



**GOVERNOR**

Dili, 19 August 2015

Chief Executive Officers  
All banks operating in Timor-Leste

**Circular Letter 22/2015: Consultation on draft Instructions related to Customer Identification**

I am writing to inform you that Banco Central de Timor-Leste has prepared two draft instructions; Customer Due Diligence, Record-Keeping and the Transaction Report and the Instruction on the Opening, Handling and Closing of Deposit Accounts and the Duties of Information. These two instructions will supersede Public Instruction No. 2/2004 on the Prevention of Money Laundering and Instruction No. BPA/B-2003/3 on the Opening & Maintenance of Deposit Account.

The hard copies as well as the electronic version of the draft Instructions have been delivered to your bank.

Please provide your comments and feedbacks to the BCTL late by September 15, 2015 for the attention of Ms. Nur Alkatiri, Deputy Governor, at [nur.alkatiri@bancocentra.tl](mailto:nur.alkatiri@bancocentra.tl).

Sincerely yours,

Abraão de Vasconcelos

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**INSTRUCTION OF BCTL N. xx/2015**  
**ON CUSTOMER IDENTIFICATION, RECORD-KEEPING**  
**AND TRANSACTION REPORT**

The Banco Central de Timor-Leste has the duty to assure compliance, by the financial institutions, with the provisions of Law n° 17/2011 of 28 December, on the Legal Regime for the Prevention and Combatting Money Laundering and the Financing of Terrorism, as amended.

Taking into consideration that a Bank or the banking system may be exposed to reputational, operational, legal and other risks related with money laundering activities and that the involvement of banking institutions in money laundering or the financing of terrorism is likely to seriously undermine their reputation and undermine the public's confidence in them and in the banking system.

Furthermore, considering that the effective knowledge and understanding by Banks of their customers and the business that they conduct with or through the banking institution is essential in preventing the banking system from being used for money laundering or the financing of terrorism, hence reducing the risk of the banking system becoming a vehicle for/or a victim of financial crime and suffering consequential damage, and protecting the reputation and integrity of the banking system.

In view of the best international practices and in the interest of protecting the Timorese banking system, the depositors and the institutions, enhancing a sound and safe financial and banking sector.

The Governing Board of the Banco Central de Timor-Leste, in accordance with Article 27 paragraph 2 subparagraph c) of Law n° 17/2011 of 28 December and Article 31 paragraph 1 of Law n° 5/2011 of 15 June, hereby resolves to approve the following Instruction:

**CHAPTER I**  
**GENERAL REQUIREMENTS**

**SECTION I**  
**GENERAL PROVISIONS**

**Article 1**  
**Definitions**

In this Instruction the terms below shall have the following meaning:

- a). "Administrator" means any person who is an officer of a Bank, or other juridical person, including any member of the Governing Board or the Audit Committee and further including any person who alone or together with one or more others has the authority to enter into commitments for the account of such juridical person;
- b). "AML/CFT Law" means Law n°. 17/2011 of 28 December on the Legal Regime for the Prevention and Combatting Money Laundering and the Financing of Terrorism, as amended;

- c). "Bank" means entities established under UNTAET Regulation n°. 2000/8 on Bank Licensing and Supervision including Other Deposit Taking Institution established pursuant to Public Instruction 06/2010 of 29 December, and their agents;
- d). "Beneficial owner" means the natural person[s] who ultimately owns or control a customer and/or the natural person on whose behalf a transaction is being conducted including those persons who exercise ultimate effective control over a legal person or arrangement;
- e). "Compliance Officer" means an officer who is responsible for ensuring that the Bank complies with its obligations in accordance with the present Instruction and the applicable laws;
- f). "Correspondent banking" means the provision of banking services by one bank to another bank (the respondent bank);
- g). "FATF" means the Financial Action Task Force, the inter-governmental body established in 1989, to which the Asia/Pacific Group on Money Laundering of which Timor-Leste is a member, is an associate member;
- h). "Financial Information Unit" or "FIU" means the institution established under Article 4 of Law n°. 17/2011 as amended;
- i). "Legal arrangements" means express a trusts or other similar legal arrangements such as fiduciary, nominee, etc;
- j). "Numbered accounts" means accounts in which the name of the beneficial owner is known to the Bank but is substituted by an account number or code name in some documentation;.
- k). "Occasional transaction" means a single transaction, or a series of transactions that are, or appear to be linked to each other, where,
  - i. the Bank does not have a business relationship with the customer, and
  - ii. the total amount of money paid or received by the customer in a single transaction or series of transactions is greater than US\$ 10,000.
- l). "Payable through accounts" means correspondent accounts that are used directly by third parties to transact business on their own behalf;
- m). "Politically Exposed Person" or "PEP" means; the natural persons who are or have been entrusted until one year ago with prominent political or public functions, as well as their close family members and persons known to have close corporate or commercial relationships with them. For the purposes of this Instruction:
  - i. " Prominent political or public functions "
    - (1). Heads of State, heads of Government and Government members;
    - (2). Members of Parliament;
    - (3). Members of superior courts and other high-level judicial bodies, whose decisions are final and binding, unless in exceptional circumstances;
    - (4). Members of board of directors and boards of auditors of central banks;
    - (5). Heads of diplomatic missions and consulates;
    - (6). High-ranking Military and Police officers;
    - (7). Members of board of directors and boards of auditors of public companies and corporations wholly owned or controlled by the State,

public institutes, public foundations, public establishments under whatever legal form;

- (8). Members of executive boards of international organizations;
- ii. "close family members":
  - (1). The spouse or the unmarried partner;
  - (2). The parents and offspring, their spouses or unmarried partners;
  - (3). The sibling;
- n). "Qualifying Wire Transfers" are all wire transfers except for those that flow from a transaction carried out by a credit or debit or prepaid card for the purchase of goods or services (not including person to person transfers) so long as the card number accompanies all transfers flowing from the transaction; and bank-to-bank transfers and settlements where the both parties are acting on their own behalf;
- o). "Senior management" means the most senior persons of a Bank who is responsible for the management and administration of the Bank;
- p). "Shell bank" means a bank that has no physical presence in a country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision;
- q). "Unusual transaction" means a transaction that appears to lack economic or commercial sense, or that involves large sums of money, particularly large cash deposits not consistent with the expected activity in an account.

## **Article 2**

### **Scope**

1. This Instruction shall apply to all Banks including branches of foreign entities licensed to operate in Timor-Leste.
2. This Instruction shall also be applicable to the foreign majority owned subsidiaries and branches of a Bank to the extent that local applicable laws and regulation so permit.
3. Notwithstanding the provision of the previous paragraph, in the event that the local laws and regulations prohibit compliance with these obligations, the Bank shall so advise the Central Bank.

## **SECTION II PROHIBITION AND RESTRICTION**

### **Article 3**

#### **Prohibition and restriction**

Banks are prohibited from:

- a). Keeping anonymous accounts or accounts in obviously fictitious names.
- b). Dealing with unknown customers and those who refuse to provide the details required to enable compliance with this Instruction.
- c). Allowing numbered accounts.
- d). Entering into or continuing correspondent banking relationships with shell banks.

## **SECTION III INTERNAL PROGRAMMES**

### **Article 4 Internal policies and procedures**

1. Every Bank shall develop internal policies and procedures to ensure compliance with this Instruction.
2. The policies and procedures referred to in the previous paragraph shall include, but not limited to, the following:
  - a). Customer identification and verification;
  - b). Customer acceptance;
  - c). On-going monitoring and control of high-risk accounts;
  - d). Reporting of suspicious transactions;
  - e). Record-keeping.
3. Banks shall incorporate into their internal policies and procedures reasonable measures to identify and assess the risk of customers especially in identifying the type of customers associated with a high risk of money laundering or financing of terrorism.
4. In determining the risk profile of a particular customer or type of customer, the Bank shall at a minimum take into consideration the following factors:
  - a). the origin of the customer and location of business;
  - b). background or profile of the customer;
  - c). nature of the customer's business; and
  - d). structure of ownership for a corporate customer.
5. Banks are required to establish adequate screening procedures into their recruitment policy to ensure high standards when hiring employees.

