



UNTAET

UNITED NATIONS TRANSITIONAL ADMINISTRATION IN EAST TIMOR
Nasoens Unidas Nia Administrasaun Tranzisional Iha Timor Lorosa'e

UNTAET/REG/2000/5
20 January 2000

REGULATION NO.2000/5

ON THE LICENSING OF CURRENCY EXCHANGE BUREAUX

The Special Representative of the Secretary-General (hereinafter: Transitional Administrator),

Pursuant to the authority given to him under United Nations Security Council resolution 1272 (1999) of 25 October 1999,

Taking into account United Nations Transitional Administration in East Timor (UNTAET) Regulation 1999/1 of 27 November 1999 on the Authority of the Transitional Administration in East Timor,

After consultation in the National Consultative Council,

For the purpose of regulating currency exchange transactions,

Promulgates the following:

Section 1 Definition of a Currency Exchange Bureau

1.1 For the purpose of the present regulation, a currency exchange bureau is an agency which has as its sole activity the conduct of currency exchange transactions, including the sale and purchase of currencies, traveler's cheques and similar instruments, and which has been issued with a currency exchange license by the Central Payments Office, as established by an UNTAET regulation.

1.2 A currency exchange bureau is not permitted to act as an authorized dealer in gold, engage in money lending, or maintain currency accounts on behalf of customers, establish letters of credit or deal in the forward market. A currency exchange bureau is restricted to spot transactions only.

1.3 Nothing in this Regulation shall diminish the powers, rights and obligations of a currency exchange bureau operated by commercial banks in East Timor which have been licensed or authorized by UNTAET to operate banking facilities.

Section 2 Currency Exchange License

2.1 A person or business entity conducting currency exchange transactions must hold a currency exchange license issued by the Central Payments Office.

2.2 The Central Payments Office may issue a currency exchange license to any person who, or business entity which

- (a) has lodged a written application, in the form prescribed by Section 3 of the present regulation, with the Central Payments Office;
- (b) has lodged a nonrefundable application fee with the Central Payments Office of US \$100, or such amount as may be prescribed by the Central Payments Office from time to time;
- (c) has satisfied the Central Payments Office that its owners and directors are fit and proper persons to conduct currency exchange facilities.

Section 3 Currency Exchange License Application Form

An application for a currency exchange license shall contain

- (a) where the applicant is a business entity, the names, residential addresses, nationalities, and specimen signatures of all the owners of the applicant;
- (b) the curriculum vitae of the principal officers and directors of the applicant;
- (c) where the applicant is a person, the name, residential address, nationality, curriculum vitae and specimen signature of the applicant;
- (d) where the applicant is a business entity, a copy of the applicant's certificate of registration as a business, pursuant to UNTAET Regulation No. 2000/4;
- (e) the name of the proposed currency exchange bureau, which shall include the words 'Currency Exchange Bureau' in either Tetum, Portuguese, English or Bahasa Indonesia;
- (f) a clear identification of the physical location or locations of the proposed currency exchange bureau;
- (g) the postal address of the proposed currency exchange bureau;
- (h) a declaration by the applicant that the applicant has never been declared bankrupt, and has never been convicted by any court of competent jurisdiction, in East Timor or elsewhere, of a criminal offence involving fraud, money laundering, tax evasion, or any other act of dishonesty;

- (i) an undertaking by the applicant to comply with instructions issued by the Central Payments Office pursuant to this Regulation or pursuant to any other UNTAET Regulation.

Section 4
Granting a License

The Central Payments Office shall, within six weeks of the date of lodgment of an application, either

- (a) grant a currency exchange license to the applicant on receipt from the applicant of a license fee of US \$300, or such amount as may be determined by the Central Payments Office from time to time; or
- (b) inform the applicant in writing that the application has been refused.

Section 5
Scope of the Operations of a Currency Exchange Bureau

5.1 A currency exchange bureau shall be free to deal in foreign currency transactions involving cash, traveler's checks, and similar instruments with the public.

5.2 A currency exchange bureau shall be permitted to set its own business hours without any restriction.

5.3 A currency exchange bureau shall not be permitted to have access to the financial support of UNTAET for their operations. They will, however, have access to the inward transfers to their accounts and foreign exchange purchases they have made from the market or which go through the Central Payments Office.

5.4 A currency exchange bureau shall be free to deal in any convertible currencies at freely negotiated rates.

Section 6
Minimum terms of a license

A currency exchange license shall contain the following terms and conditions for the operation of currency exchange bureaux. A currency exchange bureau

- (a) shall not engage in any business operation in the name of the currency exchange bureau other than currency exchange transactions;
- (b) shall conduct currency exchange transactions within three (3) months of the date of the issue of the license;
- (c) shall maintain a minimum balance of US \$2,000, or such amount as may be prescribed by Central Payments Office from time to time, in a reputable commercial bank in East Timor or abroad, and shall produce proof of the balance of that account to the Central Payments Office on demand;
- (d) shall maintain separate transaction registers for each branch or mobile unit;

