

Rabat, March 13th, 2014**CIRCULAR NO. 5/2014****TO APPROVED INTERMEDIARIES****Re: Foreign exchange control facilitation measures granted to entities with the 'Casablanca Finance City' (CFC) status**

In application of the provisions of the prevailing foreign exchange regulations, entities with the 'CFC' status, provided for by the provisions of Law No. 44-10 relating to the 'Casablanca Finance City' status, decreed by *Dahir* No.1-10-196 of 7 *Muharram* 1432 (December 13th, 2010), shall benefit from foreign exchange facilitation measures with regard to managing foreign currency-denominated assets, opening and operating foreign currency or convertible dirham accounts, and transferring expenses relating to foreign technical assistance, 'management' fees and staff provision by the parent company.

The purpose of this Circular is to specify the provisions relating to the aforementioned facilitation measures granted to entities with the 'CFC' status and to grant new measures for the benefit of the said entities.

I/ MANAGING FOREIGN CURRENCY-DENOMINATED ASSETS

Entities with the "CFC" status are entirely at liberty to manage foreign currency-denominated assets falling under one of the following categories:

- Capital entrusted by non-resident investors to entities with the 'CFC' status for investment purposes;
- Capital collected by entities with the 'CFC' status for their own account, by issuing non-domestic securities or raising capital abroad;
- Cash on hand held in foreign currency or convertible dirham accounts opened with approved intermediaries on behalf of foreign individuals and legal entities or on behalf of Moroccans living abroad and made available by the said account-holders to entities with the 'CFC' status;
- Funds made available to entities with the 'CFC' status by Moroccan financial institutions authorised to carry out overseas investment transactions in application of the provisions of Articles 786 -792 of the "General Instructions for Foreign Exchange Operations" of December 31st, 2013;

- Cash on hand held in foreign currency or convertible dirham accounts opened on behalf of services exporting entities with the 'CFC' status
- All other foreign-currency denominated assets from overseas sources.

Entities with the 'CFC' status are entirely at liberty to open foreign currency or convertible dirham accounts with approved intermediaries to deposit these assets.

Within the context of this Circular, by 'entirely at liberty to manage their foreign currency-denominated assets', is meant that entities with the 'CFC' status are free to make any type of payment or investment in Morocco or overseas using the cash on hand held in these accounts.

Approved intermediaries which hold these foreign currency or convertible dirham accounts are obliged to file with the *Office des Changes* a report of these accounts' transactions as per the pro-forma model attached in Appendix I, within three months of the end of the financial period in question.

II/ FOREIGN CURRENCY OR CONVERTIBLE DIRHAM ACCOUNTS FOR SERVICES EXPORTING ENTITIES

Approved intermediaries are authorised to open foreign currency or convertible dirham accounts on behalf of services exporting entities with the 'CFC' status.

Accounts opened on behalf of services exporting entities with the 'CFC' status may be credited by up to 100% of the revenues earned in respect of services provided by the said entities to non-residents.

Approved intermediaries which hold these foreign currency or convertible dirham accounts are obliged to file with the *Office des Changes* a report of these accounts' transactions as per the pro-forma model attached in Appendix II, within three months of the end of the financial period in question.

III/ STAFF PROVISION BY THE PARENT COMPANY

Approved intermediaries may transfer, on behalf of entities with the 'CFC' status, expenses incurred in respect of staff provision by the parent company.

Within the context of this Circular, by 'expenses incurred in respect of staff provision by the parent company' is meant remuneration paid overseas by the parent company to foreign staff or Moroccans living abroad who are seconded to the Moroccan subsidiary. These expenses comprise salaries, social security costs, expatriation allowances and other related expenses such as housing, air tickets, travel etc. in the form of overseas payments to or on behalf of the said staff.

Prior to transferring the amounts due in respect of the aforementioned expenses, the approved intermediaries must obtain a copy of the expatriation or secondment contract between the expatriate or seconded employee and his initial employer. This contract must specify the employee's remuneration in Morocco and overseas.

The tax authority must be informed, for personal income tax purposes, of any remuneration received, both in Morocco and overseas, by the staff seconded to the Moroccan subsidiary.