### **Article 5 Compliance measures**

1. Every Bank shall appoint a Compliance Officer at Senior Management level who is able to carry out his/her responsibilities effectively and become the point of contact for the Central Bank and the Financial Information Unit with regards to AML/CFT matters.
2. Compliance Officers shall have full access to all customers' information and data in order to ensure compliance with the provisions established in this Instruction and the applicable laws.
3. Banks shall inform the Central Bank, in writing, on the appointment or change in the appointment of the Compliance Officer including the contact details.
4. Banks shall ensure that the roles and responsibilities of the Compliance Officer are clearly defined and documented to ensure the following:
  - a). the Bank's compliance with the requirements of this Instruction and other applicable laws;
  - b). implementation of the anti-money laundering and combating financing of terrorism policies and programme;

- c). proper channels of communication are in place to effectively communicate to all levels of employees the AML/CFT policies and procedures
- d). all employees are aware of the Bank's AML/CFT measures, including policies, control mechanisms and the channels of reporting;
- e). the identification of money laundering and financing of terrorism risks associated with new products or services or arising from the Bank's operational changes, including the introduction of new technology and processes.
- f). the AML/CFT mechanism is regularly assessed to ensure that it is effective and sufficient to address any change in money laundering and financing of terrorism trends.

## **Article 6**

### **Independent audit**

1. Every Bank shall prepare an annual report with regards to the implementation of this Instruction which shall include, but not be limited to, the following:
  - a). A description of the bank's systems, control objectives, controls and procedures to implement the AML/CFT regime in compliance with the AML/CFT law and Instructions, particularly addressing the objectives and requirements in Article 4;
  - b). The name, role and responsibilities of the Compliance Officer;
  - c). The role and responsibilities of Internal Audit in reviewing the systems and procedures, including HR, with a summary of the audit programs relating to AML/CFT planned and achieved during the year;
  - d). A description of the AML/CFT training programs provided for staff during the year.
2. The report referred to in the previous paragraph shall include an assertion signed by the Chairman of the Board of Directors, or by the chief executive officer in case of a branch of a foreign bank, that:
  - a). The description of the systems and procedures in the report presents the bank's systems and procedures as designed and implemented throughout the year;
  - b). The controls related to the control objectives stated in the description of the bank's systems and procedures were suitably designed throughout the period;
  - c). The controls related to the control objectives identified in the report operated effectively throughout the year.
  - d). The other information in the report fairly describes the subject matter and operated effectively throughout the year.
3. Each Bank shall appoint an independent auditor whose responsibility shall be to form an opinion whether the description of the system and other information in the report fairly represents the system as designed and implemented; that the controls are suitably designed to meet the objectives of the AML/CFT regime; and that the controls operated effectively during the year.
4. The independent auditor shall issue an opinion that:
  - a). Conveys reasonable assurance about the matters in the management assertion;

- b). Includes a description of the tests of controls and the results thereof.
  - c). Draws attention to material shortcomings or weaknesses
  - d). Draws attention to any limitations in the scope of the audit
5. The report together with the assertion and auditor's opinion shall be submitted to the Central Bank within **four** months after the end of each financial year.

#### **Article 7**

##### **Training programme**

1. Banks shall provide regular training programmes on AML/CFT practices and measures for its staff, in particular, those staff that are directly dealing with customers and officers in-charge of processing and accepting new customers as well as staff responsible for monitoring transactions.
2. Banks shall make their staff aware that they may be held personally liable for any failure to observe the AML/CFT requirements.
3. Banks are required to make an allocation in their annual operating expenses budget to support an ongoing staff training programme.

## **CHAPTER II**

### **CUSTOMER DUE DILIGENCE**

#### **Article 8**

##### **General requirements**

1. Banks, in conducting a customer due diligence process, shall at all times obtain a copy of the documents and data to evidence the customer due diligence process has taken place.
2. Banks shall take reasonable and appropriate measures to ensure that the records of existing customers, including customer profiles, remain up to date and relevant throughout the business relationship.
3. Banks shall draw the attention of the customer to the need to update the information in his/her other accounts, if any.
4. The Central Bank may, from time to time, determine the circumstances under which the obligations regarding the identification and verification of the identity of customers or the beneficial owners may be reduced or simplified.

#### **Article 9**

##### **Customer identification**

1. Banks shall identify their customers and beneficial owners and verify their identities by means of independent source documents, data or information when:
  - a). establishing business relationship with any customer;
  - b). carrying out cash or occasional transactions in an amount equal to or above US\$10,000, whether conducted as a single transaction or several transactions that appear to be linked;
  - c). doubts exist about the veracity or adequacy of previously obtained customer identification data;

- d). there is a suspicion of money laundering or financing of terrorism.
2. The due diligence process required in the previous paragraph shall include the identification and verification of an effective beneficial owner, those with a controlling interest, and the natural persons who manage the legal person.
3. Banks shall identify and verify the identity of their clients, by the following means:
  - a). Identification of individuals and verification of their identity shall include the full name and national identification number;
  - b). Identification of legal persons shall include verifying information concerning the corporate name, head office address, identities of directors, proof of incorporation or similar evidence of their legal status, legal form of organization of the legal person, and the form and powers of those who manage the legal person;
  - c). Identification of relevant legal arrangements;;
4. Banks shall collect information regarding the purpose and intended nature of the business relationship.
5. If there is doubt as to whether a customer specified in paragraph 1 above acts for his/her own account, Banks shall verify the identity of the person or persons on whose behalf the customer is acting and verify that he/she is authorized to do so.
6. Notwithstanding the requirements established in the previous paragraphs, banks may verify the identity of a customer and any beneficial owner of the customer after establishing a business relationship with the customer if;
  - a). this is necessary not to interrupt the normal conduct of business with regard to the customer; and
  - b). any risk of money laundering or terrorist financing that may be caused by carrying out the verification after establishing the business relationship is effectively managed.
7. Banks that carry out verification after establishing a business relationship with a customer under the previous paragraph shall complete the verification as soon as reasonably practicable after establishing the business relationship but shall not exceed **3** business days.
8. If a bank is unable to comply with the requirements established in paragraphs 1 to 6 above, it:
  - a). shall not open the account, commence a business relationship or carry out any occasional transaction with that customer; or
  - b). if it has already established a business relationship with that customer, shall terminate the business relationship and consider making a suspicious transaction report.

## **Article 10**

### **New technologies and non-face-to-face business relationship**

1. Banks are required to have policies in place and take appropriate measures to manage and mitigate risks to prevent the misuse of technological developments in money laundering or terrorist financing schemes when:
  - a). developing new products and new business practices, including new delivery mechanisms; and



- b). developing the use of new or developing technologies for both new and pre-existing products.
2. Banks that offer non-face-to-face business services shall pay special attention to the following when establishing and conducting business relationship:
  - a). establishing appropriate measures for customer verification that shall be as effective as that for face-to-face customers;
  - b). implementing a monitoring system and reporting mechanism to identify potential money laundering and financing of terrorism activities;
3. The measures that the Bank may use to verify non-face-to-face customers shall include, but not limited to:
  - a). requisition of additional documents to complement those which are required for face-to-face customers;
  - b). developing independent contact with the customer; or
  - c). verification of customer information publicly available.

### **Article 11** **Enhanced due diligence**

1. Banks shall conduct enhanced customer due diligence on customers who pose higher risk to the Bank including, but not limited to, the following:
  - a). High net worth individuals;
  - b). Politically exposed persons;
  - c). Complex legal arrangements;
  - d). Non-resident customers;
  - e). Intensive cash based businesses;
  - f). Individuals and entities from locations known for their high rates of crime such as drug producing, trafficking, smuggling, etc;
  - g). Businesses/activities identified by the FATF as of higher money laundering and financing of terrorism risk; and
  - h). Countries or jurisdictions with inadequate AML/CFT laws and regulations as highlighted by the FATF;
2. Notwithstanding the requirements established in the previous paragraph, Banks may classify a customer or transaction as high risk, when:
  - a). following the initial acceptance of the customer the Bank determines the pattern of account activity does not conform to the bank's understanding of the customer;
  - b). the customer refuses, without good reason, to provide the information requested and to cooperate with a Bank's customer due diligence process;
  - c). the Bank has cause to believe that the customer has been refused banking services by another Bank for reasons related to the implementation of money laundering and terrorist financing requirements.
3. The due diligence process established in the previous paragraphs shall include, but not be limited to, the following:
  - a). Obtaining more detailed information from the customer and the beneficial owner and through publicly available information take all reasonable and appropriate

measures to establish the source of wealth or funds and the purpose of the transaction; and

- b). Obtaining approval from the Senior Management of the Bank before establishing or continuing the business relationship with the customer.
4. Banks shall conduct enhanced on-going due diligence on customers referred to in paragraph 1 above throughout their business relationships with such customers.
5. The Central Bank may from time to time review the type of customers referred to in the paragraph 1 above.

