

INSTRUCTION NO. 003 /GR/2020

**Specifying the conditions and modalities for carrying out operations relating to
direct and portfolio investments with foreign countries**

THE GOVERNOR,

Having regard to the Statutes of the Bank of Central African States in force;

Having regard to Regulation No. 02/18/CEMAC/UMAC/CM of 21 December 2018 on
foreign exchange regulations in CEMAC;

Having regard to Regulation No. 01/CEMAC/UMAC/CM of 11 April 2016 on the
prevention and suppression of money laundering and terrorist financing and
proliferation;

Pursuant to Article 17 of the said Regulation,

HEREBY ISSUES THE FOLLOWING INSTRUCTION:

Article 1. - This Instruction defines the conditions and modalities for carrying out
operations relating to direct and portfolio investments with foreign countries.

Article 2. - Direct and portfolio investments with foreign countries are free.

Title I. - Foreign Direct Investments

Article 3 - The following are considered as direct investments

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



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- investments in a company under the control or indirect influence of the investment firm, in related companies as well as debts between related companies, with the exception of those between credit institutions.

Section 1. - Inward Direct Investments

Article 4. - Direct investments from abroad in CEMAC are declared by the investor or his agent to the Central Bank and the Ministry in charge of money and credit at least 30 days before they are made.

Article 5. - The transfer of the proceeds of the liquidation or disposal of Foreign Direct Investments in CEMAC is declared to the Central Bank and the Ministry in charge of money and credit at least 30 days before it is carried out.

Article 6. - Upon receipt of the declaration referred to in Articles 3 and 4 of this Instruction, the Central Bank shall examine their conformity, in particular with regard to foreign exchange regulations and regulations relating to the fight against money laundering and the financing of terrorism.

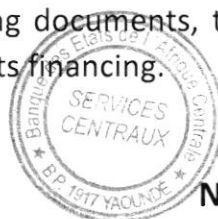
At the end of this examination, the Central Bank takes note of the declaration if it complies with the provisions referred to in the first paragraph of this Article. Failing this, BEAC may request additional information, require the implementation of additional measures to ensure the compliance of the reported operation or oppose the implementation of the said operation.

Article 7 - Credit institutions shall execute requests for the transfer of proceeds from the liquidation or disposal of investments on the basis of a transfer file containing the supporting documents required for the execution of the operation, proof of the prior declaration of the operation to be carried out to BEAC and the Ministry in charge of money and credit.

Section 2. - Outward Direct Investments

Article 8. - Direct investments abroad are subject to prior authorisation by the Central Bank. To this end, the investor or his agent shall submit to the Central Bank an application for prior authorisation of the planned operation, accompanied by the relevant supporting documents.

In the case of an application for authorisation of an Outward Direct Investment in the form of a real estate acquisition initiated by a natural person for housing purposes, the file includes, in addition to the required supporting documents, the application for authorisation of the transfer of funds intended for its financing.



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Article 9. - The application for authorisation of the Outward Direct Investment shall specify the account of the beneficiary of the related payment, which may under no circumstances be that of the originator or a person linked to the originator.

Persons related to the principal include its subsidiaries, affiliates or any entities over which, including ad hoc structures, he exercises control or which exercise control over him.

Article 10. - Transfers in respect of real estate acquisitions shall be made exclusively to the seller, a real estate company, a deposit and consignment institution or a notary's office.

Article 11. - Within the framework of the examination of the application for authorisation of the Outward Direct Investment, the Central Bank reserves the right to request any other document it deems useful.

Article 12. - The Central Bank has a period of 60 working days from the receipt of the complete application for authorisation of the Outward Direct Investment to give its decision. This period is 30 working days for applications for authorisation of Outward Direct Investments in the form of real estate acquisition for residential purposes by natural persons.

Where the file is incomplete, the Central Bank informs the investor or his representative in writing and invites him to provide the missing information or documents. Any request for additional information suspends the time limit for examining the file until the requested information is received.

In the absence of a decision by the Central Bank at the end of the period provided for in paragraph 1 of this Article, the authorisation is deemed to be granted.

Article 13. - In order to decide on the application for authorisation of an Outward Direct Investment, the Central Bank shall assess, in addition to the completeness of the file, the relevance of the information provided, the capacity of the investment, during the period it is held by the resident, to generate income likely to be repatriated or to avoid potential outflows of foreign currency for CEMAC.

In the case of an application for authorisation for Outward Direct Investment in the form of real estate acquisition abroad, the Central Bank also assesses, in particular, the use to which the real estate is put and its interest for the resident. In this respect, it takes into account the financial situation of the resident as well as all information justifying the acquisition. It verifies the conditions for the repatriation of any income likely to be generated by the planned acquisition or its subsequent disposal.

The Central Bank shall also ensure that the Outgoing Direct Investment complies with the anti-money laundering and anti-terrorist financing and proliferation provisions.



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Article 14. - The reasoned decision of the Central Bank is notified to the investor or his agent with a copy to the domiciliary bank and, for information purposes, when it is favorable to the Ministry in charge of money and credit.

