



**BANK OF PAPUA NEW GUINEA**

**REQUIREMENTS FOR BUREAU OF CURRENCY EXCHANGE LICENSE**

**DATE: 27 November 2008**

## 1. THE POLICY

The Central Bank intends to enhance competition in the foreign exchange market by increasing the number of licensed bureau of currency exchanges. In accordance with Section 80 of the Act and the Central Banking Regulation, the Central Bank licenses bureau of currency exchanges to deal in foreign exchange. The following are requirements for interested parties to become an authorised bureau of currency exchange.

## 2. LICENSING REQUIREMENTS

2.1 **Foreign Exchange Business Plan** – An applicant must provide full details of the foreign exchange business and currencies to be transacted. The plan must also set out in detail the separation of foreign exchange business from other business operations of the applicant. The applicant must also provide an organisational and management structure that clearly defines the foreign exchange business.

2.2 **Company Information** – The applicant must provide the following to the Central Bank:

- (1) ***Company Incorporation*** – A court certified copy of Certificate of Incorporation of the company Form 5 (or Form 4) issued by the Investment Promotion Authority (IPA).
- (2) ***Shareholders of the Applicant*** - A court certified copy of the latest company extract from the IPA listing the shareholders of the company.
- (3) ***Share Capital*** - A court certified copy of Form 10 from IPA showing issued and paid up equity capital in ordinary shares of no less than ten thousand Kina (K10,000.00).
- (4) ***Names of Managers and Profile of Company Directors*** - Curriculum vitae of the company directors and names of senior managers, must be submitted together with their police clearances. The company directors must also demonstrate to the Central Bank that they are fit-and-proper persons.
- (5) ***Contact Details*** - The street and postal addresses, including any other contact details, of the company for communication.

2.3 **Fee** - A non-refundable bank cheque application fee of one thousand Kina (K1,000.00) made payable to the Central Bank must accompany the application.

2.4 **Contact Address** - An application, including the relevant documents, information on location of business and address and contact details must be forwarded to: The Manager, Banking Supervision Department, Bank of Papua New Guinea, P.O. Box 121, Port Moresby, Papua New Guinea.

### **3. OPERATING REQUIREMENTS**

3.1 **Foreign Exchange Business** – The Authorised Bureau of Currency Exchange shall only:

- (1) buy or sell foreign currency in physical notes and coins; and
- (2) negotiate traveler's cheques.

The Central Bank clearance must be obtained before additional products are offered to customers.

3.2 **Foreign Currency Transaction Limit** – The Authorised Bureau of Currency Exchange must not undertake a foreign currency transaction in excess of five thousand Kina (K5,000.00) or its foreign currency equivalent.

3.3 **Restrictions** - The Authorised Bureau of Currency Exchange must not:

- (1) undertake dealings in gold;
- (2) collect deposits from the public and/ or customers;
- (3) maintain foreign currency accounts for or on-behalf of its customers;
- (4) establish or provide letters of credit;
- (5) undertake currency hedge transactions;
- (6) issue guarantees, securities, or indemnities;
- (7) encumber, transfer and/ or assign its license; and
- (8) undertake any other foreign exchange activity not approved by the Central Bank.

These restrictions do not prevent the Authorised Bureau of Currency Exchange to lend funds to its customers.

3.4 **Records** – The Authorised Bureau of Currency Exchange (including its branch) must:

- (1) issue a receipt of currency exchange and keep all appropriate records in English;
- (2) maintain proper records of currency exchange business by date and month;
- (3) maintain separately, the following registers (refer to Annexures attached) for reporting and compliance audit purposes;
  - (a) currency and travelers' cheques purchases register,
  - (b) currency sales register, and
  - (c) a daily summary and balance registers of purchases and sales,
- (4) keep all the registers up-to-date, and balances cross-checked and verified on each trading day; and
- (5) keep currency exchange records for no more than seven (7) calendar years.

