



## Guidance

**Documentary evidence is the documents generated from a transaction between the applicant / remitter / buyer and the beneficiary / seller.**

**You will be able to use the Search Function (Ctrl-F) to search a specific topic within the document. The BOP Categories are hyperlinked to the requirements for the specific transactions.**

**The documents generated are in some instances prescribed by legislation, custom, region, language, relationship, trust, etc.**

The bank is able to provide direction on whether specific documents are prescribed by a section of the Currency and Exchanges manual but will accept (for scrutiny) any and all documents generated by the commercial activity.

In certain instances, a specific SARB approval might require the client to provide documents explicitly called for under the terms and conditions of the approval.

Below is an extract from the Currency and Exchanges Manual for Authorised Dealers. The bank uses this as a benchmark to evaluate the applicability of Documentary Evidence before payments are authorised

**Section A.3(C) of the Currency and Exchanges Manual for Authorised Dealers reads as follows:**

### **Documentary evidence required by Authorised Dealers in foreign exchange**

- (i) As far as documentary evidence, as called for in the various sections of the Authorised Dealer Manual is concerned, Authorised Dealers should endorse such documentation 'exchange provided' or alternatively where such documentation is stored digitally, and an audit trail exists, no endorsement is required.
- (ii) The copies of documents must be retained for a period of five years for inspection purposes and Authorised Dealers should point out to their clients that the original documents must be retained for a period of five years for inspection purposes.
- (iii) Whenever documentary evidence is called for in any section of the Authorised Dealer Manual, Authorised Dealers shall be obliged to ensure that such documentary evidence, which shall be obtained and scrutinised in connection with a relevant commercial or other transaction

involving the purchase or sale of foreign currency either spot or forward, shall, in terms of accepted trade usage, or established accounting, commercial or legal practice, be the best evidence for purposes of:

(a) identifying and verifying the nature, category or class of the relevant transaction;

(b) proving and verifying the obligation(s) of each resident, who is a party to the relevant transaction, to make payment(s) of foreign currency or to place such foreign currency to the credit of any non-resident, who is a party to the relevant transaction and/or proving and verifying the right(s) of each resident, who is a party to the relevant transaction, to receive payment(s) of foreign currency from or have such foreign currency placed to its credit by any non-resident, who is a party to the relevant transaction; and

(c) proving and verifying the amount(s) and timing of each foreign currency payment or credit referred to in (b) above.

(iv) If the relevant transaction involving foreign currency, as referred to in (iii) above, is recorded in a written agreement to which the relevant resident(s) and non-resident(s) are parties, the term 'documentary evidence', as utilised in the Authorised Dealer Manual and which shall be obtained and scrutinised by Authorised Dealers in connection with foreign exchange transactions, shall, without derogating from the generality of the provisions contained in (iii) above, mean:

(a) the original of such written agreement duly signed by or on behalf of the parties thereto; and

(b) such further supporting or supplementary documents which shall in terms of established accounting, commercial or legal practice be required and generated to give practical effect to the relevant transaction, which supporting or supplementary documents shall include, but not necessarily be limited to relevant confirmatory letters, invoices, receipts, bills of lading or other documents of title, carriage contracts, letters of credit, guarantees, insurance contracts, permits, licences and/or bills of exchange.

(v) Such original written agreement and supporting or supplementary documents, shall as a minimum requirement, identify and prove the various essential elements of the relevant foreign exchange transaction stipulated in (iii) above.

(vi) If the relevant transaction involving foreign exchange is not recorded in a written agreement contemplated in (iv) above, the term 'documentary evidence', as utilised in the Authorised Dealer Manual, and which shall be obtained and scrutinised by Authorised Dealers in connection with foreign exchange transactions, shall, without derogating from the generality of the provisions contained in (iii) above, mean the supporting or supplementary documents of the nature specified in (iv)(b) above, provided that such supporting or supplementary documents shall, as a minimum requirement, identify and prove each of the essential elements of the relevant foreign exchange transaction referred to in (iii) above.

(vii) The directives contained in (iii) to (vi) above, shall not exonerate Authorised Dealers from the duty of obtaining and scrutinising, in connection with any relevant foreign exchange transaction, such documents as may be specified and named in any of the sections of the Authorised Dealer Manual or in any authority granted by the Financial Surveillance Department.

(viii) Where the original set of documents is not available, Authorised Dealers may accept those produced by photocopying, faxing or printed copies of electronic documents.

