

REVISED OPERATING GUIDELINES TO FOREIGN EXCHANGE BUREAUX



A. AUTHORITY

In accordance with Section 50 of the **Other Financial Services Act 2001**, the Bank of Sierra Leone shall be responsible for the supervision of all Foreign Exchange Bureaux operating in Sierra Leone.

B. ELIGIBILITY

No person shall be eligible to apply for a licence under this Act unless that person is: -

- a. a company whose name has not been struck off the register of companies under the Companies Act; or
- b. a society registered under the Co-operative Societies Act 1977 and whose name has not been struck off the Register of Co-operative Societies: or a statutory body.

C. LICENSING

No person shall carry on any foreign exchange bureau business unless he/she is in possession of a valid foreign exchange bureau licence issued by the Bank of Sierra Leone in accordance with section 4(1) of the **Other Financial Services Act 2001**.

1. Requirements

- i. An application for a foreign exchange bureau licence must be made on the prescribed application form obtainable at a fee of Le50,000 (fifty thousand leones) from the Bank of Sierra Leone.
- ii. The completed application form should be supported by copies of the following documents: -
 - a) Memorandum and Articles of Association of the applicant or the constitution or relevant legislation governing the establishment and operations of the applicant;
 - b) Certificate of registration as a company, co-operative society or statutory body;

- c) The curriculum vitae of the promoters or sponsors, members of the Board and management of the registered company, co-operative society or statutory body, as the case may be;
 - d) Details of litigation relating to any financial transaction against the promoters or sponsors, and operators
 - e) Report of previous or pending insolvency or bankruptcy proceedings, if any, against or in respect of the promoters or sponsors;
 - f) Nomination of external auditors satisfactory to the Bank of Sierra Leone;
 - g) Copy of the Tenancy Agreement between the promoters of the bureau and the Landlord of the proposed premises of the bureau.
 - h) Letter of Clearance from the Financial Intelligence Unit (FIU).
- iii. The registered name of the company must include “Foreign Exchange Bureau”.
 - iv. The completed application form and all relevant documents should be submitted to -

**The Director Banking Supervision Department
Bank of Sierra Leone
6th Floor Sam Bangura Building
Gloucester Street
Freetown**

2. *Grant/Refusal Of Licence*

- i. Upon receiving an application the Bank of Sierra Leone shall consider the application and may grant a licence.
- ii. Where an application is approved by the Bank of Sierra Leone, the applicant shall, upon the payment of a non-refundable licensing fee of Le1,000,000.00 (one million leones) be issued with a foreign exchange bureau licence.
- iii. The application and licensing fees shall be subject to periodic review by the Bank of Sierra Leone.

- iv. The licence shall be valid for five years and shall be renewable after five years upon satisfactory conduct of operations as determined by the Bank of Sierra Leone.
- v. New licences, which remain unpaid for and uncollected for a period of 6 (six) months after notification of approval, shall automatically be cancelled.
- vi. A foreign exchange bureau licence is not transferable or assignable.
- vii. Where the Bank of Sierra Leone refuses to grant a licence such reasons for refusal shall be communicated in writing to the applicant.

D. BUSINESS PREMISES

- i. A Foreign Exchange Bureau must have premises deemed suitable for bureau operations following inspection by the Bank of Sierra Leone.
- ii. A business of a bureau must be done within the licensed premises.
- iii. A foreign exchange bureau shall not relocate its business in another premises until after one year from the date of commencement of business and such relocation shall be subject to approval by the Bank of Sierra Leone.
- iv. Any foreign exchange bureau wishing to change its location or to undertake transactions outside its registered location shall first obtain the approval of the Bank of Sierra Leone.

E. COMMENCEMENT OF BUSINESS

- i. On receiving the licence from the Bank of Sierra Leone, the applicant must before starting operations: -
 - a. obtain a certificate to commence business from the Registrar of Companies and submit a copy to the Bank of Sierra Leone.
 - b. notify the Bank of Sierra Leone of the operators/staff of the foreign exchange bureau with the following details: -
 - 1. Name(s)
 - 2. Residential Address(es)
 - 3. Specimen Signature(s) of authorised signatories

- ii. Any change in the **signatories** of a foreign exchange bureau must be communicated immediately to the Bank of Sierra Leone.
- iii. No person(s) other than the official(s) of a foreign exchange bureau as notified to the Bank of Sierra Leone shall be allowed to transact business on behalf of a foreign exchange bureau.
- iv. A foreign exchange bureau shall furnish the Bank of Sierra Leone with any alteration in its regulations or certificate of incorporation or any change of a shareholder or director not less than 2 (two) months before the effective date of the alteration or change. However, a change of all the original shareholders or directors of a foreign exchange bureau shall invalidate the operating licence and the same shall be withdrawn by the Bank of Sierra Leone.