- 3.5 **Reporting Requirements** - The Authorised Bureau of Currency Exchange must comply with any request for information by the Central Bank.
- 3.6 **The Premises** - The Authorised Bureau of Currency Exchange must notify and obtain approval of the Central Bank, before:
- (1) changing its physical location and postal address, including any other contact details, or
  - (2) changing or establishing the physical location and postal address of its branch, including any other contact details.
- 3.7 **Company Directors and Management** – The Authorised Bureau of Currency Exchange must notify and obtain endorsement of the Central Bank, before making changes to:
- (1) the directors of the company; or
  - (2) personnel in the capacity of (general) manager or managing director who deal with currency exchange transactions.
- 3.8 **Quotation of Exchange Rates** – The Authorised Bureau of Currency Exchange must have available and on display and issue to clients on demand the buy and sell exchange rates and any other charges, at all times during business hours.
- 3.9 **Revocation of License** – Failure to comply with the requirements of the license constitutes a breach and may result in the revocation of the license.
- 3.10 **License Fee** – The Authorized Bureau of Currency Exchange must pay an annual license renewal fee of one thousand, five hundred Kina (K1,500.00).
- 3.11 **Notification to Renew License** – Within six (6) weeks before the expiry date of the license, the Authorised Bureau of Currency Exchange must notify the Central Bank in writing of its intention to renew the license. Failure to notify the Central Bank will result in the license not being renewed.
- 3.12 **Return of License** – The original license must be returned to the Central Bank following its revocation or non-renewal. Failure to return it may result in imposition of penalties by the Central Bank.

#### **4. REVIEW OF REQUIREMENTS**

The Central Bank reserves the right to review and amend the requirements at any time without notice.

## 5. DEFINITIONS

**Authorised Bureau of Currency Exchange** – means a company which has been licensed as a Foreign Exchange Dealer, for the purpose of any provisions of Part II or any class of transactions subject to any such provision of the Central Banking Regulation, or under Section 80 of the Act.

**Central Banking Regulation** – means the Central Banking (Foreign Exchange and Gold) Regulation.

**Foreign Exchange Controls** – means controls if in operation from time to time under the Central Banking Regulation.

**Foreign Exchange Dealer** – means a licensed dealer of foreign exchange.

**Licensing Requirements** – means the requirements set out under part 2 of this document.

**Operating Requirements** – means the requirements set out under part 3 of this document.

**The Act** – means the Central Banking Act (2000).

**The Central Bank** – means the Bank of Papua New Guinea established under the Act.

6. **ANNEXURES**

**ANNEXURE I (A)**

Register of Purchase: Foreign Currencies						
Date	Customer Name	Receipt Number	Currency Code	Amount Foreign Currency	Amount Paid (Kina Value)	Exchange Rate
<b>Total</b>						

**ANNEXURE I (B)**

Register of Sale: Foreign Currencies						
Date	Customer Name	Receipt Number	Currency Code	Amount Foreign Currency	Amount Received (Kina Value)	Exchange Rate
<b>Total</b>						

**ANNEXURE I (C)**

<b>Register of Purchase: Travelers' Cheques</b>						
<b>Date</b>	<b>Customer Name</b>	<b>Receipt Number</b>	<b>Currency Code</b>	<b>Amount Foreign Currency</b>	<b>Amount Paid (Kina Value)</b>	<b>Exchange Rate</b>
<b>Total</b>						

**ANNEXURE II**

Summary	All Purchases			All Sales
Date	Foreign Currency (Kina Value)	Travelers' Cheques (Kina Value)	Total Paid (Kina Value)	Total Received (Kina Value)

**ANNEXURE III**

Summary Register: All Sales and Purchases Running Balance				
Date	Opening Balance (Kina Value)	Total Received (Kina Value)	Total Paid (Kina Value)	Ending Balance (Kina Value)