### **An Extract from Section A.3B(xxi) of the Currency and Exchanges Manual for Authorised Dealers**

The attention of Authorised Dealers is directed to the powers conferred on them under the provisions of **Regulation 19(1), which entitle them to call for any information and to inspect any books or documents as may be necessary to ensure compliance with the Regulations.**

These powers should be fully availed of by Authorised Dealers in carrying out the powers, functions and/or duties assigned to them under the Regulations.

### **Regulation 22 of the Exchange Control Regulations, 1961**

#### **PENALTY**

22. Every person:

- who contravenes or fails to comply with any provision of these regulations, or
- contravenes or fails to comply with the terms of any notice, order, permission, exemption or condition made, conferred or imposed thereunder, or
- who obstructs any person in the execution of any power or function assigned to him by or under these regulations, or
- who makes any incorrect statement in any declaration made or return rendered for the purposes of these regulations (unless he proves that he did not know, and could not by the exercise of a reasonable degree of care have ascertained, that the statement was incorrect) or
- refuses or neglects to furnish any information which he is required to furnish under these regulations,

Shall be guilty of an offence and liable upon conviction to **a fine not exceeding two hundred and fifty thousand rand** or to **imprisonment for a period not exceeding five years** or to **both such fine and such imprisonment**; provided that where he is convicted of an offence against any of these regulations in relation to any security, foreign currency, gold, bank note, cheque, postal order, bill, note, debt, payment or goods, the fine which may be imposed on him shall be a fine not exceeding two hundred and fifty thousand rand, or a sum equal to the value of the security, foreign currency, gold, bank note, postal order, bill, note, debt, payment or goods, whichever shall be greater.

| BOP Category  | Description   |
|---|---|
| <b>Imports</b>  |   |
| 101   | Imports: Advance Payments (not in terms of Letter of Undertaking)   |
| 102   | Imports: Advance payments in terms of Letter of Undertaking   |
| 103   | Imports: (excluding advance payments and not in terms of Import of Undertaking)   |
| 104   | Imports: (excluding advance payments and not in terms of Import Undertaking)  |
| 105   | Consumables acquired in port  |
| 106   | Repayment of trade finance for imports  |
| 107   | Import payments where the Customs value of the shipment is less than R500   |
| 108   | Import payments where goods were declared as part of passenger baggage and no MRN is available  |
| 109   | Payments for goods purchased from non-residents in cases where no physical import will take place   |
| 110   | Merchanting   |
| <b>Sub Categories</b><br>01<br>02<br>03<br>04<br>05<br>06<br>07<br>08<br>09<br>10<br>11 | <b>Applicable to BOP Categories 101, 102, 103 and 104</b><br>Payment related to goods (excluding capital goods, gold, platinum, crude oil, refined petroleum products, diamonds, steel, coal, iron ore and goods imported via the South African Post Office)<br>Payment related to goods classified as – Capital goods<br>Payment related to goods classified as – Gold<br>Payment related to goods classified as – Platinum<br>Payment related to goods classified as – Crude oil<br>Payment related to goods classified as – Refined petroleum products<br>Payment related to goods classified as – Diamonds<br>Payment related to goods classified as – Steel<br>Payment related to goods classified as – Coal<br>Payment related to goods classified as – Iron ore<br>Payment related to goods Imported via the South African Post Office |
|   | Definitions<br><b>Capital Goods</b> - Tangible items (property, plant and equipment) that:<br>i. are held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and<br>ii. are expected to be used during more than one period.<br><b>Gold</b> - Includes all forms of gold, as well as ingots, amalgam, concentrates, gold buttons and trade scrap. Excludes Jewellery<br><b>Platinum</b> - Excludes Jewellery<br><b>Crude Oil</b> – petroleum as it comes from the ground, before refining.   |

