

**Autoridade Bancaria e de Pagamentos de Timor-Leste**  
***Banking and Payments Authority of Timor-Leste (BPA)***

**INSTRUCTION NUMBER 01/2003**  
**ON**  
**DEPOSITS AND WITDRAWALS OF**  
**UNITED STATES CURRENCY AND COIN**  
**BY COMMERCIAL BANKS**

**Section 1**  
**General Policies**

- 1.1 The Banking and Payments Authority of Timor-Leste (the “BPA”) receive and distributes supplies of new and previously circulated United States dollar notes and coin to accommodate the needs of the general public for a medium of exchange.
- 1.2 This Instruction shall apply to commercial banks and financial institutions (“depository institutions”) having settlement accounts at the BPA.
- 1.3 The BPA distributes previously circulated reusable currency or coin of a quality that conforms to the currency or coin quality standards of the BPA.
- 1.4 The BPA fills orders for currency with either fit or new currency. Orders for coins are filled with circulated or new coin.
- 1.5 The BPA usually pays out reusable currency and coin of any given denomination before new currency or coin are paid out.
- 1.6 To achieve an even calendar distribution of currency, the BPA may pay out new currency while fit currency is on hand.
- 1.7 The BPA 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.
- 1.8 The BPA accepts the return of United States currency and coin considered unfit for further circulation.
- 1.9 The BPA accepts mutilated currency but does not accept currency fragments or mutilated coin.

**Section 2**  
**Access to BPA’s Services**

- 2.1 The BPA distributes currency and coin by making withdrawals from the settlement accounts of depository institutions.

- 2.2 The BPA accepts return of currency by making payments to the settlement accounts of depository institutions.
- 2.3 All depository institutions have access to the BPA services on an equal and impartial basis, subject only to availability of staff to handle requests.
- 2.4 Access to BPA services for the depositing and withdrawal of currency shall be by prior appointment unless otherwise specially agreed.

### **Section 3 Frequency**

- 3.1 The normal level of service for the account of each depository institution is one payment or deposit each week.
- 3.2 Service more frequency than once per week may be requested by depository institutions whose offices have sufficient volume to justify the more frequent service.

### **Section 4 Cross Shipping**

- 4.1 In view of the BPA's costs of handling currency and coin, cross shipping of deposits and withdrawals should be minimized or eliminated where practicable.
- 4.2 The term "cross shipping" refers to the deposits of excess currency or coin and the reorder of the same denomination within five business days during which the BPA is open for business.
- 4.3 The BPA reserves the right to fill currency or coin issues of a depository institution with like denominations received from that same institution.
- 4.4 The BPA may charge fees for cross shipping of currency and coin.
- 4.5 The level of fees (if any) and terms and the basis of charging shall be determined by the BPA, and advised in writing by the Deputy General Manager for Payments to depository institutions.

### **Section 5 Method of Delivery**

- 5.1 The BPA does not offer transportation services for the delivery and withdrawal of currency and coin.
- 5.2 Depository institutions shall withdraw and deliver banknotes and coin at the offices of the BPA, unless otherwise agreed to in writing.
- 5.3 The BPA reserves the right to schedule the arrival and departure of representatives of depository institutions.
- 5.4 Depository institutions shall supply their own security carrier services.
- 5.5 Where not inconsistent with other provisions of this Instruction deposits at the BPA shall be the liability of depository institutions up to the time the deposit form is stamped.

- 5.6 Withdrawals from the BPA shall be the liability of the BPA up to the time that the withdrawal form is stamped.
- 5.7 No deposits and withdrawals shall be made except in person to authorized representatives of the depository institution.

**Section 6  
Incoming Deposits to the BPA**

- 6.1 The BPA shall credit to the settlement account of a depositing depository institution on its books the amount of currency and coin received by the BPA, subject to verification of the amount and other provisions of this Institution.
- 6.2 A depository institution may draw against the credit for a deposit of currency and coin on the same day, provided the deposit of currency and coin is made prior to 12 noon, unless a later time is specially agreed in advance.
- 6.3 The BPA 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.
- 6.4 Notwithstanding these provisions, the BPA may at its sole discretion reserve the right not to permit the withdrawal or other use of a deposit until the BPA has verified the amount of the deposit.
- 6.5 The BPA 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.

**Section 7  
Standard Units for Deposit of Currency**

- 7.1 The BPA receives deposits of fit and unfit currency that exceed a depository institution's need for vault cash.
- 7.2 Such deposits shall be prepared in standard units conducive to efficient handling and verification.
- 7.3 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.
- 7.4 A depository institution shall make deposits of banknotes in the following units:

<b>Denomination</b>	<b>Minimum amount</b>	
	<b>(fit)</b>	<b>(unfit)</b>
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

7.5 A depository institution shall make deposits of coins segregated by denomination in bags containing the following units:

<b>Denomination</b>	<b>Unit</b>	<b>Minimum amount</b>
Pennies (1 cent)	5,000	\$50.00
Nickels (5 cents)	4,000	\$200.00
Dimes (10 cents)	10,000	\$1,000.00
Quarters (25 cents)	4,000	\$1,000.00

7.6 Depository institutions shall make separate bundles, to the extent practicable, of fit and unfit currency, and label unfit currency as such.

7.7 Coins and currency shall be deposited in strong, undamaged, tear-resistant bags acceptable to the BPA. Each bag shall be well-secured by heavy-duty stitching, and securely fastened with a seal.

