

Rwanda

Regulation governing Foreign Exchange Operations Regulation 42 of 2022

Legislation as at 18 April 2022

FRBR URI: /akn/rw/act/reg/2022/42/eng@2022-04-18

There may have been updates since this file was created.

PDF created on 21 February 2024 at 14:00.

[Check for updates](#)



About this collection

The legislation in this collection has been reproduced as it was originally printed in the Government Gazette, with improved formatting and with minor typographical errors corrected. All amendments have been applied directly to the text and annotated. A scan of the original gazette of each piece of legislation (including amendments) is available for reference.

This is a free download from the Laws.Africa Legislation Commons, a collection of African legislation that is digitised by Laws.Africa and made available for free.

www.laws.africa
info@laws.africa

There is no copyright on the legislative content of this document.
This PDF copy is licensed under a Creative Commons Attribution 4.0 License (CC BY 4.0). Share widely and freely.

Regulation governing Foreign Exchange Operations

Contents

Chapter One – General provisions	1
Article One – Purpose of the regulation	1
Article 2 – Definitions	1
Article 3 – Authorization to carry out foreign exchange business	3
Article 4 – Non-licensed persons authorized to receive foreign currency	3
Article 5 – Determination of foreign exchange rates	3
Article 6 – Appointment of a foreign exchange dealer	3
Article 7 – Record of operations and communication of exchange rates	3
Article 8 – Issuance of purchase and sale slips	3
Article 9 – Presumption of residence	3
Article 10 – Foreign currency accounts	3
Article 11 – Debit and credit of foreign currency accounts	4
Article 12 – Overseas accounts	4
Chapter III – Use of foreign currency in import, export and merchandising operations	4
Article 13 – Transfers for import payments	4
Article 14 – Authorized import payments	4
Article 15 – Goods imported by supplier-credit	4
Article 16 – Imported goods but paid ex-post on the strength of documentary credit	5
Article 17 – Advance payments for imports of goods	5
Article 18 – Goods imported for hire purchase or finance lease	5
Article 19 – Merchandising operations	5
Chapter IV – Operations of foreign currencies on services	5
Article 20 – Payments and transfers by residents	5
Article 21 – Verification of grounds for foreign currency delivery	5
Article 22 – Transfers of salaries and allowances due to residents employed temporarily abroad	5
Article 23 – Transfers of salaries and other income of expatriates	6
Article 24 – Foreign currency transfers related to certain particular services	6
Chapter V – Capital account operations	6
Article 25 – Foreign direct investment and portfolio investment	6
Article 26 – Offshore borrowing by residents	6
Article 27 – Lending in foreign currency	7
Article 28 – Personal transactions	7
Chapter VI – Prohibited operations	7
Article 29 – Buying and selling foreign currencies	7

Article 30 – Auctioning of foreign currencies	7
Article 31 – Market manipulation	7
Article 32 – Pricing goods and service in foreign currency	8
Article 33 – International funds transfer	8
Chapter VII – Sanctions, miscellaneous and final provisions	8
Article 34 – Unauthorized foreign exchange operations	8
Article 35 – Cash transportation abroad by licensed intermediaries	8
Article 36 – Request of information from customers	8
Article 37 – Reporting	8
Article 38 – Drafting, consideration and approval of this Regulation	8
Article 39 – Saving and repealing provision	8
Article 40 – Commencement	9

Rwanda

Regulation governing Foreign Exchange Operations Regulation 42 of 2022

Published in Official Gazette 16 on 18 April 2022

Assented to on 13 April 2022

Commenced on 18 April 2022

[This is the version of this document from 18 April 2022.]

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda as amended to date, especially in its articles 6, 6 bis, 8, 9, 10, 34, 35 and 42;

Pursuant to Law n° 47/2017 of 23/09/2017 governing the organization of banking, especially in its Article 4;

Pursuant to Law N° 75/2019 of 29/01/2020 on prevention and punishment of money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction as amended to date, especially in its article 7;

Having reviewed the regulation n° 05/2013 of 21/10/2013 governing foreign exchange operations as modified to date;

The National Bank of Rwanda hereinafter referred to as «Central Bank», issue the following regulation:

Chapter One General provisions

Article One – Purpose of the regulation

This regulation aims at liberalization of capital account and the establishment of rules relating to the management of foreign exchange transactions by licensed banks, foreign exchange bureaus and any other licensed intermediaries.