- (e) shall provide a schedule indicating the time and place of any currency exchange transactions conducted by mobile units, and shall provide the Central Payments Office with 48 hours notice of the conduct of currency exchange transactions by mobile units at any special event;
- (f) shall, when the bureau replenishes its currency stock from a commercial bank abroad, report within seven (7) days to the Central Payments Office the source from which it replenishes its currency stock;
- (g) shall, for every sale or purchase of currency, issue an accurate receipt in such a form as may be prescribed by the Central Payments Office from time to time, and shall not issue such a receipt for a purpose other than to cover an actual purchase or sale of currency;
- (h) shall maintain the following registers to record currency exchange transactions:
 - (i) A currency and traveler's cheques purchases register;
 - (ii) A currency and traveler's cheques sales register;
 - (iii) A daily summary and balance register;
- (i) shall maintain such books of accounts as to enable the timely preparation of audited annual financial statements;
- (j) shall keep all registers up to date, cross-checked, and shall verify their balances daily;
- (k) shall submit monthly summaries of its currency and traveler's checks sales and purchases in a form prescribed by the Central Payments Office;
- (l) shall, during an inspection by the Central Payments Office, produce any registers, books, documents, statements or other information required by the Central Payments Office, and answer any question relating to any transactions asked by the Central Payments Office;
- (m) shall not purchase currency in excess of the equivalent of US \$5,000, without sighting a valid identity document, issued in East Timor or elsewhere, passport or travel document, and recording the details of the identity document;
- (n) shall not purchase currency in excess of the equivalent of US \$10,000 per customer per day without establishing that the currency emanated from a bona fide and clearly identifiable source;
- (o) shall prepare a report, in a form to be prescribed by the Central Payments Office, of any purchase by the bureau of currency or traveler's cheques in excess of the equivalent of \$US 10,000 per customer per day;
- (p) shall not sell currency or traveler's cheques in excess of the equivalent of US \$5,000 per customer per day without sighting a valid identity document, including an East Timor identity card, passport or travel document, and recording the details of the identity document;

- (q) shall not sell currency or traveler's cheques in excess of the equivalent of US \$5,000 per customer per day without receiving documentary evidence to establish the purpose of the purchase of such currency or traveler's cheques, and without stamping, signing and retaining the documentary evidence in the records of the bureau;
- (r) shall not sell foreign currency to a nonresident traveler in East Timor unless evidence can be provided by the nonresident traveler that the rupiah, or an East Timorese legal tender, once established by an UNTAET regulation, which the nonresident traveler intends to sell was obtained from a currency exchange bureau, or from an authorized currency dealer in East Timor, or from a legitimate external source;
- (s) shall not sell foreign currency to nonresidents unless the nonresident can prove that the rupiah, or an East Timorese legal tender, once established by an UNTAET regulation, was obtained in East Timor from the sale of foreign currency, or, earned from the sale of East Timor property, or, obtained from any other lawful activity;
- (t) shall have the referencing facilities to determine the appropriate rates of exchange;
- (u) shall display, in a prominent place, its currency exchange license, its currency buying and selling rates, and its commission charges.

Section 7
Annual License Fee

The Central Payments Office shall set an annual currency exchange license fee, payable on or before the anniversary of the date of the grant of a license.

Section 8
License not Transferable

A currency exchange license shall not be transferred, assigned or encumbered in any way.

Section 9
Inspections by the Central Payments Office

9.1 In accordance with the UNTAET regulation establishing the Central Payments Office, the Central Payment Office may inspect the registers, books of accounts and other documents of a currency exchange bureau at any time in order to ensure compliance with the laws of East Timor, with licensing terms and conditions, and with operating instructions and guidelines, and may call for an audit of the bureau, call for an investigation of the bureau, or impose a financial penalty on the bureau..

9.2 In accordance with the UNTAET regulation establishing the Central Payments Office, the Central Payments Office may also suspend the license of a currency exchange bureau for a period not exceeding 30 days pending the outcome of an investigation by the Central Payments Office of any suspected contravention of the laws of East Timor, with licensing terms and conditions, and with operating guidelines.

Section 10
Cancellation of License

10.1 The Central Payments Office may cancel the license of a currency exchange bureau in cases where

- (a) without the written consent of the Central Payments Office, the bureau fails to conduct currency exchange transactions within three(3) months of the date of the issue of the license;
- (b) the bureau is found to have ceased to conduct the operations authorized by license;
- (c) in the case of a business entity, the principal officer is declared bankrupt or the partnership or company goes into liquidation or is wound up or is otherwise dissolved as may be applicable;
- (d) the bureau fails to pay the required license fees by the stipulated date;
- (e) in the opinion of the Central Payments Office, the bureau conducts its operations in a manner contrary to the license terms and conditions, including the failure to comply with Regulations promulgated by UNTAET and any other laws of East Timor;
- (f) the principal officers or other beneficial owners of the bureau, or the bureau itself, has been convicted by any court of competent jurisdiction, in East Timor or elsewhere, of an offense related to the use or laundering, in any manner, of illegal proceeds, or is an affiliate or subsidiary of a company that has been so convicted, and such conviction is not overturned on appeal;
- (g) the bureau has supplied the Central Payments Office with false or misleading information as part of its application for a license, or during the course of operation.

10.2 Where the Central Payments Office decides to cancel the license of a currency exchange license of a currency exchange bureau, the Central Payments Office shall immediately inform the bureau of its decision in writing.

10.3 A person or business entity whose currency exchange license has been cancelled by the Central Payments Office may apply to the Central Payments Office for a review of the decision to cancel the license within 30 days of the date of cancellation. On receipt of an application for review, the Central Payments Office must conduct a review of the decision, and inform the applicant of its decision within 30 days of receipt of the application.

10.4 The decision of the Central Payments Office following an application for review is subject to judicial review by a competent judicial authority.

Section 11
Entry into force

The present regulation shall enter into force on 20 January 2000.

Sergio Vieira de Mello
Transitional Administrator