



EAST AFRICAN COMMUNITY
THE EAST AFRICAN COMMUNITY COMMON
MARKET
SCHEDULE ON THE REMOVAL OF RESTRICTIONS ON
THE
FREE MOVEMENT OF CAPITAL

ANNEX VI

EAC SECRETARIAT

Arusha, Tanzania
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SCHEDULE ON THE REMOVAL OF RESTRICTIONS ON THE FREE MOVEMENT OF CAPITAL

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction
Equity and portfolio investments (1) Shares or other securities of participating nature	Purchase of foreign securities by residents	Tanzania	Purchase foreign securities by residents permitted if they are acquired with externally generated funds. Purchase of foreign securities by residents to be reported to the Bank of Tanzania.
		Kenya	None
		Uganda	None
		Burundi	Purchase of foreign securities by residents allowed subject to the approval of the Central Bank.
	Rwanda	Purchase of foreign securities by residents allowed subject to the approval of the Central Bank.	
	Purchase of foreign security	Tanzania	Non-resident allowed

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restrictions
	locally by non-residents		participate in stock market 60% of shares primary secondary issues
		Kenya	None
		Uganda	None
		Burundi	The capital market does not yet exist. The financial market development is currently in its inception. There are therefore no specific regulations in this area.
		Rwanda	None
	Participation of residents in foreign capital markets (Initial Public Offers (IPOs))	Tanzania	Residents are allowed to participate in foreign Public Offers (IPOs)
		Kenya	None
		Uganda	None
		Burundi	Participation of residents in foreign capital markets is subject to approval by the Central Bank.

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restrictions
		Rwanda	Participation by non-residents in local companies is subject to approval by the Central Bank.
	Sale or issue of foreign securities locally by non-residents	Tanzania	None
		Kenya	None
		Uganda	None
		Burundi	Capital markets does not exist
		Rwanda	Sale or issue of foreign securities locally by non-residents requires prior approval from the Central Bank
	Sale or issue of securities abroad by residents	Tanzania	The sale of securities abroad by residents is subject to approval by the Capital Markets Securities Authority.
		Kenya	None
		Uganda	None
		Burundi	The sale of securities abroad by residents is subject to approval by the Central Bank.
		Rwanda	None

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restrictions
(2) Bonds and other debt instruments	Purchase of bonds and other debt instruments locally by non-residents	Tanzania	Non-residents are allowed to purchase corporate bonds. Non-residents are not allowed to participate in Government securities market.
		Kenya	None
		Uganda	None
		Burundi	There are restrictions on purchasing Government bonds. The regulatory framework for corporate bonds is being developed.
		Rwanda	None
		Tanzania	Non-residents are not allowed to purchase or issue securities in the domestic market.
	Sale or issue of debt securities locally by non-residents.	Kenya	None
		Uganda	None
		Burundi	None
		Rwanda	Selling or issuing bonds and debt instruments.

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restrictions
			locally is subject to the approval of the Central Bank
	Sale or issue of debt securities abroad by residents.	Tanzania	Residents are not allowed to issue securities abroad
		Kenya	None
		Uganda	None
		Burundi	Selling or issuing bonds and debt instruments abroad by residents is subject to approval of the Central Bank
		Rwanda	None
(3) Money market instruments	Purchase and sale of money market instruments locally by non-residents.	Tanzania	Non-residents are not allowed to purchase or issue money market instruments in the domestic market
		Kenya	None
		Uganda	None
		Burundi	Purchase or issue of money market instruments in the domestic market is subject to approval by the Central Bank
		Purchase or sale of money market instruments	Tanzania

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restrictions
	abroad by residents.		money r instruments abroad
		Kenya	None
		Uganda	None
		Burundi	Purchase or money r instruments abroad residents is s to approval Central Bank
(4) Collective investment schemes	Purchase of collective investment schemes locally by non-residents	Tanzania	None
		Kenya	None
		Uganda	None
		Burundi	None
		Rwanda	None
	Sale or issue of collective investment schemes locally by non-residents.	Tanzania	Non-resident not allowed or issue col investment schemes in domestic ma
		Kenya	None
		Uganda	None
		Burundi	None
		Rwanda	None
(5) Derivative products	Sale or issue of derivative products locally by non-residents	Tanzania	Currently ne or issue
		Kenya	None
		Uganda	None
		Burundi	Currently ne