Article 2 – Definitions

In this regulation the following terms mean:

- 1° Licensed intermediaries:
 - a. Licensed banks and deposit taking microfinance institutions;
 - b. Foreign Exchange Bureaus and other institutions authorised by the Central Bank to deal in foreign exchange;
- 2° **Capital account operations:** operations related to deposits, loans or other investments.
They include:
 - a. Direct investment;
 - b. Equity and portfolio investments;
 - c. Bank and credit transactions;
 - d. Payment of interest on loans and amortization;
 - e. Dividends and other income investments;

- f. Repatriation of proceeds from the sale of assets; and
 - g. Other transfers and payments relating to investment flows.
- 3° **Cash:** instalments of payments such as coins, bank notes, traveller's cheques or other similar instruments that the Central Bank may specify;
- 4° **Resident:** a person is considered to be a resident in Rwanda if he/she fulfils one of the following conditions:
- a. He or she has a permanent residence in Rwanda or EAC member country;
 - b. he/she is domiciled in Rwanda or EAC member Country;
 - c. a Rwandan representing Rwanda abroad;
- A legal person is considered to be a resident in Rwanda if:
- a. it is a company or entity established according to Rwandan laws;
 - b. he/she has a place of effective management in Rwanda;
 - c. is a Rwanda Government company.
- 5° **Non-resident**: any person, living or established in Rwanda, who is not a "resident";
- 6° **Foreign currency:** includes
- a. banknotes, coins or electronic units of payment in any currency other than the currency of Rwanda which are legal tender outside of Rwanda;
 - b. financial instruments denominated in foreign currency;
 - c. any right to receive such banknotes or coins in respect of any balance at a financial institution located within or outside of Rwanda;
- 7° **Foreign exchange business:** a facility offered, business undertaken, or transactions executed with any person involving a foreign currency inclusive of any account facility, credit extension, lending, issue of guarantee, counter-guarantee, purchase or sale by means of cash, cheque, draft, transfer or any other instrument denominated in a foreign currency;
- 8° **A spot exchange rate:** is the current price level in the market to directly exchange one currency for another, for delivery within 48 hours except where provided otherwise in specific regulation;
- 9° **Foreign currency account:** account in foreign currency maintained with bank or a deposit taking microfinance institution in Rwanda by an individual or a legal entity;
- 10° **Portfolio investment:** investment in equities and debt securities, under the form of bond or other loan stocks, the instruments of money market, as well as derived financial products. All other investments which are not direct investments are considered as portfolio investments.
- 11° **Foreign currency auction:** a bid for an amount of foreign currency offered through a direct or indirect tender process by any person aiming at selling at the highest exchange rate or purchasing at the lowest rate;
- 12° **Direct tender:** a tender whereby any person serves to licensed intermediaries an open invitation to bid on foreign currency;
- 13° **Indirect tender:** a tender of foreign currency by any other means;
- 14° **Merchandising operation:** an operation where a resident of Rwanda purchases goods from a non-resident, and then, sells the same goods to another non-resident, without the goods passing through Rwanda;
- 15° **Non-resident account:** account maintained with a licensed bank or deposit taking microfinance institution by a non-resident individual or legal entity;

Article 3 – Authorization to carry out foreign exchange business

Only licensed intermediaries are authorized to carry out foreign exchange business, in conformity with specific Central Bank regulations.

Article 4 – Non-licensed persons authorized to receive foreign currency

As provided in the law governing Central Bank, all monetary obligations or transactions entered into or made in the Republic of Rwanda are considered to be expressed and settled in Rwandan franc.

Subject to the above paragraph, non-licensed persons shall apply to the Central Bank for authorization to transact in foreign currency depending on the need and types of the business.

The foreign currency received shall be neither:

- a. Credited on a foreign currency account;
- b. Sold to a licensed intermediary;
- c. Used to settle external obligations through authorized financial institutions.

Article 5 – Determination of foreign exchange rates

Licensed intermediaries freely determine their purchase and sales' spot exchange rates.

Each licensed intermediary dealing in foreign exchange must have an Exchange Rate Display Board that is easily accessible. The same rates shall also be published on the licensed intermediary website.

Article 6 – Appointment of a foreign exchange dealer

A bank shall appoint a foreign exchange dealer.

A foreign exchange dealer shall acquire professional certification (ACI Dealing certificate) as a minimum requirement. A foreign exchange dealer who does not have the certificate is given a period of 6 months to have the certificate from the publication of this regulation in the *Official Gazette*.

Article 7 – Record of operations and communication of exchange rates

Licensed intermediaries record their operations and inform and submit to the Central Bank their daily spot exchange rates in the prescribed formats.

Article 8 – Issuance of purchase and sale slips

Licensed intermediaries issue to their clients purchases and sale slips for all operations effected with them.

Clients or licensed financial institutions who buy or sell any foreign currency must request for a receipt clearly showing the transaction details.

Article 9 – Presumption of residence

Unless otherwise provided by this regulation, every individual or legal entity is deemed to have a status of resident in foreign exchange operations.

Article 10 – Foreign currency accounts

Foreign currency accounts may be opened and operated by residents and non-residents.

