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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

09 MAR 2021

Ref. FEMRMD/0228/2021
Date: March 08, 2021

All Banks
Addis Ababa

Please find attached Directives No. FXD/69/2021 on **"Establishment and Operation of Foreign Currency Account for Non-Resident Ethiopian and Non-Resident Ethiopian Origin (as amended)"** for your information and strict implementation.

Sincerely yours,

For

Yenehasab Tadesse
Director, Foreign Exchange Monitoring
& Reserve Management Directorate

cc.
- H.E. The Governor
- V/Governors
- All Directorates
  National Bank of Ethiopia
  Addis Ababa

Chief Banking Operations Officer
This newly issued directive that repealed FXD/64/2019 has new & Amended Articles. Accordingly, Articles 7.4, 7.9, 14(c), 14(d) are new articles while Articles 16 & 18.1 have been amended.
Please make sure that
1) The relevant Department, Districts & Staff are acquainted with this directive and are instructed to adhere to it.
2) Our internal policy and/or procedure Manuals related to this are accordingly amended and circulated for use, wherever applicable.

9/3/21

CC. All chiefs & D/chiefs
Directr. - ERMC Department
Directr - Internal Audit
Directr - IBD
District Managers

FYI, & Strict adherance and intervention where ever you see requires to do so.

9/3/21

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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Establishment and Operation of Foreign Currency Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin (as Amended)

DIRECTIVE NO. FXD/ 69/2021

Whereas, it is necessary to create incentives for Ethiopians in Diaspora to maintain foreign currency account at home country so as to encourage domestic investment;

Whereas, operation of foreign currency account by non-resident Ethiopians can support the international foreign exchange reserve and ease the balance of payments problem of the country;

Whereas, allowing Ethiopians abroad to open foreign currency account could encourage foreign directive investment;

NOW, THEREFORE, pursuant to the authority vested on it by Article 20(2) and Article 27(2) of the National Bank of Ethiopia Establishment Proclamation No. 591/2008, the National Bank of Ethiopia (herein after the "NBE") has issued this Directive.

Article 1
Short Title

This Directive may be sited as "***Establishment and Operation of Foreign Currency Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin (as Amended)*** **Directives No. FXD/69/2021".**

Article 2
Definitions

For the purpose of this Directive, unless the context provides otherwise;

2.1 "Non-resident Ethiopians" shall mean:

a) All Ethiopian nationals living and working abroad for more than one year

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b) Business entities owned by non-resident Ethiopians and located outside the Ethiopian territory for more than one year

c) Ethiopian nationals living and working abroad or in due process of leaving abroad for work for more than one year and who can produce authenticated documents

2.2 "Non-resident (NR) Foreign National of Ethiopian Origin" shall mean

(1) A non-resident and holder of a valid identification card, obtained pursuant to Proclamation No. 270/2002, attesting that he/she is a foreign national of Ethiopian Origin.

(2) A business entity owned by non-resident foreign nationals of Ethiopian origin and located outside the Ethiopian territory.

2.3 "Non-resident (NR) Foreign Currency Account" refers to the two types of account stated under Article 4 of this Directive and maintained in foreign currency by the debit of which funds can be transferred abroad and/or used locally without any permit from the Bank;

2.4 "Opening Bank" is a company licensed by the National Bank to undertake the banking business and a bank owned by the Government ;

2.5 "National Bank" is the National Bank of Ethiopia;

2.6 "The account" is a foreign currency account opened by non-resident Ethiopians or foreign nationals of Ethiopian origin;

2.7 "Certificate" means commercial banks' deposit certificate issued to the depositor in recognition of his/her ownership of the deposited sum of money;

2.8 "Foreign Currencies" refer the three types of currency indicated under Article 5 of this Directive and which the National Bank accept for purposes of foreign exchange;

2.9 "Deposits" shall mean foreign currency deposits received by the opening bank. They shall also include cash certificate, cheque or other deposits of similar nature;

2.10 "Diaspora International Remittance Service Provider" shall mean a business organization, registered and licensed in a foreign country to provide money transfer service, owned by non-resident Foreign Nationals of Ethiopian Origin and/or Non-Resident Ethiopians and which provides inward remittance with Representative based on authorized remittance service agreement.