## **Article 12**

### **Ongoing customer due diligence**

1. Banks shall exercise ongoing due diligence with respect to the business relationship with customers and closely examine the transactions carried out in order to ensure that they are consistent with their knowledge of the customer, his/her commercial activities and risk profile and, where required, the source of his/her funds.
2. Banks shall operate a system to detect unusual transactions in all their customers' accounts.
3. Banks shall conduct regular reviews on existing records of customers, especially when:
  - a). a significant transaction is about to take place;
  - b). there is a material change in the way the account is operated;
  - c). the customer's documentation standards change substantially; or
  - d). it discovers that the information held on the customer is insufficient.
4. In circumstances other than those mentioned in the previous paragraph, a Bank, based on its risk assessment, may require additional information consistent with the Bank's current customer due diligence standards from those existing customers that are considered to be of higher risk.

## **CHAPTER III**

### **CORRESPONDENT RELATIONSHIPS**

#### **Article 13**

##### **General requirements**

1. Banks are prohibited from establishing or maintaining business relationships with banks or financial entities that are domiciled or are subsidiaries of entities based in a country or territory that is not subject to effective consolidated supervision.
2. Banks are prohibited from establishing or maintaining commercial relationships with correspondent financial institutions in a foreign country if they permit their accounts to be used by shell banks.
3. Banks are required to obtain approval of Senior Management before establishing a new correspondent banking relationship.

#### **Article 14**

##### **Correspondent banking**

Banks shall take the following measures before establishing a cross-border correspondent banking relationship:

- a). assess the suitability of the respondent bank by taking the following steps:
  - i. gather adequate information about the respondent bank to understand fully the nature of the respondent bank's business, including the following, where applicable:
    - (1). Know your customer policy;
    - (2). Information about the respondent bank's management and ownership;
    - (3). Major business activities;
    - (4). Its geographical presence or jurisdiction country of correspondence.
  - ii. based on publicly available information, evaluate the respondent institution's reputation and the nature of supervision to which it is subject;
  - iii. assess the respondent bank's AML/CFT systems and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bank operates; and
  - iv. in the case of a payable-through account, the Bank shall ensure that the respondent institution:
    - (1). has verified the customer's identity,
    - (2). has implemented mechanisms for ongoing monitoring with respect to its clients, and
    - (3). is capable of providing relevant identifying information on request;
- b). clearly understand and document the respective AML/CFT responsibilities of each bank.

## **CHAPTER IV WIRE TRANSFERS**

### **Article 15 Obligations of Banks**

1. Banks shall not execute, intermediate, or receive a wire transfer unless the wire transfer complies with the provisions of this Instruction.
2. Ordering Banks shall include required and accurate originator information, and required beneficiary information, on all wire transfers and related messages.
3. Intermediary Banks in the payment chain for processing wire transfers shall ensure that:
  - a). all originator and beneficiary information remains with the wire transfer or related message throughout its processing;
  - b). effective risk-based policies and procedures are in place for determining (i) when to execute, reject, or suspend a wire transfer lacking required originator information or required beneficiary information; and (ii) the appropriate follow-up action.
4. Beneficiary Banks shall:
  - a). take reasonable measures to identify cross-border wire transfers that lack required originator or required beneficiary information;

- b). verify the identity of the beneficiary, if the identity has not been previously identified;
  - c). maintain records concerning the identity of the beneficiary;
  - d). have effective risk-based policies and procedures for determining (i) when to execute, reject, or suspend a wire transfer lacking required originator information or required beneficiary information; and (ii) the appropriate follow-up action.
5. In the processing of wire transfers, Banks are required to take freezing action and shall prohibit conducting transactions with designated persons and entities, as per the obligations set out in Article 36 of the AML/CFT Law, relating to the prevention and suppression of terrorism and terrorist financing.

### **Article 16 Requirements for Wire Transfers**

1. All Qualifying Wire Transfers shall always contain the following:
  - a). the name of the originator;
  - b). the originator account number, where such an account is used to process the transaction;
  - c). the originator's address, or national identity number, or customer identification number, or date and place of birth;
  - d). the name of the beneficiary; and
  - e). the beneficiary account number where such an account is used to process the transaction.
2. Cross border wire transfers below [\$1,000] may omit the originator's address, or national identity number, or customer identification number, or date and place of birth, unless there is a suspicion of money laundering or terrorist financing.
3. In the absence of an account, a unique transaction reference number shall be included which permits traceability of the transaction.
4. The requirement established in paragraph 1 above in respect of originator information may be waived where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, provided that the originator's account number or unique transaction reference number is included as described in paragraph 3 above, and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country.

## **CHAPTER V RECORD KEEPING**

### **Article 17 Record-keeping**

1. Banks shall maintain records, in an appropriate record keeping system, that are readily available to the Central Bank and other competent authorities determined by law, containing the following information:
  - a). copies of documents evidencing the identities of customers, beneficial owners or agents, account files, business correspondence and documents relating to

- transactions for at least ten [10] years after the transaction has been completed or the business relationship with the customer has ended;
- b). copies of all reports sent to the FIU for the period at least five years after transmission to the FIU;
  - c). copies of all reports and data provided to foreign FIUs and/or entities; and
  - d). copies of the feedback provided by the FIU regarding the reports on suspicious transactions submitted for five years after the receipt of such feedback.
2. Notwithstanding the requirements established in the previous paragraph, records that are subject to on-going investigations or prosecution in court shall be retained beyond the stipulated retention period until such records are no longer needed.
  3. Banks shall ensure that the retained documents and records are able to create an audit trail of individual transactions that are traceable by Central Bank, the FIU and law enforcement agencies as determined by law.

## **CHAPTER VI REPORTING OF TRANSACTIONS**

### **Article 18 Suspicious transaction reporting**

1. Banks shall immediately submit a suspicious transaction report to the Financial Information Unit, using the form in Annex 1 of this Instruction signed by the Compliance Officer, when [any of its employees] suspect or have reason to suspect that a transaction may involve proceeds from an unlawful activity or the customer is involved in money laundering or the financing of terrorism.
2. Banks shall also consider making a suspicious transaction report to the FIU when unable to complete a transaction or attempted transactions, or customer due diligence, regardless of whether the relationship has commenced or not.
3. Banks shall give full cooperation to the FIU in providing such additional information and documentation as it may request and to respond promptly to any further enquiries with regards to any suspicious transaction report.
4. Banks shall establish a reporting system for the submission of suspicious transaction reports to the Financial Information Unit including a mechanism for submitting reports from its branches.
5. Bank shall ensure that the suspicious transaction reporting mechanism is operated in a secured environment to maintain confidentiality and preservation of secrecy.
6. Banks shall undertake reasonable measures to ensure that all their employees involved in conducting or facilitating customer transactions are aware of the reporting procedures required in this Article.
7. In submitting a suspicious transaction report, utmost care must be undertaken to ensure that such reports are treated with the highest level of confidentiality and no person shall disclose the fact that a suspicious transaction report or related information has been or is being filed to the FIU and/or the Central Bank.

### **Article 19 Cash transaction report**

1. Banks shall report to the FIU, in a format to be determined by the Central Bank, any cash transaction in an amount equal to or above [US\$ 10,000], whether conducted as a single transaction or several transactions that appear to be linked.
2. Cash transactions shall include but not limited to checks, traveler's cheques, money/postal orders, bank drafts or other monetary instruments in any currencies.
3. Banks shall ensure that they have systems in place in order to comply with the requirements established in this Article.
4. Notwithstanding the requirements established in the previous paragraphs, Banks are not required to report the following transactions:
  - a). Transactions on behalf of Banks;
  - b). Transactions with the Central Bank.

**Article 20**  
**Other reports**

1. Banks shall report to the Central Bank the names of customers whose applications for opening an account with the Bank have been refused.
2. Banks shall immediately report to the Central Bank any law enforcement inquiry relevant to money laundering or terrorist financing being conducted in the Bank or a company under its control.
3. Banks shall immediately report to the Central Bank any transaction declined by the Bank pursuant to this Instruction.

**CHAPTER VII**  
**TRANSITIONAL AND FINAL PROVISIONS**

**SECTION I**  
**TRANSITIONAL PROVISION**

**Article 21**  
**Transitional provision**

The implementation of the requirements established in Article 19 of this Instruction shall be effective from [1 January 2016].

**SECTION II**  
**FINAL PROVISIONS**

**Article 22**  
**Final provisions**

Banks which at the time the present Instruction enters into force allow confidential numbered accounts or anonymous accounts to exist in their bank shall, within [30] calendar days, cease the operation of those accounts.