**ANNEXURE IV**

<b>Daily Summary Balance Confirmation</b>				
<b>Date</b>	<b>Opening Balance (Kina Value)</b>	<b>Total Received (Kina Value)</b>	<b>Total Paid (Kina Value)</b>	<b>Ending Balance (Kina Value)</b>

**Prepared by:** \_\_\_\_\_

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

**Signature:** \_\_\_\_\_

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

**Confirmed by:** \_\_\_\_\_

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

**Signature:** \_\_\_\_\_

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

**ANNEXURE V**

<b>Monthly Statement: Foreign Currency Stock</b>						
<b>Currency Code</b>	<b>Balance Brought Forward</b>	<b>Purchases</b>	<b>Sales</b>	<b>Closing Balance</b>	<b>Kina Equivalent</b>	<b>Exchange Rate</b>
<b>Total</b>						

**Prepared by:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_  
  
**Confirmed by:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

## CHECKLIST

**FOREIGN EXCHANGE DEALER LICENSE APPLICATION – BUREAU OF CURRENCY EXCHANGE**

This is intended to assist the applicant in preparing and submitting a complete application, in the form and detail set out under the **“LICENSING REQUIREMENTS”** (Part 2) of the REQUIREMENTS FOR BUREAU OF CURRENCY EXCHANGE LICENSE<sup>1</sup>. Place tick in space (\_\_\_) alongside each item.

**1. Foreign Exchange Business Plan (Part 2.1)**

- (\_\_\_) Details of foreign exchange business and the objectives, including the business model
- (\_\_\_) Details of currencies to be transacted
- (\_\_\_) Details of sources to buy foreign currencies
- (\_\_\_) Organisational structure, incorporating the foreign exchange business
- (\_\_\_) Management structure, incorporating foreign exchange business management structure
- (\_\_\_) Chart showing clearly the separation of foreign exchange business from others

**2. Company Information (Part 2.2)**

- (\_\_\_) Certified Company Incorporation Certificate Form 5 (or Form 4)
- (\_\_\_) Certified copies of Company Extract & Form 10
- (\_\_\_) Profile of Company Directors
- (\_\_\_) Names of Senior Managers
- (\_\_\_) Police Clearance on Company Directors and Senior Managers
- (\_\_\_) Company Contact Details

**3. Application Fee (Part 2.3)**

- (\_\_\_) A Bank Cheque

**4. Other**

- (\_\_\_) Complete FEL-FORM 2 (Part 2.2 & 2.4)
- (\_\_\_) Complete FEL-FORM 3 (Part 2.2)

<sup>1</sup> Additional information may be submitted (or requested) where appropriate to clarify or supplement the information requested or required.



**BANK OF PAPUA NEW GUINEA**

**APPLICATION FOR AN AUTHORISED BUREAU OF CURRENCY EXCHANGE,  
UNDER SECTION 80 OF THE CENTRAL BANKING ACT (2000) AND PART II OF  
THE CENTRAL BANKING (FOREIGN EXCHANGE AND GOLD) REGULATION**

**Application Date:** \_\_\_\_\_

**Name of Applicant:**

**Operating Location of Applicant's Head Office:**

**Postal Address of Applicant:**

**Contact Information:**

**Name:**

**Position or Title:**

**Postal Address:**

**Telephone/Fax:**

**E-mail:**

**DECLARATION  
IN RESPECT OF APPLICATION TO DEAL IN FOREIGN EXCHANGE**

I/We, the undersigned acting for-and-on behalf of the applicant do hereby certify that:

*All the information and documentation provided as per the **CHECKLIST** in support of this application is true and correct in all respects to the best of my/our knowledge.*

**Name and Signatures:**

\_\_\_\_\_  
Name of applicant's Director 1

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of applicant's Director 2

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of applicant's Director 3

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of applicant's Director 4

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Chief Executive Officer

\_\_\_\_\_  
Signature

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