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction
			or issue
		Rwanda	Currently no restriction or issue
	Sale or issue of derivative products abroad by residents.	Tanzania	Currently no restriction or issue
		Kenya	None
		Uganda	None
		Burundi	Currently no restriction or issue
		Rwanda	Currently no restriction or issue
Bank transactions (Credit, savings, interest payment on loans and amortization)	External borrowing by residents	Tanzania	None
		Kenya	None
		Uganda	None
		Burundi	Residents allowed to borrow externally subject to approval of Central Bank
		Rwanda	None
	Lending abroad by residents	Tanzania	Residents are allowed to borrow externally
		Kenya	None
		Uganda	None
		Burundi	Residents allowed to borrow externally subject to approval of Central Bank
		Rwanda	None
Direct Investments	Inward direct investments	Tanzania	None
		Kenya	None
		Uganda	None

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction
		Burundi	None
		Rwanda	None
	Outward direct investments	Tanzania	Outward investments not allowed
		Kenya	None
		Uganda	None
		Burundi	Outward investments allowed subject to approval by Central Bank
		Rwanda	Outward investments allowed subject to approval by Central Bank
Repatriation of proceeds from sale of assets.		Tanzania	None
		Kenya	None
		Uganda	None
		Burundi	None
		Rwanda	None
Other transfers and payments relating to investment flows.	Personal capital transactions	Tanzania	None
		Kenya	None
		Uganda	None
		Burundi	Personal transactions allowed subject to approval by Central Bank
		Rwanda	None

EXPLANATORY NOTES

1. COLLECTIVE INVESTMENT SCHEMES

Collective investments in transferable securities or other assets of the capital they raise and which operate on the principle of risk-spreading and the units of which are, at the request of holders, under the legal, contractual or statutory conditions governing them, repurchased or redeemed, directly or indirectly, out of those schemes assets.

2. CREDIT OPERATIONS

Financing of every kind granted by financial institutions, including financing related to commercial transactions or to the provision of services in which non-residents participate. This category also includes mortgage loans, consumer credit and financial leasing, as well as back-up facilities and other note-issuance facilities.

3. DIRECT INVESTMENTS

Investments of all kinds by natural or legal persons which serve to establish or to maintain lasting and direct links between the person providing the capital and the entrepreneur to whom or the undertaking to which the capital is made available in order to carry on an economic activity.

The key components are as follows:

- (a) participation in new or existing undertaking with a view to establishing or maintaining lasting economic links;
- (b) establishment and extension of branches or new undertakings belonging solely to the person providing the capital, and the acquisition in full of existing undertakings; and

- (c) reinvestment of profits with a view to maintaining lasting economic links.

4. MONEY MARKET INSTRUMENTS

Treasury bills and other negotiable papers, certificates of deposit, bankers' acceptances, commercial paper and other like instruments.

Credits related to commercial transactions or to the provision of services.

Contractual trade credits (advances or payments by installment in respect of work in progress or on order and extended payment terms, whether or not involving subscription to a commercial bill) and their financing by credits provided by credit institutions.

5. OPERATIONS IN SECURITIES ON THE CAPITAL MARKET

Securities transactions which are controlled by regulations, the prices of which are regularly published, either by official stock exchanges (quoted securities) or by any other facilities (unquoted securities). Those securities usually are shares and other securities of participating nature and bonds.

Shares are units of ownership in a company, while bonds are debt instruments with a maturity of more than one year from issue for which the interest rate and the terms for the repayment of the principal and the payment of interest are determined at the time of issue.

6. PERSONAL CAPITAL TRANSACTIONS

This includes: loans; gifts and endowments; dowries; inheritances and legacies; settlement of debts by persons in their previous country of residence; transfers of assets constituted by residents in the event of emigration at the time of their installation or during their period of stay abroad; transfers, during their period of stay, of persons' savings to their previous country of residence; death dues; damages; refunds in the case of cancellation of contracts and refunds of uncalled- for payments; authors' royalties (patents, designs, trademarks and inventions) and transfers of the monies required for the provision of services.

7. 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 such as options.