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|   | <p><b>Refined Petroleum Products</b> – products normally produced when crude oil is processed and refined. This produces more useful products such as petroleum, naphtha, gasoline, diesel fuel, asphalt base, heating oil, kerosene, and liquefied petroleum gas.</p> <p><b>Diamonds</b> – Rough or unpolished stones. Excludes jewellery</p> <p><b>Steel</b> - a hard, strong grey or bluish-grey alloy of iron with carbon and usually other elements, used as a structural and fabricating material.</p> <p><b>Coal</b> - combustible black or dark brown rock consisting chiefly of carbonized plant matter, found mainly in underground seams and used as fuel.</p> <p><b>Iron Ore</b> - a rock or mineral from which iron can be profitably extracted.</p> |
| 100   | Reversals / refunds related to the above BOP categories   |
| <b>Intellectual property and other services</b> |   |
| 201 to 205                                      | Charges for the use of intellectual property  |
| 210 to 213                                      | Acquisition of intellectual property (excluding computer related and audio-visual)  |
| 220 / 221                                       | Research and Development  |
| 225 to 226                                      | Audio-visual and related items  |
| 230 to 236                                      | Computer software and related items   |
| 240 to 243                                      | Technical related services  |
| Sub Categories                                  | <b>Applicable to BOP Category 240</b>   |
| 01  | Fees for processing done on materials (excluding the below)   |
| 02  | Gold  |
| 03  | Platinum  |
| 04  | Crude oil   |
| 05  | Refined petroleum products  |
| 06  | Diamonds  |
| 07  | Steel   |
| 08  | Coal  |
| 09  | Iron Ore  |
| 250 to 261                                      | Travel services   |
| 265 / 266                                       | Telecommunication and Information services  |
| 270   | Transportation services<br>Payment for passenger services   |

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| 271                                  | Payment for freight services   |
| 272                                  | Payment for other transport services                                   |
| 273                                  | Payment for postal and courier services                                |
| 275 / 276 / 307                      | Financial services and or Brokerage                                    |
| 281                                  | Government services  |
| 282                                  | Diplomatic transfers   |
| 285                                  | Study related services   |
| 287 to 297                           | Payment for other business services                                    |
| 200                                  | Reversals / refunds related to the above BOP categories (2XX series)   |
| <b>Income</b>                        |  |
| 301                                  | Dividends  |
| 302                                  | Branch Profits   |
| 303 to 306                           | Compensation paid by a resident to an employee                         |
| 309-04                               | Interest paid to a non-resident in respect of Loans:                   |
| 309-05                               | Shareholders loans   |
| 309-06                               | Third party loans  |
| 309-07                               | Trade finance loans  |
| 309-08                               | Bonds  |
| 309-08                               | Interest paid <b>not in respect of loans</b>                           |
| 312                                  | Fee in respect of inward listed securities derivatives                 |
| 300                                  | Reversals / refunds related to the above BOP categories (3XX series)   |
| <b>Transfers of a current nature</b> |  |
| 402                                  | Annual contributions   |
| 403                                  | Contributions in respect of social security schemes                    |
| 404                                  | Contributions in respect of foreign charitable, religious and cultural |
| 405                                  | Other donations / aid to a foreign Government                          |
| 406                                  | Other donations / aid to a foreign private sector                      |
| 407                                  | Pensions   |

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| 408  | Annuities (pension related)   |
| 409  | Inheritances  |
| 410  | Alimony   |
| 411-01<br>411-02<br>411-03                           | Tax<br>Income tax<br>VAT refunds<br>Other   |
| 412 / 414  | Insurance premiums - Non-life, Short-term / Life  |
| 413 / 415  | Insurance Claims - Non-life, Short-term / Life  |
| 400  | Reversals / refunds related to the above BOP categories (4XX series)  |
| <b>Transfers of a capital nature</b>                 |   |
| 501 / 502  | Donations by SA Government or Corporate Entities for fixed assets   |
| 503  | Disinvestment of property by a non-resident corporate entity  |
| 504  | Investment into property by a resident corporate entity   |
| 510-01<br>510-02                                     | Disinvestment of by a non-resident individual<br>Property<br>Other  |
| 510-02   | Disinvestment by a non-resident individual - other  |
| 511<br>512<br>01<br>02<br>03<br>04<br>05<br>06<br>07 | Capital transfers by South African resident individuals<br>Not related to the investment allowance<br>in terms of the investment allowance<br>Shares<br>Bonds<br>Money market Instruments<br>Deposits with a foreign Bank<br>Mutual Funds / Collective Investments Schemes<br>Property<br>Other |
| 513  | Investment by a resident individual originating from a local source into an account conducted in foreign currency held at an Authorised Dealer in South Africa  |
| 500  | Reversals / refunds related to the above BOP categories (5XX series)  |