2.11 "Representative" shall mean a bank or Ethiopian Postal Service or any other financial institution to be determined by the National Bank of Ethiopia.



Article -3
Eligibility Criteria

3.1 The following individuals and/or enterprises may open a foreign currency account in any of banks in Ethiopia.

a) Non-Resident Ethiopian.

b) Non-Resident Foreign Nationals of Ethiopian origin.

3.2 Non-Resident Ethiopians/Foreign Nationals of Ethiopian origin shall present the following documents to open an NR foreign currency account in domestic banks.

a) Application forms properly filled and signed by the account holder.

b) Non Resident Ethiopians shall present resident permit/certification, authenticated and registered by pertinent authority, to confirm the Ethiopian National living and working abroad for more than one year and subject to renewal upon presentation of valid documents on a yearly basis.

c) For Non Resident Ethiopians living and working in neighboring and Middle East counties, authenticated valid resident permit and/or valid work permit, by Ethiopian Embassies and legations residing abroad, subject to renewal upon presentation of valid documents on a yearly basis.

d) For individuals, valid passport and/or identification card of foreign nationals of Ethiopian origin of the applicant.

e) For businesses, certificate of ownership entitlement for the organization and/or article and memorandum of association authenticated and registered by the pertinent authority.

3.3 Applicants who could not be physically present to open the NR account in the bank shall use the Ethiopian Embassies, correspondent bank or remittance service providers nearby to prove their identities.

Article 4
Opening Foreign Currency Account

4.1 A foreign currency account may be opened for individuals and/or enterprises that fulfill the eligibility criteria set under Article 3(3.1) of these directives.

4.2 Persons residing abroad can open such accounts in person or by post in his/her name. Opening banks may also establish contact with potential account openers using e-mail, fax, telex and/or other electronic media authorized by the opening bank. The bank should however, receive authenticated documents afterwards to open the accounts.

4.3 A request for opening an account for deposit in foreign currency shall be accompanied by a letter of application and a specimen signature.

4.4 An individual and/or enterprises may open all or one of the foreign currency accounts enumerated under Article 5(5.1) of these directives.

4.5 Power of attorney holders are not allowed to open foreign currency accounts and credit the account on behalf of non-residents and/or foreign nationals of Ethiopian origin. However, power of attorney holders are allowed to withdraw from these accounts for the purpose enumerated in Article 8.1 of these directives in addition to investment purpose provided that the document explicitly empowers them to operate the accounts.

4.6 The minimum amount required for an initial deposit to open a current foreign currency account shall be USD 100 or its equivalent in any of the eligible currency under Article 6(6.1) of these directives.

4.7 The minimum amount required in an initial deposit to open a fixed deposit foreign currency account shall be USD 5,000 or its equivalent in any of the eligible currencies under Article 6 (6.1) of these directives.

4.8 Two or more eligible joint depositors may together open a single account.

4.9 An individual may open current account in only one of the domestic authorized banks whereas he/she may open fixed deposit accounts in more than one bank.

Article 5
Types of Permitted Account

5.1. A bank may open the following types of non-resident foreign currency accounts.

a) Fixed or time deposit account, which takes the form of a deposit certificate, issued in the name of the depositor. Maturity period may vary based on the agreement made between the depositor and the opening authorized bank. However, the minimum maturity period for such an account shall be three months.

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b) Current account, which takes the form of current deposits where withdrawals may be made at any time upon demand by writing a check and/or a pre-arranged procedure adopted by the opening bank.

c) Non-repatriable Birr account which may take the form of saving deposit that can be used for local payments only.

Article 6
Types of Currency

6.1 A bank is required to maintain Foreign Currency accounts in the following types of currency only.

a) The US dollar
b) Pound Sterling
c) Euro

6.2 A bank may accept deposits in other convertible currencies that include Canadian Dollar, Saudi Riyal, Japanese Yen, Australian Dollar and UAE Dirham. And, these other currencies shall be converted to any of the three currencies enumerated under Article 6.1 at spot exchange rate based on the preference of the account opener.

Article 7
Crediting the Account

7.1 A foreign currency account opened by non-resident Ethiopians shall be credited through the banking system by:

i. the account holder;
ii. the spouse of the account holder upon presentation of marriage certificate
iii. the employer upon presentation of valid employment agreement;
iv. the business entity owned by the account holder or share company upon presentation of documents ascertaining the shareholding;
v. other institutions as per the valid agreement presented.



