

Regulation No.CBL/SD/002/2011

AMENDED REGULATIONS FOR THE LICENSING AND SUPERVISION OF FOREIGN EXCHANGE BUREAUX

1.0 Introduction

Pursuant to Section 5 of the Central Bank of Liberia Act of 1999 and Sections 8 and 39 of the new Financial Institutions Act of 1999 (FIA), the Central Bank of Liberia (CBL) herewith amends the Regulations for the Licensing and Supervision of Foreign Exchange Bureaux issued in 2000. These amended regulations supersede the Regulations issued in 2000.

2.0 Eligibility

- (i) A foreign exchange business for the purpose of these regulations is defined as the purchase and sale of foreign currencies and traveler's checks. Currencies refer to coins and banknotes.
- (ii) A foreign exchange bureau may be established by any person as a sole proprietor, partnership or company upon receiving a license from the Central Bank of Liberia to engage in the business or function of foreign exchange.

3.0 Application Procedure

An applicant shall be considered for the issuance of a license to operate a foreign exchange bureau provided the following conditions are fulfilled:

- i. An application for a foreign exchange bureau license shall be made on a prescribed application form obtainable free of charge from the Regulation & Supervision Department, Central Bank of Liberia (specimen given in Annex I).
- ii. A duly completed application form shall be submitted to the Regulation & Supervision Department, Central Bank of Liberia, Warren & Carey Streets, Monrovia, Liberia with a non-refundable application fee of US\$50.00 (Fifty United States Dollars).

4.0 Licensing Procedure

- i. An application for foreign exchange bureau license shall satisfy all of the requirements prescribed under Sections 4 and 8 of the new FIA of 1999.

- ii. In considering any application for a foreign exchange bureau license, the Central Bank of Liberia shall satisfy itself that the applicant, promoters, directors and management are “fit and proper” to conduct the business of foreign exchange in the country.
- iii. The Central Bank of Liberia shall consider every application and may grant a license or inform the applicant that it has refused to grant a license and shall state the grounds upon which such refusal is based.
- iv. The applicant (s) must establish an identifiable location for the foreign exchange bureau, which must be public and easily accessible to all prospective customers. The location shall meet the minimum specifications as determined by the Central Bank of Liberia which include, but not limited to the following:
 - (a) There shall be a concrete structure containing tellers’ cages for currency exchange with glass partitioning, separating the foreign exchange bureau staff and the customer, storage facilities including a safe equipped with combination, counterfeit detector such as the counterfeit detector pen and calculator.
 - (b) The foreign exchange bureau shall have a unique and identifiable color of paint with blue background and yellow lettering.
 - (c) Display broad and clear sign in the prescribed colors.
 - (d) Staffing of a foreign exchange bureau should include at a minimum a bookkeeper or its equivalent with basic knowledge of foreign exchange transactions and the preparation of the required financials as defined by CBL.
- v. Each foreign exchange bureau shall be treated as an autonomous entity for the purpose of licensing.
- vi. The Central Bank shall grant a provisional clearance to applicants who have satisfied the requirements of paying the non-refundable application fee, in full compliance with the 60% minimum deposits for each category, and establishing location that meets the CBL’s minimum specifications. The provisional clearance shall enable the applicant to register as a legitimate business entity with the Ministry of Commerce & Industry with the sole intent of carrying on the business of foreign exchange. The registered name of the business shall include “FOREIGN EXCHANGE BUREAU or FOREX BUREAU”.

5.0 Operational Requirements

- i. The premises of a foreign exchange bureau shall be used solely for foreign exchange transactions and any other non-bank financial services as may be permitted by the CBL under these regulations. The foreign exchange bureau shall display at its prominent place of business the license obtained from the Central Bank of Liberia and the registration certificates issued by the Ministry of Commerce & Industry and/or Ministry of Finance.
- ii. A foreign exchange bureau shall not relocate its business without the prior approval of the Central Bank of Liberia.
- iii. A foreign exchange bureau shall not establish a subsidiary, but may be a subsidiary of another corporation.
- iv. A foreign exchange bureau shall be licensed in one of the two categories below:

Category A

- Minimum deposit requirement of US\$5,000.00
- Permitted 4 branches/outlets
- Permitted to do mobile transaction and money transfer
- Encashment of GOL salary checks
- Permitted to participate in the CBL monthly auction
- Allowed new/clean banknotes
- To enjoy special product offer

Category B

- Minimum deposit requirement of US\$1,250.00
- Restricted to only one branch/outlet
- Allowed new/clean LD bank notes

- v. Where an application is approved by the Central Bank of Liberia, the applicant shall, upon payment of the non-refundable licensing fee and deposit of the categorical capital requirement, be issued a foreign exchange bureau license. The license fee for category “A” bureau shall be US\$200.00 and category “B” bureau shall be US\$150.00
- vi. Each operator of a licensed bureau must have a picture ID card that identifies the bureau and the license number issued by the Central Bank of Liberia.