**Article 23**  
**Repeal**

The following are repealed and superseded by this Instruction:

- a). Public Instruction n.º 02/2004 on the Prevention of Money Laundering, Customer Identification and Record-Keeping.
- b). Chapter VI of Public Instruction n.º 06/2010 on the Licensing and Supervision of Other Deposit Taking Institutions (ODTIs).

#### **Article 24** **Compliance measures**

1. Banks, their shareholders or any of their administrators, and their staff, shall be subject to the administrative sanctions established in articles 31 and 32 of the AML/CFT Law if the Central Bank determines that the provisions of this Instruction have been violated.
2. The administrative sanctions set out in the previous paragraph shall not restrict the general powers of the Central Bank to issue written warnings, suspend or dismiss administrators, revoke the license of a Bank, or exercise any other powers conferred by legislation.

#### **Article 25** **Entry into force and Publication**

1. This Instruction shall enter into force from the date of its publication.
2. In accordance with Article 66 paragraph 1 of the Organic Law of the Central Bank, this Instruction shall be published in the Official Gazette.

Adopted in \_\_\_\_\_ 2015

The Governor

**Abraão de Vasconcelos**

# SUSPICIOUS TRANSACTION REPORT

The obligation to file a Suspicious Transaction Report is required under Article 23 of Law 17/2007 on the Legal Regime to Prevent and Combat Money Laundering and the Financing of Terrorism.

Please send the completed form to the following address:

**Financial Information Unit**

Att. Executive Director  
 Banco Central de Timor-Leste building  
 Avenida Bispo Medeiros  
 Dili, Timor-Leste

The completed Form can be sent also to Fax: +670 331 3716

All fields of the report marked with an asterisk (\*) must be completed. The ones that are also marked "if applicable" must be completed if they are applicable to you or the transaction being reported. For all other fields, you have to make reasonable efforts to get the information.

## PART A: INFORMATION ON CUSTOMER

### a) Account holder

1. Name (*)			
2. ID No/Passport No/Business Reg. No. (*)	New		
	Old		
3. Gender (*)	<input type="checkbox"/> Male	<input type="checkbox"/> Female	4. Country *)
	<input type="checkbox"/> Male	<input type="checkbox"/> Female	
5. Business/Employment (*)		6. Occupation *)	
7. Other Occupation (*)			
8. Name of Employer (*)			
9. Address (*)			

### b) Person conducting transaction

10. Name (*)			
11. ID No/Passport No/Business Reg. No. (*)	Old		
	New		
12. Gender (*)	<input type="checkbox"/> Male	<input type="checkbox"/> Female	13. Country
	<input type="checkbox"/> Male	<input type="checkbox"/> Female	
14. Other Occupation (*)			
15. Name of Employer (*)			
16. Address (*)			

## PART B: TRANSACTION DETAILS

17. Account Number (*)		18. Account Type	
19. Date Account Opened (*)		20. Account	



		Status	
21. Balance <sup>(*)</sup>			
22. Branch <sup>(*)</sup>		23. State	

**a) Introducer/Guarantor**

24. Name <sup>(*)</sup>			
25. ID No/Passport No/Business Reg. No. <sup>(*)</sup>	New		
	Old		
26. Gender <sup>(*)</sup>	<input type="checkbox"/> Male <input type="checkbox"/> Male	<input type="checkbox"/> Female <input type="checkbox"/> Female	27. Country

**b) Transaction**

28. Frequency <sup>(*)</sup>	<input type="checkbox"/> Single <input type="checkbox"/> Single	<input type="checkbox"/> Multiple <input type="checkbox"/> Multiple	29. Date of Transaction <sup>(*)</sup>	Click to enter a date.
30. Total Amount in <sup>(*)</sup>	USD			
31. Amount of Foreign Currency Involved <sup>(*)</sup>		32. Type of Currency <sup>(*)</sup>		
33. Type of Transactions <sup>(*)</sup>	Choose an item.			

**PART C: DESCRIPTION OF SUSPICIOUS TRANSACTION**

34. Grounds for suspicion [Please mark (√) where relevant]

- |  |  |
|--|--|
| <input type="checkbox"/> Reactivated Dormant Account                 | <input type="checkbox"/> Regular / Unusual Offshore / Activity       |
| <input type="checkbox"/> Reactivated Dormant Account                 | <input type="checkbox"/> Regular / Unusual Offshore / Activity       |
| <input type="checkbox"/> Large / Unusual Cash Deposit / Withdrawal   | <input type="checkbox"/> Large / Unusual Inward / Outward Remittance |
| <input type="checkbox"/> Large / Unusual Cash Deposit / Withdrawal   | <input type="checkbox"/> Large / Unusual Inward / Outward Remittance |
| <input type="checkbox"/> Activity Inconsistent with Customer Profile | <input type="checkbox"/> Others. _____                               |
| <input type="checkbox"/> Activity Inconsistent with Customer Profile | <input type="checkbox"/> Others. _____                               |

(Please specify)

35. Give details of the nature and the circumstances surrounding it <sup>(\*)</sup>

36. Date of Reporting <sup>(\*)</sup>

Click here to enter a date.

dd/mm/yyyy

**PART D: FOR THE FINANCIAL INFORMATION UNIT USE ONLY**

37. Reporting Officer

38. Date Received

Click to enter a date.

dd/mm/yyyy

**Attention:** Article 25 of Law 17/2011 strictly prohibits you to disclose or otherwise provide information you have submitted or is being submitted to the FIU and information regarding the investigation for the crime of money laundering and the financing of terrorism. It is a serious offence for the non-compliance with this obligation pursuant to the requirements established in Articles 31 and 32 of the said Law.

**INSTRUCTION OF BCTL No. \_\_\_ / 2015**  
**ON THE OPENING, HANDLING AND CLOSING OF DEPOSIT ACCOUNTS AND DUTIES OF**  
**INFORMATION**

The Banco Central of Timor-Leste has the duty to regulate and supervise financial institutions, as well as the duty to establish measures to protect the interests of depositors, strengthening the domestic banking system and promoting a sound and competitive sector.

Given how out of date the current rules that govern the opening and operation of deposit accounts are, this being an instrument through which the relationship between banks and the public begins, established by the Instruction no. 3/2003 of 13 June 2003 of Banking and Payments Authority, it became imperative to update the system of opening, operating and closing of deposit accounts, as well as the disclosure requirements, compliance with which is essential for the protection of consumers and of the banking system itself.

In fact, the Instruction no. 3/2003 of 13 June, is not adequate to the current situation of the national banking system, nor does it correctly safeguard, either depositors or the institutions themselves, since it does not establish a comprehensive and detailed legal framework that tackles the issues that currently arise and to which the banks will naturally have to deal with.

Thus, in accordance with Article 31 no. 1 of the Law no. 5/2011, of 15 June (Organic Law of the Banco Central), the Governing Board of the Banco Central de Timor-Leste hereby resolves to approve the following Instruction:

## **CHAPTER I DEFINITIONS, PURPOSE AND SCOPE**

Article 1 - Definitions

Article 2 - Purpose and Scope

Article 3 - Adjustment Period

Article 4 - Bank Deposit Types

## **CHAPTER II OPENING OF DEPOSIT ACCOUNTS**

### **Section I General Provisions**

Article 5 - Special Duty of Caution

Article 6 - Advertising

Article 7 - General Conditions of the Deposit Agreement

Article 8 - Price List

Article 9 - General Duties on the Constitution of Term Bank Deposits and Term Bank Deposits not Withdrawable in Advance

