



CENTRAL BANK OF
TRINIDAD & TOBAGO

**Policy Paper For
The Regulation of Bureaux de Change in Trinidad and Tobago**

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1. Consultation process

The Central Bank of Trinidad and Tobago ('Central Bank/Bank') first presented proposals for the amendment of the Terms and Conditions for the licensing of bureaux de change at a meeting in April 2014. The Central Bank revised some of the initial proposals following that meeting and in December 2014, a Consultation Paper on the Proposed Amendments to Terms and Conditions for the Licensing of Bureaux de Change in Trinidad and Tobago was issued for comment. The Central Bank has considered the comments received carefully and is now issuing the final document entitled "Regulation of Bureaux de Change in Trinidad and Tobago" July 2015 for implementation by licensed bureaux de change.

2. Definitions of key words

“Authorized dealer” means in relation to any gold or any foreign currency, a company for the time being authorized by the Bank to act for purposes of the Exchange Control Act Chap. 79:50 as an authorized dealer in relation to gold, or, as the case may be, any foreign currency or currencies.

“Branch” means any office or place of business in Trinidad and Tobago where Authorized Dealers carry on all or any part of their Bureau business, other than its principal place of business in Trinidad and Tobago.

“Board” means the Board of Directors of the Bureau that at a minimum shall be comprised of five members.

“Bureau de Change” or “Bureau” is a company which has been granted an Authorized Dealer licence to purchase or sell foreign currency including a Stand-Alone Bureau.

“Business of foreign exchange” means the purchase and/or sale of foreign currency, and the term “foreign exchange business” shall be construed accordingly.

“Connected party” means:

- (a) holding company, controlling shareholder or significant shareholder of a Bureau de Change, company or unincorporated body;
- (b) a person who holds ten percent or more of any class of shares of a Bureau de Change, company or unincorporated body or of any person referred to in paragraph (a);
- (c) an affiliate of a Bureau de Change, company or unincorporated body;
- (d) an affiliate of a person referred to in paragraph (a);
- (e) a director or officer of a Bureau de Change, company or unincorporated body or a person referred to in paragraph (a);

- (f) a relative¹ of a director or officer of the Bureau de Change, company or unincorporated body; and
- (g) a company or incorporated body that is controlled by a person in paragraphs (a) to (f).

“**Control**” means the power of a person, either alone or with an affiliate or relative or connected party or other person, or by an agreement or otherwise, to—

(a) exercise more than fifty per cent of the voting rights at any meeting of shareholders of a Bureau de Change, company or unincorporated body;

(b) elect a majority of the directors of a Bureau de Change, company or unincorporated body;

(c) secure that the business and affairs of Bureau de Change, company or unincorporated body is conducted in accordance with his wishes; or

(d) exercise dominant influence over the conduct of the business and affairs of a Bureau de Change, company or unincorporated body

and the term “**controlling shareholder**” shall be construed accordingly;

“**Manager**” means a person responsible for the day to day operations of the Bureau de Change.

“**Significant Shareholder**” means a person who either alone or with one or more affiliates or relatives or connected parties is entitled, whether by agreement or otherwise, to exercise twenty per cent or more of the voting power at any general meeting of a Bureau, company or unincorporated body;

“**Stand Alone Bureau de Change**” or “Stand-Alone Bureau” is a company which has been granted an Authorized Dealer licence to purchase or sell foreign currency and engages in this financial service **only**.

¹ In this document, “relative” bears the same meaning assigned to that term in section 2(1) of the Financial Institutions Act Chap. 79:09

3. Preamble

Bureaux were established in Trinidad and Tobago following the decision to float the TT dollar in April 1993. Subsequently, on September 17, 1993, the Central Bank issued a Notice to the public indicating that it would begin issuing licences for the operation of Bureaux. The Notice stated that the introduction of the Bureaux constituted a second phase in the development of the foreign exchange market, and these institutions would *create a more competitive foreign exchange market, and increase the number of outlets to facilitate foreign exchange transactions by the public.*

Bureaux have emerged in the local market because they serve individuals who wish to “*trade relatively small amounts of foreign exchange that come into their possession, or who wish to obtain relatively small sums of foreign exchange to meet purchases and other obligations overseas*”².

