



## **EXCHANGE CONTROL CIRCULAR NO. 3 OF 2020**

**ISSUED TO AUTHORISED DEALERS AND AUTHORISED DEALERS WITH LIMITED AUTHORITY IN TERMS OF SECTION 35 (1) OF THE EXCHANGE CONTROL REGULATIONS STATUTORY INSTRUMENT 109 OF 1996**

### **Introduction**

1. In line with the Press Statement of 26 March 2020 by the Governor on various interventions in response to the financial vulnerabilities caused by the Covid-19 pandemic and in terms of Statutory Instrument 85 of 2020, we advise as follows:-

### **Use of Free Funds for Domestic Transactions**

2. As authorised through Statutory Instrument 85 of 2020, individuals may now pay for goods and services chargeable in Zimbabwean dollars, in foreign currency using free funds at the ruling exchange rate of the day of payment. The payment may be done through cash, transfers and/ or electronically.
3. Consistent with the provisions of Exchange Control Circular No. 8 of 24 July 2019, International Organisations, Non-Governmental Organisations (NGOs) and Embassies holding free funds, shall continue to transact in line with the provisions of the said Circular.
4. Free funds include all diaspora remittances, funds held and paid by International Organisations, Non-Governmental Organisations (NGOs) and Embassies, as well as salaries paid in foreign currency by exporting entities including cotton, tobacco and gold producers.

### **Treatment of proceeds from domestic transactions by corporates**

5. In line with these new arrangements, corporates receiving free funds from domestic transactions, will be required to deposit such funds in Nostro (Domestic) FCAs for own use, either for foreign or for domestic payments.
6. This means that inter-FCA transactions have been enabled to facilitate these payments. These domestic transactions by corporates should continue to be done

through bank transfers, as well as using plastic money such as Point of Sale (POS) machines.

7. In light of the above, Banks and payment providers are encouraged to ensure that their infrastructure and systems are equipped and configured to handle the new payment arrangements and further promote electronic payments so as to minimise the handling of cash and foster social distancing.

### **Other Exchange Control support measures**

- i. The 30-day liquidation requirement on unutilised foreign currency balances for exporters has been suspended until further notice when markets stabilise from the effects of COVID-19;
- ii. All exporters shall, therefore, be treated as "green flagged" for the smooth administration of all export receipts until further notice;
- iii. The flagging of importers and penalty system has also been suspended until further notice;
- iv. All payments processed shall continue to be reported on the CEBAS system and all supporting documentation should be filed separately for onsite inspection after the lockdown period;
- v. Authorised Dealers shall continue to process applications for extensions of acquittal period, cancellations, amendments and exceptional acquittal of foreign payments in line with the existing Exchange Control framework.

### **Submission of Exchange Control Returns**

8. Consistent with the current Exchange Control compliance monitoring framework, Authorized Dealers shall continue to submit Exchange Control returns in the usual manner and prescribed formats. Any challenges in obtaining information to ensure compliance with these reporting requirements, should be communicated to Exchange Control.

Please be guided accordingly.



F. Masendu  
Director

**EXCHANGE CONTROL**