Article 10 - Change in Contract Conditions

### **Section II Information Duties**

Article 11 - General Information Duties

Article 12 - Standardized Information Sheet for Deposits

Article 13 - Contract

Article 14 - Bank Statement and Additional Information to the Bank Statement

Article 15 - Frequency of the Provision of Information

Article 16 - Information Duty Compliance

## **CHAPTER III IDENTIFICATION DUTIES**

### **Section I General Principles**

Article 17 - Requirements and Use of Supporting Evidence

Article 18 - Collection and Preservation of Documents

Article 19 - Duty of Employee Identification

Article 20 - Financial Sector Entity Identification

Article 21 - Account Opening Requirements and Limitations on Operating Accounts

### **Section II Presential Opening of Deposit Accounts**

Article 22 - Elements of Identification

Article 23 - Means of Verification

### **Section III Non-Presential Opening of Deposit Accounts**

Article 24 - Elements of Identification

Article 25 - Evidence documents

### **Section IV Final Provisions**

Article 26 - Fiscal Nature Information

Article 27 - Prohibited Practices

Article 28 – Update of Records and Files

#### **CHAPTER IV FEATURES OF BANK DEPOSITS**

Article 29 - Designation

Article 30 - Remuneration

Article 31 - Capital Guarantee

Article 32 - Value Date and Date of Availability

#### **CHAPTER V CLOSING OF DEPOSIT ACCOUNTS**

Article 33 - General Considerations on the Closing

Article 34 - Term Deposit Accounts Closure

Article 35 – Dormant Accounts

#### **CHAPTER VI FINAL PROVISIONS**

Article 36 - Offenses and Fines

Article 37 - Information Reporting

Article 38 - Revocation Standard

Article 39 - Entry into Force and Publication

**CHAPTER I**  
**Definitions, Purpose and Scope**

**Article 1**  
**Definitions**

For the purposes of this Instruction, the following definitions apply:

- a) "Bank" means a financial institution falling within the scope defined in article 2 of this Instruction;
- b) "Beneficial Owner" means the natural persons or persons who ultimately owns or controls a legal entity;
- c) "Customer" means any domestic or foreign person who, under the law, is of age or emancipated and with the full capacity to exercise his rights or any national foreign or international legal person, duly registered or recognized under the law which celebrates or negotiates Deposit Agreements or any related services or products, with the Bank or receives from the latter any contract proposal, business declaration or invitation negotiate in relation to a Deposit Agreement;
- d) "Deposit Account" means an organized accounting record relating to operations carried out under this account, allowing the holder of the account to perform a wide range of banking operations, such as making deposits and their operation according to agreed rules, management of money and other values thereby deposited and the record of operations performed. Deposit Accounts are often associated with the ability to contract other banking operations and services, as well as payment instruments such as banking cards, checks, transfers and direct debits;
- e) "Deposit Agreement" means an agreement entered into between Banks and their Customers related to the deposit in a Deposit Account of monetary values, such as money, securities, checks and other values, with the presumption that Customers have the ownership of such values, being regulated in this contract the rights and obligations of the Banks and of the account holders as to the characteristics, operation, term and remuneration of the deposit;
- f) "Commissions" means the cash benefits chargeable to Customers by the Banks as a consideration for the services they provide, or subcontracted to third parties in the course of their business;
- g) "Value date" means the date from which a transfer or a deposit becomes effective, which can then be operated by the beneficiary and/or the date from which the calculation of any interest arising from credit or debtor balances of Deposit Accounts starts;
- h) "Bank Deposit" means the provision by a Customer of money, credit instruments such as checks, and other securities to the Banks that will perform its reception, presupposing the existence of a Deposit Agreement and the respective Deposit Account, in several forms, as defined in Article 4 of this Instruction;
- i) "Expenses" means the costs incurred by the Banks, which are due to third parties and passed onto Customers, namely those of fiscal nature;
- j) "Overdraft Facility" means the express contract by which a bank allows a Customer to dispose of funds which exceed the balance of the respective Demand Deposit Account;
- k) "Means of distance communication" means any mean of communication that can be used without the simultaneous physical presence of the Bank and the Customer;

- l) "Other Institutions Receiving Deposits" shall have the meaning given to it by the Public Instruction no. 6/2010 approved by Resolution no. 11/2010 of the Board of Directors of the Authority for Banking and Payments of Timor-Leste;
- m) "Accounting Balance" means the amount corresponding to the result of credit and debit operations made in the Deposit Account;
- n) "Available Balance" means the existing value in the Deposit Account of the Customer, which the latter may use without being subject to the payment of interests, fees or any other charges;
- o) "Durable Medium" means any instrument which enables the Customer to store information personally addressed to him, so that this latter, in the future, can easily access the information stored for a period of time appropriate to the purposes for which it is intended and thus reproduce this information in a complete and unchanged manner;
- p) "Overrunning" means overdraft tacitly accepted by the Bank, enabling a Customer to dispose of funds which exceed the Available Balance of the respective Demand Deposit Account or of the Overdraft Facility agreed.

## **Article 2**

### **Purpose and Scope**

1. This Instruction sets out the rights and obligations to be followed under the banking activity as regards the regime applicable to the opening, operating and closing of Deposit Accounts, as well as the inherent information duties.
2. This Instruction is applicable to all financial institutions which are duly authorized by the Banco Central de Timor-Leste, to receive Bank Deposits, whether from individuals or legal persons, except from Other Institutions Receiving Deposits.
3. This Instruction applies to all Bank Deposit types.
4. The provisions of this Instruction do not prejudice the application of any provisions on the prevention and combating money laundering and the financing of terrorism.

## **Article 3**

### **Adjustment Period**

1. Banks have a period of eight (8) months from the date of publication of this Instruction, to adjust to the provisions, obligations and requirements set forth herein.
2. Until the first day following the expiry of the period referred to in the previous paragraph, the Banks will not be subject to any sanction or penalty provided in this Instruction, notwithstanding this, the Banco Central de Timor-Leste may, during this period, issue recommendations or suggestions to Banks.

## **Article 4**

### **Bank Deposit Types**

1. Bank Deposits, titled in the respective Deposit Accounts, will assume one of the following types:
  - a) Demand deposits;
  - b) Deposits redeemable at notice;
  - c) Term deposits;
  - d) Term Bank Deposits not Withdrawable in Advance;
  - e) Deposits created under a special regime.

2. Demand deposits are liable for payment at any time.
3. Deposits redeemable at notice are only liable for payment when the written prior notice, freely agreed and fixed between the parties is fulfilled.
4. Term deposits are liable for payment at the end of the term to which they were submitted. The Banks may, however, allow the anticipated mobilization of the terms deposits, in, the agreed conditions.
5. Fixed Term deposits not withdrawable in advance are only liable for payment at the end of the term in which they were submitted to and cannot be reimbursed before the expiry of that term.
6. Special regime deposits correspond to all deposits not mentioned in subparagraphs a) to d) of paragraph 1 of this Article, or provided for by law or regulations.
7. The creation of special regime deposits is free, however, their characteristics must obey to the provision of this Instruction, namely those set forth in Chapter IV.
8. The special regimes referred to in the previous paragraph shall be communicated to the Banco Central de Timor-Leste prior to their commercialization. The Banco Central de Timor-Leste may, at any time, issue recommendation it deems necessary to be observed by the Banks.

## **CHAPTER II**

### **Opening of Deposit Accounts**

#### **Section I**

#### **General Provisions**

#### **Article 5**

#### **Special Duty of Caution**

In undertaking the opening of a Deposit Account, the Banks must act with a high degree of caution by performing the procedures necessary in order to ensure:

- a) The complete and proven identification of each of the account holders, of their representatives and of other persons with powers to operate the accounts;
- b) Verification of the suitability and sufficiency of the instruments that grant the powers of representation and to operate accounts.

#### **Article 6**

#### **Advertising**

1. Banks, when advertising any product related to Bank Deposits accounts or that presupposes the existence of a Bank Deposit account, must comply with the following conditions:
  - a) Provide clear, objective and true information;
  - b) Use appropriate means and medium;
  - c) Do not include any data or written text in sizes or shapes that make them illegible or incomprehensible to the average citizen;
  - d) Use the official language of Timor-Leste highlighted in a way, at least, identical to any foreign language.
2. Advertising targeting minors shall be communicated in advance to the Banco Central de Timor-Leste that may issue any recommendations or impose any changes to the proposed advertise.
3. For the purposes of this Instruction, advertising means the disclosure or transmission, even if individual, in any medium, of data and information related with Bank Deposit products or related

with or presupposing the existence of a Bank Deposit account, with the intention of selling those products to current or potential customers.

## **Article 7**

### **General Conditions of the Deposit Agreement**

1. The Deposit Agreement consists of the General and Specific Conditions for Opening an Account and of the Price List.
2. Before opening any Deposit Account, and without prejudice to the compliance with other legal information duties, Banks must provide customers with a copy of the General and Specific Conditions governing the contract to be entered into and with the Price List, on paper or, with the agreement of said Customers, another durable format allowing easy access to information stored in it and its full and unchanged copy.
3. General and Specific Conditions and the Price List will must be written in both official languages of Timor-Leste, in A4 size and font not inferior in size to Times New Roman 12.
4. General and Specific Conditions set out in this Article shall comply with the provisions of this Instruction and other applicable regulations.
5. Banks must be able to prove the actual availability to the account holder or their representatives of the Price List and of the General and Specific Conditions governing the Deposit Agreement, even in cases where the account opening has been performed without direct and presential contact between the Bank and its customer.

