

**BANCO CENTRAL DE TIMOR-LESTE**  
**INSTRUCTION N° 02/2015**  
**ON DEPOSITS AND WITHDRAWALS OF BANKNOTES AND COINS BY BANKS**

Taking into consideration the need to ensure that the Banco Central de Timor-Leste receives and distributes, equitably and impartially, supplies of new and previously circulated currency to accommodate the needs of the general public as a means of exchange.

For the purpose of providing clear rules and guidelines regarding the efficient depositing and withdrawal of United States banknotes and Centavos coins by banks, and providing guidance concerning the procedures for banks seizing counterfeit currency and surrendering it to the Banco Central de Timor-Leste.

Pursuant to the provisions set forth in article 79 of Law n° 5/2011 of 15 June (Organic Law of the Central Bank) that grant Banco Central de Timor-Leste the power to administer the currency reserve inventory as well the power to confiscate without compensation any banknotes that have been altered in their external appearance, and, article 26 of the same law that establishes the provisions regarding counterfeit currency, the Governing Board of the Banco Central de Timor-Leste approves the following Instruction:

**Article 1**

**Definitions**

In this Instruction, unless otherwise stated, the terms below shall have the following mean:

- a) "Bank" means a financial institution providing banking services that is licensed and supervised by the BCTL under Law n° 5/2011 of June 15 and subject to the UNTAET Regulation 2000/8 on Bank Licensing and Supervision;
- b) "BCTL" means the Banco Central de Timor-Leste;
- c) "Business Day" means every day on which Banks are open for business in Timor-Leste;  
and
- d) "Depository Institutions" means Banks and financial institutions.

**Article 2**

**General Provisions**

1. This Instruction shall apply to Depository Institutions having settlement accounts at the BCTL.
2. BCTL distributes previously circulated reusable currency or coin of a quality that conforms to the currency or coin quality standards of the BCTL.
3. The BCTL usually pays out reusable currency and coin of any given denomination before new currency or coin are paid out.
4. To achieve an even calendar distribution of currency, the BCTL may pay out new currency while fit currency is on hand.
5. The BCTL accepts deposits of fit currency and coin when a Depository Institution accumulates a surplus that cannot be stored or cannot otherwise be disposed of reasonably.
6. The BCTL accepts the return of United States banknotes considered unfit for further circulation.

7. The BCTL may, under the provisions of this Instruction, accept mutilated currency but does not accept currency fragments.

### **Article 3**

#### **Access to BCTL's Services**

1. The BCTL distributes currency and coin by making withdrawals from the settlement accounts of Depository Institutions.
2. The BCTL accepts return of currency and coin by making payments to the settlement accounts of Depository Institutions.
3. All Depository Institutions have access to the BCTL services on an equal and impartial basis, subject only to availability of staff to handle requests.
4. Access to BCTL services for the depositing and withdrawal of currency shall be by prior appointment unless otherwise specifically agreed.

### **Article 4**

#### **Frequency**

1. The normal level of service for the account of each Depository Institution is one withdrawal or deposit each week.
2. Service more frequent than once per week may be requested by Depository Institutions whose offices have sufficient volume to justify the more frequent service.

### **Article 5**

#### **Cross Shipping**

1. In view of the BCTL's costs of handling currency and coin, cross shipping of deposits and withdrawals should be minimised or eliminated where practicable.
2. The term "cross shipping" refers to the deposit of excess currency or coin and the reorder of the same denomination within five Business Days during which the BCTL is open for business.
3. The BCTL reserves the right to fill currency or coin issues of a Depository Institution with like denominations received from that same institution.
4. The BCTL may charge fees for cross shipping of currency and coin.
5. The level of fees (if any) and terms and the basis of charging shall be determined by the BCTL, and notified in writing to Depository Institutions by the Deputy Governor with responsibility for Payments.

### **Article 6**

#### **Method of Delivery**

1. The BCTL does not provide transportation services for the delivery and withdrawal of currency and coin.
2. Depository Institutions shall withdraw and deliver banknotes and coin at the offices of the BCTL, unless otherwise agreed to in writing.

