

RESOLUTION NO. 123/7/92

Regarding Regulating of Money Changing Business in the U.A.E.

The Chairman,

Having perused the provisions of Federal Law No. (10) 1980 concerning the Central Bank, the Monetary system and organization of Banking;

And Resolution *No.31/2/1986* regarding regulating of the money changing business in the U.A.E.;

And in accordance with the Board of Directors' Resolution at its meeting held on 14/11/1992;

Resolved as follows: -

ARTICLE 1 DEFINITIONS

1.1 For the purposes of this Resolution :-

- (a) "Licensed person" means any natural or juridical person authorised to conduct money changing business under this Resolution.
- (b) "Licence" means licence issued by the Central Bank for the carrying of exchange business.
- (c) "money changing business" means the purchase and sale of foreign currencies in the form of banknotes and coins, the purchase and sale of travellers cheques, the handling of remittance business in both the local and foreign currencies and other matters approved by the Central Bank.
- (d) "Exempted person " means any entity to which the definition of commercial bank in federal law No. (10) of 1980 is applicable and which is licensed by the Central Bank under said law.
- (e) "Juridical person" means an established entity in accordance with and recognised by the Federal Laws of the Unite Arab Emirates and the laws of the Emirate in which it is so incorporated or an entity established in and recognised under the laws of another jurisdiction.

1-2 The terms defined in Federal Law No. (10) of 1980 shall, unless otherwise defined herein, bear the same meanings when used herein.

ARTICLE 2 LICENCE REQUIREMENT

No person, whether natural or juridical, shall carry on money changing business in the United Arab Emirates unless he is licensed in writing by the Governor of the Central Bank to do so in accordance with this Resolution or unless he is exempted from the provisions thereof.

ARTICLE 3 APPLICATION FOR LICENCE

Any natural or juridical person may submit an application for a licence to the Central Bank. Such application shall be made in the form prescribed from time to time by the Central Bank and shall be accompanied by the following documents:-

- A) A statement setting out the nature and scale of money changing business which the applicant intends to carry on, any plans of the applicant for the future development of that business and the particulars of the applicant arrangements for the management of that business.
- B) Name of applicant and his address, a brief statement about applicant and a copy of his passport and in the case of U.A.E. nationals a copy of the U.A.E. identity card.
- C) An undertaking to provide, in case the application is approved, a bank guarantee drawn in favour of the Central Bank equal to 50% of the capital of the applicant.
- D)) An undertaking to comply with the provisions of Federal Law No. (10) of 1980 regarding money changing business and all resolutions, instructions, directives, circulars, other communications issued by the Central Bank in relation thereto and an undertaking to subject his records and documents to the examination, audit and supervision of the Central Bank.
- E) Any other information or documents required by the Central Bank for the purpose of processing the application.

ARTICLE 4 CONDITIONS FOR GRANTING OF LICENCE

4-1- The Central Bank may, after studying an application duly made in accordance with this Resolution and after being provided with all such information, documents and reports as may be required, grant or refuse to grant the licence.

4-2- A licence shall not be granted unless the following criteria are fulfilled with respect to the applicant:

- a) Paid-up capital of the applicant is not less than DH. 1,000,000 (Dirhams one million) if the application is in respect of the purchase and sale of foreign currencies in the form of bank notes and coins, the purchase and sale of travellers cheques, and other matter approved by the Central Bank, and not less than DH. 2,000,000 (Dirhams two million) if the application includes conduct of money changing business as defined in this Resolution including handling of remittance business of both local and foreign currencies; the opening of each additional branch would require an increase in the paid-up capital by 10%;
- b) The applicant is a U .A.E. national of not less than 21 years of age who is of sound mind and in case of applications made by companies the share of U.A.E. nationals in the capital shall not be less than 60% of the total paid up capital.
- c) That no commercial bank should manage the licensed person whether such a

bank is local or foreign;

- 4-3- No licence shall be granted unless the applicant disposes of the necessary personal reliability and professional qualifications as determined by the Central Bank as follows:

a) Personal reliability:

The applicant, or any of the founding members, shall be of good conduct and behaviour and shall not have been convicted for any offence involving dishonour or dishonesty or violence, and shall not have failed to honour his liabilities towards banks or other creditors and shall not have been declared bankrupt or reached a settlement with his creditors nor has been subjected to attachment of his assets or put under judicial receivership.

b) Professional qualifications;

The applicant or the person who is or shall be manager or controller of the applicant shall have the appropriate theoretical knowledge of money changing business and the necessary management experience.