## **Article 8**

### **Price List**

1. The price list must be composed by the "Brochure of Fees and Expenses" and by the "Interest Rate Brochure."
2. In the Brochure of Fees and Expenses, Banks must indicate clearly, the maximum value of all commissions applied in banking products and services offered.
3. The Price List in force at the date of signature of the Deposit Agreement, is an integral part of it, as long as it establishes commissions, fees, charges and interest rates applicable to the contracted product and such conditions cannot be changed except in the cases provided for in Article 10.
4. Banks shall submit to the Banco Central de Timor-Leste, at the first business day of each month, a copy of the Price List in force.

## **Article 9**

### **General Duties on the Constitution of Term Bank Deposits and Term Bank Deposits not Withdrawable in Advance**

1. On the date of establishment of the deposits referred to in subparagraphs c) and d) of paragraph 1 of Article 4, the Banks must issue a nominative title, representative of the deposit.
2. The title referred to in the previous paragraph cannot be transmitted *inter vivos*, except in favor of the issuing institution in situations of anticipated mobilization, in the cases where this is allowed.
3. The title to which this article refers to must contain the essential elements of the operation, namely:
  - a) The deposit amount in algorithms and in written form;



- b) The term for which the deposit is established and the maturity date;
- c) The conditions under which the deposit can be mobilized before maturity, where applicable;
- d) The interest rate agreed, including the rate applicable in situations of early redemption, where applicable;
- e) The manner and timing of the payment of interest;
- f) The conditions under which the deposit can be renewed without the holder's express statement of consent, where appropriate.

#### **Article 10**

##### **Change in Contract Conditions**

1. The agreed contractual conditions between the Bank and the customer cannot be changed by neither of the parties, unless such possibility is provided for under the Account Opening Agreement.
2. In case of a change in the contractual conditions, the Bank, shall have to fully inform the Customer of these changes, in writing and with a minimum of ninety (90) days prior notice in relation to its application.
3. The Customer, within the ninety (90) days from receipt of the prior notice referred to in the previous paragraph, may terminate unilaterally the Deposit Agreement without any penalization being imposed, except for the non-application of interest on account anticipated mobilization as long as that is so provided in the Deposit Agreement.

#### **Section II**

##### **Information Duties**

#### **Article 11**

##### **General Information Duties**

1. The information to be provided by the Banks in the context of the negotiation, conclusion and execution of the Deposit Agreements must be complete, true, up-to-date, clear, objective and presented in a legible form.
2. In particular, Banks are required to provide the Customer, prior to the signature of the Deposit Agreement, with a full copy of that contract, in the official language of Timor-Leste accompanied, at the Customer's request, by a translation into a foreign language, if this request is accepted by the Bank.

#### **Article 12**

##### **Standardized Information Sheet for Deposits**

1. Before constitution of the demand Deposit Account or the conclusion of other Deposit Agreements covered by the provisions of this Instruction, the Banks must provide Customers with a standardized information sheet.
2. When Banks divulge deposit products on their website, they shall also make available the respective standardized information sheets, in a place easily visible and directly accessed from the web pages where these deposits are divulged.
3. The standardized information sheets referred to in the preceding paragraphs shall be drafted in accordance with the defined model in Attachment I of this Instruction and which is an integral part hereof.

## **Article 13**

### **Contract**

1. Deposit Agreements shall specify the information elements contained in the standardized information sheet applicable to them, except for the elements relating to the overdraft facility and, in the case of deposits remunerated at a variable rate, the historical evolution of its indexing.
2. The subscription by the Customer of an overdraft facility associated with a demand Deposit Account must be made by the signature of a separate document for this sole purpose, which shall establish the conditions applicable to the overdraft facility.
3. At the conclusion of the Deposit Agreements, the Banks shall provide Customers with a copy of these contracts and, where applicable, the document referred to in paragraph 2 of this Article.
4. During the period of duration of the contracts, the Banks must provide Customers, upon their request, with the access to their contractual conditions.
5. With regard to the price list, the Banks shall provide the Customer, prior to the signature of the deposit agreement, with a copy of the Price List, in the official language of Timor-Leste, accompanied by translation to a foreign language, at the Customer's request, by a translation into a foreign language, if this request is accepted by the Bank.
6. Banks should also, have the Price List in a visible and properly identified location, in all public access places, and all its agencies, printed in size not smaller than A4, being that its text should occupy at least two-thirds of the sheet, and be in a size not smaller than Times New Roman 12 and should also highlight in *bold* all algorithms representing amounts payable by the Customer, and said algorithms must be printed in a size not smaller than Times New Roman 14.
7. In every place of public access belonging to Banks, at least two copies of the Price List should be displayed, each one in an official language of Timor-Leste.

## **Article 14**

### **Bank Statement and Additional Information to the Bank Statement**

1. In addition to the fulfilment of any requirements specifically provided by law, Banks must provide their Customers with information connected to all debit and credit operations made in connection with their deposit accounts by providing a bank statement containing at least the following information:
  - a) Dates of beginning and end of the period to which the information provided concerns;
  - b) Dates of the operations;
  - c) Value date of the operations;
  - d) Description allowing the identification of the transaction corresponding to the operations;
  - e) Amounts, indicating if the amount is a credit or debit operation;
  - f) Currency;
  - g) Accounting balances resulting from the operations; and
  - h) In the case of demand deposit accounts, the available balance at the end of the period concerned in the statement.
2. When the information provided in the preceding paragraph is made available through a book, the duty of information set forth therein is considered fulfilled, if the information referred to in subparagraphs b), d), e), f) and g) is provided.

3. For the accounting of interest or collection of fees and expenses associated with deposit accounts, banks shall provide to its customers, together with the bank statement, or in another document, the following additional information to the bank statement:
  - a) In the account of compensatory interests:
    - i. Dates of beginning and end of the period to which they relate to;
    - ii. Value date of payment;
    - iii. Amount of accrued interest;
    - iv. Gross nominal annual rate applied or when different rates by scale are applied, indication of the weighted average rate;
    - v. Amount or average balance used for the calculation, being the Authorized Institutions exempted from providing this information if the interest calculation is made based on the daily balance;
    - vi. Withholding taxes; and
    - vii. Form of payment if the interest is not credited in the same account.
  - b) In case of interest charged by the Bank in relation to the overdraft facility and overrunning associated with a demand deposit account:
    - i. Dates of beginning and end of the period to which they relate to;
    - ii. Collection date;
    - iii. Amount of interest charged;
    - iv. Nominal annual rate applied;
    - v. Amounts overdrawn and use dates; and
    - vi. Taxes.
  - c) In case of collection of commissions or expenses:
    - i. Dates of beginning and end of the period to which they relate to;
    - ii. Identification of the fee or expense charged;
    - iii. Date of collection;
    - iv. Amount of fees or expenses charged;
    - v. Taxes; and
    - vi. Amount or average balance used to determine the amount of the fee or expense or indication of other factors that have been used in determining the amount charged, being that the Banks are exempted from to providing this information if the calculation of the fee or expense is made based on the daily balance.
4. Where, pursuant to indefinite term Deposit Agreements, the Banks have been granted the right to change, on its own initiative, the conditions in force at the date of the contract, the details of these changes must be communicated to Customers, with a minimum of 60 days prior notice in relation to the intended date for their application, without prejudice to other terms set out by law or regulation.
5. In case different conditions apply to the renewal of deposits other than those in force, the Banks must inform Customers of the changes made with an advance, which allows them to oppose to the renewal.

#### **Article 15**

##### **Frequency of the Provision of Information**

1. The information mentioned for in paragraph 1 of article 14 shall be made available:
  - a) In the case of term deposits:

- i. With original maturity over one year, at least annually;
    - ii. With an original maturity of less than one year, on a monthly basis, except when there have been no operations in the month concerned, but a minimum annual periodicity should be respected.
  - b) In other deposits, with a minimum monthly basis, except when there have been no operations in the month concerned where a minimum annual periodicity should be respected.
2. The information mentioned in paragraph 3 of Article 14 shall be made available whenever one of the operations therein occur, or alternatively, with the frequency specified in the preceding paragraph of this Article.

