days from the date of issuance.

### **2.4 Surrender Requirement of 20% on Domestic Sales**

2.4.1 Authorised Dealers are advised that the 20% surrender requirement on foreign currency domestic sales, net of tax, is maintained at the current level. Authorised Dealers are, however, required to transfer the surrender portion to the Reserve Bank in the currency of receipt.

2.4.2 Furthermore, Authorised Dealers are advised that corporates operating Transitory (FCA)s, are required to operate a separate Domestic FCA for purposes of receiving commissions, service fees etc due to the account holder. These earnings are subject to the 20% surrender requirement.

2.4.3 Authorised Dealers are further advised that funds held in the FCA (Transitory) shall only be transferred to ultimate beneficiaries and shall not be withdrawn or utilised by the corporate as such an account is only transitory in nature.

### 3. MEASURES TO SUPPORT THE OPERATIONS OF BUREAUX DE CHANGE

3.1 Authorised Dealers are advised that effective 11 January 2021, the following measures shall apply on the operations of **bureaux de change**: -

- i. The portion of balances to be sold to the Foreign Exchange Auction by **bureaux de change** shall now be 40%, down from 80%, in line with the export surrender requirement for exporters.
- ii. The maximum allowable margin on small transactions to be charged by **bureaux de change** shall now be up to a margin of 8% above the auction rate, up from the current 5%.
- iii. The daily maximum permissible sales value for **bureaux de change** is now US\$2,000 per transaction to cater for foreign exchange requirements for individuals, micro and small to medium enterprises in accordance with the foreign currency priority list.

3.2 Furthermore, **bureaux de change** are permitted to purchase foreign currency from individuals and companies without limit subject to Know Your Customer (KYC) principles and anti-money laundering requirements.

3.3 **Bureaux de change** must ensure that all their foreign exchange transactions are done through the Bank's Bureau de Change Transaction Reporting System.

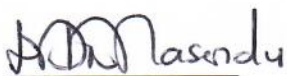
### 4. CLARIFICATIONS ON PAYMENTS BY NON-GOVERNMENTAL ORGANISATIONS, INTERNATIONAL ORGANISATIONS & EMBASSIES

4.1 Authorised Dealers are advised that deposits or transfers into FCAs of Non-Governmental Organisations (NGOs), International Organisations and Embassies are not subject to the 20% surrender requirement on domestic sales.

4.2 Where NGOs, International Organisations and Embassies purchase goods and services from local companies, the sale proceeds credited into the Domestic FCA of the local service provider(s) are subject to the 20% surrender requirement on domestic sales.

4.3 Proceeds received by local companies from NGOs, International Organisations and Embassies to fund importation of goods or services in fulfillment of standing contract are not subject to the 20% surrender requirement on domestic sales.

5. Please be guided accordingly.



F. Masendu

Director

**EXCHANGE CONTROL**

**11 January 2021**