3. The BCTL reserves the right to schedule the arrival and departure of representatives of Depository Institutions.
4. Depository Institutions shall supply their own security carrier services.
5. Where not inconsistent with other provisions of this Instruction deposits at the BCTL shall be the liability of Depository Institutions up to the time the deposit form is stamped.
6. Withdrawals from the BCTL shall be the liability of the BCTL up to the time that the withdrawal form is stamped.
7. No deposits and withdrawals shall be made except in person to authorised representatives of the Depository Institution.

### **Article 7**

#### **Incoming Deposits to the BCTL**

1. The BCTL shall credit to the settlement account of a depositing Depository Institution on its books the amount of currency and coin received by the BCTL, subject to verification of the amount and other provisions of this Instruction.
2. The BCTL shall give an advice of credit at the time the representatives of the Depository Institution have made the deposit, and the settlement account shall be credited on the same day.
3. This credit transaction shall take place by way of a participant credit in the R-TiMOR system.
4. The BCTL reserves the right to adjust the amount of the deposit should any verification procedures subsequently show the value of the deposit to be different from the amount originally recorded. Such adjustment shall be by way of a participant credit or debit in the R-TiMOR system.

### **Article 8**

#### **Standard Units for Deposit of Currency**

1. The BCTL receives deposits of fit and unfit currency subject to the provisions of this Instruction.
2. Such deposits shall be prepared in standard units conducive to efficient handling and verification.
3. The term "a standard unit" ordinarily refers to a bundle containing 1,000 notes ("bundle") of the same denomination in ten packages ("straps") of 100 notes each, arranged face and top up.
4. A Depository Institution shall make deposits of banknotes in the following units:

Denomination	Minimum amount	
	(fit)	(unfit)
Ones	\$10,000	\$1,000
Fives	\$10,000	\$5,000
Tens	\$10,000	\$1,000
Twenties	\$20,000	\$2,000
Fifties	\$50,000	\$5,000

Hundreds	\$50,000	\$10,000
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5. A Depository Institution shall make deposits of Centavos coins segregated by denomination in bags containing the following units:

Denomination	Unit	Minimum amount
1 Centavo	1,000	\$10.00
5 Centavos	1,000	\$50.00
10 Centavos	800	\$80.00
25 Centavos	800	\$200.00
50 Centavos	800	\$400.00
100 Centavos	375	\$375.00

6. Depository Institutions shall make separate bundles, to the extent practicable, of fit and unfit currency, and label unfit currency as such.
7. Coins and currency shall be deposited in strong, undamaged, tear-resistant bags acceptable to the BCTL. Each bag shall be well-secured by heavy-duty stitching, and securely fastened with a seal.
8. The definition of "unfit currency" shall include all emissions of United States banknotes issued prior to 1996, except for one-dollar notes.
9. The Deputy Governor with responsibility for Payments shall from time to time update the definition of fit and unfit currency and shall notify Depository Institutions in writing of any changes.
10. The BCTL reserves the right not to accept deposits of banknotes and coins that do not comply with this instruction.
11. Unless expressly authorised by the BCTL no currency of a foreign country other than the United States of America shall be sent to the BCTL.

### **Article 9**

#### **Currency No Longer Issued**

1. United States currency no longer issued, such as gold certificates, Federal Reserve Bank notes, national bank notes, \$2 notes, and large-size notes shall not be received by the BCTL.
2. Such currency shall be submitted directly to the Federal Reserve or elsewhere for value.

### **Article 10**

#### **Mutilated Currency**

1. Mutilated currency includes notes that are torn (with clearly more than 60% of the original note remaining), patched or perforated.
2. Torn currency shall be mended on the back, not on the face, with transparent tape that preserves, as nearly as possible, the original design and size of the note.
3. Pins, clips, and other metallic substances shall be removed to avoid damage to note processing machinery.

4. Mutilated currency shall, on acceptance by BCTL, be credited at the full face value.

### **Article 11**

#### **Mutilated Coins**

1. Centavos coins shall be deemed to be mutilated:
  - a) that have been cut, stamped, beaten, or in any way damaged so that the form or surface is damaged or the weight reduced;
  - b) that are punched, clipped, fused together, bent or twisted out of shape, or so defaced as not to be readily and clearly identifiable as to genuineness or denomination;
  - c) that have been reduced in weight due to natural wear and tear.
2. Mutilated Centavos coins shall be submitted to the BCTL by Banks for exchange.
3. Mutilated Centavos coins shall be accepted by the BCTL at its absolute discretion based on a technical evaluation of the coins submitted.

