



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
November 2009

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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	Elimination date
Equity and portfolio investments (1) Shares or other securities of participating nature	Purchase of foreign securities by residents	Tanzania	Purchase of foreign securities by residents is permitted if shares are acquired by externally generated funds. Purchase of foreign securities by residents have to be reported to the Bank of Tanzania	31/12/2010
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Purchase of	31/12/ 2014

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
			foreign securities by residents is allowed subject to the approval of the Central Bank.	
	Purchase of foreign security locally by non-residents	Rwanda	Purchase of foreign securities by residents is allowed subject to the approval of the Central Bank.	31/12/2009
		Tanzania	Non-residents are allowed to participate in the stock market up to 60% of shares of primary or secondary issues.	31/12/2015
		Kenya	None	Not applicable
		Uganda	None	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
		Burundi	The capital market does not yet exist. The financial market development plan is currently at its inception stage. There are therefore no specific regulations in this area.	Not applicable
		Rwanda	None	Not applicable
	Participation of residents in foreign capital markets (Initial Public Offers (IPOs))	Tanzania	Residents are not allowed to participate in foreign Initial Public Offers (IPOs)	31/12/2010
		Kenya	None	Not applicable
		Uganda	None	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
		Burundi	Participation of residents in IPOs is subject to approval by the Central Bank.	31/12/2014
		Rwanda	Participation of residents in IPOs is subject to approval by the Central Bank.	31/12/2009
	Sale or issue of foreign securities locally by non-residents	Tanzania	None	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Capital market does not exist.	Not applicable
		Rwanda	Sale or issue of foreign securities locally by non-residents requires prior approval from the Central Bank	31/12/2009

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
	Sale or issue of securities abroad by residents	Tanzania	The sale of securities abroad by residents is subject to approval by the Capital Markets and Securities Authority.	31/12/2012
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	The sale of securities abroad by residents is subject to approval by the Central Bank.	31/12/2014
		Rwanda	None	Not Applicable
(2) Bonds and other debt instruments	Purchase of bonds and other debt instruments	Tanzania	Non- residents are allowed to purchase	31/12/2010 for maturities

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
	locally by non-residents		<p>corporate bonds.</p> <p>Non-residents are not allowed to participate in Government securities market.</p>	<p>of 5 years or more.</p> <p>31/12/2012 for all maturities.</p>
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	<p>There are no restrictions on purchasing Government bonds.</p> <p>The regulatory framework for corporate bonds is being developed.</p>	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
	Sale or issue of debt securities locally by non-residents.	Rwanda	None	Not applicable
		Tanzania	Non-residents are not allowed to sell or issue debt securities in the domestic market.	31/12/2015
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	None	Not applicable
		Rwanda	Selling or issuing of bonds and other debt instruments locally is subject to the approval of the Central Bank.	31/12/2009
	Sale or issue of debt securities abroad by residents.	Tanzania	Residents are not allowed to sell or issue debt securities abroad	31/12/2012
		Kenya	None	Not applicable
		Uganda	None	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
		Burundi	Selling or issuing of bonds and other debt instruments abroad by residents is subject to approval by the Central Bank.	31/12/2014
		Rwanda	None	Not applicable
(3) Money market instruments	Purchase and sale of money market instruments locally by non-residents.	Tanzania	Non-residents are not allowed to purchase or sell money market instruments in the domestic market.	31/12/2015
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Purchase or sale of money market instruments in the domestic market is subject to approval by the	31/12/2014

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
			Central Bank	
		Rwanda	None	Not applicable
	Purchase or sale of money market instruments abroad by residents.	Tanzania	Residents are not allowed to purchase or sell money market instruments abroad	31/12/2015
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Purchase or sale of money market instruments abroad by residents is subject to approval by the Central Bank	31/12/2014
		Rwanda	None	Not applicable
(4) Collective investment schemes	Purchase of collective investment schemes locally	Tanzania	None	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	None	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
	by non-residents	Rwanda	None	Not applicable
	Sale or issue of collective investment schemes locally by non-residents.	Tanzania	Non-residents are not allowed to sell or issue collective investment schemes in the domestic market	31/12/2012
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	None	Not applicable
		Rwanda	None	Not applicable
(5) Derivative products	Sale or issue of derivative products locally by non-residents	Tanzania	Currently no sale or issue	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Currently no sale or issue	Not applicable
		Rwanda	Currently no sale or issue	Not applicable

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
	Sale or issue of derivative products abroad by residents.	Tanzania	Currently no sale or issue	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Currently no sale or issue	Not applicable
		Rwanda	Currently no sale or issue	Not applicable
Bank transactions (Credit, savings, interest payment on loans and amortization)	External borrowing by residents	Tanzania	None	Not applicable
		Kenya	None	Not applicable
	Uganda	None	Not applicable	
	Burundi	Residents are allowed to borrow externally subject to approval by the Central Bank	31/12/2010	
	Rwanda	None	Not applicable	
	Lending abroad by residents	Tanzania	Residents are not allowed to lend externally	31/12/2015

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Residents are allowed to lend externally subject to approval by the Central Bank.	31/12/2014
		Rwanda	None	Not applicable
Direct Investments	Inward direct investments	Tanzania	None	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	None	Not applicable
		Rwanda	None	Not applicable
	Outward direct investments	Tanzania	Outward direct investments are not allowed	31/12/2012
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Outward direct investments are allowed subject to approval by the	31/12/2014

Type of capital and related payments and transfers	Type of operation	Partner State	Existing Restriction	Elimination date
			Central Bank	
		Rwanda	Outward direct investments are allowed subject to approval by the Central Bank	31/12/2009
Repatriation of proceeds from sale of assets.		Tanzania	None	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	None	Not applicable
		Rwanda	None	Not applicable
Other transfers and payments relating to investment flows.	Personal capital transactions	Tanzania	None	Not applicable
		Kenya	None	Not applicable
		Uganda	None	Not applicable
		Burundi	Personal capital transactions are allowed subject to approval by the Central Bank	31/12/2014
		Rwanda	None	Not applicable

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.