Currently, there are five (5) licensed Bureaux operating domestically. All entities that engage in the purchase and sale of foreign currency must seek approval for a Bureau licence from the Central Bank to conduct those activities.

4. Introduction and Context

The Central Bank issues a licence to a qualified person to act as an Authorized Dealer in gold or foreign currency pursuant to the Exchange Control Act Chap 79:50 (ECA). For example, Section 5 of the ECA states that: “*The Bank may, by instrument, authorize a person in Trinidad and Tobago to be an authorized dealer in gold or foreign currency and may entrust to the person such duties, functions, powers and obligations as the Bank may consider necessary for the purposes of this Act and any Regulations and other instruments under this Act*”. In addition, Section 6(1) of the ECA states that “*Except with the permission of the Bank, no person (other than an authorized dealer) shall in Trinidad and Tobago, buy or borrow any gold or foreign currency from, or sell or lend any gold or foreign currency to, any person other than an authorized dealer.*”

² Quoted from article titled “Factors of the Choice of Exchange Rate Regime with Special Reference to the Caribbean, Page 17, The Role of the Cambio, Sir Courtney Blackman, November 2002

It should be noted that financial institutions that hold a banking licence under the Financial Institutions Act Chap. 79:09 (FIA) are allowed to conduct the business of foreign exchange. Additionally, financial institutions that hold a non-banking licence under the FIA and are authorized to carry out the business of a Merchant Bank are allowed to conduct the business of foreign exchange. In both instances, these institutions licensed under the FIA are not required to seek an Authorized Dealer licence under the ECA. Consequently, any company other than those licensed under the FIA which are desirous of conducting the business of foreign exchange must apply for an Authorized Dealer licence in accordance with the ECA.

A company that is required to obtain an Authorized Dealer licence under the ECA may be classified as follows:

- A company not licensed under the FIA that wishes to conduct foreign exchange business as a separate line of business; or
- A company that wishes to conduct the purchase and sale of foreign currency only.

Under both circumstances, the company will be required to apply to the Central Bank to operate a Bureau under the ECA.

Accordingly, pursuant to section 5(1) of the ECA, the Central Bank has sought to enhance operational provisions for the operation of a bureau de change in the Terms and Conditions of Operation for Bureaux De Change.

In order to maintain its licence, a Bureau must adhere to “duties”, “functions” and “obligations” captured in the Central Bank’s “Terms and Conditions for The Operation of A Bureau De Change” (Terms and Conditions). Where a Bureau fails to meet the obligations and to carry out the duties and functions contained in the Terms and Conditions, the Central Bank is empowered in accordance with Section 5(2) of the ECA “*to vary or suspend in whole or in part such authorizations, notwithstanding the provisions of any other written law, where the circumstances are such as, in the opinion of the Bank, require suspension of the*

authorizations". Further, Section 41(1)(b) of the ECA also allows the Central Bank to revoke or vary an Authorized Dealer's licence.

The Central Bank has reviewed the Terms and Conditions governing Bureaux de Change to strengthen the risk management and governance of Bureaux. Key enhancements to the current Terms and Conditions would encompass:

- Licensing;
- Minimum capital requirements;
- Corporate Governance;
- Reporting requirements, Operations and Internal Controls; and
- Compliance with Anti-Money Laundering and Combatting of the Financing of Terrorism (AML/CFT) laws and guidelines.

5. The Regulatory Framework

The Regulatory Framework for Bureaux recognizes that the main risks to these entities are AML/CFT risks and operational risks.