Article 15. - Credit Institutions execute transfers relating to Outward Direct Investments, on the basis of transfer files containing all the required supporting elements. For Outgoing Direct Investments in the form of acquisition of real estate by natural persons for housing purposes, the Central Bank's authorisation is equivalent to a transfer authorisation, subject to compliance with specific requirements relating to the execution, in particular ceilings.

Article 16. - The investor shall provide the domiciliary bank for the purposes of discharging the Outgoing Direct Investment file with:

- any document attesting to the effective completion of the authorised operation for equity investment files;
- a copy of the notarised deed of sale and the final title deed, no later than one year after the transaction, for real estate acquisition files.

Title II. - Portfolio investments

Article 17. - The following are considered as portfolio investments:

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

Section 1. - Incoming portfolio investments

Article 18. - Foreign portfolio investments in CEMAC in the form of equity investments are declared to the Central Bank and the Ministry in charge of money and credit at least 30 days before they are made.

Article 19. - In the event of the transfer of a portfolio investment, Credit Institutions shall execute requests for the transfer of the related proceeds, on the basis of a transfer file containing the relevant supporting documents.

Article 20. - Incoming portfolio investments in the form of acquisition of CEMAC securities by non-residents are free.



Article 21. - The transfer out of CEMAC by a non-resident of the proceeds of the sale of CEMAC securities in an amount exceeding CFAF 100 million is declared to the Central Bank and the Ministry in charge of money and credit 30 days before it is carried out.

Article 22. - Upon receipt of the declaration referred to in Articles 17 and 21 of this Instruction, the Central Bank shall examine their conformity, particularly with regard to foreign exchange regulations and regulations relating to the fight against money laundering and the financing of terrorism.

At the end of this examination, the Central Bank takes note of the declaration if it complies with the provisions referred to in the first paragraph of this article. Failing this, BEAC may request additional information, require the implementation of additional measures to ensure the compliance of the reported operation or oppose the implementation of the said operation.

Article 23. - Credit Institutions shall execute requests for the transfer of proceeds from the sale of securities, interest and capital repayment on the basis of a transfer file containing the supporting documents specified by a Circular Letter from the Governor of the Central Bank.

Section 2- Outgoing portfolio investments

Article 24. - Outgoing portfolio investments amounting to less than CFAF 20 million per Economic Agent and per year are free, subject to a prior declaration to the Central Bank and the Ministry in charge of money and credit at least 30 days before the operation.

Article 25. - Outgoing portfolio investments of more than CFAF 20 million are subject to prior authorisation by the Central Bank.

To this end, the investor or his agent shall submit to the Central Bank a reasoned application for prior authorisation, accompanied by a file containing supporting documents relating to the realisation of the said investment, in particular those provided for in the Circular Letter of the Governor of the Central Bank.

Article 26. - The Central Bank has a period of 60 working days from the receipt of the complete application file for authorisation of the Outward Direct Investment to give its decision.

Where the file is incomplete, the Central Bank shall inform the investor or his agent in writing and invite him to provide the missing information or documents. Any request



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for additional information suspends the time limit for examining the file until the requested information is received.

In the absence of a decision by the Central Bank at the end of the period provided for in paragraph 1 of this Article, the authorisation is deemed to be granted.

Article 27. - In order to decide on the application for authorisation of the outgoing portfolio investment, the Central Bank shall assess, in addition to the completeness of the file, the relevance of the information provided, the capacity of the investment, during the period it is held by the resident, to generate income likely to be repatriated or to avoid potential outflows of foreign currency for CEMAC. It verifies the conditions for repatriation of the sums invested at the end of the investment operation.

The Central Bank shall also ensure that the outgoing portfolio investment complies with the anti-money laundering and anti-terrorist financing and proliferation provisions.

Article 28. - The Central Bank's reasoned decision is notified to the investor or his agent, with a copy to the domiciliary bank and, for information purposes, to the Ministry in charge of money and credit.

Article 29. - Credit Institutions shall execute transfer requests relating to outgoing portfolio investments, on the basis of a transfer file containing the supporting documents provided for this purpose, in particular the prior authorisation of the Central Bank.

For the purposes of clearing the file, in addition to the required supporting documents, the originator shall provide any document attesting to the ownership of the security.

Article 30. - 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.

TITLE III - Miscellaneous and final provisions

Article 31. - The supporting documents required for the declaration, prior authorisation or execution of transfers related to the realisation of transactions related to direct and portfolio investments are defined by Circular Letters of the Central Bank.

Article 32. - Any failure to comply with the provisions of this Instruction exposes the offender to the sanctions provided for by the regulations in force.

Article 33. - This Instruction may be amended by the Central Bank. It may be specified by a Circular Letter of the Central Bank.



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Article 34. - This Instruction, which abrogates any previous provision on the same subject, comes into force as from its signature date. It shall be notified to Credit Institutions as well as to professional associations of CEMAC Credit Institutions. /-



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