

Yaounde, the 10 JUN 2019

Instruction N° 13/GR/2019
on the Terms and Conditions for the Execution of Direct and
Portfolio Investments

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 Article 117 of the said Regulations,

HEREBY GIVES THE FOLLOWING INSTRUCTIONS

Article 1 - This Instruction defines the terms and conditions for credit institutions to carry out direct and portfolio investment transactions with external parties.

PART I. - FOREIGN DIRECT INVESTMENT

Article 2 - The following shall be considered as direct investments:

- the acquisition of holdings or subscriptions of shares in existing or newly created companies for amounts representing at least 10% of the capital of the investment firm;
- real estate acquisitions.

Section 1- Direct Inward Investment

Article 3 - Foreign direct investments in CEMAC are declared by the investor or his agent to the Central Bank and the Ministry in charge of currency and credit at least 30 days before their completion.

To this end, the investor or his authorised representative shall send a declaration to the Central Bank, accompanied by the following supporting documents:

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- the official document attesting the legal existence of the investor;
- the updated Articles of Association of the investor, if applicable;
- the minutes of the corporate bodies relating to the decision to invest, if applicable;
- the origin of the funds;
- the investor's location;
- The minutes attesting to the opening of the investment firm's capital.

Article 4 - The transfer of the proceeds of the liquidation or transfer of foreign direct investment in CEMAC shall be declared to the Central Bank and the Ministry in charge of currency and credit at least 30 days before its completion.

To this end, the investor or his authorised representative shall send the Central Bank a declaration relating to the proposed transaction.

Article 5 - Credit institutions shall execute requests for the transfer of proceeds from the liquidation or transfer of investments on the basis of a transfer file containing the supporting documents listed below.

a) For the liquidation of the investment:

- the prior declaration of the operation to the BEAC and the Ministry in charge of currency and credit;
- a nominative list of holdings in the capital of the direct investment firm;
- the liquidation document, if applicable;
- the balance sheets, income statements and auditors' reports for the last three years, if applicable;
- Proof of payment of taxes due, related to the transaction, if applicable.
- the closing balance sheet drawn up by the liquidator or any authorised person, justifying the net amount to be transferred.

b) For the liquidation of the investment:

- the prior declaration of the operation to BEAC and the Ministry in charge of currency and credit;
- the contract of assignment or any document attesting to the assignment;
- Proof of payment of taxes due, related to the transaction, if applicable.

Section 2 - Outgoing Direct Investment

Article 6 - Direct investments abroad are subject to the prior authorization of the Central Bank.

To this end, the investor or his authorised representative shall send to the Central Bank a request for prior authorisation of the proposed operation, accompanied by supporting documents from the latter.

Article 7 - The application for authorisation to acquire holdings shall be accompanied by the following documents:

a) For individuals:

- the origin of the funds;
- the tax ID;
- proof of the investor's identity and address;
- the description of the investment project;
- the list of the main holders of the shares by name;
- the minutes of the deliberations of the competent bodies relating to the formation or increase of the capital of the direct investment undertaking;
- the balance sheets, profit and loss accounts and auditors' reports of the direct investment firm for the last three years, if applicable;
- provisional accounts, for start-ups;
- the duties and taxes due or proof of payment of taxes related to the transaction, if applicable;
- any other information relating to the proposed amendment.

b) For legal entities:

- an extract less than three years old from the investor's registration in the investor's commercial register or any document in its place;
- The investor's Articles of Association, if applicable;
- the minutes of the corporate bodies relating to the decision to invest, if applicable;
- the origin of the funds;
- The minutes attesting to the opening of the investment firm's capital.
- the description of the investment project;
- the list of the main holders of the shares by name;
- the investment firm's current articles of association, if any;
- the minutes of the deliberations of the competent bodies relating to the formation or increase of the capital of the direct investment undertaking;
- the balance sheets, profit and loss accounts and auditors' reports of the direct investment firm for the last three years, if applicable;
- provisional accounts, for start-ups;
- the duties and taxes due or proof of payment of taxes related to the transaction;
- the balance sheets, income statements and auditors' reports for the last three years of the investor company, if applicable;
- any other information relating to the proposed amendment.

Article 8 - Real estate purchases abroad by individuals under 500 million CFA francs are not subject to prior authorization, but are subject to a declaration to the Central Bank.

Real estate purchases abroad by individuals exceeding CFAF 500 million are subject to prior approval by the Central Bank.

Real estate purchases abroad by resident legal entities are subject to the prior authorisation of the Central Bank".

Article 9 - The application for authorisation of non-CEMAC acquisitions of real estate by residents shall be accompanied by the following documents:

- the extract from the acquirer's commercial register less than three months old or any document in lieu thereof, in the case of a legal entity;
- the purchaser's current articles of association, if any;
- the origin of the funds;
- proof of the identity and address of the purchaser, for an individual;
- the seller's title deed, if any, or a document in its place;
- the sale agreement or the notarized pre-contract or any official document in lieu thereof.