| <b>Does not cover disinvestments</b>   |   |
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| <b>Financial investments, Disinvestments and Prudential investments</b>                |   |
| 601-01<br>601-02   | Sale proceeds of Shares paid to a non-resident<br>Listed<br>Non-listed  |
| 602<br>603-01<br>603-02  | Disinvestment by a non-resident<br>Money Market Instruments<br>Listed Bonds<br>Non-listed Bonds   |
| 605-01<br>605-02<br>605-03<br>605-04<br>605-05<br>605-06<br>605-07<br>605-08<br>605-09 | Investment into shares by a resident entity<br>Agriculture, hunting, forestry and fishing<br>Mining, quarrying and exploration<br>Manufacturing<br>Electricity, gas and water supply<br>Construction<br>Wholesale, retail, repairs, hotel and restaurants<br>Transport and communication<br>Financial services<br>Community, social and personal services |
| 610 / 611 / 612<br>01<br>02<br>03<br>04  | Inward listed securities – Equity / Debt / Derivatives<br>Individual<br>Corporate<br>Bank<br>Institution  |
| 615-01<br>615-02<br>615-03<br>615-04<br>615-05   | Investment by resident Institutional Investor<br>Asset Manager<br>Collective Investment Scheme<br>Retirement Fund<br>Life Linked<br>Life Non-Linked   |
| 616  | Bank Prudential Investment  |
| 600  | Reversals / refunds related to the above BOP categories (6XX series)  |

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| <b>Derivatives (excluding inward listed)</b> |  |
| 701-01 / 02                                  | Options – listed / unlisted  |
| 702-01 / 02                                  | Futures – listed / unlisted  |
| 703-01 / 02                                  | Warrants – listed / unlisted   |
| 704-01 / 02                                  | Gold – listed / unlisted   |
| 701-01 / 02                                  | Derivative not specified above – listed / unlisted   |
| 700  | Reversals / refunds related to the above BOP categories (7XX series)                         |
| <b>Loans</b>                                 |  |
| 801  | Repayment of trade finance drawn down in South Africa  |
| 802  | Repayment of an international Bond drawn down  |
| 803  | Repayment by a resident of a loan received from a non-resident shareholder                   |
| 804  | Repayment by a resident of a loan received from a non-resident third party                   |
| 810  | Loans granted by residents to residents temporarily abroad                                   |
| 815  | Loans granted by an Individual to a non-resident   |
| 816  | Study loan to a non-resident   |
| 817  | Shareholders loan to a non-resident  |
| 818  | Third party loan to a non-resident (excluding shareholders)                                  |
| 819  | Trade finance to a non-resident  |
| <b>Miscellaneous payments</b>                |  |
| 833  | Credit/Debit card company settlement or Money remitter settlements                           |
| 830  | Details of payments not classified - Payment not included in any of the above BOP categories |
| 800  | Reversals / refunds related to the above BOP categories (8XX series)                         |
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| ZZ1  | <b>Non-reportable transactions</b>   |

| Theme  |                                | What the Bank looks for in addition to a fully completed BOP form (Manual or Electronic)  |
|--|--------------------------------|---|
| Imports<br>101 to 109  | Import Permit                  | The client must confirm whether the goods requires an import permit. A copy of the permit is no longer a requirement.   |
|  | Advance payment types          | Goods not yet shipped or,<br>Goods in transit or,<br>Goods received in South Africa but payment as Cash on Delivery   |
|  | Goods Received in the Republic | Goods fully cleared to the importer or,<br>Goods cleared into a bonded warehouse  |
|  | Letter of Undertaking          | The bank would require a copy of the Exchange Control Approval.<br>These transactions would be reported under BOP categories 102 or 104   |
|  | Consumables acquired in Port   | These transactions would be reported under BOP category 105 and requires prior SARB Finsurv approval  |
|  | Trade Finance                  | Financier's detailed invoice<br>A trade finance agreement<br>A copy of the SARS Customs Declaration<br>These transactions would be reported under BOP category 106  |
|  |                                | The bank would typically look at the following on the supporting documents: <ul style="list-style-type: none"> <li>• Seller's Name and Address</li> <li>• Whether the manufacturer is the same as the seller</li> <li>• Importer's Name and Address</li> <li>• Date of invoice</li> <li>• Amount and currency</li> <li>• Description of Goods</li> <li>• Payment Terms</li> <li>• Incoterm</li> <li>• Destination of goods</li> <li>• Invoice or Reference number</li> <li>• Agreements / Contracts</li> <li>• Third Party details</li> </ul> |
| <p>Advance payments for <b>goods not yet shipped</b> may be supported by one or a combination of the following documents:</p> <ul style="list-style-type: none"> <li>• A contract of sale or purchase contract (sometimes called an agreement)</li> <li>• Pro-Forma invoice</li> </ul> |                                |   |

- Sales confirmation
- Quotation
- Or any other document confirming an agreement between a buyer and a seller for the sale / purchase of goods that calls for payment in advance.