7.8 The definition of “unfit currency” shall include all emissions of United States banknotes issued prior to 1998 except for one-dollar notes.

7.9 The Deputy General Manager 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.

7.10 The BPA reserves the right not to accept deposits of banknotes and coins that do not comply with this instruction.

7.11 No currency of a foreign country other than the United States of America shall be sent to the BPA.

### **Section 8 Currency No Longer Issued**

8.1 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 BPA.

8.2 Such currency shall be submitted directly to the Federal Reserve or elsewhere for value.

### **Section 9 Mutilated Currency**

9.1 Mutilated currency includes notes that are torn (with clearly more than 60% of the original note remaining), patched or perforated.

9.2 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.

- 9.3 Pins, clips, and other metallic substances shall be removed to avoid damage to note processing machinery.
- 9.4 Mutilated currency shall, on acceptance by BPA, be credited at the full face value.

### **Section 10 Mutilated Coins**

- 10.1 Coins are considered mutilated when they are punched, clipped, fused together, bent or twisted out of shape, or so defaced as to be not readily and clearly identifiable as to genuineness and denomination.
- 10.2 Mutilated coins shall be sent directly to:

United States Mint  
P.O Box 400 (Fifth and Arch Streets)  
Philadelphia, PA 19105  
United States of America.

### **Section 11 Currency Fragments**

- 11.1 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 BPA.
- 11.2 Such currency, in accordance with the law of the United States, shall be sent directly by the depository institution to:
- Department of the Treasury  
Bureau of Government Financial Operations  
Room 132  
Treasury Annex N0.1, DCS/BEPA  
Washington, DC 20226  
United States of America.
- 11.3 Currency in poor condition includes dyed, burned or water damaged currency.

### **Section 12 Counterfeit Currency**

- 12.1 Notes that a depository institution knows or suspects are counterfeit shall be submitted directly to the BPA Counterfeit Notes Unit.
- 12.2 Under no circumstances shall known or suspected counterfeit notes be included in a depository institution's fit or unfit currency deposits with the BPA.
- 12.3 The BPA shall issue a receipt for each note determined or suspected to be counterfeit that is detected during the BPA's verification process.

- 12.4 The BPA 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.

### **Section 13 Withdrawals from BPA**

- 13.1 The BPA fills orders for currency with fit or new currency.
- 13.2 The BPA fill orders for coins with circulated or new coin.
- 13.3 The BPA exercises its sole discretion in whether to issue new currency or coins to satisfy a withdrawal request.
- 13.4 The BPA 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.
- 13.5 Request for the withdrawal currency and coin shall be made at least one working day prior to the requested date of withdrawal.
- 13.6 The BPA retains the right to not accept any request for a withdrawal of banknotes or coin subject to availability of supply.
- 13.7 When filling an order, inventory levels on hand may require the BPA to substitute fit for new currency, or vice versa.
- 13.8 The BPA accept no responsibility for currency or coin order forms that are not properly completed, or are not signed in accordance with account operating mandates.
- 13.9 Requests for the withdrawal of banknotes and coin may be made by telephone or email to the Manager, Currency Operations Division.

### **Section 14 Currency Withdrawals**

- 14.1 Orders for fit currency will be made in the same standard units as defined in Section 7.
- 14.2 The BPA may make exceptions to normal requirements to satisfy special demands.
- 14.3 The BPA 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 General Manager 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 60 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 BPA 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 General Manager for Payments shall have the discretion to waive all or part of the fee in special or particular circumstances.
- (f) The prescribed rate at the time of this Instruction entering into force shall be 0.6% of the face value of currency.

**Section 15**  
**Coin Withdrawals**

- 15.1 Orders for coins will be made in the same standard units as defined in Section 7.
- 15.2 The BPA may make exceptions to normal requirements to satisfy special demands.

**Section 16**  
**Inspection of Currency and Coin Withdrawals**

- 16.1 Representatives of depository institutions should carefully examine each shipment of currency or coin before signing any receipt.

**Section 17**  
**Risks not assumed by BPA**

- 17.1 The BPA 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, naval, air forces, or agents of domestic, foreign or revolutionary governments, powers or forces, whether or not war had formally been declared, and including defending against an actual or expected attack; or any loss caused by any weapon of war employing atomic fission or radioactive force whether in time of peace or war.
  - (b) Any loss arising from any dishonest, fraudulent, or criminal act of any employee of any depository institution (not including the BPA) 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 BPA.
  - (d) Any loss incident to a shipment by armored carrier of the shipment is not made in conformity with this instruction or other explicit written instructions from the BPA.

**Section 18**  
**Prescribed Form**

- 18.1 All transactions of currency and coin with the BPA by depository institutions shall be evidenced by properly completed and executed forms. No currency transaction shall take place between BPA and a depository institution except on the basis of this instruction.
- 18.2 Deposits of Currency and Coin to the BPA shall be made using the form in Appendix II to this Instruction.
- 18.3 Withdrawals of currency and Coin from the BPA shall be made using the form in Appendix II to this Instruction.

**Section 19**  
**Miscellaneous Provisions**

- 19.1 Depository institutions are bound by the provisions of this Instruction.
- 19.2 The BPA reserves the right to amend or interpret this Instruction, but will endeavor to give prior written notice of any amendment or interpretation.
- 19.3 This Instruction shall enter into force on 23 June 2003

*Approved by the Governing Board of BPA, this 13<sup>th</sup> day of June 2003*

Luis Quintaneiro

**Chairman of the Governing Board**

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