In opening accounts, banks and authorized deposit taking microfinance institutions shall abide with requirements related to account opening and other requirements provided for in the Anti Money Laundering and Countering Financing Terrorism Law and regulations related to Know Your Customer and due diligence.

Article 11 – Debit and credit of foreign currency accounts

Foreign currency accounts may be freely debited and credited in accordance with banking practice and national laws.

For statistics purposes, the reason for the withdrawal shall be mentioned.

Article 12 – Overseas accounts

Banks, and other financial institutions regulated by the Central Bank are allowed to open accounts abroad unless provided that they comply with prudential rules established by the Central Bank on the limits of foreign currency held in overseas accounts shall be adhered to.

Other residents are also allowed to open and operate overseas accounts.

For statistical purposes, licensed intermediaries allowed to transfer foreign currency shall communicate to the Central Bank information relating to foreign currency transferred to overseas accounts.

Chapter III

Use of foreign currency in import, export and merchandising operations

Article 13 – Transfers for import payments

The licensed intermediaries allowed to transfer foreign currency have the responsibility of ensuring that transfers of foreign exchange for import payments reflect fair value of goods imported or to be imported.

Article 14 – Authorized import payments

Licensed intermediaries allowed to transfer foreign currency are authorized to make the following payments for imports into Rwanda:

- 1° unlimited payment for goods imported into Rwanda on the strength of documentary credit;
- 2° unlimited payment for goods already imported into Rwanda;
- 3° unlimited *ex-ante* payment, on presentation of an importation contract or another supporting document evidencing that pre-payment is required.

Article 15 – Goods imported by supplier-credit

Any importer can transfer foreign currency through a licensed intermediary allowed to transfer foreign currency to cover payment of goods imported or purchased by supplier-credit.

An importer wishing to transfer foreign currency in accordance with the paragraph above must present the following documents to the licensed intermediary allowed to transfer foreign currency:

- 1° a copy of the Customs Bill of Entry;
- 2° a copy of the final commercial invoice;
- 3° a goods delivery note evidencing the goods arrival in the country;

Article 16 – Imported goods but paid ex-post on the strength of documentary credit

Licensed banks may carry out ex-post payments for imports on presentation of the final invoice, goods delivery note and Customs Bill of Entry.

Payments related to imports through documentary credit are carried out on presentation of a final invoice and shipping documents.

Article 17 – Advance payments for imports of goods

Licensed intermediaries allowed to transfer foreign currency are authorized to carry out *ex-ante* payments on imports, on presentation of an importation contract or another supporting document evidencing that pre-payment is required.

In this case, the above intermediaries commit to guarantee the conclusion of this operation and to obtain ex-post Customs Bill of Entry, the final invoice and the goods delivery note.

Article 18 – Goods imported for hire purchase or finance lease

Licensed intermediaries allowed to transfer foreign currency must know and identify operations related to the goods imported for hire purchase or leasing. Payment of fees related to these operations is done in accordance with this regulation.

Article 19 – Merchandising operations

Licensed intermediaries allowed to transfer foreign currency may approve the transfer of fees related to merchandising operations subject to providing pro-forma invoices evidencing the purchase and sale of the goods.

Chapter IV**Operations of foreign currencies on services****Article 20 – Payments and transfers by residents**

All payments to non-residents and all transfers of funds by residents to or from abroad must be made through the authorized intermediaries or the Central Bank.

Article 21 – Verification of grounds for foreign currency delivery

Licensed intermediaries that deliver foreign currency to customers or transfer foreign currency for travel, medical, educational and any other operations on services abroad must be satisfied that the delivered funds are required for these purposes.

Article 22 – Transfers of salaries and allowances due to residents employed temporarily abroad

Licensed intermediaries allowed to transfer foreign currency are authorized to transfer net salaries and allowances due by companies or organizations operating in Rwanda to their employees who are temporarily employed outside of Rwanda.

Licensed intermediaries must be satisfied from the accuracy of documentary evidence provided for the amount to be transferred.

Article 23 – Transfers of salaries and other income of expatriates

Licensed intermediaries allowed to transfer foreign currency are authorized to transfer net salaries and other income of expatriates working in Rwanda, after deduction of taxes and contribution to the institution having social security in their attributions and on presentation of the relevant documents.

Article 24 – Foreign currency transfers related to certain particular services

Licensed intermediaries allowed to transfer foreign currency are authorized to transfer foreign currency abroad for the following particular payments on presentation of relevant supporting documents indicating the source of funds to be transferred:

- 1° Dividends;
- 2° Directors and managers fees;
- 3° foreign consultants' fees;
- 4° royalties;
- 5° costs of goods repairing;
- 6° interests;
- 7° payments to foreign companies using credit cards;
- 8° reinsurance bonus;
- 9° reimbursement of expenses due to foreign airlines companies;
- 10° advertisement, hiring and leasing costs;
- 11° costs for sea-road-air transport, transit;
- 12° membership to trade organizations and professional associations costs;
- 13° expenses for communication, courses, books, newspapers and periodicals;
- 14° VAT taxes refunds;
- 15° Other payment transfers authorized laws.

