BANK OF GHANA

NOTICE TO BANKS AND THE GENERAL PUBLIC

NOTICE NO. BG/GOV/SEC/2014/09

AMENDMENT TO RULES ON FOREIGN EXCHANGE OPERATIONS

The Bank of Ghana announces for the information of banks and the General Public, the following amendments to its Notices No. **BG/GOV/SEC/2014/01 to 03** of February 4, 2014 and its Notice No. **BG/GOV/SEC/2014/04 of February 13, 2014** and other related Notices.

i. The 60-day mandatory repatriation of export proceeds shall no longer apply. The repatriation period of export proceeds shall now be aligned with the terms agreed between trading parties.

ii. The 5-day mandatory conversion of export receipts into Ghana cedi is reversed. Exporters may retain up to 60 percent of their export receipts in their FEAs, and shall convert 40 percent of the proceeds into Ghana cedis at market rates within 15 days.

iii. Exporters of services such as hotels, educational institutions, insurance companies and others may receive payment in foreign currency from non-residents. The service providers may retain up to 60 percent of their receipts in their FEA and 40 percent shall be converted at market rates within 15 days in accordance with paragraph ii above. The service providers shall submit quarterly returns to the Treasury Department of the Bank of Ghana.

iv. With the 60 percent retention granted to exporters, the margin account will no longer be required for such exporters. However, importers may continue to use the margin account (operated by the banks on their behalf) to build up foreign exchange to be used exclusively for the purpose for which it is opened.

v. Cash withdrawals from the FCA and FEA shall be permitted up to a limit of $1,000 or its equivalent per transaction in foreign currency. This is without prejudice to the limit of $10,000 withdrawal per travel, and the $10,000 annual transfer without documentation. The use of cheques on FCA and FEA is still not allowed.

vi. The threshold for transfers abroad by importers without initially submitting documentation to their bankers has been increased from $25,000 to $50,000. Where documentation in respect of a transfer remains outstanding, any subsequent import transaction by the importer, irrespective of value, can only be made on prior provision of documentation required for the current import transaction.

vii. In order to promote the use of cards and assist importers who purchase goods from multiple sources abroad, the limit on electronic cards is increased from $10,000 up to $50,000 to meet legitimate needs of importers. This shall be subject to documentation conditions as indicated in paragraph vi above.

viii. Foreign currency loans may be granted by resident banks for international trade-related transactions, whether or not the borrower is a foreign exchange earner.

ix. Undrawn balances on foreign currency denominated facilities may now be drawn in the original currency.

x. Transfers from abroad which do not constitute payment for exports (unrequited transfers), such as transfers to diplomatic missions, international organizations, businesses etc, are not subject to the mandatory conversion and retention arrangements in paragraph ii above. Such funds may be held as forex balances and utilized at the discretion of recipients.

xi. All exporters shall complete the Certificate of Origin issued by the Ghana Chamber of Commerce for all export transactions.

The Bank of Ghana wishes to emphasize that foreign exchange is freely transferable to meet legitimate external payment obligations. The cedi remains the sole legal tender in Ghana. Therefore, pricing, advertising, invoicing, receiving, and making payments for goods and services should be done in Ghana cedi, unless otherwise authorized by the Bank of Ghana. Special cases, such as Mining and Other Support Services, will be considered on case-by-case basis.

Any existing measure that is not amended by this Notice shall remain in force.

Failure to comply with the provisions of this Notice shall attract sanctions under Sections 15(4) and 29 of the Foreign Exchange Act, 2006 (Act 723). The penalties include pecuniary sanctions, jail terms, suspension and revocation of the operating licence as applicable.

Banks and the general public are hereby advised to note the above and be guided accordingly.

(Sgd.)
CAROLINE OTOO (MRS)
THE SECRETARY

June 16, 2014