- vii. A foreign exchange bureau license is not transferable or assignable.
- viii. The application fee, licensing fee and capital (or deposits) requirement shall be subject to periodic review and/or adjustment by the Central Bank of Liberia.

6.0 Notification Concerning Changes in Corporate Structure

- i. Any change in the senior staff of a foreign exchange bureau must be communicated immediately to the Central Bank of Liberia.
- ii. No person (s) other than the official (s) of a foreign exchange bureau as notified to the Central Bank of Liberia shall be allowed to transact business on behalf of the foreign exchange bureau.

A foreign exchange bureau shall inform the Central Bank of Liberia of any alteration in its certificate of incorporation, or any change of a shareholder or director not less than two (2) weeks before the effective date of the alteration or change. A change of all the original shareholders or directors of a foreign exchange bureau shall be sufficient ground for nullification and revocation of the operating license. .

7.0 Foreign Exchange Bureau Bank Account

For the minimum deposit requirement, a foreign exchange bureau shall maintain a bank account in United States Dollar with any commercial bank of its choice; provided that the said account shall at no time maintain a balance less than the minimum deposit requirement. Also, any forex bureau that wishes to participate in the CBL's sale auction shall be required to maintain a bank account in Liberian Dollars in any commercial bank of its choice.

8.0 Renewal of Foreign Exchange Bureaus License

- i. The license shall be valid for one year and shall be renewable annually upon satisfactory conduct of operations as determined by the Central Bank of Liberia.
- ii. Every foreign exchange bureau shall pay annual operating levy according to the following: Category A license shall pay an annual operating levy of US\$150.00 (One Fifty United States Dollars) and those operating under Category B license shall pay US\$100.00 (One Hundred United States dollars).
- iii. Failure to meet renewal requirement shall lead to closure of the foreign exchange bureau.

9.0 Conduct of Business

- a. A licensed foreign exchange bureau shall freely purchase and sell foreign exchange to the public. Each licensed foreign exchange bureau is required to quote its buying and selling rates for each currency of transaction, as well as prominently display its buying and selling rates at its premises, in a form specified in Annex III.
- b. A licensed foreign exchange bureau may purchase traveler's checks from the public in any convertible currency and deposit proceeds thereof into its foreign exchange bank account for collection of the proceeds. A licensed foreign exchange bureau shall not be permitted to sell traveler's checks, drafts, or analogous instruments to the public.
- c. A foreign exchange bureau is required to issue foreign exchange purchase receipt or foreign exchange sale receipt for all transactions of US\$20.00 and above or its equivalent in other foreign currencies (specimen form of the receipt is given in Annex II).
- d. In addition, every foreign exchange bureau shall display prominently and legibly in the main business hall, a notice to the effect that every customer is required to insist on getting receipts for all business transactions of US\$20.00 and above or its equivalent in other foreign currencies before leaving the foreign exchange bureau.
 - i. A foreign exchange bureau shall not trade in any non-convertible currency.
 - ii. Each foreign exchange bureau shall fix its business hours which must be conspicuously displayed to the public.

10.0 Unauthorized Business

A foreign exchange bureau shall not engage in any of the following activities:

- i. Opening of foreign exchange or Liberian Dollar accounts for any customer.
- ii. Engaging in off-shore business or maintaining foreign correspondent relationships.
- iii. Establishment of letters of credit or related business.

11.0 Accounting Records

- i. Every foreign exchange bureau shall maintain the following registers in respect of its transactions:
 - a. Register of purchases of foreign currencies (specimen given in Annex IV).
 - b. Register of purchases of traveler's checks (specimen given in Annex IV (a)).
 - c. Register of sales of foreign currencies (specimen given in Annex V).
- ii. The accounting books and records that are required to be kept under the Association Laws, in particular:
 - a. Treasury or Reserve Book;
 - b. General Ledger;

Income and Expenditure Records: All registers and other records of a foreign exchange bureau shall be kept up-to-date and shall be available for inspection by authorized officials of the Central Bank of Liberia.

12.0 Submission of Returns to the Central Bank of Liberia

- i. Each licensed foreign exchange bureau shall submit to the Regulation & Supervision Department of the Central Bank of Liberia the following monthly returns not later than five (5) working days after the month for which the report is being made:
 - a. Statement of total purchases and total sales of foreign currencies and drafts in accordance with formats prescribed by the Central Bank of Liberia (specimen given in Annex VIII); and
 - b. Foreign currency stock position at the close of business on the last day of each month (specimen given in Annex IX).
- ii. Non-submission, late submission and/or the submission of inaccurate returns shall be sufficient grounds for imposing a fine for each day that the violation persists.
- iii. Persistent default may lead to the withdrawal of the license.