## **Article 16**

### **Information Duty Compliance**

1. Banks may comply with the information duties under this Instruction, by providing information through means of distance communication, on paper or on another durable medium, according to the Customer's express will as to the intended medium.
2. In relation to deposits existing on the date of entry into force of this Instruction, Banks must comply with the information duties set out in Article 14 through the medium and the means of communication used until that date to provide the Customer information on deposits, unless the Customer authorizes or requests, expressly, the respective change in the medium and means of communication.
3. The Banks should be able to prove that it actually made available to Customers the information provided in this Instruction.

## **CHAPTER III**

### **Identification Duties**

#### **Section I**

#### **General Principles**

## **Article 17**

### **Requirements and Use of Supporting Evidence**

1. Without prejudice of paragraphs 3 and 4 of Article 23 and subparagraph b) of Article 25 of this Instruction, the opening of a Deposit Account always requires the presentation of a valid identity document which shall include the photograph and the signature of its holder, issued by the competent public authority.
2. The documental proof by the Customer of any information required for opening an account can only be accomplished by original documents or by certified copies.
3. Whenever the documents presented to Banks for the effects of opening a Deposit Account raise doubts as to their content, integrity, authenticity, timeliness, accuracy or sufficiency they shall promote appropriate measures for full and complete proof of the elements provided for in Article 22.
4. The identification elements collected by banks can be used in the future in relation to the opening other accounts by the Customer, provided they remain updated.

## **Article 18**

### **Collection and Preservation of Documents**

1. At the time of the opening of the account and subsequent updates of the data relating to it, Banks should obtain readable copies of all documents submitted to them.
2. The documentation collected by banks for the purpose of opening or updating Deposit Accounts must be kept on paper or on another a durable medium that allows the complete and unaltered reproduction of the information until the end of a **ten** years period following their closure.
3. The preceding paragraph does not exempt Banks from other legal obligations to which they are subject in the collection and preservation of records.

## **Article 19**

### **Duty of Employee Identification**

Banks Employees opening and updating Deposit Accounts, as well as verifying and examining the displayed elements of information, must include in the supporting internal records of those acts, a mention that clearly identifies them and the date on which these acts were performed.

## **Article 20**

### **Financial Sector Entity Identification**

1. Banks are dispensed from complying with the identification procedures set out in this Instruction regarding the account holder entity and the person representing it when they are in the process of opening of accounts whose holders are currently and proven other banks.
2. The contents of the preceding paragraph do not exempt Banks from performing the rigorous verification and collection of the data that legitimizes the granting and the exercise of powers of representation for the opening of accounts.

## **Article 21**

### **Account Opening Requirements and Limitations on Operating Account**

1. Banks can only open Deposit Accounts for entities or individuals who provide information on all identifying data required by Article 22, which applicable to the case, and that make available documental evidence of the elements referred to in subparagraphs a) to c ) of paragraph 1) and a) to d) of paragraph 2) of the same Article.
2. Banks cannot allow any debit or credit operations in the account, subsequent to the initial deposit, nor make available any payment instruments on the account, nor make any changes in its ownership, while the remaining identification data is not proven in accordance with the provisions of Articles 23 and 25.

## **Section II**

### **Presential Opening of Deposit Accounts**

## **Article 22**

### **Elements of Identification**

When Banks undertake the presential opening of Deposit Accounts at least the following data should be collected in the respective forms for each of the account holders and their representatives, as well as any other person entitled to operate the account:

- a) In the case of a physical person:

- i. Full name and signature;
  - ii. Date and place of birth;
  - iii. Nationality;
  - iv. Complete permanent address;
  - v. Occupation and employer, if they exist;
  - vi. Public office held, if any;
  - vii. Type, number, date and issuer of the identification document;
  - viii. Income;
  - ix. Expected use of the account: amount, number, type, purpose and frequency of the transactions expected;
  - x. E-mail address, landline and mobile telephone numbers.
- b) In the case of a legal entity:
- i. Corporate name;
  - ii. Corporate purpose;
  - iii. Address of the headquarters;
  - iv. Taxpayer Number or Corporation Number;
  - v. Identity of the partners or shareholders who own or have voting rights in the legal person corresponding to at least 5% of the capital;
  - vi. Identity of the legal person's management bodies;
  - vii. Identity of any persons exercising effective control of the legal person;
  - viii. Identity of the Beneficial Owners.
- c) In case of accounts held by self-employed persons, the respective form for account opening must contain the tax number, name, headquarters and the purpose, in addition to the identification information referred to in subparagraph a).

### **Article 23**

#### **Means of Verification**

1. With regard to physical persons:
  - a) The identification data specified in subparagraphs i) to iii) of paragraph a) of Article 22 shall be proved by:
    - i. For resident persons, through the presentation of two of the following identification documents: Identity card, voter registration card or passport, or residence permit in the territory, in case of a foreign citizen;
    - ii. For non-resident persons, through the presentation of the passport and of the identity declaration duly certified by the Embassy or Consulate of its country of origin or residence;
  - b) The full address, occupation and employer, if any, referred to in subparagraphs iv) and v) of paragraph a) of Article 22, may be evidenced by any document, mean or through any diligence considered suitable and sufficient to demonstrate the information provided;
  - c) The identification data referred to in subparagraph vi) of paragraph a) of Article 22 does not require documental evidence, just the information provided by the person about the public office that he holds.
2. With regard to legal entities:
  - a) The identification data referred to in i) to iii) of paragraph b) of Article 22 shall be demonstrated by an extract from the commercial register;

- b) The identification data referred to in subparagraph iv) of paragraph b) of Article 22 can be proved by the presentation of a certificate of the Ministry of Finance, Business Certificate, or even in the case of non-residents, through a duly certified equivalent document;
  - c) The identification data contained in the subparagraphs v) and vi) of paragraph b) of Article 22 can be demonstrated by simple written statement issued by the legal entity itself, containing the name or corporate name of the holders, which should, in the case of Public Limited Company, be signed by the Company Secretary.
3. When a physical person or a legal entity is not resident in the national territory and has not proved any of the identification data required in the previous article, the Bank may request written confirmation of the veracity and timeliness of the information provided, to be issued by a credit institution where the person already holds a Bank Deposit account.
  4. When the confirmation referred to in the preceding paragraph takes place, the Bank shall notify the Banco Central de Timor-Leste of the details of the credit institution that provided the information and, the Banco Central de Timor-Leste may, if deems necessary, impose other requirements.
  5. For the purposes of this Instruction, it is considered as a resident someone who has: (i) a valid residence or permanence permit, or (ii) working permit for a minimum period of 4 (four) months from the opening of the account, or, in the case of a legal entity, to be duly registered in Timor-Leste.

### **Section III**

#### **Non-presential Opening of Deposit Accounts**

##### **Article 24**

###### **Elements of Identification**

When the Banks undertake the opening of a deposit account without direct and presential contact with its respective holder or representative, they must fully comply with the identification requirements of Article 22.

##### **Article 25**

###### **Evidence documents**

Proof of identification data mentioned in the previous article shall be performed by at least one of the following ways:

- a) Remittance to the Bank of certified copy of the documentary evidence of identification data required under Article 23;
- b) Written statement attesting the accuracy and timeliness of the information provided by the interested party, issued by a credit institution in which it already holds a Bank Deposit presentially opened, on the terms and conditions contained in paragraphs 3 and 4 of Article 23.

### **Section IV**

#### **Final Provisions**

##### **Article 26**

###### **Fiscal Nature Information**

At the time of opening of the account and for each of the respective holders, Banks must collect the tax number required under the Timorese tax legislation, by collecting from the customer the original or certified copy of the tax card or public document containing the tax number.

#### **Article 27**

##### **Prohibited Practices**

1. Banks cannot conclude a check agreement or provide printed checks to any legal person not resident and with no establishment in the national territory or to any unincorporated entity.
2. Banks cannot impose any charges or costs for transfers between accounts within the same Bank.

#### **Article 28**

##### **Update of Records and Files**

1. Banks should shall make a thorough examination of the Deposit Accounts existing at the date of entry into force of this Instruction, based on materiality and risk criterion that, namely, take into account the specific characteristics of each account, the respective holder and the business relationship in order to identify the accounts that require the prompt updating of the corresponding records in accordance with the provisions of this Instruction.
2. Banks should establish regular procedures of confirmation of the update of the data contained in their records, promoting on a regular basis, at least yearly, proceedings with all the account holders and their representatives, in order to make them, where appropriate, update their respective identification data and means of verification or evidence documents in accordance with this Instruction, without prejudice to the next paragraph.

§ Single paragraph. - The documental evidence of the identification data to be updated in terms of this paragraph 2 does not need to be accomplished by presentation of the original document or certified copy, the Banks must, however, request them whenever the data provided casts any doubts or when this proves justified under the materiality and risk criteria defined by them.