Article 10 - The Central Bank has a period of 30 working days from the receipt of the complete file of the request for authorization to decide.

If the file is incomplete, the Central Bank shall inform the investor or his authorised representative in writing and invite him to provide the missing information or documents. Any request for additional information shall suspend the time limit until the requested information is received.

In the absence of a decision by the Central Bank on the expiry of the period provided for in Article 1 of this Instruction, authorisation will be deemed granted.

Article 11 - The decision of the Central Bank shall be notified to the issuer or its agent with a copy thereof, for information purposes, to the Ministry in charge of Money and Credit.

Article 12 - Credit institutions shall carry out transfers relating to acquisitions of real estate and equity investments on the basis of compound transfer files as indicated in Article 5 of this Instruction and with the authorisation of the Central Bank.

Article 13 - The investor provides the domiciliary bank with :

- any document attesting to the effective completion of the operation authorised for the clearance of the shareholding file;
- a copy of the notarial deed of sale and the final title deed, at the latest one year after the transaction, for the clearance of the acquisition file of the property.

PART II - PORTFOLIO INVESTMENTS

Article 14 - The following shall be considered as portfolio investments

- the acquisition of holdings or subscriptions of shares in existing or newly created companies for amounts less than 10% of the capital of the investment company;
- Debt securities other than equity securities and real estate acquisitions.

Section 1 - Outgoing Portfolio Investment

Article 15 - Foreign portfolio investments in CEMAC in the form of equity investments shall be declared to the Central Bank and the Ministry in charge of currency and credit at least 30 days before their completion.

To this end, the investor or his representative shall send a declaration to the Central Bank, accompanied by a file containing the following supporting documents:

- the list of names and the percentage of holdings in the capital of the investment firm;
- the identity of the investor;
- the origin of the funds;
- The corporate purpose and nature of the investment firm's activities.

Article 16 - In the event of a transfer of the portfolio investment, credit institutions shall execute the transfer requests for the related products on the basis of a transfer file containing the following supporting documents:

- the prior declaration to the Central Bank of the transfer of the transfer proceeds when the amount to be transferred exceeds CFAF 100 million;
- the assignment contract or any document attesting to it;
- the duties and taxes due or proof of payment of taxes related to the transaction, if applicable.

Article 17 - Incoming portfolio investments in the form of the acquisition of CEMAC securities by non-residents are free.

Article 18 - The transfer outside CEMAC by a non-resident of the proceeds of the transfer of CEMAC securities in an amount exceeding CFAF 100 million shall be declared to the Central Bank and the Ministry in charge of currency and credit 30 days before its completion.

Article 19 - credit institutions shall execute requests for the transfer of proceeds of sale, interest and repayment of capital on the basis of a transfer file containing the following supporting documents:

- the ownership of the share;
- the amount to be transferred;
- The prior declaration of the transfer to the Central Bank and the Ministry in charge of currency and credit.

Section 2 - Outgoing Portfolio Investment

Article 20 - Outgoing portfolio investments of less than CFAF 20 million, per economic agent and per year, are free, subject to prior declaration to the Central Bank and the Ministry in charge of currency and credit at least 30 days before the operation.

To this end, the investor or his representative shall send a declaration to the Central Bank, accompanied by a file containing the following supporting documents:

- the official document certifying the legal existence of the investment firm, if applicable;
- the investor's updated articles of association, if any;
- the minutes of the corporate bodies relating to the investment decision, if applicable;
- the origin of the funds;
- proof of the identity and address of the investor, for individuals;
- The minutes attesting to the opening of the investment firms, capital if applicable.
- Proof of the sale of the securities or shares, if applicable.

Article 21 - Outgoing portfolio investments exceeding CFAF 20 million are subject to prior authorization by the Central Bank.

To this end, the investor or his authorised representative shall send the Central Bank a reasoned request for prior authorisation, accompanied by a file containing the following supporting documents:

- the investment firm's current articles of association;
- proof of the identity and address of the investor, for natural persons;
- the tax identification number;
- the balance sheets, income statements and auditors' reports for the last three years of the investor company, if applicable;
- The client's instruction.

Article 22 - credit institutions shall execute transfer requests for outward portfolio investments on the basis of a transfer file containing the supporting documents listed in Articles 19 and 21 of this Instruction.

For the purposes of clearance of the file, in addition to the supporting documents referred to in this Article, the principal shall provide any document attesting to the ownership of the security.

Article 23 - Credit institutions may invest, on their own account, in securities abroad, subject to a declaration to the Central Bank no later than 30 days after the completion of the operation.

PART III- VARIOUS AND FINAL PROVISIONS

Article 24 - Any failure to comply with the provisions of this Instruction exposes the offender to the penalties provided for by the regulations in force.

Article 25 - This Instruction may be amended by the Central Bank. It can be specified by means of its Circular Letter.

Article 26 - 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 the professional associations of CEMAC credit institutions./-

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