13.0 Examination of Foreign Exchange Bureaus

- i. The Central Bank of Liberia shall carry out an on-site examination of licensed foreign exchange bureaus from time to time. The CBL, also, reserves the right to order an investigation into the affairs of any foreign exchange bureau suspected to

be engaged in suspicious activity or transaction. The charges for such investigations shall be borne by the foreign exchange bureau.

- ii. Any person duly authorized by the Central Bank of Liberia to conduct an examination or investigation may at any time enter any premises where a licensee is carrying on business or any premises where he suspects any business is being carried on in contravention of these Regulations and may inspect the premises and any book or document on those premises which he reasonably requires to inspect for the purpose of ascertaining whether a contravention of these Regulations or any other notice issued is being committed or has been committed.
- iii. Any person who fails without any valid reason to admit or permit an authorized person to inspect or perform the functions assigned, or refuses to produce any book or document under his control which that person requires for the performance of the assignment specified or refuses without valid reason to produce to him and to permit him to take copies of or have entry to it, the Central Bank of Liberia shall impose fine on the foreign exchange bureau including withdrawal of the bureau's license in accordance with the provisions of Section 23 (2) of the New FIA of 1999. In addition, the person shall be subjected to prosecution in the courts according to the currency law of Liberia, if applicable.

14.0 Limitation of Foreign Exchange Sale or Purchase Information

No information other than that required for completion of receipts for foreign exchange encashment or sale shall be demanded by any foreign exchange bureau and, members of the public transacting business with foreign exchange bureaus shall not be under any obligation to disclose identity.

15.0 Liability of Directors and Staff

Where an offense under these Regulations has been committed by a foreign exchange bureau, any person who at the time of the commission of the offence was a director, secretary, manager or other officers of the company or who was purporting to act in any such capacity shall be liable for such offense and penalized in accordance with these regulations consistent with law.

16.0 Indemnity

Under these Regulations, neither the Central Bank of Liberia nor any person authorized by the Central Bank of Liberia shall be subject to any action, claim or demand by or liability to any person of anything done or omitted to be done in good faith in pursuance

or in execution or intended execution of any power conferred or imposed upon the CBL or the person by these Regulations.

17.0 Revocation of License by the Central Bank of Liberia

The Central Bank of Liberia reserves the right to revoke the license of any licensed foreign exchange bureau if:

- i. In the Central Bank's opinion, the conduct of the foreign exchange bureau is detrimental to the success of the foreign exchange bureau scheme;
- ii. The foreign exchange bureau has ceased to carry on the business for which it has been licensed or the licensee as a company goes into liquidation or the licensee as an individual or partnership becomes bankrupt, or is wound up or otherwise dissolved;
- iii. The foreign exchange bureau has failed to comply with or observe any of the conditions of the license;
- iv. The foreign exchange bureau contravenes the above rules and regulations;
- v. The foreign exchange bureau has made a false or incorrect statement in its application for a license;
- vi. It is in the public interest to revoke the license of the bureau.; or
- vii. The foreign exchange bureau has remained closed for a continuous period of one (1) year or more.

18.0 Publication of the List of Licensed Foreign Exchange Bureaus

The Central Bank of Liberia may from time to time publish, in the national newspapers for the information of the public, the list and the registered places of business of licensed foreign exchange bureaus.

19.0 Establishment of Association of Foreign Exchange Bureaus in Liberia

The Central Bank of Liberia shall encouraged foreign exchange bureaus to establish an association of licensed foreign exchange bureaus for the main purpose of ensuring good business practices and in collaborating with the CBL to ensure effective regulation and supervision of foreign exchange business in the country.

20.0 Amendments

The Central Bank of Liberia reserves the right to amend or revise these rules and regulations from time to time.

21.0 Penalties for Non-Compliance

Any licensed foreign exchange bureau, depending on the nature of the violation of the regulation, shall be liable to a fine of not less than Ten Thousand Liberian Dollars (L\$10,000.00) and/or subjected to other supervisory sanctions.

In addition, any person engage in foreign exchange business without license from the Central Bank shall be held liable for violation of the new Financial Institution Act of 1999 and Central Bank Act of 1999, and shall be held liable to appropriate sanctions in keeping with law, including but not limited to seizure or confiscation of market in the possession of the individual or corporate person at the time of the arrest, or imposition of a fine of not less than L\$20,000 or both as maybe applicable.

22.0 Effective Date

These regulations shall take effect immediately upon publication in Official Gazette, and shall remain in force until otherwise advised by the Central Bank of Liberia.

Issued this 20th day of April, A.D. 2011 in the City of Monrovia, Republic of Liberia

**BY ORDER OF THE PRESIDENT
REPUBLIC OF LIBERIA**

**MINISTRY OF FOREIGN AFFAIRS
MONROVIA, LIBERIA
APRIL 2011**