F. OPENING OF BRANCHES

- i. A licensed foreign exchange bureau wishing to open a branch should apply in writing to the Banking Supervision Department, Bank of Sierra Leone for approval.
- ii. The premises so identified as the branch must be deemed suitable for bureau operations following inspection by Bank of Sierra Leone. Such premises shall be solely for the operations of Bureaux.
- iii. The following information of operators of the branch must be submitted to the Banking Supervision Department: -
 - 1. Names(s)
 - 2. Residential Address(es)
 - 3. Specimen signature(s) of authorized signatories

G. FOREIGN EXCHANGE BUREAUX ACCOUNTS

- i. It is mandatory for each foreign exchange bureau to open a foreign currency account with a commercial bank and inform the Bank of Sierra Leone.
- ii. The foreign exchange bureau's foreign currency account shall be used solely for its day-to-day operations.
- iii. Every foreign exchange bureau must maintain a Leone account with a local bank

H. RENEWAL OF FOREIGN EXCHANGE BUREAU LICENCE

- i. Application for renewal must be made on an application form purchased from the Bank of Sierra Leone at a cost of Le50,000, the completed application form must be accompanied by copies of the following documents: -
 - a. The most current audited accounts
 - b. Evidence of tax payment
 - c. Certificate of compliance with rules, regulations and directives issued by external auditors
- ii. The application must be submitted not later than 2 (two) months before the expiry date of the current licence.
- iii. Upon approval, a renewal fee of Le1,000,000.00 (one million leones) should be paid to the Bank of Sierra Leone before a licence is issued.
- iv. Failure to meet renewal requirements **may** lead to the suspension of a foreign exchange bureau.
- v. Any foreign exchange bureau, which is closed or suspended, by the Bank of Sierra Leone, shall cease to advertise its name, and cease all Foreign Exchange Bureau Operations.
- vi. The Bank of Sierra Leone may reinstate or permit the reactivation of such a foreign exchange bureau within 3(three) months upon the fulfilment of relicensing conditions.
- vii. A foreign exchange bureau may suspend its operations after obtaining the approval of the Bank of Sierra Leone. The suspension should however not last for more than 6 months.
- viii. A bureau that is suspended or suspends its operations for more than 6 months shall have its licence revoked by the Bank of Sierra Leone.
- ix. Any foreign exchange bureau, which fails to meet the relicensing conditions within a time stipulated by the Bank of Sierra Leone shall permanently be closed and its licence withdrawn.
- x. Any foreign exchange bureau, which remains closed for a continuous period of 1 (one) year, shall have its name submitted to the Registrar of Companies for permanent cancellation.

I. REVOCATION OF LICENCE

The Bank of Sierra Leone reserves the right to revoke the licence of any foreign exchange bureau if: -

- i. The foreign exchange bureau has ceased to carry on the business for which it has been licensed or if the licensee as a company goes into liquidation or it is wound up or otherwise dissolved.
- ii. The bureau has failed to comply with or observe any of the conditions of its licence.
- iii. It contravenes the above rules and regulations
- iv. Has made a false or incorrect statement in its application for a licence.

J. OPERATIONS

- i. Foreign exchange bureaux are authorised to engage in spot transactions only i.e. currencies bought from and sold to the public must be delivered immediately.
- ii. No forward dealings in foreign exchange shall be undertaken by a foreign exchange bureau.
- iii. A foreign exchange bureau may purchase Travellers Cheques from the public and credit its foreign currency account with a bank for collection of the proceeds.
- iv. A foreign exchange bureau shall issue Foreign Exchange Encashment Receipts (FXER) or Foreign Exchange Sale Receipts (FXSR) on purchase and sales of foreign currencies respectively.
- v. Customers have the option to have their names inserted in these receipts.
- vi. Every foreign exchange bureau must display prominently and legibly in the main business hall a notice to the effect that customers should insist on collecting receipts after each transaction.
- vii. Each foreign exchange bureau shall quote its spot foreign exchange buying and selling rates and shall prominently display such rates at its business premises.

