

NATIONAL RESERVE BANK OF TONGA

AUTHORISED RESTRICTED FOREIGN EXCHANGE DEALERS

As required under Regulation 3 of the Foreign Exchange Control Regulation 2000, the authority to conduct foreign exchange business in Tonga is restricted to persons who have been authorised by the National Reserve Bank of Tonga. A foreign exchange dealer's licence/registration is required for the conduct of the business. The foreign exchange dealing business must also be issued a business licence under the Business Licences Regulation 2012.

Type of Business Permitted for Licensed Foreign Exchange Dealers

The area of operation in foreign exchange dealing is open to travel related transactions and all currently delegated payments as follows:-

- 1.1 sale, purchase and repatriation of travellers cheques and foreign currency notes (money changing business);
- 1.2 the remittance of proceeds of repatriated Tonga currency notes;
- 1.3 the issue of bank drafts;
- 1.4 the use of telegraphic or electronic transfers or other means for payment and receipt of funds in line with all currently delegated transactions as specified by the Reserve Bank (remittance business);
- 1.5 the issue of Letters of Credit for trade related payments;

and any other type of transactions as may be approved by the National Reserve Bank of Tonga.

Types of Business Permitted for Registered Foreign Exchange Dealers

- 1.1 inward remittance and disbursement only;
- 1.2 conversion of foreign currency notes to/from Tongan Pa'anga

In considering an application for a Foreign Exchange dealers licence or registration, the National Reserve Bank of Tonga must be satisfied with:-

- a] the character of the applicant, or if the applicant is a business entity, the general character of the management and officer in charge;
- b] the financial status of the applicant or business entity;
- c] whether public interest will be served by the granting of the licence.

Requirements:

1. Applicants may apply to the NRBT for the granting of new licences/registration in the form prescribed by the NRBT (Attachment 1);
2. All licensed/registered foreign exchange dealers is to inform the NRBT of any changes to the licensing/registration requirements (Attachment 2) at the end of December every year. The continuance of the foreign exchange dealer's license/registration would be subject to assessment of compliance with the conditions of license/registration.
3. Minimum paid up capital requirement:
 - a. \$50,000 - share capital and shareholders advance – for licensed foreign exchange dealers.
 - b. \$5,000 - share capital and shareholders advance – for registered foreign exchange dealers.
4. A copy of the approval from the Ministry of Commerce, Tourism and Labour if non-resident shareholding is involved.

National Reserve Bank of Tonga
February 2015

Attachment 1

To: National Reserve Bank of Tonga
Private Bag No 25
Salote Road
Nuku'alofa
Tonga

**NATIONAL RESERVE BANK OF TONGA FORM FOR LICENSING AND
REGISTRATION OF FOREIGN EXCHANGE BUSINESS**

1 Name of applicant*:

2 Address:

.....

.....

Contact telephone no: HomeWork.....

Fax:

Email:Website:

Residential Status:

3 Indicate type of proposed Foreign Exchange Business

- Money Change (conversion of foreign currency notes to/from Tongan Pa'anga)
- Remittance Business (inward remittances and disbursement only)
- Remittance Business (outward remittances)

4. Indicate the type of business. Please indicate with a tick (√) in the appropriate box.

- Sole Proprietorship
- Partnership
- Company
- Others (Please elaborate

*Name of sole proprietor or a partner or company/corporation as the case may be.

5. Name and proposed address of Foreign Exchange business:

Name:.....

Address:.....

.....

6. If the Foreign Exchange business is / is to be conducted with other types of business, please describe the other types of business:

.....
.....

7. Particulars of applicant (sole proprietor/partners/directors/shareholders). [If space is insufficient, please provide information on a separate sheet of paper.]

(i) Name:
Address:
Date of birth: Residential Status:.....
Passport No/Driver's Licence: (attach 1 copy)
State your highest educational qualification:

(ii) Name:
Address:
Date of birth: Residential Status:.....
Passport No/Driver's Licence: (attach 1 copy)
State your highest educational qualification:

8. In the case of an applicant which is a company, provide the following information:

a. Date and place of incorporation : _____
(attach certified copy of certificate of Incorporation)

b. Latest financial indicators : _____
(as at end _____(month)_____(year)_____)

(i) Authorised capital : _____

(ii) Paid-up capital : _____

(iii) Reserves : _____

(iv) Total assets : _____

(v) Net profit (before tax) : _____

(attach copies of audited accounts for the last 3 years of operation, if applicable)

c. Names of the company's shareholders, the percentage of their shareholding in the company and residential status.

