

Foreign Exchange Act 2009 (FEA)

Implications of FEA

- The Law removes all controls for residents and non-residents to freely hold foreign currencies in Seychelles and Seychelles Rupees overseas. However, this is subject to Anti-Money Laundering Act.
- Payments for services provided in Seychelles may be made in EITHER Seychelles Rupees OR foreign currency, but RUPEES CANNOT BE REFUSED.
- Buying and selling of foreign exchange as a business, is restricted to Banks or Bureau de Change (Authorised dealers).
- In cases whereby businesses have to exchange foreign currency with residents or non-residents, this is only legal to the extent that the exchange is not carried out as a business (that is, it should be on a one-off basis, not in a continuous manner and not for a profit).

Implications of FEA (Cont)

- Only Banks and Bureau de Change set exchange rates. All other operators HAVE to use the exchange rates determined by the market. (**This provision should be applied with Immediate Effect**).
 - Central Bank publishes average traded rates of the 3 main currencies.
 - For all other currencies, liaise with an authorised dealer.

Implications of FEA (Cont)

- Businesses whose nature of operations require them to **continuously** have to exchange foreign currency for Seychelles Rupees, need to obtain a Bureau de Change licence.

A direct payment for goods and services in foreign currency does not require a Bureau de Change licence.

- Two types of Bureau de Change licence exist:
 - Class B= Annual fee SR5,000 : restricted to buying and selling foreign currency only in the form of notes, coins and travelers cheques.
 - Class A= Annual fee SR10,000 : licenced to buy and sell foreign currency without the limitation that applies to “Class B” Bureau de Change. For example, it can engage in money transmission services.
 - For more information contact Central Bank.

Implications of FEA (Cont)

- With a Bureau de Change licence businesses can set their buying and selling rates, and buy and sell to anyone.
 - However, there has to be a clear separation between the operations of a Bureau de Change and their normal business (Hotel, Car hire, etc.).
- Where change/refund needs to be given it may be done in Rupees. **This is standard practice worldwide.**

Payments for goods and services

- All operators shall use the published Central Bank:
 - BUYING rates for conversion from foreign currency to Seychelles Rupees
 - AND
 - the SELLING rates for conversion from Seychelles Rupees to foreign currency.
- Operators may wish to charge a small commission on exchange to further minimize exchange loss.
 - The Central Bank cannot determine the level of this commission. However, this should remain minimal since operators already charge a service charge. Moreover, operators will not always lose because banks' rates are at times more favorable than previous days.

Advertisement of goods and services

- All goods and services being advertised in Seychelles HAVE TO BE ADVERTISED IN SEYCHELLES RUPEES. This applies for hotels, restaurants, duty free shops etc...
The only exception is where it is stated otherwise by a different law or other legal instruments (SI etc.).
- For those advertising outside Seychelles, especially hotels advertising over the internet or in brochures targeted for overseas clients, prices can be set in foreign currency or Seychelles Rupees.

Any questions?

For more details

- A copy of the FEA can be obtained at <http://www.cbs.sc/fxlegislation.html>
- An explanatory note and frequently asked question document for the FEA can be obtained at <http://www.cbs.sc/fxlegislationother.html>
- For any other enquiries you can contact the CBS within working hours (i.e. Monday to Friday 8am -4 pm) on 525 630 or 525 710

Thank you.

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