

INSTRUCTION – CPO/CEB-2001/1
LICENSING OF CURRENCY EXCHANGE BUREAUX

I. AUTHORITY

In carrying out its responsibility to license currency exchange bureaux pursuant to UNTAET Regulation No. 2000/5 on the Licensing of Currency Exchange Bureaux, the Central Payments Office of East Timor (hereinafter, "CPO") provides this instruction on application for a currency exchange license.

II. DEFINITION OF CURRENCY EXCHANGE BUREAU

In accordance with UNTAET Regulation No. 2000/5, Sections 1.1 and 1.2, a currency exchange bureau is an agency which undertakes the sole activity of carrying out currency exchange transactions in the spot market only. In addition, a currency exchange bureau cannot act as an authorized dealer in gold, engage in money lending, maintain currency accounts on behalf of customers and establish letters of credit. In accordance with Sections 5.1-5.4, a currency exchange bureau shall be free to deal in any convertible currencies, involving cash, traveler's checks, and similar instruments with the public, at freely negotiated rates.

III. FORM OF APPLICATION

The application must be in writing, in English and in the form (sample attached) prescribed by the CPO (Section 2.2.a). If the applicant is an individual person, the application must be signed by the person. If the applicant is a business entity the application must be signed by an authorized officer of the business entity. The original application and two copies shall be submitted to the CPO with a nonrefundable application fee as prescribed by the CPO from time to time.

IV. DESIGNATION OF A SPOKESPERSON

The applicant should authorize in writing a spokesperson to act on its behalf regarding the application. All communications from the CPO related to the currency exchange bureau license application will be directed to this designated spokesperson. The spokesperson's name, address and telephone number should be provided in the application. If, during the time the application is pending with the CPO, the name, address, or telephone number of the spokesperson changes, the CPO should be notified in writing without delay.

V. INFORMATION REQUIRED FOR A LICENSE APPLICATION

The application for a currency exchange license must contain the information set out in Sections 3(a)-3(i) of UNTAET Regulation No. 2000/5. This would include:

- The name, residential address, nationality, curriculum vitae and specimen signature of the applicant.

- The curriculum vitae of the owners, principal officers and directors of the applicant.
- The name of the proposed currency exchange bureau, which shall include the words 'Currency Exchange Bureau' in either Tetum, Portuguese, English, or Bahasa Indonesia.
- A clear identification of the physical location or locations of the proposed currency exchange bureau, together with the postal address of the proposed currency exchange bureau.
- A declaration by the applicant that the applicant, owners, principal officers and directors have never been declared bankrupt, and has never been convicted by any court of competent jurisdiction, in East Timor or elsewhere, of a criminal offence involving fraud, money laundering, tax evasion, or any other act of dishonesty.
- If applicable, a copy of the applicant's certificate of registration as a business, pursuant to UNTAET Regulation No. 2000/4.

VI. GRANTING A LICENSE

In accordance with the Section 4 of UNTAET Regulation No. 2000/5, the CPO shall, within six weeks of the date of lodgement of an application, either grant a currency exchange bureau license or inform the applicant in writing that the application is denied. A currency exchange bureau license for 12 months would be issued on the receipt by the CPO of a licensing fee as may be determined by the CPO from time to time. In addition, the CPO will advise on the amount of the annual license fee at the time of renewal of an approved license.

VII. TERMS OF CURRENCY EXCHANGE BUREAU LICENSE

Details of the terms of the currency exchange bureau license are set out in Section 6 of the UNTAET Regulation No. 2000/5. The more important terms of the license would require that a currency exchange bureau:

- maintain a minimum balance of US\$2,000, or such amount as may be prescribed by the CPO from time to time, in a reputable commercial bank in East Timor or abroad, approved by the CPO;
- maintain separate transaction registers on its operations;
- provide information and reports to the CPO on the sources of its funding and monthly summaries of sales and purchases transactions in a form prescribed by the CPO (see attachments);
- issue receipts on its transactions in a form prescribed by the CPO (see attachments);
- follow special procedures when handling transactions in excess of US\$5,000 and US\$10,000 and when dealing with nonresidents; and

- display in a prominent place its currency exchange bureau license and its buying and selling rates together with its commission charges.

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Elias M. Costa
Acting General Manager

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