IV/ TRANSFERS IN RESPECT OF SERVICES, TECHNICAL ASSISTANCE AND ‘MANAGEMENT FEES’

Approved intermediaries are authorised to transfer, on behalf of entities with the ‘CFC’ status, remuneration due in respect of services rendered by non-residents, overseas technical assistance and ‘management fees’, in accordance with the prevailing foreign exchange regulations.

To carry out transfers in respect of such operations, entities with the ‘CFC’ status are exempt from declaration and domiciliation formalities with approved intermediaries in respect of ongoing technical assistance contracts. They may therefore make payments in foreign currencies in respect of such operations through the counters of an approved intermediary of their choice by simply presenting any document highlighting the nature and extent of the service as well as the corresponding amount (agreement, contract, final invoice, pro-forma invoice or debit note).

Approved intermediaries are also authorised to transfer, on behalf of entities with the ‘CFC’ status, ‘management fees’ relating to:

- Subsidiaries’ contribution to the expenses incurred by their parent companies in respect of management fees, head office expenses, royalties and R&D expenses relating to the operations of entities with the ‘CFC’ status;
- Expenses related to services that are pooled between subsidiaries and their parent companies such as expenses relating to IT services, human resources management, training and accounting/finance services.

Transfers in respect of the aforementioned operations must be carried out by submitting to the approved intermediary any document highlighting the nature and extent of the service as well as the corresponding amount (agreement, contract, final invoice, pro-forma invoice or debit note). These documents must be kept by the entities in question as per the procedures for keeping documents provided for by the Commercial Code, and must be made available to the *Office des Changes* in the event of any subsequent control.

Entities with the “CFC” status must submit to the *Office des Changes* a report relating to transfers made in respect of services rendered by non-residents, overseas technical assistance, management fees and staff provision by the parent company as per the pro-forma model attached in Appendix III, within three months of the end of the financial period in question.

This Circular revokes the provisions of Article 280 of the “General Instructions for Foreign Exchange Operations” of December 31st 2013. It amends and completes the other provisions of the said Instructions.

Approved intermediaries are requested to ensure wide distribution of this Circular’s provisions.

THE DIRECTOR OF OFFICE DES CHANGES

JAOUAD HAMRI

Approved intermediary:

CFC status entity's name:

Agency's name:

Movements in foreign currency and/or convertible dirham accounts opened by entities with the "CFC" status

Circular of *Office des Changes* No 5/2014 of 13th March 2014

Year:

Type of account (1)	Foreign currency (2)	Bank branch	Opening Balance	Debit		Credit		Closing Balance
				Nature of utilizations (3)	Amount	Nature (4)	Amount	

- (I) Foreign currency or convertible dirham account
- (II) Specify the account's foreign currency (USD, Euro, ..)
- (III) Specify globally the categories of utilization of the account during the year: purchase of stocks, negotiable debt securities, UCITs (SICAV, FCP), stock options, forwards or futures. If other, please specify.
- (IV) Specify globally during the year the nature according to the categories referred to in section I of the present circular.

Approved intermediary's stamp and signature

Approved intermediary:
 Agency's name:
 CFC status entity's name:.....

**Foreign currency and/or convertible dirham accounts opened by
 entities with the "CFC" status carrying out an activity of exportation of services**

Circular of *Office des Changes* No 5/2014 of 13th March 2014

Year:

Type of Account (1)	Foreign currency	Opening Balance (at the start of the year)	Total Debit	Total Credit	Closing Balance (at the end of the year)

(1) Foreign currency or convertible dirham account

Approved intermediary's stamp and signature

Company's name:
 Trade register number and centre:.....
 Address:

**Transfers carried out by entities with the "CFC" status
 in respect of services rendered by non-residents**

Circular of *Office des Changes* No 5/2014 of 13th March 2014

Year:

Bank	Bank branch	Nature of service *	Total amount transferred in MAD

* Specify the nature of the service:

- Provision of staff by the parent company
- Foreign technical assistance
- Management fees

N.B. This report must be sent to the *Foreign Exchange Office* no later than three months after the close of each year.

Company's stamp and signature