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BANK OF CAPE VERDE

Notice nº 4 / 98

The Bank of Cape Verde following its general guidelines, previously stated and established by articles 4, 5, and 10 of decree-law nº 26/78, decrees the following:

I

Capital operations subject to previous authorization

Capital operations, except for those stated in articles 2 and 3 of decree - law nº 26/98 of 29 June, are subject to previous authorization from the Bank of Cape Verde.

2. Submission of the application

2.1 The applications for authorization for the execution of capital operations referred previously are to be addressed directly to the BCV by the interested parties, or be submitted through an entity authorized to execute the foreign exchange trade, or an institution acting in the financial market ;

2.2 When the interested party is not a resident, his request should be submitted through a representative, who is a resident in the national territory;

2.3 The requests for the authorization shall be accompanied by the necessary documents determining the type of operation, identification of the subjects, amount, deadlines, financial conditions and date for the execution of the agreement with the BCV technical instructions, which are transmitted to the entities authorized to carry out the exchange trade or the entities that operate in the financial market, which have to submit them to the interested parties or their representatives, upon their request .

II

Operations subject to previous verification

3- It is understood by previous verification, the certification of the type and the reality of any transaction or transfer, from and to outside, between a resident and a non-resident.

3.1 For this, the interested party or any intervening entity, public or private, shall provide the Bank of Cape Verde with the basic elements for the identification and verification of the legitimacy of the intervenient, for judicial and economic classification of the operation and determination of the values involved and subsequent dates exigible to them.

4. The execution of the transfers that follow, are subject to previous verification by the Bank of cape Verde

4.1 Transfers regarding the current invisible operations, which amount exceeds 1.000.000 escudos, included in item " private unilateral transfers " .

4.2 Transfers of amounts exceeding 5.000.000 escudos relating to the liquidation of services rendered or to the incomes, except in some cases, for interest rates regarding the concession of loans or credits previously authorized ;

4.3 Transfers relating to the advance payment or receipt of current transactions when the deadline is superior to three months, regarding the date contracted for the supply of goods and services, which amount exceeds 1.000.000 escudos, and represents more than 35% of the contractual value.

5 -The interested party or entity to whom the transfer has been requested from, shall submit the operations stated in the numbers prior to the verification by the Bank of cape Verde, following its establishment of technical instructions.

6. The following transactions are also subject to the previous verification by the Bank of cape Verde :

61. Purchase, by the residents, of loans or credits relating to current transactions in which a resident takes part in, when the respective contracting is executed without the intervention of an entity authorized to execute the foreign exchange trade or if it is related to the credits regarding to the imports of goods or services which deadline exceeds three months, or credits destined to advance revenues from exports of goods, of intermediary consumption, or services, which deadline exceeds six months, except, in the cases, where the credits are conceived directly by the supplier to the buyer within a deadline up to one year;

62. Concession, by the residents, of credits which deadline exceeds one year, relating to the current transaction in which a resident takes part in ;

63. Purchase or concession, of loans of direct investment type, by the residents ;

6.4 Direct utilization outside, of a product of liquidation of current transfers or of capitals, without prejudice for the applicable regime to the transaction to be executed by the residents ;

7. The transactions referred to previously are to be addressed directly to the BCV by the interested parties or be submitted through an entity authorized to execute the foreign exchange trade or an institution acting in the financial market, before the actual contracting or the execution of any exchange operations associated to them.

III Verification process

8. Without prejudice for the applicable exchange application the entities authorized to execute the exchange trade may only execute transfers or payments outside in favour to the non-residents and make available to the residents, the funds resulting from transfers outside or of payments of non-residents, in liquidation of operations of merchandising, currents invisibles or capitals, after the purchase of the following elements :

8.1. – Information about the type and amount of underlying transaction, amount, date value of the transfer or payment, country of residence of the counterpart and identification of the ordainer and the beneficiary ;

8.2 – Duplicates of the invoice, contract or documents, as proof of the contractual obligation underlying it, the amount and date exigible ;

8.3 - A duplicate of the document of proof that authorization has been given

IV Operations of titles

11. The residents wishing to carry out operations on foreign titles, as well as the non-residents wishing to execute operations of national titles, shall constitute, prior to the execution of any of the operations stated, the files of titles at the institutions that act in the financial market legally authorized for such.

1.2 Besides the provisions of the foregoing number, the acquired titles, by the residents, in foreign capital markets may stay outside at the request of an deposit resident institution .

V Information of statistics type

13 – For the effect of statistics and without prejudice for the regime of authorization or the applicable process of verification shall be object of declaration at the BCV, the contracting or execution of the following operations :

13.1 – Credits or loans conceived to the suppliers or obtained from their suppliers by the residents, on condition that they evolve liquidation to be executed within a deadline exceeding one year after the supply of goods and services.

13.2 - Credits or loans conceived or obtained by the residents, regarding the current transactions within a deadline exceeding one year

13.6 Immovable investments in Cape Verde by the non-residents and respective liquidation ;

13.7 Liquidation of foreign direct Investments in Cape Verde .

14 – The transmittion between the non-residents is subject to the authorization referred to previously, regarding the assets constituted as result of the operations referred to in n°s 13.6 and 13.7, as well as the ceding by the residents of assets constituted as result from the operations referred to in 13.1 to 13.5, even though between two residents .

15. The declaration referred to in 13 shall be submitted by the residents interested in the operations, except in cases when of operations foreseen in 13.6 and 13.7, in which they are submitted by the interested parties non-residents or their residents agents.

16. The declaration shall be submitted prior to the execution of any exchange operation, or when there is no place for intermediate exchange operations by entities authorized to execute the foreign external trade, in a maximum deadline of 15 days after the contracting or execution of the transfers.

17. For the operations subject to previous authorization from the BCV, the declaration for statistical purpose shall be submitted simultaneously with the request for verification.

18. For the operations subject to previous authorization from the BCV, the declaration shall be executed within a maximum of fifteen days, after the contracting, except for cases in which a different deadline for previous authorization has been agreed upon.

19-The following are also object of declaration to the BCV for statistical purposes :

9.1 The imports or exports contracts of technology, within a maximum of fifteen days after its signature and prior to the execution of any exchange operations ;

19.2 the agreements between the residents and the non-residents, in view of the systematic utilization of the compensation, as a means of extinction of their obligations in a moment prior to the liquidation of any obligations resulting from them.

20. The import and export technology contract shall be understood as those acts or contracts signed between the residents and the non-residents in the national territory which objects are :

20.1 The patents license, inventions and other non-patentable secrets , applicable to the production activity and access and to the informatics application for industrial usage or entrepreneurial as well as services of related technical supports ;

20.2 – The license for the use of marks, models and drawings as well as services of related technical assistance ;

20.3 – The elaboration of technical projects and engineering activities ;

20.4 – Other modalities of technical assistance, directly related to the activity of the cessionary enterprise except for the services of training of personnel and of construction or maintenance of industrial units, equipment goods or infrastructures, provided that they involve payments from or for outside, exceeding 1.000.000 escudos.

21- The constitution of the file record of titles previewed in nº 11 shall be object of notification to the Bank of Cape Verde on the part of the entities authorized to execute the exchange trade and other institutions which act in the financial market, under the terms to be defined by the instructions .