



## **EXCHANGE CONTROL DIRECTIVE RZ56/2024**

08 April 2024

The Chief Executive Officer  
Bank  
Location  
Street  
**HARARE**

### **ATTENTION: CHIEF EXECUTIVE OFFICER**

Dear Sir/Madam,

## **DIRECTIVE 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 the Monetary Policy Statement (MPS) issued by the Governor of the Reserve Bank of Zimbabwe, Dr. J. Mushayavanhu on 05 April 2024. In order to facilitate the introduction of the structured currency and operationalize the foreign exchange policies contained in the Statement, Exchange Control hereby issues this Exchange Control Directive to provide administrative guidance and compliance parameters to Authorised Dealers.

### **2. Discontinuation of the Foreign Exchange Auction System**

2.1 Authorised Dealers are advised that the Foreign Exchange Auction System (FEAS) that was last held on 12 December 2023 has been officially discontinued effective 8 April 2024.



### **3. Treatment of Outstanding Auction Allotments**

- 3.1 All auction allotments arrears that accumulated from non-funding by the auction will be refunded to recipients at the current inter-bank exchange rate. To allow the new structured currency system to start on a clean slate, the refund will entail conversion of all outstanding auction allotments into a 2-year ZiG denominated investment instrument at an interest rate of 7.5% per annum. The Reserve Bank Financial Markets Division will communicate with banks on the respective implementation framework.
- 3.2 For Exchange Control purposes, the conversion of foreign exchange auction allotment arrears to ZiG denominated investment instruments expunges the foreign exchange obligation and liability from the Reserve Bank. Similarly, the conversion also gives the beneficiary the benefit of value preservation in holding the investment instrument.

### **4. Treatment of Outstanding Payments on Surrender Obligations**

- 4.1 All outstanding payments for foreign exchange purchased by Treasury under the 25% surrender requirement will be converted, using the prevailing US\$/ZiG exchange rate, into a ZiG-denominated investment instrument with a tenor of one (1) year at an interest rate of 7.5% per annum. The Reserve Bank Financial Markets Division will communicate with banks on the respective implementation framework.

### **5. Adoption of a Market-Determined Exchange Rate System**

- 5.1 Following the discontinuation of the Foreign Exchange Auction System (FEAS), Authorised Dealers are advised that the Reserve Bank has adopted a market determined exchange rate system under the Willing-Buyer-Willing-Seller (WBWS) trading arrangement.
- 5.2 Under the Willing-Buyer-Willing-Seller trading arrangement, Authorised Dealers (banks) and *Bureaux de Change* shall purchase foreign currency from willing

sellers at a market determined exchange rate for onward sale to willing buyers (importers). Purchase of foreign currency by importers under this foreign exchange trading arrangement shall strictly be to fund *bonafide* external obligations.

- 5.3 In administering this foreign exchange trading arrangement, Authorised Dealers are reminded to serve customers on a first come-first served basis and desist from matchmaking of buyers and sellers of foreign currency. In all cases, Authorised Dealers must apply Know Your Customer (KYC), Customer Due Diligence (CDD) principles as well as uphold Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) principles.
- 5.4 Authorised Dealers are required to submit the amended Daily Interbank Purchases and Sales Return to Exchange Control by 1000hrs of each day (Refer to Annexure 1).

## **6. Foreign Currency Pipeline Demand**

- 6.1 For purposes of establishing immediate foreign exchange payment requirements from Authorised Dealers' clients' requests already submitted as at 08 April 2024, Authorised Dealers are required to furnish Exchange Control with the foreign currency pipeline demand for the period up to June 2024. This information should be submitted to Exchange Control in the format provided in Annexure 2 by 1600hrs, Tuesday, 09 April 2024.

## **7. Standardised Foreign Currency Retention Thresholds**

- 7.1 Authorised Dealers are advised that foreign currency retention thresholds remain standardised at 75% across all sectors, except for small-scale gold producers who shall continue to retain 100% of their gold sale proceeds.

7.2 Authorised Dealers and all exporting entities are required to adhere to these standardised foreign currency retention thresholds. All previously granted exemptions shall, however, run up to maturity and there shall be no renewals.

7.3 In this regard, Authorised Dealers are required to furnish Exchange Control with the following information on each running authority no later than 12 April 2024:-

- i. Authority number/reference letter (e.g Exchange Control, Financial Markets etc);
- ii. Date authority granted;
- iii. Purpose of the authority (application of funds);
- iv. Validity (duration) of the authority;
- v. Amount approved to be raised under the authority;
- vi. Amount raised to date; and
- vii. Balance remaining to cover the purpose in (iii) above.

7.4 Authorised Dealers are required to continue submitting the Daily Exporters Retention Return by 1000hrs, clearly indicating the 25% surrender portion and the actual amount transferred to the Reserve Bank.

8. The afore-mentioned Exchange Control operational guide and compliance parameters shall be read with the **Operational Guidelines for Structured Currency (ZiG)** issued by the Reserve Bank's Financial Markets Division to banks dated 5 April 2024.

## **9. Facilitation of Trading on the Zimbabwe Stock Exchange and Victoria Falls Stock Exchange by Non-Residents**

9.1 Authorised Dealers are required to facilitate the opening of Non-Resident Transitory Accounts denominated in ZiG to facilitate trading of shares on Zimbabwe Stock Exchange by non-resident investors.

9.2 In the same vein, Authorised Dealers are also required to facilitate the opening of Non-Resident Transitory Accounts denominated in foreign currency to facilitate trading of shares on the Victoria Falls Stock Exchange by non-resident investors.

## **10. Threshold for the Export of Domestic Currency**

10.1 Authorised Dealers are advised that the threshold for the export of domestic currency (ZiG) remains at the equivalent of US\$1,000. The relevant Statutory Instrument shall be promulgated in due course.

## **11. Exchange Control Compliance Monitoring**

11.1 Authorised Dealers and market players are directed to ensure that the compliance parameters contained in this Exchange Control Directive are fully implemented. Exchange Control shall conduct on-site, off-site and targeted adhoc inspections to monitor compliance by Authorised Dealers with the measures outlined to operationalize the structured currency.

11.2 Market players that shall be found to be in violation of Exchange Control rules and regulations, shall be penalised in terms of 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.

Yours sincerely,



T. S. Muvevi  
Acting Director  
**EXCHANGE CONTROL**

Cc: Exchange Control Head  
Treasury Head

**ANNEXURE 1**

**DAILY INTERBANK PURCHASES AND SALES RETURN**

Name of Bank:

Date:

(WB-WS- Willing Buyer Willing Seller)

Source of Foreign Currency

- 1 Client Nostro
- 2 Bank Own Funds

RECEIPTS		PAYMENTS							FUNDING								
Foreign Currency Earner	Sector (Refer to Code List)	Currency	Voluntary Liquidation	WB-WS Exchange Rate Applied	USD Equivalent	Unutilised Export Receipts after 90 Days	WB-WS Exchange Rate Applied	USD Equivalent	Name of Importer	Sector (Refer to the list)	Transaction Type (Refer to CEBAS LIST)	Transaction Description (Refer to CEBAS list)	Amount Paid	USD Equivalent	ZIG AMOUNT RECEIVED	Exchange Rate Applied (where Applicable)	Source of Foreign Currency (Pick From the List Above)
																	Client Nostro