The legislation and Guidelines governing the licensing and operations of Bureaux are as follows:

- The ECA – Sections 5, 6 and 41(1)(c) are the authority upon which the Bank grants a licence to a bureau de change and imposes terms and conditions.
- Proceeds of Crime Act Chap. 11:27 and Amendments (POCA);
- The Anti-Terrorism Act Chap. 12:07 and Amendments (ATA);
- The Financial Obligations Regulations 2010 (as amended) (FOR);
- The Financial Obligations (Financing of Terrorism) Regulations 2011 (FOFTR);

- The Financial Intelligence Unit of Trinidad and Tobago Act 2009 and Amendments (FIUTTA);
- Central Bank's Guideline on Anti-Money Laundering and Combating of Terrorist Financing; and
- Central Bank's Fit and Proper Guideline.

6. Licensing Requirements

Bureaux will be subject to such registration requirements as the Central Bank deems appropriate to determine the identity and fitness and propriety of the following:

- Significant shareholders and controlling shareholders; and
- Directors, officers and managers.

In addition, Bureaux will be required to ensure that their external auditors are fit and proper. The financial condition of the Bureau will also be assessed as part of the licensing process.

6.1 Application and Documents (New Authorized dealers)

Application

Companies must apply in writing to the Central Bank for an Authorized Dealer licence to carry on the business of a Bureau.

The application must be accompanied by:

- A statement of the applicant's name and the address of its registered office in Trinidad and Tobago.

- The name, address, nationality, experience, and other relevant information of *each director, manager, and shareholder (existing or proposed) that hold or will hold five per cent or more of any class of shares in the company.*
- A concise history of their business experience, a business plan clearly explaining the rationale for establishing bureau de change operations in Trinidad and Tobago, including the type of currencies proposed for dealing, the management arrangements for the proposed Bureau, and a list of the proposed location of Branches (where applicable).

Upon granting of a licence from the Central Bank, a Bureau shall be required to commence its operations within a period of **six (6) months** from the date of issuance of the licence and inform the Central Bank. Where a Bureau has been granted an Authorized Dealer licence and the Central Bank reasonably believes that the Bureau has not carried on foreign exchange business within the period of six (6) months, the Central Bank may serve the Bureau with a notice requiring it to satisfy the Central Bank, within one (1) month after the date of service of the notice that it is conducting foreign exchange business in Trinidad and Tobago. The Central Bank may cancel the Authorized Dealer licence of a Bureau on which a notice is served where the Bureau does not, within the time specified (one (1) month) satisfy the Bank that it is conducting foreign exchange business in Trinidad and Tobago.

Additional Documents

The application will also include the following documents:

- A certified copy of the articles of incorporation or continuance issued in accordance with the Companies Act Chap. 81:01, by-laws or other constituent document under which the applicant is incorporated or continued;
- A certified copy of its latest Notice of Directors, Notice of Secretary and Assistant Secretary and Annual Return filed with the Registrar General;
- In the case of companies carrying on business prior to the application, a copy of its audited financial statements and the auditor's management letter for the three (3) consecutive years immediately preceding the application ;

- Where the company has been functioning for less than three (3) years, a copy of its audited financial statements and the auditor's management letter for each year, or part thereof, that it has been in operation;
- In the case of newly established companies, three-year projections of financial statements including the assumptions used, will be required;
- A Corporate Questionnaire and Declaration Form (CQD) for the applicant company and each corporate shareholder owning 20% or more of the applicant company;
- A completed Personal Questionnaire and Declaration Form (PQD) for each individual director, officer, manager of the company. The Fit and Proper requirements that must be met by all of these persons are outlined in Appendix I;
- A copy of the documented AML/CFT compliance programme that will be implemented upon commencement of operations. Where the applicant carries on other forms of business and has an existing compliance programme, a copy of that programme may be submitted but must outline risks pertinent to the bureau operations);
- A copy of the organizational chart of the applicant company;
- Proof of compliance with section 26 of the Occupational Safety and Health Act Chap 88:08 (OSHA); and
- Such further information as the Central Bank may require.