Advance payments for **goods in transit** may be supported by one or a combination of the following documents:

- Commercial invoice
- A contract of sale or purchase contract (sometimes called an agreement)
- A Transport document (see paragraph 6.2.1 on pages 34 and 35/78 of the Currency and Exchanges guidelines for business entities)
- Or any other document confirming an agreement between a buyer and a seller for the sale / purchase of goods that calls for payment whilst the goods are in transit

Payment **may not be** classified as an advance payment if goods have been received in the Republic.

A copy of the SARS Customs Declaration is mandatory in these circumstances (see page 11/78 of the Currency and Exchanges guidelines for business entities).

The same would apply to payments declared as BOP category 107

Advance Payment for Capital goods

- **Ex-Factory cost** of the Capital goods **not exceeding** R 10 million - Payment up to 100%
- **Ex-Factory cost** of the Capital goods **exceeding** R 10 million - Payment up to 50% in advance with the balance payable after the goods have been shipped.
- The Bank requires the following confirmations
  - That the order would otherwise be refused and
  - That such payment is normal in the trade concerned.

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| Merchanting<br>110 | <ul style="list-style-type: none"> <li>• See page 42/78 of the Currency and Exchanges guidelines for Business Entities.</li> <li>• No more than 1 party to the transaction may be resident in the CMA.</li> </ul> |  |
|                    | Documentary evidence  | <ul style="list-style-type: none"> <li>• Seller's invoice</li> <li>• Buyers invoice</li> <li>• An agreement or contract of sale / purchase is mandatory under the following circumstances <ul style="list-style-type: none"> <li>○ If the relevant transaction is recorded in a written agreement or,</li> <li>○ If reference is made thereto on any of the supporting documents, or</li> <li>○ If the supporting documents (invoices, etc.) contains insufficient information to have a complete view of the transaction</li> </ul> </li> </ul> |
|                    | Prepaid   | <ul style="list-style-type: none"> <li>• The above documentary evidence and</li> <li>• Proof of payment <ul style="list-style-type: none"> <li>○ If payment is received via SBSA, the TRN number</li> <li>○ If payment is received via another SA Bank account, a copy of the bank statement and Inward SWIFT message.</li> </ul> </li> <li>• If funds received but proof of payment is not exhibited, payment must be declined.</li> </ul>  |
|                    | Advance Payment   | <p>Out of pocket period must be within</p> <ul style="list-style-type: none"> <li>• 60 days from outward payment – Trade with African countries</li> <li>• 14 days from outward payment – Trade with any other country</li> </ul>  |
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| Royalties / License fees<br>201 to 213 | Related to the Local Manufacture of goods  | <p>Payment permissible against presentation of the following:</p> <ul style="list-style-type: none"> <li>• Documentary evidence in compliance with the definition (see page 1 of this guideline) that must include,</li> <li>• An invoice from the licensor (the relevant non-resident party), verifying the purpose and the amount involved</li> <li>• A valid approval letter issued by the DTI (Department of Trade and Industry)</li> <li>• An auditor's letter verifying that the amount payable has been correctly calculated and is reasonable in the trade concerned (may be presented to the bank on an annual basis)</li> <li>• The Bank should be satisfied that the payments fall within the terms of the relative agreement and comply with any conditions laid down in the authority granted by the DTI</li> <li>• May be paid to a related party</li> </ul> |
|  | Acquisition of Intellectual property (including computer software)   | <p>Payment permissible against presentation of the following:</p> <ul style="list-style-type: none"> <li>• Documentary evidence in compliance with the definition (see page 1 of this guideline) that must include,</li> <li>• An agreement is mandatory</li> <li>• An auditor's letter confirming: <ul style="list-style-type: none"> <li>○ the valuation</li> <li>○ that the transaction was conducted on an arm's length basis</li> </ul> </li> </ul>   |
| Computer Software<br>231 to 236        | <p>The documentary evidence presented has to be clear in regard to the following:</p> <ul style="list-style-type: none"> <li>• Is the software customised or commercially available?</li> <li>• How will the software be shipped / delivered to the buyer?</li> <li>• Is this an outright purchase or is the license for a restricted period?</li> </ul> |  |
|  | Imports on physical media  | <ul style="list-style-type: none"> <li>• The requirements applicable to imports would apply (see pages 10 and 11 of this guideline)</li> <li>• Includes the purchase of additional licenses</li> </ul>   |
|  | Imports on non-physical media  | <ul style="list-style-type: none"> <li>• Require confirmation on the invoice / agreement / supporting documentation that goods will be delivered electronically</li> <li>• Includes the purchase of additional licenses</li> <li>• Also includes payment for electronic keys / access codes</li> </ul>   |