- 4-4- In approving or rejecting an application for a licence made by any company consideration shall be given to any matters relating to another company within the same group of companies as the applicant or regarding any manager or controller thereof as concerns personal reliability or professional qualifications.

ARTICLE 5 **NOTICE OF GRANT OF LICENCE OR REFUSAL OF APPLICATION.**

Where the Central Bank grants a licence or rejects an application for a licence, it shall give written notice to the applicant accompanied by reasons in case of rejection.

ARTICLE 6 **SCOPE OF LICENCE**

In a licence issued by the Central Bank the following shall be observed:

- a) It shall be granted for a period of one year, renewable thereafter; and
b) It may contain such conditions as the Central Bank may deem appropriate.

ARTICLE 7 **REVOCAION, RESTRICION AND VARIATION OF LICENCE.**

7-1 The Central Bank by a resolution of its Board shall have the right at any time to revoke, vary, restrict or withdraw any condition imposed on any licence after obtaining the comments of the licensed person on the reasons calling for such revocation, variation, restriction or withdrawal.

7.2 The Central Bank by a resolution of its Board shall have the right to revoke the licence if:

- a) It appears to the Central Bank that there has been a breach of any of the

continuing obligations referred to in Article 8 herein below, or if any condition of the licence is not complied with; or

- b) The licensed person is in breach of this Resolution or Federal Law No.(10) of 1980 or any instructions or circulars issued by the Central Bank or if any of the conditions of licence is not fulfilled or is incapable of fulfillment; or
- c) The Central Bank has been provided with false, misleading or inaccurate information by or on behalf of the licensed person or any director, controller or manager of it; or
- d) The interests of customers or potential customers of the licensed person are in any other way threatened, whether by the manner in which the licensed person is conducting or intends to conduct its affairs or for any other reason; or
- e) An order for the liquidation of the business of the licensed person or any of its major shareholders has been made by a competent judicial authority; or
- f) A judicial receiver or manager or any similar officer of the licensed person's undertaking has been appointed; or
- g) A bankruptcy order or judgement has been made in respect of the licensed person; or
- h) The licensed person did not commence its exchange business within six months from the date of licence; or
- i) The licensed person suspends its activities for a period of three consecutive months; or
- j) The licensed person, in the opinion of the Central Bank, is unable to pay its debts as they fall due or the value of its assets is, in the opinion of the Central Bank, less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- k) Execution or other process is issued on a judgement decree or order to sell his assets or part thereof by any court and is returned unsatisfied in whole or in part or exceeds DH 1,000,000 (One million dirham); or
- l) The relevant local authorities withdraw any licence issued in favour of the licensed person.

ARTICLE 8 CONTINUING OBLIGATIONS

8-1 The licenced person shall fully abide by the following obligations:-

- a) That the total of his assets shall not, at any time, exceed ten times the paid up capital, and the capital shall not, at any time, be less than the limits approved in accordance with Article (4) (2) (a);
- b) That the management of the licensed person be conducted by such persons as have been previously approved by the Central Bank;
- c) That the licensed person's legal status, its ownership and capital shall not be

altered without the prior written approval of the Central Bank;

