

CENTRAL BANK OF SEYCHELLES



INFORMATION ON THE ESTABLISHMENT AND OPERATIONS

OF

LICENCED BUREAUX DE CHANGE IN SEYCHELLES

1. Regulatory Framework

The Central Bank of Seychelles (CBS) is the regulator of Bureaux de Change businesses, governed by the Financial Institutions Act 2004 and the Financial Institutions (Bureau de Change) Regulations 2008. Furthermore, Bureaux de Change need to adhere to the requirements of the Anti-Money Laundering (AML) Act 2006, AML (Amendment) Act 2008 and Prevention of Terrorism Act 2004, administered by the Financial Intelligence Unit (FIU).

These guidelines set out the requirements for prospective applicants of a Bureau de Change licence as per the provisions contained in the above-mentioned Act and Regulations.

2. Definition of Bureau de Change

A Bureau de Change shall be construed as any company incorporated under the Companies Act 1972 or a branch of a foreign company, registered under the local Companies Act, licenced to solely carry out foreign exchange business.

3. Types of Bureaux de Change licences

CBS grants two types of Bureaux de Change licences:

- a. "Class A" Bureau de Change is licenced to buy and sell foreign currency without the limitation that applies to "Class B" Bureau de Change e.g. it could engage in money transmission services; and
- b. "Class B" Bureau de Change is restricted to buying and selling foreign currency only in the form of notes, coins and travelers cheques.

4. Application Forms

Separate application forms are available for "Class A" and "Class B" applicants; the latter being more straightforward than the former given that the holder of a "Class B" Bureau de Change licence engages in relatively simpler activities. These may be downloaded from the CBS website at <http://www.cbs.sc/legislations.html>. Alternatively, hard copies can be obtained from the Financial Services Supervision Division of the CBS. Their submission should be accompanied by the relevant supporting documents as specified in the forms.

5. Fees

- a. Upon application for a Bureau de Change licence, the applicant is required to pay a non-refundable application processing fee of R2,500.
- b. Upon approval, the applicant is required to pay an annual licence fee of:
 - (i) R10,000 for a "Class A" Bureau de Change; or
 - (ii) R5,000 for a "Class B" Bureau de Change.

All cheques should be made payable to the CBS.

6. Minimum Capital Requirements

A “Class A” Bureau de Change shall at all times maintain in Seychelles-

- a. unimpaired paid up capital or assigned capital, as the case may be, of not less than R500,000; and
- b. authorized capital of not less than R1,000,000.

A “Class B” Bureau de Change shall at all times maintain in Seychelles-

- a. unimpaired paid up capital or assigned capital, as the case may be, of not less than R50,000; and
- b. authorized capital of not less than R100,000.

7. Investment in Liquid Assets

A Bureau de Change is at all times required to invest at least one half of its paid up or assigned capital in liquid assets as security for any contingency that may arise.

For the purpose of this requirement, liquid assets include the following:

- a. Cash on hand;
- b. Balances with banks;
- c. Treasury bills and other securities issued by the Government or the CBS and maturing within 365 days.

8. Processing of the Application

- a. Within 3 working days after the receipt of an application, the CBS will inform the applicant whether the application is deemed complete or specify the additional information required to make the application complete.
- b. The applicant will be notified that the CBS has granted or refused the licence application, giving reasons for the refusal, within 1 week for a Class B applicant and 3 weeks for a Class A applicant, after receiving a complete application form.
- c. An application is considered complete when all the necessary documents have been submitted.
- d. Where the CBS is satisfied that the applicant is a fit and proper person to be licenced as a Bureau de Change and has complied with the requirements of the Financial Institutions Act 2004 and the Financial Institutions (Bureau de Change) Regulations 2008, the CBS shall approve the application.

9. Issuance of the Bureau de Change Licence

- a. Where the application is approved and upon receipt of the annual licence fee, CBS shall issue the applicant with a Bureau de Change licence.
- b. A licence authorizes its holder to conduct the business of a Bureau de Change at the place or places of business as specified in the licence.
- c. The licence is valid for an indefinite period of time, unless revoked by the CBS and is not transferable.

- d. CBS may revoke a licence if the licensee fails to commence operations within a period of 6 months or such longer period as allowed in writing by the CBS.

10. Conditions of Licences

A holder of a Bureau de Change licence is required to:

- a. Buy and sell foreign currency on a spot basis;
- b. Conspicuously display at its premises:
 - (i) A copy of its licence;
 - (ii) Its buying and selling exchange rates of the Rupee against other currencies;
 - (iii) Its fees, commission and other terms that apply to its purchases and sales;
 - (iv) Its opening hours.
- c. Maintain a foreign exchange account with a local commercial bank;
- d. Operate from premises approved by CBS;
- e. Set its hours of operations and remain open for business during the set hours. Any change in operating hours should be communicated to CBS.