3. In any case, the Banks must immediately take the necessary steps to update the data contained in their records whenever they have reasons to doubt its truthiness or accuracy. The documental evidence shall be made under the terms of the sole subparagraph of the previous paragraph.
4. Without prejudice to paragraphs 2 and 3 of this article, the Banks must also explicitly include in the general conditions governing the deposit agreements, an obligation of their customers to communicate them any changes in their identification data mentioned in Article 22 of this Instruction.

### **CHAPTER IV**

#### **Characteristics of Bank Deposits**

#### **Article 29**

##### **Designation**

The designation of “deposit” is not allowed either in an isolated way or in conjunction with any other terms and in any language, in the marketing of any product that does not match:

- a) With one of the types of deposits provided for in article 4 of this Instruction; or
- b) With the offer of a combination of two or more deposits mentioned in the previous paragraph.



**Article 30**  
**Remuneration**

1. When the remuneration rate of the deposit is not fixed and determined prior to the moment deposit agreement is entered into, its variation must be linked to the evolution of other relevant instruments or economic or financial variables, the source of which must be independent of the bank where the deposit is made.
2. The preceding paragraph does not exclude the possibility of application of promotional compensatory rates, provided that the depositor knows, in time prior to the contract, the compensation rate to be applied to the deposit, including, if applicable, the effect of the promotional rate.
3. The ratio referred to in paragraph 1 shall be set before the agreement is signed and must always refer to the same instruments or variables throughout the deposit period. The respective contracts must not contain clauses that cancel such connection in any way, without prejudice to the possibility of establishing maximum and minimum limits to the rate in question.
4. Whatever the method of determining the remuneratory rate of a deposit, it cannot, under any circumstances, be negative or equal to 0 (zero).

**Article 31**  
**Capital Guarantee**

1. In term deposits redeemable at notice, term deposits not withdrawable and deposits created under a special regime, the amount to be paid to the depositor at maturity cannot, under any circumstances, be less than the amount deposited.
2. In deposits with prior notice, term deposits and deposits created under a special regime, if the anticipated mobilization is contractually allowed and if it occurs, in all or in part, the amount to be paid to the depositor cannot, under any circumstances, be less than the amount deposited.

**Article 32**  
**Value Date and Date of Availability**

1. The credit release of the repayment at maturity of deposits not on demand shall be performed with the value date and the date of availability of the same day.
2. In case of anticipated withdrawal, the credit release of the concerned amount shall be made on the date as determined by the conditions laid down contractually for the exercise of that mobilization or when the contract does not regulate such a matter, until the next business day after receipt of the notification of the request for mobilization. In either case, the value date and the date of availability shall be the date of the credit release.
3. The credit release of the compensatory interest in respect of any deposit type must be performed with value date and date of availability until the business working day following the last day considered for the interest calculation.
4. When issuing an order of opening or increase of a deposit, from a Deposit Account, the respective amount cannot be considered as unavailable on the source account before the value date of the creation or of the increase, except in case of an express instruction issued by the depositor simultaneously with the order of creation or increase.

**CHAPTER V**

## **Closing of Deposit Accounts**

### **Article 33**

#### **General Considerations on the Closing**

1. The closure of a Deposit Account terminates the Deposit Agreement and may be performed either by the account holder or by the Banks when and under the conditions set forth in the agreement.
2. Without prejudice of the following article concerning term deposit accounts, Customers holding sight deposit accounts, have the right to close the deposit account at any time, unless a period of prior notice, which may not exceed one month, is contractually agreed

### **Article 34**

#### **Term Deposit Accounts Closure**

1. Without prejudice to cases where there is the anticipated withdrawal of all the funds, the term Deposit Account shall be closed after lapse of the agreed period of time, unless the deposit is renewed.
2. Renewal may be stipulated at the end of the term or occur automatically in the case of renewable term deposits, i.e., those that reinitiate if the respective holders do not say otherwise within the conventional prior notice periods for doing so.
3. In the cases covered by the preceding paragraph, the Deposit Agreement shall have to specify the conditions under which the renewal takes place and the period agreed for Customer to oppose to the renewal.

### **Article 35**

#### **Dormant Account**

1. Dormant account is a demand Deposit Account showing no activity, other than posting interest, for an 18 months period.
2. When a demand Deposit Account becomes dormant, Banks shall, immediately, cease to pay interests and charge any fees, costs or other charges, notify the Banco Central de Timor-Leste and undertake its best efforts to notify the account holder of that fact.
3. After 24 months of an account being dormant the Bank shall close the account and transfer the outstanding balance to the Banco Central de Timor-Leste.
4. Banks are allowed to impose specific fees for the reactivation of a dormant account.

## **CHAPTER VI**

### **Final Provisions**

### **Article 36**

#### **Offences and Fines**

1. Violations of the provisions of Articles 6, 7, 8 paragraphs 2, 10, 13, 14, 18, 19, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31 and 32 shall be punished with fines of USD 50,000 (fifty thousand United States Dollars) to USD 1,000,000 (one million United States dollars), in accordance with the extent of the agent's fault.

2. Violations of Articles 4, paragraph 7, 5, 11, 28 and 33 paragraph 2 shall be punished with fines of USD 20,000 (twenty thousand United States dollars) to USD 50,000 (fifty thousand United States dollars), in accordance with the extent of the agent's fault.
3. Violations of the provisions of Articles 9 and 16 shall be punished by fines of USD 5,000 (five thousand United States dollars) to USD 20,000 (twenty thousand United States dollars), in accordance with the extent of the agent's fault.
4. Violations of the provisions of Articles 12 and 15 shall be punished with fines of USD 500 (five hundred United States dollars) to USD 5,000 (five thousand United States dollars), in accordance with the extent of the agent's fault.
5. The attempt to violate a provision is punishable.
6. Violation by negligence is punished, but in this case the minimum and maximum value of the applicable fines under the preceding Article is halved.
7. The fines provided in paragraphs 1 to 4 of this Article shall apply in case of acts of wilful or negligent violation of provisions.
8. The fines provided in this Article shall be applied by the Banco Central de Timor-Leste, after a procedure is opened, where a period of no less than (10) business days shall be granted to Banks to present their defence, and without prejudice to the application of other penalties or sanctions provided by law or regulation of the Banco Central de Timor-Leste.
9. The application of fines provided in this article is subject to appeal to the courts of law in the general terms.

#### **Article 37**

##### **Information Reporting**

Banks can direct to the Department of Supervision of the Banco Central de Timor-Leste any eventual questions concerning the application of the provisions hereof.

#### **Article 38**

##### **Revocation Standard**

Instruction No. 3/2003 of 13 June of the Banking and Payments Authority is hereby revoked.

#### **Article 39**

##### **Entry into Force and Publication**

1. In accordance with Article 66 paragraph 1 of the Organic Law of the Banco Central, this Instruction shall be published in the Official Gazette.
2. This Instruction shall enter into force on the day following its publication.

Adopted in \_\_\_\_\_ 2015

The Governor

Abraão de Vasconcelos

Identificação da Instituição Financeira

Logo of the Financial Institution

## FICHA DE INFORMAÇÃO NORMALIZADA

### Standardise information sheet

(Designação do Produto / *Product's Designation*)

Designação / <i>Designation</i>	
Condições de acesso / <i>Terms of access</i>	
Modalidade / <i>Modality</i>	
Meios de movimentação / <i>Transaction channels</i>	
Moeda / <i>Currency</i>	
Montante / <i>Amount</i>	
Taxa de Remuneração / <i>Remuneration Rate</i>	
Cálculo de juros / <i>Calculation of interest</i>	
Pagamento de juros / <i>Payment of interest</i>	
Regime fiscal / <i>Tax regime</i>	
Comissões e despesas / <i>Commissions and expenses</i>	Preçário atual de comissões e despesas associadas à conta / Current price list of commissions and expenses associated to the account:
Facilidades de descoberto / <i>Overdraft facilities</i>	
Ultrapassagem de crédito / <i>Exceeding credit limits</i>	
Outras condições / <i>Other conditions</i>	
Instituição Depositária / <i>Depositary Institution</i>	
Validade das condições / <i>Validity of terms</i>	

**Disponibilizado previamente ao Cliente**  
***Provided beforehand to the Customer***

Data / *Date*: \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_

Assinatura de todos os Titulares da Conta / *All Account Holders Signature*

Conferência do Banco / *Bank Confirmation*