### **Article 12**

#### **Currency Fragments**

1. Fragments of currency that do not clearly constitute more than 60% of the original whole note, as well as currency that is in such poor condition that its value is questionable or special care is required in its handling, shall not be received by the BCTL.
2. Such currency, in accordance with the law of the United States, shall be sent directly by the Depository Institution to the United States of America Bureau of Government Financial Operations of the Department of the Treasury.
3. Currency in poor condition includes dyed, burned or water damaged currency.

### **Article 13**

#### **Counterfeit Currency**

1. Notes or Centavo Coins that a Depository Institution knows or suspects are counterfeit shall be submitted directly to the BCTL Counterfeit Notes Unit.
2. Under no circumstances shall known or suspected counterfeit notes be included in a Depository Institution's fit or unfit currency deposits with the BCTL.
3. The BCTL shall issue a receipt for each note or Centavos coin determined or suspected to be counterfeit that is detected during the BCTL's verification process.
4. The BCTL shall not credit the depositor's account for any currency suspected to be counterfeit, but shall do so should the currency subsequently be found to be genuine.
5. Banknotes that are suspected of being counterfeit must be seized by Bank staff to whom they are presented.
6. Banks and their staff who seize counterfeit currency shall take the following steps to identify and report the source of the counterfeit currency:
  - a) the Bank must complete the form of report set out in Appendix I to this Instruction;

- b) the Bank shall take all reasonable steps to identify the customer who intended to deposit or change the currency suspected of being counterfeit;
- c) the Bank shall record on the border of the suspect note, in a manner that does not otherwise interfere with the printing on the note, the date of seizure, a reference number, and an initial/signature that shall enable the note to be positively identified at a later date if required by the appropriate agencies for evidential purposes; and
- d) the Bank shall hand over the currency suspected of being counterfeit together with the standard form of report to the BCTL within two Business Days of its seizure.

## **Article 14**

### **Withdrawals from BCTL**

1. The BCTL fills orders for currency and coins with fit or new currency or coins.
2. The BCTL charges the amount of currency and coin withdrawal to the settlement account of the Depository Institution on the same day the withdrawal is delivered to the representatives of the Depository Institution.
3. Request for the withdrawal currency and coin shall be made at least one Business Day prior to the requested date of withdrawal.
4. The BCTL retains the right to not accept any request for a withdrawal of banknotes or coin subject to availability of supply.
5. When filling an order, inventory levels on hand may require the BCTL to substitute fit for new currency, or vice versa.
6. The BCTL accepts no responsibility for currency or coin order forms that are not properly completed, or are not signed in accordance with account operating mandates.
7. Requests for the withdrawal of banknotes and coin shall be made by submitting a payment order in favour of the BCTL to the R-TIMOR system, observing the following requirements:
  - a) the currency request shall be made by way of a financial institution transfer;
  - b) the value date of the transfer shall be the date on which the currency order is required to be fulfilled;
  - c) the transaction type code shall be "9202 - 202 cash ttc";
  - d) the amount of the payment shall equal the value of currency to be withdrawn;
  - e) details of the order with the code for each denomination shall be entered into the "sender to receiver" narration field with the denomination and amount required separated by forward slashes, for example /\$100/4,000,000 for \$100 notes in the amount of four million dollars. The codes for the different denominations are:

/\$100/ for \$100 notes

/\$50/ for \$50 notes

/\$20/ for \$20 notes

/\$10/ for \$10 notes

/\$5/ for \$5 notes

/\$1/ for \$1 notes

/100C/ for 100 Centavos coins

/50C/ for 50 Centavos coins

/25C/ for 25 Centavos coins

/10C/ for 10 Centavos coins

/5C/ for 5 Centavos coins

/1C/ for 1 Centavos coins

/Total/ for the total amount of the order

By way of example, for an order of \$500,000 in \$50 notes, \$800,000 in \$20 notes, \$12,000 in 100-Centavos coins, \$5,000 in 25 Centavos coins and 2,500 in 10-Centavos coins, the narration field would be populated as follows:

/\$50/500,000/\$20/800,000

/100C/12,000/25C/5,000/10C/2,500

/Total/\$1,319,500

8. The BCTL shall charge currency withdrawal fees, if applicable, by participant debit in the R-TiMOR system.
9. The BCTL may at any moment, alter the codes for the different denominations established in paragraph e) of number 7 of this article provided that it notifies the Depository Institutions of those alterations.