K. BOOKS OF ACCOUNTS

- i. Each foreign exchange bureau shall maintain accounting books and records in accordance with the Companies Act, specifically: -
 - a. Cash Book
 - b. General ledger
 - c. Income and Expenditure records

- ii. Each foreign exchange bureau shall also maintain the following registers in respect of its transactions: -
 - a. Register of purchases of foreign currency
 - b. Register of purchases of traveller's cheques
 - c. Register of sales of foreign currency
 - d. Register for the summaries of daily purchases and sales in foreign currencies and the Leone equivalent.
 - e. Register of Receipt Books
- (iii) All books of accounts and other records of a foreign exchange bureau shall be up-to-date and shall be made available for inspection by authorised Bank of Sierra Leone officials at all times.

L. **SUBMISSION OF RETURNS TO THE BANK OF SIERRA LEONE**

- i. Every foreign exchange bureau shall submit to the Bank of Sierra Leone the following returns in accordance with Section 29 subsection 1 (e) of the **Other Financial Services Act 2001**: -
 - a. Summary of total daily purchases and sales of each foreign currency in accordance with the format prescribed by the Bank of Sierra Leone. This return shall be submitted on a daily basis to the Bank of Sierra Leone not later than 10 a.m. on the following working day.
 - b. Foreign currency stock position at the close of business on the last day of each month. This return shall be submitted not later than 7 (seven) working days after the last day of the reporting month.
- ii. Every Foreign Exchange Bureau operating a branch should ensure that the above returns are submitted to them by their branches to enable them prepare consolidated returns which should be submitted to the Bank of Sierra Leone as stipulated in a, b and c above.
- iii. Non-submission of returns, delays in submission of returns and the submission of inaccurate returns shall be sufficient grounds for imposing a fine of not more than five million Leones.
- iv. Persistent default may lead to the **withdrawal** of a licence.

M. AUDITED ACCOUNTS

Audited statements shall be submitted to the Bank of Sierra Leone by every foreign exchange bureau at the end of every financial year. Non-submission shall attract a penalty of not less than three million Leones.

N. UNAUTHORISED BUSINESS

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

- i. acceptance of Leone deposit from any person or corporate body or any legal entity with the intent of obtaining or supplying the foreign exchange equivalent either wholly or in part at a future date;
- ii. acceptance of foreign exchange deposit from any person or corporate body or any legal entity with the intent of obtaining or supplying the Leone equivalent or the equivalent of any foreign currency either wholly or in part at a future date;
- iii. opening of foreign currency or Leone accounts for any member of the public;
- iv. engaging in off-shore business or maintaining foreign correspondent relationship;
- v. establishment of letters of credit for any member of the public;
- vi. engaging directly in any form of foreign currency transfer activities;
- vii. engaging in selling traveller's cheques.

Contraventions of any of the above shall be subject to a penalty of not less than Five Million Leones.

O. INSPECTIONS

- i. In accordance with Section 34 of the **Other Financial Services Act 2001**, the Bank of Sierra Leone reserves the right to order periodic inspection into the affairs of any foreign exchange bureau.
- ii. Any person duly authorised by the Bank of Sierra Leone to act on its behalf may at any time enter any premises where a licensee is carrying on business or any premises where he/she suspects any business is being carried on in contravention of the **Other Financial Services Act 2001** and these guidelines and may inspect the premises and any book or document on those premises which he/she reasonably requires to inspect for the purpose of ascertaining whether a contravention of the Act, guidelines and any other notices issued, is being or has been committed.

- iii. Any person who fails, without any reasonable excuse, to admit or permit an authorised person to inspect or perform the functions assigned, or refuse to produce any book or document under his control which that person requires for the performance of the assignment specified, or refuses without reasonable excuse to produce to him/her and to permit him/her to take copies of or have entry to it shall have its licence withdrawn.

P. RELOCATION OF PREMISES

- i. A bureau may relocate its premises after obtaining the approval of the Bank of Sierra Leone.
- ii. An application for relocation of premises must be made in writing and submitted to the Bank of Sierra Leone together with the rent/lease agreement of the proposed premises.
- iii. Upon approval by the Bank of Sierra Leone, the bureau would be required to pay a relocation fee of Le750,000.

Q. CHANGE OF NAME

- i. A foreign exchange bureau wishing to change its name must submit an application in writing to the Bank of Sierra Leone.
- ii. Upon approval by the Bank of Sierra Leone, the bureau shall pay a change of name fee of Le750,000.

R. AMENDMENTS

The Bank of Sierra Leone reserves the right to amend or revise these guidelines from time to time.