Chapter V Capital account operations

Article 25 – Foreign direct investment and portfolio investment

Inward and outward transactions on direct investment are fully liberalized.

Portfolio investment transactions between residents and non-residents are liberalized.

However, before repatriation of return on investments, licensed intermediaries allowed to transfer foreign currency must request relevant supporting documents.

Article 26 – Offshore borrowing by residents

Residents may freely contract loans in foreign currency from non-resident banks, international financial institutions or other non-residents to finance their activities.

However, borrowers shall pay attention to the interest rate and insure that foreign exchange risk is mitigated.

Banks shall record information related to the repayment of offshore borrowing for reporting purpose.

Article 27 – Lending in foreign currency

Resident financial institutions are authorized to grant loans in foreign currency to both residents and non-residents in accordance with the applicable banking regulatory framework. Conditions for granting such loans are subject to the requirements determined by a Directive issued by the Central Bank.

Article 28 – Personal transactions

Licensed intermediaries allowed to transfer foreign currency may transfer foreign currency relating to personal transactions for residents on the basis of documentary evidence.

The personal transactions include the following:

- 1° loans, gifts and endowments;
- 2° dowries;
- 3° inheritances and legacies;
- 4° settlement of debts by persons in their previous country of residence;
- 5° assets constituted by residents in the event of emigration;
- 6° persons' savings to the previous country of residence;
- 7° funerary expenses;
- 8° damages;
- 9° refunds in the case of cancellation of contracts and refunds of uncalled-for payments;
- 10° Any other transaction that the Licensed intermediaries deem legitimate

The principle “Know your customer and Due Diligence” as required by law on Anti Money Laundering and Countering the Financing of Terrorism and regulations must be observed at all times.

Chapter VI Prohibited operations

Article 29 – Buying and selling foreign currencies

Operation of buying or selling foreign currency is prohibited, where at least one of the parties to the transaction is not a licensed intermediary.

Article 30 – Auctioning of foreign currencies

Auctioning of foreign currencies and other practices that may distort the foreign exchange market are prohibited.

Any person wishing to purchase or sell foreign currency shall refer to exchange rates displayed by the licensed intermediaries as stipulated in Article 5 of this regulation.

Any negotiation of rates shall only be done with a specific licensed intermediary based on displayed rates.

Article 31 – Market manipulation

Licensed intermediaries must avoid engaging in speculative transactions that tend to mislead other participants in the market and must also avoid misuse of any privileged information.

Article 32 – Pricing goods and service in foreign currency

Pricing goods and services in foreign currencies is prohibited and punishable by the law and unless as provided in this regulation.

Article 33 – International funds transfer

In the framework of fulfilling obligations pertaining to international agreements of which Rwanda may be party, the Central Bank may prohibit any transfer of foreign currency abroad.

Chapter VII Sanctions, miscellaneous and final provisions

Article 34 – Unauthorized foreign exchange operations

Any violation of the provisions of this Regulation, and other related legal or regulatory provisions, shall be punished in accordance with the appropriate laws or regulations.

In addition, any person who sells or pricing goods or services in foreign currency contrary to the provision of this regulation shall be punishable by the seizure and confiscation of the amount involved in that transaction. The confiscated amount shall be credited on the Public Treasury account.

In particular, in case of violation of article 30 of this regulation, the Central Bank imposes to a licensed intermediary, or any person involved in a foreign exchange auctioning, a pecuniary sanction equivalent to 1% of the total auctioned amount.

Article 35 – Cash transportation abroad by licensed intermediaries

Any cash transportation abroad by licensed intermediaries is prohibited unless authorized by the Central Bank.

Article 36 – Request of information from customers

Although all transactions must be conducted and maintained in strictest confidence, licensed intermediaries shall request from their customers any information that they deem necessary for performing their duties specified in this Regulation and other relevant laws and regulations.

Article 37 – Reporting

A licensed intermediaries shall submit to the Central Bank required reports as required in the regulation on reporting requirements.

Article 38 – Drafting, consideration and approval of this Regulation

This Regulation was prepared, considered and approved in English.

Article 39 – Saving and repealing provision

The regulation N° 05/2013 of 21/10/2013 governing foreign exchange operations as amended to date and prior regulatory provisions contrary to this Regulation are hereby repealed.

However, the Directives made under regulation cited in the preceding Paragraph remain in full force in all their provisions which are not inconsistent in terms of their substance with this regulation.

Article 40 – Commencement

This regulation shall come into force on the date of its publication in the Official *Gazette* of the Republic of Rwanda.