



Legal Update: Key Points on the Foreign Exchange (Amendment) Regulations, 2023

Key Points:

- The Foreign Exchange (Amendment) Regulations, 2023 have been introduced under the Foreign Exchange Act, (Cap. 271).
- The regulations amend existing provisions in the Foreign Exchange Regulations.
- Regulation 3 has been modified, resulting in the deletion and renumbering of certain sub-regulations.
- Regulation 25 has been amended, altering the penalties for non-compliance with the registration of foreign credit accommodation.
- Regulation 26 has been completely replaced, outlining conditions that must be met for foreign credit accommodation.

Article:

The Foreign Exchange (Amendment) Regulations, 2023 were recently published, bringing significant updates to the existing legal framework surrounding foreign exchange activities in the country. These new regulations, introduced under the Foreign Exchange Act, (Cap. 271), aim to improve efficiency, transparency, and compliance within the foreign exchange market.

One of the key amendments can be seen in the modification of Regulation 3 of the principal Regulations. Sub-regulations (7) and (8) have been deleted, while sub-regulation (9) has been renumbered as sub-regulation (7). This change streamlines the regulatory framework by removing unnecessary provisions and reorganizing existing ones.

Another notable change can be found in Regulation 25. Various clauses within this regulation have been amended to redefine the penalties for non-compliance with the registration of foreign credit accommodation. The previous penalty of Tanzanian Shillings one million for each day of unregistered foreign credit accommodation has been replaced with a penalty provided for in the Act. This measure aligns the penalties with the legal provisions and ensures consistent enforcement.

Furthermore, Regulation 26 has been entirely deleted and replaced. The new regulation sets out the conditions that must be met for foreign credit accommodation. The Bank is prohibited from registering accommodation containing unfavorable terms, including interest



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rates and charges that do not reflect prevailing market conditions and conditions requiring the borrower to open a foreign currency account outside the United Republic. These conditions protect the interests of borrowers and maintain the stability of the foreign exchange market.

It is essential for individuals and businesses engaged in foreign exchange activities to familiarize themselves with these new regulations. Compliance with the amended provisions is crucial to avoid penalties and ensure adherence to the law. Seeking legal advice or guidance from professionals experienced in foreign exchange regulations can help navigate the complexities of the legal changes.

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