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|  | Maintenance | <ul style="list-style-type: none"><li>• Payments are allowed in advance</li><li>• Documentary evidence has to confirm the purpose and amount payable</li></ul> |
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| <p>Services<br/>220 to 226<br/>240 to 243<br/>265 to 266<br/>287 to 297</p> | <ul style="list-style-type: none"><li>• All services between related parties require prior SARB Finsurv approval.</li><li>• R&amp;D funding require prior SARB Finsurv approval.</li><li>• The invoice presented needs to clearly describe the nature of the services.</li><li>• The reimbursement of air fares, accommodation and other costs directly associated with the rendering of the services may be included in the payment.</li><li>• We have to understand where the services were provided as this has a bearing on the Section of the CEMAD that would apply.</li><li>• Certain sections of the CEMAD does not allow for the advance payment of services and these either have additional requirements or require prior SARB Finsurv approval.</li><li>• Invoices related to technical services have to clearly state whether it relates to importation of Capital Goods, goods under warranty, commissioning, maintenance contracts, etc.</li><li>• If services are related to the fulfilment of a foreign contract, a copy of the contract must be exhibited.</li></ul> |
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| <p>Freight<br/>270 to 273</p>                                | <ul style="list-style-type: none"> <li>• Refer to page 35/78 of the Currency and Exchanges guidelines for business entities - paragraph 6.2.2</li> <li>• Reporting of carriage and services related to the carriage of the goods have to be separate.</li> <li>• No advance payments of freight are allowed. This includes freight services not mentioned under B.14(Q)(ii) of the CEMAD.</li> <li>• The roles of each party to the transaction is important as this has a bearing on the different requirements of the CEMAD.</li> <li>• Supporting documents that may be requested to support the transaction are: <ul style="list-style-type: none"> <li>○ Export Invoice - where exporter has an obligation to pay for carriage or freight services</li> <li>○ Confirmation that goods were exported on consignment basis – in cases where goods are exported as consignments stock and are not sold when carriage or freight services obligation becomes due.</li> <li>○ Transport document – where invoice contains insufficient information on the carriage.</li> <li>○ Full SARS Customs declaration - where importer pays exporter for carriage or freight services separate from the EXW value or where goods are exported free of payment and will be returned to the Republic.</li> <li>○ Auditors certificate (may be presented on an annual basis) by Shipping or Airline companies doing bulk transfers.</li> <li>○ Letters from the company confirming freight collections (if section B.9(B) of the CEMAD applies to the payment).</li> <li>○ Charter party agreements</li> <li>○ Details of demurrage claim and settlement</li> </ul> </li> <li>• Profit share arrangements require prior SARB Finsurv approval</li> </ul> |   |        |   |         |  |             |   |
| <p>Freight Payments<br/>between local<br/>entities – ZZ1</p> | <ul style="list-style-type: none"> <li>• The same documentation supplied for the use of BOP categories 270 – 273 would apply</li> <li>• Invoices between local entities must be directly related to an export or import transaction</li> <li>• The link between the invoice (local) and the import / export transaction has to be clear</li> </ul>   |   |        |   |         |  |             |   |
| <p>Commission /<br/>Brokerage<br/>275, 276 and 307</p>       | <ul style="list-style-type: none"> <li>• Commissions (or any other related expenses) may not be set off unless specifically authorised by SARB Finsurv or provided for in the CEMAD</li> </ul>   | <table border="1"> <tr> <td data-bbox="452 1149 927 1220">Buying</td> <td data-bbox="927 1149 2042 1220"> <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned</li> </ul> </td> </tr> <tr> <td data-bbox="452 1220 927 1324">Selling</td> <td data-bbox="927 1220 2042 1324"> <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned.</li> <li>• May also present a statement of account.</li> </ul> </td> </tr> <tr> <td data-bbox="452 1324 927 1394">Investments</td> <td data-bbox="927 1324 2042 1394"> <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned</li> </ul> </td> </tr> </table> | Buying | <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned</li> </ul> | Selling | <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned.</li> <li>• May also present a statement of account.</li> </ul> | Investments | <ul style="list-style-type: none"> <li>• The client must confirm in writing that the rate of the commission or fee is normal in the particular trade concerned</li> </ul> |
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|                             |                           | <ul style="list-style-type: none"> <li>Only applies in instances where investments are introduced into South Africa from abroad.</li> </ul>   |
| Diplomatic Transfers<br>282 |                           | <ul style="list-style-type: none"> <li>Applies to Embassies, High Commissions, Legations and Consulates.</li> <li>The bank has to be satisfied that the transaction is in the normal course of their business.</li> </ul>   |
| Travel<br>250 to 261        | Land Arrangements         | <ul style="list-style-type: none"> <li>In addition to the invoice from the beneficiary, we require a copy of the invoice issued by the local travel agent to the traveller.</li> <li>This invoice has to contain the name and address of the traveller.</li> <li>Payments related to bulk purchases of travel space (not yet booked by individual travellers) require prior SARB Finsurv approval.</li> </ul> |
|                             | Incentive tours           | <ul style="list-style-type: none"> <li>In addition to the invoice from the beneficiary, we require a copy of the official letter from the firm or company concerned.</li> </ul>   |
| Dividends<br>301            |                           | <ul style="list-style-type: none"> <li>Authorised Dealers may allow the transfer of dividends, profit and/or income distributions from quoted companies, non-quoted companies and other entities to non-residents in proportion to their percentage shareholding and/or ownership</li> <li>Refer to page 43/78 of the Currency and Exchanges guidelines for business entities - paragraph 10.1</li> </ul>     |
|                             | Dividend declaration      | <ul style="list-style-type: none"> <li>A copy of the dividend declaration has to be provided in support of the transaction.</li> </ul>  |
|                             | Non-Resident Shareholding | <ul style="list-style-type: none"> <li>The bank confirms that a non-resident holds the shares in an entity by viewing a copy of the Share certificate.</li> <li>The share certificate has to carry an endorsement (on the face) by an authorised dealer in order to qualify.</li> </ul>   |
|                             | Proportion shareholding   | <ul style="list-style-type: none"> <li>The bank verifies this via the account / relationship manager.</li> <li>It is also possible to verify this by viewing the Financial statements, but the date of the financial statements might not coincide with the dividend date.</li> </ul>   |

