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MOZAMBIQUE

BANKING & FINANCE | NOTICE N.º 10/GBM/2019, OF DECEMBER 20TH, 2019

On December 20th, 2019, Notice n.º 10/GBM/2019, of December 20th, 2019 came into force (“Notice 10” or “Regulation”), approving the Regulation on Opening and Operating Foreign Currency Accounts.

Notice 10 revokes Notices n.º 4/GBM/2018, of March 22nd, 2018 and n.º 8/GBM/2018, of October 1st, 2018, on the Conditions for Operating Income Specific Accounts for Exploration and Conversion of Income from Foreign Exports of Goods and Services of Foreign Investment Income and Other Foreign obtained Funds, respectively. Notice 10 further revokes Notices 105.º and 106.º of Notice n.º 20/GM/2017, of December 27th, 2017.

REGULATION ON OPENING AND OPERATING FOREIGN CURRENCY ACCOUNTS

General background

Notice 10 generally elaborates, adjusts and compiles the provisions of Notices n.º 4/GBM/2018, of March 22nd, 2018 and Notice n.º 8/GBM/2018, of October 1st, 2018, preserving the fundamental rules for opening and operating foreign currency accounts domestically and abroad, by resident and non-resident entities, as provided for in Articles 79 and 105 (paragraphs 1, 2 and 3) of Notice no. 20/GBM/2017 of December 27th, 2017.

Opening of foreign currency accounts by non-residents and residents

In accordance with Article 4.1 of Notice 10, non-residents are free to open foreign currency accounts domestically.

In turn, pursuant to Article 3.1 of Notice 10, opening accounts in foreign currency or in account units used in international set-offs or payments by residents, domestically or abroad, is subject to the authorization of the Bank of Mozambique. Resident applications to open foreign currency accounts in Mozambique shall be submitted by the interested parties to the banks, by filling in the appropriate form provided for by the Bank of Mozambique and submitting the relevant supporting documents, which the banks shall verify. Residents who have demonstrated relations with foreign countries or non-residents are authorized to open foreign currency accounts in Mozambique.

In the case of resident applications to open accounts abroad, such applications shall be submitted by the interested parties to the Bank of Mozambique, by filling in the appropriate form provided for by the Bank of Mozambique and by submitting the relevant supporting documents.

Foreign currency account income supplies

Pursuant to Article 6 of Notice 10, foreign currency accounts may be funded by all legally authorized sources, provided that the rules governing each of the operations to perform are complied with, such as:

- a) Export revenue;
- b) Foreign Investment income;
- c) Foreign direct investment;
- d) Credits taken abroad;
- e) Donations received from abroad;
- f) Other duly justified funds, falling outside the scope of the preceding paragraphs.

Account operations: foreign and domestic operations

Pursuant to Article 8 of Notice 10, the spot exchange rate at the bank of domicile of the account at the date and time of the transaction shall apply to each account operation in foreign currency requiring currency conversion. However, in accordance with Article 12.1 of Notice 10, in the case of operations involving foreign entities, natural or corporate persons holding foreign currency accounts, including specific revenue accounts, shall preferably use the balance of such accounts.

The general rule for operating foreign currency accounts in operations from their holder to foreign entities is freedom of movement, credit and debit. In turn, Notice 10 sets out the provisions governing the operation of foreign currency accounts in domestic transactions, as described below.

Debit operations to foreign currency accounts in domestic transactions

As a rule, debit operations to foreign currency accounts in domestic transactions are made through conversion into national currency. The following exceptions apply:

- i. repayment of bank credits in foreign currency;
- ii. sale of foreign currency to the Bank of Mozambique;
- iii. payment to a non-resident account domiciled in national territory;
- iv. setting up fixed deposits – at maturity or acceleration of the deposit, the released funds shall be subject to the provisions of the Regulation;
- v. funding the account of the same holder in foreign currency in another bank of the national banking system, with the purpose of making an immediate transfer to foreign entities, by presenting the relevant supporting documents – which must be carried out no later than 48 hours as from the date of funding of the foreign currency account in another bank, otherwise the amount shall be returned to the bank of origin;
- vi. account closure.

In accordance with Article 15 of Notice 10, debit transactions of foreign currency accounts held by non-residents are also subject to these rules.

Credit operations to foreign currency accounts, in domestic transactions

Foreign currency account credit operations are only admissible in the following cases:

- i. credit resulting from the operations listed immediately above (i.e. those listed in Article 10.2 of Notice 10);
- ii. credit resulting from banknote deposits;
- iii. credit to a non-resident account domiciled in national territory;
- iv. credit resulting from debit to the national currency account of the same holder domiciled in the same bank, provided that the operation is intended for a transfer to a foreign entity, in compliance with the requirements of the relevant foreign exchange operation, to be carried out within 48 hours as from the date of purchase of foreign currency - where there are sufficient or partially sufficient funds in such accounts for the execution of a given transfer; and
- v. credit resulting from the deposit of checks - where there are sufficient or partially sufficient funds in such accounts for the execution of a given transfer.

In the cases provided for in items (iv) and (v) above, the operation of foreign currency accounts is subject to the account holder submitting the documents proving the existence of its obligation to transfer such amount to a foreign entity.

With regard to the operation of accounts concerning foreign transactions, in the event of settlement of any operation, the holders of the accounts shall preferably use the balance of such accounts. In the event there are sufficient or partially sufficient funds in such accounts, the rules on credit operations shall apply to the operation settlement.

Funds withdrawal

Pursuant to Article 13 of Notice 10, the withdrawal of funds from foreign currency accounts may only be made for the purpose of traveling abroad, limited to the amount of USD 10,000.00 (instead of USD 5,000.00), per persons aged 18 years or more.

Special Exchange rate regimes

The provisions of Notice 10 shall not apply to holders of foreign currency accounts enjoying a special exchange rate regime insofar as the purpose of such regime is incompatible with its provisions.