



**EXCHANGE CONTROL CIRCULAR NO. 3 OF 2022
TO AUTHORISED DEALERS**

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

Background

1. Reference is made to the National Address by His Excellency the President, Dr E.D Mnangagwa on 07 May 2022 regarding measures to boost economic confidence, restore value and macro-economic stability.
2. In order to operationalize the foreign exchange policy measures announced, Exchange Control, in terms of Section 35 (1) of the Exchange Control Regulations, Statutory Instrument 109 of 1996, hereby issues this Exchange Control Circular to provide an administrative framework to Authorised Dealers for ease of implementation of these measures.

Administration of the Foreign Exchange Surrender Requirement

3. Authorised Dealers are advised that with effect from 9 May 2022, the 40% and 20% surrender on export receipts and domestic sales in foreign currency, shall now be sold to the Reserve Bank at the prevailing interbank market rate as determined by the willing buyer-willing seller mechanism.
4. Authorised Dealers must ensure that all statutory foreign currency receipts are transferred to the Reserve Bank within the stipulated times.

Review of the Willing Buyer-Willing Seller Mechanism

5. Authorised Dealers are reminded that under the **willing buyer-willing seller mechanism**, holders of foreign currency are permitted to sell any amount of foreign currency to Authorised Dealers at the interbank rate. These funds are available to willing buyers to finance **external/foreign payments**.
6. With effect from 09 May 2022, individuals are permitted to purchase up to US\$5,000.00 per day with a limit of US\$10,000.00 per week. Individual transactions covered under the arrangement include, education, medical expenses and importation of goods and services. Payments should be made direct to the respective beneficiaries through normal banking channels.
7. Authorised Dealers shall be furnished with the relevant invoices and/or statements confirming amount(s) payable to the external supplier or service provider and ensure acquittal of the payments in line with the Exchange Control framework governing foreign payments.
8. To promote good corporate governance practices and to enhance the Know Your Customer (KYC) principle, foreign currency holders with funds in their FCAs shall only be allowed to sell their foreign currency to the Authorised Dealer (bank) managing their account. For corporates, the amount to be sold to the Authorised Dealer is net of statutory deductions such as surrender requirement on export receipts and domestic sales.

Pricing of Goods and Services in the Market

9. Following the implementation of the willing buyer-willing seller arrangement, and in line with the dual pricing framework as per Exchange Control (Exclusive Use of Zimbabwe Dollar for Domestic Transactions) (Amendment) Regulations, 2020 (No. 3), Statutory Instrument 185 of 2020, the Bank advises Authorised Dealers and the market that going forward, the pricing of goods and services shall be based on the prevailing interbank market rate plus a margin of up to 10%.
10. Businesses and all other economic agents shall obtain the daily interbank market rate on the Reserve Bank of Zimbabwe website.

Third Party Country Payments

11. In line with the Ultimate Beneficial Ownership (UBO) principle, Authorised Dealers shall not process third party country foreign payments. Accordingly, foreign payments shall only be made to the country from which the goods/services being invoiced are being imported.
12. Authorised Dealers are therefore required to meticulously scrutinize all the supporting documentation submitted in support of foreign payments and satisfy themselves on the authenticity of such documentation that it does not violate the above provision.
13. Authorised Dealers shall not process acquittals documentation involving third party country payments.

Conclusion

14. Authorised Dealers are advised to adhere to all Exchange Control regulations and policies in order to promote market discipline and stability in the foreign exchange market.
15. Exchange Control shall, therefore, continue to monitor market behaviour to ensure compliance with set guidelines. Any forms of non-compliance shall be dealt with as provided in these rules and regulations, and such corrective action shall include suspension or revocation of Authorised Dealership licences.

Please be guided accordingly.



F. Masendu
Director

EXCHANGE CONTROL

09 May 2022