## **Article 15**

### **Currency Withdrawals**

1. Orders for fit currency will be made in the same standard units as defined in article 8.
2. The BCTL may make exceptions to normal requirements to satisfy special demands.
3. The BCTL shall make charges for withdrawals of currency at a prescribed rate to be determined from time to time and advised to Depository Institutions in writing by the Deputy Governor with responsibility for Payments, based on the following principles:
  - a) Depository Institutions shall be charged for all withdrawals of currency at the prescribed rate;
  - b) the rate shall be calculated to reflect the cost of importing and repatriating currency;
  - c) where a previous deposit has been made within 30 calendar days by the same Depository Institution in the same denomination as that forming all or part of a currency order, the fee may be reduced by the equivalent amount attributable to the earlier deposit;
  - d) unfit currency deposits and currency determined by the BCTL to be unfit at the time of deposit shall not be included as a qualifying deposit for the subsequent reduction of fee;
  - e) the Deputy Governor with responsibility for Payments shall have the discretion to waive all or part of the fee in special or particular circumstances.

## **Article 16**

### **Coin Withdrawals**

1. Orders for coins will be made in the same standard units as defined in article 8.
2. The BCTL may make exceptions to normal requirements to satisfy special demands.

#### **Article 17**

##### **Inspection of Currency and Coin Withdrawals**

Representatives of Depository Institutions should carefully examine each shipment of currency or coin before signing any receipt.

#### **Article 18**

##### **Risks not assumed by the BCTL**

The BCTL assumes no risk of loss in any of the following circumstances, and any loss arising under such circumstances is assumed by the Depository Institution shipping, ordering or causing such shipments:

- a) any loss arising from hostile or warlike action by any military, whether or not war had formally been declared, and including defending against an actual or expected attack;
- b) any loss arising from any dishonest, fraudulent, or criminal act of any employee of any Depository Institution (not including the BCTL) shipping, causing, ordering or receiving the shipment;
- c) any loss to the extent recoverable from any insurance, surety, or indemnity company pursuant to purchased insurance or indemnity (including bankers blanket bond) whether primary or excess, carried or maintained by any person other than the BCTL;
- d) any loss incident to a shipment by armoured carrier of the shipment is not made in conformity with this Instruction or other explicit written instructions from the BCTL.

#### **Article 19**

##### **Prescribed Forms**

1. All transactions of currency and coin with the BCTL by Depository Institutions shall be evidenced by properly completed forms and/or instructions submitted through the R-TiMOR system.
2. No currency transaction shall take place between BCTL and a Depository Institution except on the basis of this Instruction.
3. Deposits of currency and coin to the BCTL shall be made using the form in Appendix II to this Instruction.
4. Withdrawals of currency and coin from the BCTL shall be made using R-TiMOR.

#### **Article 20**

##### **Revocation**

Instruction Number 02/2004 on Deposits and Withdrawals of Currency and Coin is hereby revoked.

## Article 21

### Entry Into Force and Publication

1. In accordance with Article 66 n° 1 of the Organic Law of the Banco Central de Timor-Leste, this Instruction shall be published in the Jornal da República.
2. This Instruction shall enter into force on 9 April 2015.

Approved on 9 April 2015

The Governor

Abraão de Vasconcelos

## COUNTERFEIT NOTE REPORT

TO: Banco Central of Timor-Leste  
Division of Currency Operations - Counterfeit Unit

From: \_\_\_\_\_ Date: \_\_\_\_\_

We attach counterfeit note(s) for your attention as follows:

### Description of Note

Denomination (e.g.\$ ):	_____
Serial Number(s):	_____
Emission:	_____

### Depositor Information

Name:	_____
Address:	_____
City:	_____
Country:	_____
Phone:	_____
Signature:	_____
Attach copy of depositor identification (ID card, passport, etc) if Available	

### Depositor comments

Source of note (if Know)	_____
Date obtained	_____
Other information:	_____

### For BCTL Use

Tracking Number:	_____
Date Logged:	_____
Indicative Number:	_____
Report to PNTL:	_____