	<u>Name</u>	<u>Shareholding (%)</u>	<u>Residential Status</u>
(i)	_____	_____	_____
(ii)	_____	_____	_____

(iii) _____
 (iv) _____

d. Names and addresses of subsidiaries of the company/corporation (if any), their principal activities, and date and place of incorporation.

9. State your experience in foreign exchange business including the number of years in the business, if any:

.....

10. Particulars of the management staff¹ of the Foreign Exchange business (attach curriculum vitae)

<u>Name</u>	<u>Position</u>	<u>Passport No/ Driver Licence</u>	<u>Residential Status</u>	<u>Work experience</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

11. Give details of all other businesses (including foreign exchange businesses) which you have interests in.

<u>Name of business</u>	<u>Nature of Interest (e.g. shareholder, sole proprietor, partner, director, etc)</u>	<u>For shareholders, State the percentage Shareholding</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. Bank References

Furnish the names and addresses of banks with which the applicant has banking relationship, including correspondent banks overseas (if any) (includes Bank that provide Traveler cheques)

¹ Management includes the CEO and managers reporting directly to the CEO

<u>Name of Bank</u>	<u>Address of Bank</u>
1) _____ _____	_____ _____
2) _____ _____	_____ _____
3) _____ _____	_____ _____

13A. State the countries you received funds from over the previous year/intend to receive funds from, and the intended estimated total foreign exchange receipts from each country.

Country	Estimated foreign exchange Receipts (Tongan pa'anga per annum)	Recipient (e.g. foreign workers, domestic helpers, tourist etc)	Main Purpose (e.g. loan repayment, funeral, church donation maintenance, wedding, etc)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

13B. State the countries you remitted funds to over the previous year/intend to remit funds to, and the intended estimated total foreign exchange payments from each country.

Country	Estimated foreign exchange payments (Tongan pa'anga per annum)	Remitter (e.g. family maintenance, credit card holder)	Main Purpose (e.g. gift, funeral, bills, student fees, credit card payments)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

14A. Briefly indicate how you would determine the exchange rates:

.....

.....

14B. State any fees and charges on transactions:
(please attach description)

14C. State any transaction limits; maximum open position limits and other controls and policies of the business. Also include expected number of transactions per month – inward and outward transfers or conversions of foreign currency to and from Tongan pa’anga.
(please attach description)

14D. What management, control and security systems are in place? Include backup systems in case of disasters e.g. fire
(please attach description)

15. State the name and address of the agent(s) through whom you would operate in the country/countries you intend to deal with.

<u>Name of Agent</u>	<u>Address of Agent</u>	<u>Name of Licensing Authority</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

16. Answer the following questions with a “Yes” or “No” in the spaces provided. If the answer to any question is “Yes”, please provide details.

Have you, the applicant, (in the case of a sole proprietor), or any partners, management directors or substantial shareholders (i.e. shareholders holding more than 10% interest in the company) of the foreign exchange business been:

	<u>Answer</u>	<u>Details</u>
(a) involved in any lawsuit?		
(b) convicted of any offence in Tonga or elsewhere or are there any proceedings now pending which may lead to such conviction?		

<p>(c) given judgement including findings in relation to fraud, misrepresentation or dishonesty against him in any civil proceedings, in Tonga or elsewhere?</p>		
<p>(d) censured or reprimanded by a government ministry/agency/department or statutory/professional body?</p>		
<p>(e) associated with any company as a director, officer, manager or shareholder which was investigated by a government ministry/agency/department or statutory/professional body?</p>		
<p>(f) declared bankrupt or compounded with or made an assignment for the benefit of your creditors in Tonga or elsewhere</p>		
<p>(g) associated with any company as a director, officer, manager or shareholder, which was compulsorily wound up?</p>		
<p>(h) dismissed from office or employment, subject to disciplinary proceedings by your employer or been refused entry to any profession or occupation?</p>		
<p>(i) known by any name other than the name(s) shown in this application?</p>		

17. Please confirm that you are not acting as a nominee for a third party in the foreign exchange business named in this application and that you are both the legal and beneficial owner of the said business.

18. **Checklist:**

- 1) Please submit the completed and signed application form with the following documents:-
- a. Certified copy of the applicant's particulars' ID (passport, driver's licence) including police record.
 - b. Certified copy of the certificate of Incorporation, in the case of companies
 - c. Annual accounts submitted to the Ministry of Revenue and Customs for tax purposes for last 3 years (if applicable).
 - d. Curriculum Vitae of Management
 - e. Directors' written undertaking in company's letterhead that they will secure any obligations and liabilities to be incurred in the conduct of the business
 - f. Cash flow projections for the next 12 months.
 - g. Description of Fees and charges on transactions
 - h. Description of transaction limits and other controls & policies, and expected number of transactions per month.
 - i. Description of management, control and security systems in place.
 - j. Anti-Money Laundering and Exchange Control policies (where applicable) in place.

