



**EXCHANGE CONTROL CIRCULAR NO. 6 OF 2022
TO AUTHORISED DEALERS
28 June 2022**

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

Background

1. Reference is made to the Monetary Policy Committee (MPC) Statement of 24 June 2022. In order to operationalize the announced resolutions, Authorised Dealers are advised as follows:-

Liquidation of Unutilised Retained Export Receipts

2. Exchange Control Circular No. 1 of 2021 provides for exporters to retain 60% of export proceeds and sell 40% to the Reserve Bank upon receipt of any export proceeds. These thresholds, including those under the export incremental incentive scheme, shall continue to apply going forward.
3. In order to operationalize the MPC resolutions aimed at ensuring the enhanced circulation of foreign currency in the market, Authorised Dealers are advised that with effect from 1 July 2022, exporters shall be entitled to utilise the full portion of their retained export receipts within 120 days from the date of receipt of such export proceeds.
4. At the expiry of the 120 days, Authorised Dealers shall liquidate 25% of such unutilized balances on the exporter's retention portion from each corresponding export receipt. Upon liquidation of the 25% of such unutilized balances on the exporter's retention portion from each corresponding export receipt, the exporter shall then be entitled to indefinitely retain the 75% balance of such unutilised funds from each corresponding receipt to meet their requirements.
5. Please note that for existing FCA (Exports) balances, the liquidation retention shall run for 120 days effective 1 July 2022.

6. The above stated measures shall not apply to foreign currency retention into domestic FCAs, loans, international organisations/embassies/NGOs and individual free funds. These remain free funds that can be offloaded to the interbank market under the willing-buyer willing-seller framework.
7. Furthermore, to ensure viability and continued availability of foreign currency, exporters with outstanding foreign currency loans and/or are undertaking capital expansion programmes, shall be considered for exemption from the 120 day liquidation requirement upon seeking specific Exchange Control approval.
8. All liquidations including the 120 day liquidations shall be reported to Exchange Control on the Daily Interbank Purchases and Sales Return (See Annexure 1)

Compliance with Exchange Control Regulations

9. Authorised Dealers are, therefore, advised to put in place monitoring mechanisms that ensure that the liquidation period is strictly adhered to in line with this Circular. Failure to comply with these regulations or directions as contained in this Exchange Control Directive and any other regulations, constitutes a violation of Exchange Control provisions.
10. Any such violations shall be dealt with in terms of the Section 5(1) of the Exchange Control Act [Chapter 22:05] and Section 37 (i), (ii), and (iii) of the Exchange Control Regulations, Statutory Instrument 109 of 1996, which calls among other penalties, the withdrawal of Authorised Dealership.

Introduction of Gold Coins as a Store of Value

11. Authorised Dealers are advised of the introduction of gold coins into the market as an instrument that will enable investors to store value. The gold coins will be minted by Fidelity Gold Refineries (Private) Limited and will be sold to the public through normal banking channels. Operational modalities for the handling of the gold coins shall be availed in due course.

Please be guided accordingly.



F. Masendu
Director

EXCHANGE CONTROL