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| Directors fees  | <ul style="list-style-type: none"> <li>• A copy of the resolution of the board of directors of the remitting company confirming the amount to be paid to the beneficiary;</li> <li>• Proof that the beneficiary is a non-resident.</li> </ul>  |  |
| Compensation paid by a resident to an employee 303 to 306 | <ul style="list-style-type: none"> <li>• A copy of the contract of employment</li> <li>• A copy of the Passport or ID document for SA Residents temporarily abroad</li> <li>• A copy of the foreign national declaration (for foreign nationals temporarily in SA) prescribed in terms of Section B.5(A)(i) of the CEMAD.</li> <li>• Intercompany reimbursement of salaries for seconded personnel would require prior SARB Finsurv approval.</li> </ul>   |  |
| Interest on Loans 309                                     | <ul style="list-style-type: none"> <li>• An interest calculation</li> <li>• A copy of the SARB Finsurv / Authorised Dealer Internal approval showing the loan reference number and interest rate applicable.</li> <li>• The bank will run an internal check to ensure that the loan was drawn down in line with the interest calculation.</li> </ul>   |  |
| Tax 411   | <ul style="list-style-type: none"> <li>• Documentary evidence issued by the Tax authority confirming the amounts payable / refund due</li> <li>• Supporting documents showing the underlying obligation (e.g. a request for the payment of income tax should be supported by a copy of the employment contract evidencing the SA company employing someone in the country where the tax is payable)</li> <li>• If claim / payment is handled by a third party, documentary evidence in support of their appointment as an agent for the non-resident.</li> </ul> |  |
| Insurance 412 to 415                                      | <ul style="list-style-type: none"> <li>• Refer to pages 49 to 54/78 of the Currency and Exchanges guidelines for business entities - paragraph 14</li> <li>• As a general rule, business entities are not allowed to enter into any insurance contracts with foreign insurance companies</li> </ul>  |  |
|   | Applications to the Financial Services Board (FSB)   | <ul style="list-style-type: none"> <li>• All premiums not allowed in terms of the aforementioned paragraphs must be referred to the FSB.</li> <li>• The Financial Services Board, P O Box 35655, Menlo Park, Pretoria, 0102.</li> <li>• Such applications must be accompanied by a duly completed Form MPI and documentary evidence (e.g. invoice, a statement of account).</li> </ul> |

