

*Banking and Payments Authority of East Timor*  
*Autoridade Bancária e de Pagamentos de Timor Leste*

INSTRUCTIN NUMBER 02/2004  
ON  
DEPOSITS AND WITHDRAWALS OF  
CURRENCY AND COIN  
BY COMMERCIAL BANKS

THE GOVERNING BOARD

**Pursuant to:**

- a. The powers conferred on the BPA in Section 6(j) of UNTAET Regulation No. 2001/30 giving the power to ensure an adequate supply of banknotes and coins for the settlement of cash transactions;
- b. The provisions of Section 17(b) of the same Regulation that give BPA the authority to issue Rules, Instructions, and Guidelines;
- c. The provision of Section 51 of the same Regulation that gives the BPA the obligation to administer a currency reserve inventory in such currencies as it deems appropriate for the settlement of domestic and international transactions to ensure the regular supply of currency to meet the requirements of the economy of East Timor;
- d. Section 165 of the Constitution of the Democratic Republic of Timor-Leste concerning the continued applicability of laws in force at the date of the adoption of the Constitution;
- e. The powers conferred on the BPA in Article 13 of Decree-Law Number 20/2003 to issue Instructions and administrative instruments to implement the issuance of Centavos;
- f. The requirements of Article 10 of the same Decree-Law concerning counterfeit currency;

**Taking into Account:**

The need to ensure that the BPA receives and distributes, equitably and impartially, supplies of new and previously circulated United States currency and Timor-Leste Centavos to accommodate the needs of the general public as a means of exchange;

**For the purpose of**

Providing clear rules and guidelines regarding the depositing and withdrawal of banknotes and coin by commercial banks, and providing guidance concerning the procedures for banks seizing counterfeit currency and surrendering it to the BPA;

HEREBY RESOLVES TO ADOPT THE FOLLOWING

INSTRUCTION No. 02/2004  
ON  
DEPOSITS AND WITHDRAWALS OF  
CURRENCY AND COIN  
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**Section 1**

**General Policies**

- 1.1 The Banking & Payments Authority of East Timor (the "BPA") receives and distributes supplies of new and previously circulated United States dollar notes and coin and Timor-Leste Centavos (together described in this Instruction as "currency 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 Centavos coins.
- 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 and Timor-Leste Centavos considered unfit for further circulation.
- 1.9 The BPA accepts mutilated currency but does not accept currency fragments or mutilated United States coins.

**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 specifically 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 frequent 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 minimised or eliminated where practicable.
- 4.2 The term "cross shipping" refers to the deposit of excess currency or coin and the reorder of the same denomination within five business days during which the 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 authorised 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 Instruction.
- 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 specifically 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 by adjustment to the depositing institution's settlement account 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:

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



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

Denomination	Unit	Minimum amount
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 A depository institution shall make deposits of Centavos coins segregated by denomination in bags containing the following units:

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

- 7.7 Depository institutions shall make separate bundles, to the extent practicable, of fit and unfit currency, and label unfit currency as such.
- 7.8 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.
- 7.9 The definition of "unfit currency" shall include all emissions of United States banknotes issued prior to 1998 except for one-dollar notes.
- 7.10 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.
- 7.11 The BPA reserves the right not to accept deposits of banknotes and coins that do not comply with this instruction.
- 7.12 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 and Non-Circulating Currency

- 8.1 United States currency no longer issued, such as gold certificates, Federal Reserve Bank notes, national bank notes, \$2 notes, and large-value notes shall not be received by the BPA.
- 8.2 United States coins not normally in circulation in Timor-Leste, including \$1 coins and 50 cent coins, 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 Paper Currency

- 9.1 Mutilated paper 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 United States Coins are considered mutilated when they are punched, clipped, plugged, 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 United States coins shall be sent directly for value to:
  - United States Mint
  - P.O. Box 400 (Fifth and Arch Streets)
  - Philadelphia, PA 19105
  - United States of America.
- 10.3 Centavos coins shall be deemed to be mutilated:
  - 10.3.1 That have been cut, stamped, beaten or in any way damaged so that the form or surface is changed or the weight reduced;
  - 10.3.2 That are punched, clipped, fused together, bent or twisted out of shape, or so defaced as to not be readily and clearly identifiable as to genuineness and denomination;
  - 10.3.3 That have been reduced in weight due to natural wear and tear.
- 10.4 Mutilated Centavos coins shall be submitted to the BPA by commercial banks for exchange.
- 10.5 Mutilated Centavos coins shall be accepted for exchange by the BPA at its absolute discretion, based on a technical evaluation of the coins submitted.

