

Amendment to Directive on Gold Trading (Directive No. 636/2021)



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National Bank of Ethiopia

October 22, 2008



የኢትዮጵያ ብሔራዊ ባንክ
NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

TELEGRAPHIC ADDRESS
N A T I O N A L B A N K
TELEX 21020
CODES - USED
Peterson 3rd & 4th ED

PLEASE ADDRESS ANY REPLY TO
P.O.BOX 5550
ADDIS ABABA

DIRECTIVE NO. 636/2021
AMENDMENT TO
DIRECTIVE ON GOLD TRADING

Whereas there is a need to create the necessary legal framework for the orderly export and domestic sale of gold legally mined and traded;

Whereas the sale of gold, both as a physical tradable commodity, and monetary should be conducted in such a way that the commodity is transacted to support the economic activity and the foreign exchange earnings of the country;

Whereas the creation of market for gold provides a multitude of employment opportunities, income for gold smith shops and societal needs to be supported;

Now, therefore, in accordance with Article 21 (5) (b) and 27 (2) of the national Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008 these Directives is hereby issued.

Article -1

Short Title

1.1 These Directives may be cited as a Directive on Gold Trading Directive No. 636/2021.

Article - 2

Definitions

Unless otherwise stated, the following words and terms shall have the meanings ascribed to them herein below;

- 2.1 **"Gold"** means unwrought gold bullion in the form of ingots, bars or any other form including processed once like ornaments, decoration and jewellery.
- 2.2 **"Unrefined gold"** means gold bullion, in the form of ingots and bars which is not used as monetary gold and is offered for domestic trade and for export.
- 2.3 **"Refined gold"** means monetary gold standard bullion with the purity level of which is 99.96% and above.
- 2.4 **"Gold purity standard"** refers to internationally accepted grades of gold purity expressed in karats.
- 2.5 **"Bank"** means the National Bank of Ethiopia or a bank designated by it.
- 2.6 **"Gold Trade"** means buying of gold from producers / traders and selling of gold locally to gold smith persons or exporting abroad.
- 2.7. **"Person"** means both a physical and juridical person.
- 2.8. **"Gold products"** Means jewellery or other products made wholly or partially of gold.

2.7

Article - 3

Gold Purchase or Sale by the Bank

- 3.1 The bank may buy gold in a bar form from any person and sell in a bar or in a slash form to any person that has relevant trade license from the appropriate authority.
- 3.2 The minimum weight of gold the Bank can sale to traders and purchase from traders is 250 (Two hundred fifty) grams.
- 3.3 The minimum quality of gold the bank can buy and sale is 14 karats.
- 3.4 The Bank shall buy and sell gold of different level or fineness expressed in karat at prices linked to prevailing world market prices.

Article-4

Eligibility for Gold Trading

- 4.1 Any person having valid trade, investment or mining license may engage in selling of gold to the bank provided he/she has *license* to trade gold from the appropriate authority.
- 4.2 Any person having valid *license* of gold smith may buy gold from the bank.

Article - 5

Export of gold

- 5.1 No person may export gold other than the Bank or person officially authorized by it.
- 5.2 Any licensed gold smith person engaged in jewelry or other articles which are permitted to be exported may export such products made wholly or partly of gold .
- 5.3 The above provisions of Article 5.1 shall not apply to Articles of personal utility made wholly or partly of gold which are worn by any person leaving Ethiopia.

5.4 A person engaged in the export of gold products or other similar Articles made wholly or partly *of* gold is obliged to repatriate the full export proceeds in accordance with the existing foreign exchange directives of the Bank.

5.5 Mode of payments for exports of gold products shall be carried out in accordance with the existing foreign exchange directives.

5.6 A gold trader who exports gold for exhibition or trade fare or for further processing is allowed to take gold out of Ethiopia provided he/she avails 100% of the current price of the gold as guarantee with full undertaking to return the items or to repatriate in foreign currency the value declared.

5.7 A gold trader who repatriated the gold exported in the above article No. 5.6 shall ascertain to the customs Authority that the gold he/she is bringing back has the same quality and quantity as was exported by presenting certificate from the appropriate authority.

Article - 6

Retention Account and credit Facility

6.1. Any person engaged in exporting gold products is eligible to the export credit guarantee facility and may open an export retention account as per the existing directives.

Article - 7

Reporting and Declaration of Gold to be traded

7.1 A person who wants to *sell* gold to the Bank shall declare the place of origin of the gold.

7.2 A Person engaged in gold *jewellery* production shall present quarterly reports of:

- a) Amount of gold used in production
- b) Stock at hand.

Article - 8
Inspection and penalty

- 8.1 The Bank shall have the right to conduct onsite inspection to ensure the genuineness of the reports presented when and as deemed necessary.
- 8.2 Any person who contravenes or obstructs the provisions of this directive shall without prejudice to the penalties under Article 26 of proclamation No. 591/2008 be punished with ban from gold trading with the bank

Article - 9
Repeal

- 9.1 National Bank of Ethiopia controls of transaction in gold Directive No. GT/001/2005 is hereby repealed and replaced by these Directives.

Article 10
Effective Date

These Directives shall take into force as of 22nd of October 2008.