11. Requirements Relating to Premises

In accordance with international best practices, a Bureau de Change needs to invest at a minimum in the following:

- a. Board for displaying the rates;
- b. Secure cash facility e.g. safe, cash box, night safe wallet, etc;
- c. Note detector;
- d. Fire Extinguisher;
- e. Security measures e.g. electronic alarm, human security etc.

12. Supervision and Monitoring of Bureaux de Change

- a. CBS supervises and monitors the operations of Bureaux de Change to ensure their orderly conduct and development.
- b. Every Bureau de Change needs to electronically submit the following periodic returns to the CBS in the prescribed format.
 - (i) Bi-Annual - Statistics on Complaints
 - (ii) Quarterly - Unaudited Financials (Balance Sheet & Profit or Loss)
 - (iii) Daily - Report on Retail Exchange Rates and Report of Purchases and Sales of Foreign Currencies

The records of the Bureaux de Change shall be made readily available to the CBS and FIU examiners for inspection as and when requested.

13. Audited Accounts

A Bureau de Change is required to:

- a. appoint annually an external auditor to audit its accounts, and this auditor shall be subject to the approval of the CBS.
- b. transmit to the CBS its audited financial statements, not later than 30 days after becoming available, and within 5 months after the end of the financial year, being the calendar year.
- c. publish its audited balance sheet and profit and loss account within 5 months after the end of the calendar year in the Official Gazette.
- d. exhibit copies of its audited balance sheets and profit and loss accounts, in a public part of each of its places of business.

14. Records

Every Bureau shall as a minimum, maintain the following registers in respect of its business transaction:

- a. Register of purchases of currency notes;
- b. Register of purchases of travelers' cheques and bank drafts;
- c. Register of sales of currency notes;
- d. Register of sale of travelers' cheques and bank drafts;
- e. Vault Register for stock of currencies.

15. Operations and Dealings in Foreign Currency

- a. Every Bureau is free to quote its selling and buying rates.
- b. Every Bureau shall buy and sell foreign exchange at its published rates.
- c. A Bureau shall not refuse to sell foreign exchange to a member of the public if such foreign exchange is available;
- d. A Bureau shall:
 - (i) For every sale transaction, issue a receipt, setting out as a minimum:
 - (a) Name and address of the Bureau;
 - (b) Date and time of transaction;
 - (c) Nature of transaction;
 - (d) Currency, Amount, Rate and Rupee Equivalent;
 - (e) Fees and commissions charged;
 - (f) Particulars of the buyer.
 - (ii) For every purchase transaction, setting out as a minimum:
 - (a) Name and address of the Bureau;
 - (b) Date and time of transaction;
 - (c) Nature of transaction;
 - (d) Currency, Amount, Rate and Rupee Equivalent;
 - (e) Fees and commissions charged;
 - (f) Particulars of the seller.
- e. All Bureaux are obliged to:
 - (i) Prominently display on their rates' board a two way quote for each currency next to one another and with equal prominence to one another;
 - (ii) Show rates clearly where different rates apply between bank notes and instruments.

16. Complaints Handling

A Bureau de Change is required to adhere to the provisions of the Financial Institutions (Complaints Handling) Regulations, 2008. Summary details of the internal process for handling complaints need to be conspicuously displayed at the Bureau de Change's place of business in order to raise awareness among customers of their ability to make a complaint.

17. Branch Expansion, Closure and Relocation

The prior written approval of the CBS is required for a Bureau de Change to open or close a branch or branches in any part of Seychelles, or to change the location of any existing place of business in Seychelles.

18. Change in Ownership and Management

CBS' approval must be sought for any change in respect of share holders, directors and senior officers of the Bureau.

19. Anti-Money Laundering Measures

A Bureau shall:

- (i) take reasonable measures to obtain information about the true identity of the person on whose behalf transaction is being conducted;
- (ii) maintain for at least 7 years, all records on transactions which may be inspected;
- (iii) report suspicious transactions to the FIU;
- (iv) take appropriate measures to ensure that employees are aware of the dangers of money laundering by appointing a compliance and reporting officer who will be responsible for proper training of employees to enable them to recognise operations which may relate to money laundering as well as instructing them on how to proceed in such circumstances.

20. Confidentiality

All transactions of a Bureau shall remain in strict confidence and maintained as such, unless otherwise required by law.

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