- d) That the licensed person shall not merge or amalgamate or enter into a joint venture with any person or entity, without the prior written approval of the Central Bank;
- e) That money changing business shall only be conducted from such premises as are previously approved by the Central Bank, and no other non-money changing activity of whatsoever nature is undertaken in the same premises and that such premises shall not be relocated without the approval of the Central Bank;
- f) That the trade name, for the licensed person, shall not include the word "Bank" "Financial Institution", "Investment/Commercial/Real Estate Company" or any other description that indicates activities other than money changing business;
- g) That branches of the licensed person shall not be established without the prior written consent of the Central Bank and no permission for a new branch shall be granted unless the financial conditions of the licensed person are sound and the licensed person is not in breach of any condition;
- h) That the licensed person appoints such licensed auditor as is acceptable to the Central Bank and maintains proper accounting records and submits these in such form as required by the Central Bank;
- i) That dealings between the licensed person and his customers shall be supported by official receipts for all money changing transactions and, that a notice advising customers of the necessity for obtaining receipts regarding all sales or purchases of foreign currencies or travellers cheques or remittances conducted through the licensed person, and that another notice declaring rates applicable to currency sales and purchases must be prominently displayed at the premises of the licensed person;
- j) That a licensed person authorized to issue drafts shall issue them in its own name and drafts must be signed by duly authorized signatories;
- k) That the licensed person shall not encumber any of its assets without the prior written approval of the Central Bank;
- l) That any partner of the licensed person shall not withdraw any amount from the business in excess of his share of the net annual profit;
- m) That shareholders, partners, directors, managers, or controllers of the licensed person may not borrow from or lend to the licensed person and they may not have current accounts or any other accounts with the licensed person;
- n) That the licensed person shall submit to the Central Bank, within a period not exceeding three months from the date of closing of its financial year, a signed copy of its year end audited accounts, including the auditors report thereon; the financial year of a licensed person must begin on 1st January and end on 31st December;
- o) That the licensed person shall provide, upon the Central Bank's request, all data, information or statistics, at any time and for any specified period and such information shall be identical to the records of the licensed person and it shall be regarded and treated as confidential information;

- p) That the licensed person shall obtain the necessary local licences and commence its activities within six months of the date of issuance of the licence by the Central Bank under this Resolution and the Central Bank shall be provided with a copy of the licence issued by the local authorities as soon as it is obtained;
- q) An application for renewal of licence shall be made within a period of not less than two months before the expiry of the original licence or any renewal thereof.
- r) The licensed person shall at all times comply with all the laws in force in the U.A.E. including the Civil Law, Companies Law and Criminal Law, and in particular the provisions relating to counterfeit coins and bank notes of which provisions any contravention shall be duly reported to the authorities concerned.

ARTICLE 9 SUPERVISION

The Central Bank reserves the right to inspect the activities of the licensed person at any time it finds it appropriate to ensure adherence to the provisions of this Resolution.

ARTICLE 10 AMENDMENTS

The Central Bank may make the amendments it deems necessary to this Resolution.

ARTICLE 11 APPLICATION AND OPERATION

11.1 This Resolution shall apply to all money changers operating in the U.A.E. which are licensed under this Resolution or Resolution No. 31/2/1986 made on 16.7.1986. All existing money changers in the U.A.E. are required to reconcile their positions with the provisions of this Resolution -within one year from the date of its issue. The Governor may extend the said period by such period or periods not exceeding three months, provided adequate reasons are furnished.

11.2 U.A.E. Central Bank's Board of Directors Resolution No. 31/2/1986 dated 16.7.1986 is hereby repealed and replaced by this Resolution which shall become operative from the date of its issue.

ARTICLE 12 INTERPRETATION OF THIS RESOLUTION

Any clarification or interpretation of the provisions of this Resolution may be sought from the Governor of the Central Bank whose interpretation shall be final.

ARTICLE 13

This Resolution shall be communicated to whomsoever is concerned with its execution and it shall be published in the official gazette in both Arabic and English.

**MOHAMMED EID AL MERIEKHY
CHAIRMAN
BOARD OF DIRECTORS
U.A.E. CENTRAL BANK**

ISSUED IN ABU DHABI

ON 29/11/1992