The following information is confidential and will not be shared with any third parties unless required by law or with your written consent.

19. Declaration:

- I/We declare that all the information given in this application (including the appendices), to the best of my/our knowledge and belief is true and complete. I/We understand that if it is subsequently discovered that any statement contained herewith is false or misleading, or that relevant information has been withheld, my/our Licence/registration application may be disqualified or, if the Licence/registration has been granted, it may be revoked.
- I/We understand that I/we will submit to the Reserve Bank any additional information as may be required by the Bank from time to time

Signed:

Print Name:

Date:

Attachment 2 Licensing / Registration Requirements

1. Name of applicant (name of business).
2. Address of applicant.
3. Proposed Foreign Exchange Business.
4. Type of Business (Sole Proprietorship/Partnership/Company).
5. Name and address of Foreign Exchange business.
6. If the Foreign Exchange business is / is to be conducted with other types of business, please describe the other type of business.
7. Particulars of Applicant - including certified copy of the applicant's particulars' ID (passport, driver's license) & police record.
8. In the case of an applicant which is a company, provide the following information:
 - a. Date and place of incorporation (Certified copy of Certificate of Incorporation).
 - b. Latest financial indicators
 - i. Authorised capital
 - ii. Paid-up capital
 - iii. Reserves
 - iv. Total assets
 - v. Net profit (before tax)
 - c. Names of the company's shareholders, the percentage of their shareholding in the company and residential status.
 - d. Names and address of subsidiaries of the company/corporation (if any), their principal activities, and date and place of incorporation.
9. State your Experience in foreign exchange business including the number of years in business, if any.
10. Particulars of the management staff of the Foreign Exchange business (attach curriculum vitae).
11. Give details of all other business (including foreign exchange businesses) which you have interests in.
 - i. Name of business
 - ii. Nature of interest
 - iii. Percentage of Shareholding
12. Bank References (Names and addresses of banks with which the applicant has banking relationship, including correspondent banks overseas (if any) (includes Bank that provide Traveler cheques).
13. A. State the countries you received funds from over the previous year/intend to receive funds from, and the intended estimated total foreign exchange receipts from each country.

B. State the countries you remitted funds to over the previous year/intend to remit funds to, and the intended estimated total foreign exchange payments from each country.
14. A. Indicate how you determine the exchange rates.
B. State Fees and charges on transactions.
C. Any transaction limits; maximum open position limits and other controls and policies of the business. Also include expected number of transactions per month – inward and outward transfers or conversions of foreign currency to and from Tongan pa'anga.
D. Management, Control and security systems are in place? Include backup systems in case of disasters e.g. fire.
15. Name and address of the agent(s) through whom you would operate in the country/countries you intend to deal with.

16. Answer the questions with a “YES” or “NO”.

Have you, the applicant, (in the case if a sole proprietor), or any partners, management directors or substantial shareholders (i.e. shareholders holding more than 10% interest in the company) of the foreign exchange business been:

- a. involved in any lawsuit?
 - b. convicted of any offence in Tonga or elsewhere or are there any proceedings now pending which may lead to such conviction?
 - c. given judgment including findings in relation to fraud, misrepresentation or dishonesty against him in any civil proceedings, in Tonga or elsewhere?
 - d. censured or reprimanded by a government ministry/agency/department or statutory/professional body?
 - e. associated with any company as a director, officer, manager or shareholder which was investigated by a government ministry/agency/department or statutory/professional body?
 - f. declared bankrupt or compounded with or made an assignment for the benefit of your creditors in Tonga or elsewhere
 - g. associated with any company as a director, officer, manager or shareholder, which was compulsorily wound up?
 - h. dismissed from office or employment, subject to disciplinary proceedings by your employer or been refused entry to any profession or occupation?
 - i. known by any name other than the name(s) shown in this application?
17. Please confirm that you are not acting as a nominee for a third party in the foreign exchange business named in this application and you are both the legal and beneficial owner of the said business.
18. a. Directors written undertaking in company’s letterhead that they will secure any obligations and liabilities to be incurred in the conduct of the business
- b. Cash flow projections for the next 12 months
- c. Anti-Money Laundering and Exchange Control policies in place.

Revised February 2015