## 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 No 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 Currency Unit.
- 12.2 Under no circumstances shall known or suspected counterfeit notes or coins 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 or Centavo coin(s) 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.
- 12.5 Centavos coins that a depository institution knows or suspects are counterfeit shall be submitted directly to the BPA Counterfeit Currency Unit.
- 12.6 Bank notes suspected of being counterfeit must be seized by commercial bank staff.
- 12.7 Banks and their staff who seize counterfeit currency shall take the following steps to identify and report the source of the suspected currency:
- 12.7.1 The bank must complete the form of report set out in Appendix I to this Instruction.
- 12.7.2 The bank shall take all reasonable steps to identify the customer who intended to deposit or change the currency suspected of being counterfeit.
- 12.7.3 The bank shall record on the border of the suspect note, in a manner that does not otherwise interfere with the printing on the note, the date of seizure, a reference number, and an initial/signature that shall enable the note to be positively identified at a later date if required by the appropriate agencies for evidential purposes.
- 12.7.4 The bank shall hand over the currency suspected of being counterfeit together with the standard form of report to the BPA within two working days of its seizure.

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## Section 13

### Withdrawals from BPA

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

## Section 14

### Banknote 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.

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- (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 shall 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 armoured carrier of the shipment is not made in conformity with this Instruction or other explicit written instructions from the BPA.

## Section 18

### Prescribed Forms

- 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 III 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 at any time, but will endeavour to give prior written notice of any amendment or interpretation.
- 19.3 BPA Instruction 01/2003 is repealed with effect from the date on which this Instruction enters into force.
- 19.3 This Instruction shall enter into force five working days following the date of signature.

Signed at Dili this 7th day of May 2004





## COUNTERFEIT NOTE REPORT

To: Banking & Payments Authority of East Timor  
Division of Currency Operations, Counterfeit Note Unit

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

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

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

## Description of Note

Denomination (e.g. \$100): \_\_\_\_\_

Serial Number(s) \_\_\_\_\_

Date note received: \_\_\_\_\_ (mm/dd/yyyy)

## Depositor Information

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

Country: \_\_\_\_\_

Phone: \_\_\_\_\_

Attach copy of depositor identification (ID card, passport, etc) if available

## Depositor comments

Source of note (if known): \_\_\_\_\_

Date obtained: \_\_\_\_\_ (mm/dd/yyyy)

Other information: \_\_\_\_\_

## For BPA use

Tracking Number: \_\_\_\_\_

Date logged: \_\_\_\_\_ (mm/dd/yyyy)

Indicative Number: \_\_\_\_\_

Report to ETPS: \_\_\_\_\_ (date)

CASH DEPOSIT

From: \_\_\_\_\_ Account No. \_\_\_\_\_

Date \_\_\_\_\_

Please receive in cash the sum of: \_\_\_\_\_  
 \_\_\_\_\_ US\$

\_\_\_\_\_  
 Name Signature

Quantity	Denomination	Value
	\$100	
	\$50	
	\$20	
	\$10	
	\$5	
	\$1	
<b>Total Notes</b>		<b>\$</b>
	50 centavos	
	25 centavos	
	10 centavos	
	5 centavos	
	1 centavo	
<b>Total Coins</b>		<b>\$</b>
<b>Grand Total</b>		<b>\$</b>

Approval	Cash paid by	Cash received by
Currency Operations Supervisor	Depositor	BPA:
	Date	Date

**For Accounting Department use**

Dr	_____	\$ _____	GJ _____
	Teller/Vault Code      Account name		
Cr	_____	\$ _____	
	Customer Code      Account name		
Data Entry:	_____	Date: _____	
Verified:	_____	Date: _____	



**CASH WITHDRAWAL ORDER**

From: \_\_\_\_\_ Account No. \_\_\_\_\_

Date \_\_\_\_\_

Please pay in cash the sum of: \_\_\_\_\_

\_\_\_\_\_

US\$

and debit your charges to our account

\_\_\_\_\_  
Name Signature

\_\_\_\_\_  
Name Signature

Quantity	Denomination	Value
	\$100	
	\$50	
	\$20	
	\$10	
	\$5	
	\$1	
<b>Total Notes</b>		<b>\$</b>
	50 centavos	
	25 centavos	
	10 centavos	
	5 centavos	
	1 centavo	
<b>Total Coins</b>		<b>\$</b>
<b>Grand Total</b>		<b>\$</b>

Approval	Cash paid by	Cash received by
Balance	Teller	Authorised recipient:
Banking Operations Manager		
DGMP	Date	Date

**For Accounting Department use**

Dr	Customer Code	Account name	\$ _____	GJ _____
Cr	Teller/Vault Code	Account name	\$ _____	
Charges: \$ _____				GJ _____
Data Entry: _____		Date: _____		
Verified: _____		Date: _____		