6.2 Annual Renewals

Authorized Dealer licences will be valid for a maximum period of one (1) year, unless otherwise stipulated by the Central Bank. Applicants must submit a written application for renewal of a licence for the principal office and each Branch together with supporting documents at least one month prior to the expiration date of the licences.

No application for renewal of an Authorized Dealer licence shall be made after the expiry of the licence. In such cases, a new application will be required.

Supporting documents to accompany the renewal application should include:

- A list of the shareholders of the Bureau owning 5% or more of the entity and the directors, officers and managers and their positions in the business;

- A list of shareholders of the Bureau who hold any voting shares as beneficial owner or as trustee. If the shareholder holds them as trustee, the person for whom he holds them either by name or by such other particulars sufficient to enable those persons to be identified, and the nature of their interest;
- A completed PQD for each manager (including manager of any branch) and director of the Bureau;
- A CQD for the Bureau;
- A copy of the organizational chart of the Bureau showing structure, names of incumbents and reporting relationships;
- A copy of the last audited financial statements and the auditor's management letter;
- A copy of the external auditor's AML/CFT report for the most recent financial year;
- Proof of compliance with section 26 of OSHA; and
- Such further information as the Central Bank may require.

A Bureau seeking renewal of its Authorized Dealer licence may be subject to an onsite examination to test their compliance with the Terms and Conditions prior to renewal of the licence. Where material non-compliance with the Terms and Conditions is observed, the Central Bank may revoke, suspend, not renew the Authorized Dealer licence or issue a new licence subject to such conditions as are deemed necessary.

6.3 Authorization for Branches

Bureaux shall not establish a Branch without the prior approval in writing of the Central Bank. As such, any Bureau seeking to establish a Branch or an additional Branch must apply in writing to the Central Bank.

Applications for Branches should be accompanied by the following:-

- A completed PQD for each manager and officer of the Branch;
- A copy of the last audited financial statements and the auditor's management letter;
- A business plan that outlines projections and economic rationale for establishing the new Branch;
- A copy of the external auditor's AML/CFT report for the most recent financial year;
- Proof of compliance with all other relevant legislative requirements; and
- Such further information as the Central Bank may require.

6.4 Fees

A non-refundable annual fee of \$20,000 is payable upon first registration and thereafter one month before the expiration of the Authorized Dealer's licence. Additionally, an annual renewal fee of \$3,000 is payable one month before the expiration of the licence for each Branch. A fee of \$3,000 is also applicable to the establishment of any new Branches. The renewal date for each Branch would be that of the Authorized Dealer licensee.

7. Capital

Capital is required by the Bureau to cover possible losses and other contingencies. In accordance with international best practice initial capital is one of the licensing requirements. Internationally, India and Kenya maintain capital requirements ranging between US\$40,000.00 to US\$80,000.00. Regionally, Jamaica requires a Bureau to maintain minimum capital of US\$25,000 to commence operations.

New Applicants

Each new applicant will be required to meet the proposed minimum initial capital of five hundred thousand TT dollars (\$500,000.00). This amount will be considered the minimum amount applicable for the Bureau's registered office and up to five (5) established Branches where applicable.

Existing Authorized Dealers

Existing Bureaux will be granted a transition period of two (2) years to meet the capital requirements.

Branches

Where a Bureau maintains in excess of five (5) Branches, the Bureau is required to maintain a minimum amount of capital of \$50,000.00 for every additional Branch.

8. Corporate Governance

Fitness and Propriety

Authorized Dealers, and their shareholders, managers and directors should be held to a high standard of care. With the onus on greater transparency in business and more information being provided, it is appropriate that Terms and Conditions stipulate the minimum fit and proper requirements for directors and management.

