

## **Foreign Exchange Surrender Requirements of Banks**

**(as Amended)**

**Directives No. 59/2020**

**Whereas**, it is necessary for the National Bank of Ethiopia to undertake activities conforming to the achievement of safe and stable foreign exchange market in Ethiopia by setting foreign exchange exposure limits and foreign exchange surrender requirements on Banks;

**Now, therefore**, pursuant to Articles 5(9) and 27(2) of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008, these directives are hereby issued as follows:

### **Article – 1**

#### **Short Title**

These directives may be cited as “**Foreign Exchange surrender requirements of Banks(as Amended)DirectivesNo. 59/2020**”

### **Article -2**

#### **Definition**

- 1.1** “**Bank** “means a company licensed by the National Bank of Ethiopia to undertake banking business excluding Development Bank of Ethiopia;
- 1.2** “**Foreign Exchange Inflow**” for the purpose of these directives, refers to total foreign exchange received from export of goods and services, official and private transfer, foreign direct investment and any other sources.
- 1.3** “**Mid exchange rate**” means exchange rate between buying and selling rate of the day set by the National Bank of Ethiopia.

### **Article – 3**

#### **Foreign Exchange Surrender Requirements**

- 3.1 A Bank shall surrender 30% of its foreign exchange inflow to the National Bank of Ethiopia every month within the first five working days of the next month.
- 3.2 The National Bank of Ethiopia shall credit the payment and settlement account of the bank with equivalent amount in Birr at the prevailing mid exchange rate.

### **Article – 4**

#### **Reporting Requirement**

- 4.1 A Bank shall report its foreign exchange cash flow signed by its President to the National Bank of Ethiopia every week as per the format provided by the latter.
- 4.2 A Bank is required to send a foreign exchange surrender report to the National Bank of Ethiopia every month within the first five working days of the next month;

### **Article 5**

#### **Penalty**

- 5.1 A bank failing to surrender the foreign currency as required under these directives by any means shall be subjected to a fine of USD 10,000 (USD Ten Thousand) for each day of delayed surrender up to a maximum of five working days following the final day of surrender.
- 5.2 Notwithstanding the provision of sub-article 5.1 of these directives, whosoever fails to comply with the provision of these directives or in any other manner violates or obstructs the implementation of these directives shall be liable under Article 26 sub-article 2 of the National Bank of Ethiopia Establishment (as amended) Proclamation No.591/2008.

### **Article 6**

#### **Repealed Directive**

Directive No. FXD/50/2017 is hereby repealed and replaced by this Directive.

**Article 7**

**Effective Date**

These directives shall enter into force as of 29<sup>th</sup> day of August, 2018.