7.2 The documents to be presented under Sub-Article 7.1(ii, iii, iv, and V) shall be authenticated and registered by the pertinent authority.

7.3 Foreign currency cash notes for exceeding USD 3,000 or equivalent in any other convertible foreign currency provided that the account holder presents a signed and sealed foreign currency declaration form from Ethiopian Revenue and Custom Authority.

New Article.

7.4 Depositing foreign currency cash notes for amount less than USD 3,000 can only be allowed upon presentation of entry visa not exceeding 30 days for residents other than neighboring and Middle East.

7.5 Notwithstanding to the provisions stated under article 7.3 above, residents living in neighboring and Middle East countries are required to present signed and sealed foreign currency declaration form from Ethiopian Revenue and Custom Authority for less or equal to USD 3,000 foreign currency cash notes or equivalent in any other convertible foreign currency to deposit in the account.

7.6 Check deposits originated from abroad.

7.7 A transfer from one type of non-resident foreign currency account to another type of non-resident foreign currency account owned by individual and/or enterprise.

7.8 Receipt through international payment cards/credit cards/debit cards.

New Article

7.9 From the total foreign currency credited/deposited into the foreign currency current account, 30% of which shall be automatically converted into birr at the prevailing buying rate of the day.

Article 8
Use of the Account

8.1 The foreign currency accounts may be used to:

a) make local payments in Birr.

b) make foreign payments for import items listed under priority sector in the ***"Transparency in Foreign Currency Allocation and Foreign Exchange Management Directive"***, food items provided the account holder has the required business license to do so, and other foreign service payments.

c) effect transfer abroad.

d) withdraw for travel allowance of their requirements in cash notes or any other instruments upon presentation of valid travel document from their account.

e) convert into a Birr account at the prevailing exchange rate.

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f) pay for authorized bank charges, if any, levied by the opening bank.

g) serve as collateral or guarantee for loans or bids.

8.2 Current accounts may be withdrawn against a cheque written and a withdrawal slip or according to any other pre-arranged procedure.

8.3 Opening bank maintaining these accounts shall allow repatriation abroad of the deposits opened in any of the account stated in Article 5 .1(a and b) of these directives upon the request of the account holder.

8.4 Repartition of the deposit shall not exceed the initial balance plus any interest receipt on the deposit amount.

8.5 Over drawing of the account is prohibited

Article 9
Closure of the Account

9.1 A fixed deposit foreign currency account stated under Article 5 of these directives can be closed upon request by the depositor with a prior notification not less than 7 working days. Withdrawal of the fund prior to maturity is subjected to interest penalty.

9.2 If a fixed deposit is not closed on maturity, the opening authorized bank in consultation with the depositor may renew it.

9.3 A fixed account may be withdrawn against the deposit certificate and the specimen signature previously left with the authorized bank or according to pre-arranged procedure.

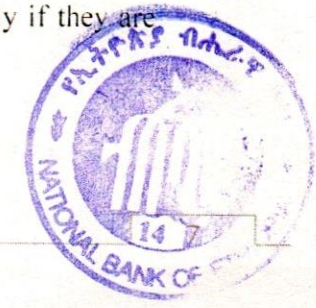
9.4 A foreign currency account will be closed if the fund transferred to the account is found to be through money laundering or from terrorist financing services.

Article 10
Interest Rates

10.1 Interest shall not be paid to a non-resident foreign currency current account.

10.2 A bank is allowed to set their own interest rate on non-resident fixed foreign currency account upon negotiation but not less than LIBOR.

10.3 Interest on a non-resident fixed foreign currency deposit shall be payable only if they are kept for a minimum period of three months.



10.4 Payment of interest on fixed deposit maturing on Saturday/Sunday/holiday/non-business working day shall be determined based on the succeeding working day.

10.5 A bank is allowed to set their own interest rate payment on non-repatriatable Birr accounts upon negotiation but not less than the minimum saving deposit rate set by the NBE.

Article 11
Issuance of Certificate

11.1 The opening bank shall issue to the depositor a fixed deposit certificate in depositor's name if the established account is a fixed account.

11.2 The interest rate that the opening bank agrees to pay shall be clearly stated on the deposit certificate.

11.3 For a current account, the opening bank shall issue to the depositor a cheque book or an advice notifying of the opening of the account.