Managers (including managers of Branches), Compliance Officers, directors, significant shareholders and controlling shareholders of a Bureau are expected to meet the 'Fit and Proper' criteria on an ongoing basis. Fit and Proper assessments would be conducted once every three (3) years and at such other time as the Central Bank may deem necessary, such as upon occurrence of specific events, e.g. appointment of a new director or officer or change of significant or controlling shareholder. The Bureau would be responsible for ensuring the ongoing fitness and propriety of all officers. Appendix I highlights the purpose of 'Fit and Proper' requirements and minimum qualifications.

External Auditors

The Bureau is required to appoint an external auditor to review its financial records as well as its AML/CFT Compliance Programme in accordance with the FOR. The external auditor appointed by the Bureau should have the appropriate qualifications and good standing and in this regard the Central Bank has outlined the criteria that the auditor should meet. The Central Bank can require the Bureau to withhold the appointment of an external auditor who does not meet the established criteria or who is not fit and proper in accordance with Appendix I.

1. The auditor appointed by the Bureau must be an accountant or a firm of accountants, qualified to conduct an audit of a Bureau. An auditor will be deemed to be qualified if the accountant or in the case of a firm of accountants, at least one of its members, meets the following criteria:
 - a) is a practicing member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago;
 - b) has knowledge and experience, satisfactory to the Central Bank, in the audit of financial services sectors;

c) is independent of the Bureau;

2. The Central Bank will also consider holders of valid practicing certificates from other professional associations of auditors or accountants to conduct the audit of Bureaux.

In some circumstances, the Central Bank may wish to review the working papers of the external auditor, similar to its supervisory practice for other regulated entities. In this regard, the Bureau may be required by the external auditor to consent to the review.

9. Operations - process, systems and controls

Bureaux are required to adopt processes and systems in accordance with the following current and enhanced requirements:

8.1 Scope of business:

- i. Bureaux may purchase notes, coins and travellers' cheques denominated in foreign currency and sell notes and coins (but not travellers cheques) in any currency in exchange for any other currency;
- ii. Bureaux may accept credit cards and debit cards to sell notes and coins in any currency in exchange for any other currency;
- iii. Bureaux may sell foreign currency to a maximum of US\$5,000 per single transaction.
- iv. Bureaux are not permitted to:
 - a. Establish correspondent relationships with banks abroad;
 - b. Borrow or lend in foreign currency;
 - c. Borrow or lend in Trinidad and Tobago dollars;
 - d. Sell foreign exchange in excess of amounts purchased by them (i.e. hold a short foreign currency position);
 - e. Enter into a contractual agreement to take part in a currency transaction on a date other than the spot value date at a specific rate of exchange (i.e. forward transactions inclusive of swaps and futures);

- f. Enter into a transaction that involves negotiable instruments such as cheques, other than travellers' cheques;
- g. Accept deposits in foreign currency or in Trinidad and Tobago dollars; and
- h. Assign or transfer its Licence to any other person.

8.2 Consumer Protection

- i. Customers must be provided with a receipt of the transaction which should include:
 - The name of the customer;
 - Appropriate forms of identification;
 - The type of transaction (purchase or sale);
 - The currency name
 - The date and time of the transaction; and
 - The amount of the transaction.
- ii. Save and except for the restriction under 8.1(iii) above, Bureaux shall not refuse to sell foreign currency to a customer, which is to be used for a legitimate purpose if the foreign currency is available.
- iii. Counterfeit or forged notes presented by customers should be seized, the customer issued with a receipt, and the counterfeit note(s) delivered to the Central Bank. The Bureau should also consider whether a SAR should be filed with the Financial Intelligence Unit (FIU).
- iv. The following must be displayed publicly:
 - a. Buy/sell rates for the US dollar and other currencies exchanged by the Bureau;
 - b. Rate of commission charged and any other fees or discounts;
 - c. The Authorized Dealer licence issued by the Central Bank at the principal office of the Bureau and, where applicable, a copy thereof at each Branch.
- v. Bureaux are free to determine their business hours, provided the Central Bank is satisfied that customers will be adequately serviced; and
- vi. Bureaux should maintain records evidencing training in AML/CFT for all members of staff.