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|                                       |  | <ul style="list-style-type: none"> <li>• The FSB will communicate their response to the Authorised Dealer concerned who may effect transfer against suitable documentary evidence, provided that the request was recommended by the aforementioned board.</li> </ul>  |
|                                       | Acceptable forms of documentary evidence   | <ul style="list-style-type: none"> <li>• <b>Bordereau</b> <ul style="list-style-type: none"> <li>○ A bordereau is an invoice submitted by an insurer to a reinsurer setting out details of the reinsurance, that have been effected (i.e. name of the insured, period of insurance, sum insured, premium and reinsurer's proportion of sum insured and premium).</li> </ul> </li> <li>• <b>Slip</b> <ul style="list-style-type: none"> <li>○ A slip means a memorandum from the insurer to the reinsurer setting out all salient details of the proposed transaction in terms of the original offer. If acceptable, the original (or master) slip is initialled and dated by the reinsurer and returned to the insurer.</li> </ul> </li> <li>• <b>Statement of account</b> <ul style="list-style-type: none"> <li>○ Would apply where an open account relationship exists between the applicant and beneficiary.</li> </ul> </li> </ul> |
|                                       | <b>Claims</b>  | <ul style="list-style-type: none"> <li>• All documents related to the claim if not under an open account arrangement.</li> </ul>  |
| <p>Institutional Investor<br/>615</p> | <ul style="list-style-type: none"> <li>• Refer to page 23/78 of the Currency and Exchanges guidelines for business entities - paragraph 4.6</li> <li>• Institutional investors may not transfer Rand offshore</li> <li>• Institutional investors may not repatriate Rand to South Africa</li> <li>• The Bank must confirm the registration of an institutional investor with the Financial Services Board and/or obtain proof of acceptance of the quarterly asset allocation report. If the Bank is not able to the matter must be referred to the Financial Surveillance Department.</li> <li>• The originating institution or its administrator retains the responsibility for ensuring that both its direct and indirect foreign investments remain within the foreign portfolio investment limit</li> <li>• <b>Restriction</b> - No transfers may be effected in respect of <b>costs related to foreign portfolio investments</b> by institutional investors without prior reference to the Financial Surveillance Department.</li> </ul> |   |

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| <p>Loan Repayments<br/>801 to 804</p>              | <ul style="list-style-type: none"> <li>• Copy of the approval to introduce the loan funds and permission to repay.</li> <li>• If this is contained in the same approval: <ul style="list-style-type: none"> <li>○ The bank has to ensure that the loan funds were received into SA (proof of Draw Down) before allowing the repayment.</li> <li>○ It therefore follows that if the loan were approved via another Bank, we will require access to the loan details to verify that the funds now repaid has been received.</li> </ul> </li> <li>• For specific approvals to repay, the bank still has a duty to ensure that the repayment is not duplicated.</li> </ul> |  |
| <p>Local payments between CFC accounts<br/>ZZ1</p> | <p>Rough Diamonds,<br/>Crude Oil,<br/>Wrought Gold,<br/>Steel (DOGS)</p>   | <ul style="list-style-type: none"> <li>• Section E of the CEMAD makes provision for payments between local entities involved in the importation and exportation of DOGS.</li> <li>• Special CFC accounts are to be used to facilitate the local settlement in foreign currency between such account holders</li> <li>• Transactions must result or have resulted in the direct importation and/or exportation by one of the entities involved of rough diamonds, crude oil, wrought gold and/or steel</li> <li>• The Bank of the importer and/or exporter must view suitable documentary evidence to confirm that one of the parties to the transaction is a registered importer and/or exporter of the commodity in question.</li> <li>• The Bank of the importer and/or exporter must view suitable documentary evidence to confirm that the commodities to be so acquired must be destined for exportation or importation by one of the parties concerned.</li> <li>• Transfer between local entities in settlement of transactions involving DOGS should be reflected in Field 72 as <b>TRF 4 COMMODITIES</b></li> </ul> |

CEMAD may be located on the Reserve Bank Website:

<https://www.resbank.co.za/RegulationAndSupervision/FinancialSurveillanceAndExchangeControl/Pages/CurrencyandExchangesdocuments.aspx>

**Disclaimer**

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