11.4 In the case of Article 4 (2) the Certificate of Deposit (CD) or a check book may be kept in the custody of the opening bank and a certificate of custody shall be issued to the depositor or the deposit book may be sent to the depositor through post if he/she wishes to do so.

Article 12
Conversions of Non-Resident Foreign Currency Accounts to Resident Birr Account

12.1 Non- resident Ethiopian and non-resident Ethiopian origin has an obligation to report to bank in which its account is maintained up on permanent return to Ethiopia. This account will not be credited but however, he/she may be allowed to utilize until the balance is fully drawn.

12.2 For fixed deposit, the account may remain as non-resident foreign currency account if the account holder returns to Ethiopia for permanent settlement before the maturity date of the account. Upon maturity of the account, however, such deposit should be converted to resident Birr account.

12.3 Provision of Article 8.1(f) of these directives shall apply if requested by the account holder.

Article 13
Prohibitions

13.1 Foreign exchange acquired either from forex bureaus or any other local sources or foreign exchange held locally shall not be used to credit and/or open a foreign currency account.

13.2 Opening banks shall not honor cheque drawn or endorsed by a non-resident foreign currency account holder in favor of a resident who does not hold similar non-resident foreign currency account.

Article 14
Obligations of the Opening bank

14. The opening bank has the following obligations:-

a) It shall be responsible for maintaining confidentiality of the account of the depositor.

b) It shall send a report on the attached format every month to Foreign Exchange Monitoring and Reserve Management Directorate and External Economy and International Relations Directorate within 20 days after the end of each month.

New Article

c) prepare undertaking letter for Diaspora account owners to enter into commitment that his/her account will be closed and legally liable if found opening Diaspora current account with more than one banks.

New Article

d) prepare undertaking letter for Diaspora account owners to sign that his/her account will be closed and legally liable if depositing cash notes with different branch of the bank or with a more than one bank for a single trip violating article 7 sub article 7.4 .

e) The overall open foreign currency position of each authorized bank at the close of each business day shall not exceed the limit set on the open position directive of NBE

Article 15
Provision of Incentives

15.1 The deposit account can serve as collateral to get credit in local currency form domestic authorized banks in line with the opening authorized bank's credit policy.

15.2 Interest income on non-resident foreign currency fixed deposit account shall be free from income tax.

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15.3 In addition to the above incentives authorized banks shall create the following conducive environment for account holders.

15.3.1 A bank shall provide statement of the account every month to the account holder.

15.3.2 A bank shall create Test-Key so that the account holder can order withdrawals and/or any local payments.

15.3.3 A bank shall credit interest to the accounts at least on quarterly basis

15.3.4 A bank shall create a mechanism whereby the account holder can make a standing authorization to the opening authorized bank for permanent payments.

15.3.4 A bank shall clearly list out their correspondent authorized banks or agents in various overseas centers, which are in operation of foreign currency account to enable non-resident Ethiopians to easily contact them.

Article 16

Provision of Incentives to Diaspora International Remittance Service Providers

Amended Article.

Diaspora International Remittance Service Providers shall have the right to open and retain only forty five percent (45%) from the foreign currency inflow of fund, and utilize the fund as per the existing "Retention and Utilization of the Export Earnings and Inward Remittance" Directive.

Article 17
Inspection

The bank may undertake inspection of any opening bank at any time to verify the opening bank complies with the provisions of these Directives.



Article 18
Penalties

Amended Article

18.1 Any bank that violates any of the provisions of this directive shall be subject to a penalty of USD 5000 (Five Thousand USA Dollar) for each violation.

18.2 Where an account holder violates the provisions of this Directive, the opening bank may suspend the account and immediately report the case to NBE.

18.3 Without prejudice to the sub-articles 18.1 and 18.2 of this Article, Any person who fails to comply with the provisions of this directive shall be punished in accordance with Article 26 of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008.

Article 19
Repealed Directive

Foreign Currency Account for Non-Resident Ethiopians and Non-Resident Ethiopian Origin Directive No. FXD/64/2019 is hereby repealed and replaced by this Directive.

Article 20
Effective Date

These Directives shall enter into force as of **March 8, 2021**.

Yinager Dessie (Prof.)
Governor