8.3 Separation of Accounts and Records

- i. Where a Bureau's operation is conducted on the premises of another business entity or is part of a group structure, the Bureau must maintain *separate books, registers*

- and records.** Where a Bureau carries on other types of business in addition to the business of foreign exchange, the Bureau must maintain **separate books, registers and records** in respect of such business of foreign exchange.
- ii. Bureaux must maintain the following Registers in respect of their Bureau transactions:
 - (a) Daily Summary and Balance Book (Foreign currency notes / coins);
 - (b) Daily Summary and Balance Book (Travellers' cheques);
 - (c) Register of purchases of foreign currencies and foreign currency travellers' cheques from the public;
 - (d) Register of sales of foreign currency notes / coins to the public;
 - (e) Register of sales of foreign currency notes / coins to banks;
 - (f) Register of travellers' cheques surrendered to banks;
 - iii. All registers and books should be kept up-to-date, cross-checked and balances verified daily.
 - iv. Where the Bureau has more than one Branch, separate registers should be maintained for each Branch.
 - v. Inter-branch transfer of foreign currencies should be accounted as stock transfer and not as sales.

8.4 Bureaux located on the premises of another business entity

Where a Bureau establishes a Branch on the premises of another business entity, the following are required:

- i. Maintenance of an appropriate Lease agreement between the Bureau and the property owner;
- ii. Proof of compliance with section 26 of OSHA;
- iii. A distinct location on the premises must be designated to the Bureau with appropriate signage that distinguishes the operations of the Bureau from the rest of the business entity;
- iv. Maintenance of separate registers and records for the Bureau; and
- v. The location must be staffed by an employee or employees of the Bureau; and
- vi. The business premises of the Bureau must be accessible to the public, meet acceptable standards in respect of public health, hygiene and safety and provide an acceptable degree of security for customers.

8.5 Changes in Business

- i. Bureaux must inform the Central Bank *at least two weeks or fourteen (14) days in advance* of any change in business address and of the relocation/ expansion and termination of operations for any reason whatsoever.
- ii. A Bureau must notify the Central Bank in writing of any proposed changes in the ownership structure of the Bureau as soon as the Share Purchase Agreement has been signed or, in cases other than a sale of shares in the Bureau, before the proposed transfer.
- iii. Bureaux must inform the Central Bank of any changes in the management of the business, and submit the necessary Fit and Proper documents for approval.

10. Reporting Requirements

10.1 Audited Financial Statements

Access to comprehensive and accurate information on the financial condition of regulated institutions is a critical input in the regulatory process. The Central Bank as regulator must also be in a position to assess at all times whether Bureaux are operating in accordance with the law. The reporting requirements outlined in this proposal will also be of benefit for research purposes as this will mean that reliable and up-to-date data on the sector will be available.

Accordingly, Bureaux will be required to submit to the Central Bank periodic returns in such form as specified on various aspects of their operations, which will include the following:

To the Inspector of Financial Institutions:

- a) A statement of the last year's unaudited income and expenditure for each Branch;
- b) Quarterly reports of total transactions for each Branch;
- c) Quarterly balance sheet and income and expenditure statements on a consolidated basis and for all their Branches; and
- d) A copy of the external auditor's report on their review of the AML/CFT Programme of the Bureau within four (4) months of the end of the financial year.

- e) On an annual basis every Bureau will be required, within three (3) months after the close of its financial year, to submit to the Central Bank, audited financial statements of its operations in the previous year on an individual and consolidated basis. These financial statements must be prepared in accordance with international accounting standards.

To the Manager, Domestic Market Operations:

- f) Monthly reports to the Central Bank with respect to individual customers' aggregate currency purchases and sales including their names and addresses;
- g) Weekly reports to the Central Bank with respect to their currency purchases and sales, transaction volumes, and rates for all branches; and

11. Anti-Money Laundering Monitoring and Regulation

The FOR names the Central Bank as the Supervisory Authority for certain financial institutions including institutions licensed under the ECA.

