MERCHANT WEST
TREASURY SOLUTIONS



FOREIGN CURRENCY ACCOUNTS

Key Points

- A ZAR based account has to be opened together with the foreign currency account (FCA).
- With certain banks, the FCA account can only receive funds in the nominated currency (i.e if it is GBP nominated, it can only receive GBP).
- All transactions to and from this account are subject to compliance with SARB regulations.
- The account is not suitable for day to day banking. There is no online banking, credit or debit card facilities, though EFTs can be made from it.
- Merchant West Treasury Solutions manages the account on the client's behalf.
- Only EFTs are accepted into the account - cash and cheques cannot be used.
- The Merchant West Treasury Solutions currency transfer terms and conditions apply.

What is a Foreign Currency Account (FCA)?

A foreign currency account is an account which allows you to hold currency other than Rand, for example in USD. These funds can be kept in the foreign currency and withdrawn at your convenience and transferred, if permissible and in line with SA Reserve Bank regulations. The account is domiciled in South Africa, but in a foreign currency and deemed externalised funds.

Funds can be paid into an FCA for these purposes:

- Foreign investment.
- Legitimate foreign earned income, i.e. income that has been earned while the individual is abroad.
- Foreign inheritance - from a non SA resident.

Which banks do we use for FCA accounts?

- USD FCA - Investec Bank.
- USD, GBP, Euro, AUD, CAD, NZD and many other currencies - Capitec Bank.

What are the fees involved?

- **Merchant West Treasury Solutions** – The account opening fee charged by Merchant West Treasury Solutions for a foreign currency account is – ZAR 1000 (Excl VAT).
- **Investec Bank (USD Account) fees are:** $15.00 (SWIFT) Incl VAT for: Incorrect/ returned payments. 3rd Party payments out of the USD accounts. Payments from USD account to client's ZAR account. All fees are deducted from the client's FCA account.
- **Capitec Bank (all other currencies) fees are:** Payments from FCA to any other account (local or offshore) – ZAR 304.35 (Exl VAT). Deposits into the account – ZAR 100 (Excl VAT). Outgoing payment (SHA) – ZAR 217.39 (Excl VAT). Outgoing payment (OUR) – ZAR 434.78 (Excl VAT). All fees are deducted from the clients ZAR account. What are the fees involved?

PLEASE NOTE: There may be fees from the receiving and transferring banks that we cannot control. The above fees are subject to change, please enquire with your consultant about the up to date fee structure.

Why your client may need a Foreign Currency Account?

The following are a some examples of instances where an FCA is a helpful option.

The problem:
Your client is still in the process of opening an offshore Investment account but wants to transfer an amount within their single discretionary allowance straight away to take advantage of a favourable exchange rate.

How an FCA helps:
- The client can open up an FCA, in their chosen currency, in his or her name which is straightforward and inexpensive.
- Once the FCA is opened, the client can convert their ZAR to the selected currency (via their annual exchange control allowances) and transfer their funds into their Foreign Currency Account.
- Once the client has opened their investment account, the funds already held in their FCA can be transferred to the offshore investment account.

The problem:
- A client is changing from one USD denominated offshore investment fund to another USD denominated offshore investment fund.
- The offshore fund cannot transfer the clients funds from one fund to another. The funds need to come from a bank account in the client's name.
- The client, ideally, does not want to transfer the funds into ZAR and then transfer them back out of ZAR to the currency applicable to new offshore fund.

How an FCA helps:

- The client can open a USD FCA account in his/her name.
- Once opened, the funds (USD) can be transferred from the one fund to the clients USD Foreign Currency Account.
- The client can then transfer the USD from the FCA to the new fund.
- Having the USD FCA will mean that the client does not need to transfer to his ZAR account first and then back to USD when transferring to the new fund.

How to open a Foreign Currency Account

Who to contact:

You can contact your local consultant or head office for assistance with the process. If a client has already registered with us: Normally we would only need the one page Merchant West Treasury Solutions Foreign Currency Account Registration Form – signed and dated. If the client registered some time ago, there may be a need to get up to date FICA documentation.

A new Merchant West Treasury Solutions client:

- Complete the simple online registration process.
- You can get the link from your local consultant.
- As part of the online registration process the client will complete the additional one page Merchant West Treasury Solutions Foreign Currency Account Registration Form with the normal application documents.

Merchant West Treasury Solutions Pty Ltd is an authorised financial services provider, with FSP 13011 and a South African Reserve Bank approved intermediary.