POLICY CHANGE ALERT

RBZ FOREIGN EXCHANGE DIRECTIVE FXD No 1-2025 ISSUED TO OPERATIONALISE THE FOREIGN EXCHANGE POLICIES CONTAINED IN THE MONETARY POLICY STATEMENT ISSUED BY THE GOVERNOR ON 6 FEBRUARY 2025

Reference is being made to the Foreign Exchange Directive FXD No. 1-2025 .Below is a summary of the highlights of the Directive:

ITEM	POLICY HIGHLIGHTS	IMPACT ON CLIENTS
1.	**Clarification and Refinement of Interbank Foreign Exchange Trading Guidelines**	➢ Clarification has been given to the effect that the 5% margin communicated in the previous Interbank Foreign Exchange Trading Guidelines issued at the inception of the Willing-Buyer-Willing-Seller Foreign Exchange Trading Arrangements on 3 May 2024, was only applicable for the determination of the starting exchange rate, following the introduction of the new currency. ➢ Accordingly, Authorised Dealers are expected to on-sell foreign exchange purchased from willing sellers, including the Reserve Bank, within 48 hours at a margin consistent with international best practice.
2.	**The Targeted Finance Facility (TFF) and Access to WBWS Interbank Foreign Exchange Market**	➢ Beneficiaries of the Trade Finance Facility introduced in January 2025 to support productive sectors, can now access the Willing Buyer Willing Seller (WBWS) Interbank Foreign Exchange Market to buy foreign currency to support critical imports.
3.	**Removal of Limits on Foreign Exchange Trading**	➢ To allow flexibility in foreign exchange trading on the Willing-Buyer-Willing-Seller interbank market, a single individual or entity now has unlimited access to the Authorised Dealer's pool of foreign currency funds. ➢ The weekly limits that had been set at USD500,000 for primary users and USD100,000 for secondary users have been removed with immediate effect.
4.	**Review of Export Proceeds Retention**	➢ The foreign currency retention level for exporters has been reduced from 75% to 70%. This implies that the effective surrender portion has been increased from 25% to 30%.

		➢ The additional 5% surrender portion will ensure that exporters mobilise sufficient ZiG to meet local currency obligations and other expenses, including tax payments, going forward.
5.	**Introducing a US Dollar Denominated Deposit Facility (USDDDF)**	➢ A USD Denominated Deposit Facility aimed at value preservation, has been introduced for exporters who have no immediate use of the Zig equivalent of the additional 5% of the export surrender proceeds. ➢ Authorised Dealers will open accounts with the Reserve Bank of Zimbabwe and deposit such funds. Additionally, Authorised Dealers are also expected to open accounts in their books for their clients, reflecting transactions in the USDDDF account. ➢ These funds shall be withdrawn in ZiG on demand, at the prevailing interbank exchange rate on the settlement date.
6.	**Review of Prepaid International Debit and Credit Cards Limit**	➢ In order to enhance ease of doing business and reduce the use of cash for cross border transactions, the annual limit on Prepaid International Debit and Credit cards has been reviewed upwards from USD500,000.00 to USD1,000,000.00.
7.	**Advance Payment Threshold for Imports**	➢ The advance payment threshold of USD100 000.00 for non strategic imports is no longer applicable when making foreign payments.
8.	**Submission of Pipeline Demand Return**	➢ Authorised Dealers are required to ensure that each importer has sufficient ZiG balance to fund the purchase of the foreign currency. ➢ Importers may now participate on the Willing Buyer Willing Seller market regardless of their flagging status on exports and/or imports.
9.	**Capital Flows Management - Trade and Investment Facilitation**	➢ In line with the SADC's capital flows management framework currently under implementation, the RBZ has adopted a modern framework of administration of foreign currency flows to protect and safeguard the economy from macro financial instability. ➢ RBZ has therefore created new structures as part of its reorientation of the strategic thrust that ensures macro-prudential management of cross-border capital flows , effective risk-based surveillance of cross-border capital flows, robust cross-border reporting systems to effectively track foreign currency flows and simplification of foreign exchange transactions administration for ease of doing cross-border trading and investment.