

Yaounde, the 10 JUN 2019

Instruction N° 04/GR/2019

Specifying the conditions and procedures for credit institutions to hold foreign exchange assets with external correspondents

THE GOVERNOR,

Mindful of the Statutes of the Bank of Central African States in force;

Mindful of Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on exchange rate regulation in CEMAC;

Pursuant to articles 38 and 195 of the said Regulations,

HEREBY GIVES THE FOLLOWING INSTRUCTIONS

Article 1 - This Instruction specifies the conditions and procedures for credit institutions to hold foreign currency assets with correspondents outside CEMAC.

Article 2 - Credit institutions are authorised to hold a liquidity buffer in banks established outside CEMAC intended solely to cover the current needs of their customers.

Article 3 - For the purposes of this Instruction, the current needs of credit institutions shall include:

- customer payment orders to be executed within a maximum period of time of 03 working days, relating to the payments for imports of goods and services domiciled in their books, including the deadlines for documentary credits;
- customer payment orders of less than CFAF 100 million, to be executed within a maximum period of 03 working days, relating to transactions other than those relating to domiciled imports;

- the balance of accounts in currencies other than the Euro and other currencies of the Franc Zone, opened in their books in favour of non-resident customers located in the CEMAC;
- deposits from resident customers in authorised foreign currency accounts opened in their books, with the exception of deposits in euros and other currencies of the Franc Zone;
- security deposits to be made within 05 days, pursuant to agreements entered into to obtain confirmation of documentary credits from foreign credit institutions;
- sums in foreign currency deposited as security for documentary credits confirmed over a period not exceeding 1 year and remaining in the bank's books, pursuant to the agreements concluded for this purpose;
- confirmed demand documentary credits payable within an estimated period of 15 days for amounts not exceeding CFAF 100 million;
- debit balances generated by payment transactions made by electronic payment instruments such as instant debit cards and prepaid cards;
- the debit balances of funds transfer operations carried out through operators backed by the bank concerned, for amounts not exceeding CFAF 100 million;
- the due dates, within 5 days, of the loans of credit institutions duly declared, repatriated and transferred to the Central Bank.

Article 4 - The importation of foreign banknotes is not a common need of credit institutions.

Article 5 - The sum of the credit balances in accounts with correspondents outside CEMAC of credit institutions corresponds to their current needs as listed in Article 3 of this Instruction. It is at any time less than or equal to 5% of customers' sight deposits, without prejudice to the application of banking regulations.

The rate fixed in the first paragraph of this Article may, exceptionally and provisionally, be revised upwards by the Central Bank at the reasoned request of a credit institution which would have particular difficulties in complying with it. The decision of the Governor of the Central Bank authorising this overrun shall determine the individual rate applicable to the credit institution and the duration of the derogation.

Article 6 - Foreign currency assets exceeding the rate set out in Article 5 of this Instruction and those which do not correspond to the definition of current needs within the meaning of this Instruction shall constitute unjustified assets. They shall be transferred to the Central Bank without delay.

Article 7 - Credit institutions shall report electronically to the Central Bank on a daily basis the status of their current needs for the previous day.

Article 8 - In addition to the documents listed in the article, the Central Bank may ask credit institutions to provide it with supporting documents for assets constituted for current needs.

Article 9 - Any failure to comply with the provisions of this Instruction exposes the offender to the penalties provided for by the regulations in force.

Article 10 - This instruction may be amended by the central bank It can be specified by means of its Circular Letter.

Article 11 - This Instruction, which repeals any previous provision relating to the same subject matter, shall enter into force on the date of its signature. It shall be notified to credit institutions and their professional associations./-

ABBAS MAHAMAT TOLLI