The business activities of the Bureau pose inherent risks of money laundering and terrorist financing to the financial sector as the business is transacted mainly through cash. As such robust AML/CFT regulation and oversight of these entities is required.

The Financial Action Task Force (FATF) requires countries to take measures to ensure that persons who provide money or value transfer services (MVTS) are licensed or registered and subject to effective systems for monitoring and ensuring compliance with relevant AML/CFT measures. Bureaux are expected at a minimum to have AML/CFT measures in place that are in accordance with the following pieces of legislation, regulations and Guideline to mitigate the risk of money laundering activities in their day-to-day transactions:

- POCA and Amendments;
- ATA and Amendments;
- The FOR;
- The FOFTR;

- The FIUTTA; and
- Central Bank’s Guideline on Anti-money Laundering and Combating of Terrorist Financing.

12. Preventive and Corrective Measures

The Central Bank may recommend preventive and corrective measures where, based on information available to it, a Bureau may not be adhering sufficiently with the Terms and Conditions or is in violation of the ECA or AML/CFT legislation.

12.1 Variation or Suspension of a Licence

Where a Bureau de Change fails to meet its obligations and to carry out its duties and functions contained in the Terms and Conditions, the Central Bank will be empowered in accordance with Section 6(2) of the ECA “*to vary or suspend in whole or in part such authorizations, notwithstanding the provisions of any other written law, where the circumstances are such as, in the opinion of the Bank, require suspension of the authorizations*”. Substantial non-compliance with the Terms and Conditions, including AML/CFT requirements, would be a key consideration in determining whether to suspend, vary, revoke or not renew a Bureau licence.

12.2 Revocation of an Authorized Dealer Licence

Pursuant to Section 41(1)(b) of the ECA, an Authorized Dealer licence may be revoked by the Central Bank for:

- any of the criteria in the Terms and Conditions is not or has not been fulfilled or is unlikely to be or fulfilled in respect of the Bureau
- breach of the Act, the Terms and Conditions or the relevant laws relating to AML/CFT;
- any misstatement in the application form or declaration;
- The capital of the Bureau is inadequate or insufficient to meet its liabilities;
- the business of the Bureau is no longer the business for which it was licensed; or
- if at any time the bases on which permission were originally granted have changed.

13. Transitioning

A transition period is essentially a period which allows the Bureau to come into full compliance with the revised Terms and Conditions. In an effort to assist Bureaux in meeting the new revised Terms and Conditions without impacting on their operational efficiencies, the Central Bank proposes the following:

- Directors, officers, managers and authorized dealers will be given six (6) months to meet the fit and proper requirements.
- Bureaux must submit proof of compliance with section 26 of OSHA in respect of all of their locations within six (6) months of the effective date of the revised Terms and Conditions.
- Locations which are currently operating as agencies will be granted a period of thirty-six (36) months to be converted to Branches of the Authorized Dealer.
- Stated capital of a Bureau be increased as follows:
 - a. Two hundred and fifty thousand dollars (TT\$250,000) 12 months after the effective date of the revised Terms and Conditions;
 - b. Five hundred thousand (TT\$500,000) 24 months after the effective date of the revised Terms and Conditions.

APPENDIX I

PROPOSED FIT AND PROPER REQUIREMENTS FOR PERSONS HOLDING KEY POSITIONS IN A BUREAU

1. Introduction

1.1 The Central Bank has a duty to ensure that persons who control regulated financial institutions, including Bureaux are fit and proper. The business activities of a Bureau mainly involve cash transactions which can provide an easy channel for money laundering or terrorist financing. The Central Bank as the Supervisory Authority is required to ensure that a Bureau complies with all requirements with respect to holders of key positions within the business and in keeping with international best practice.

1.2 The Companies Act Chap 81:01 provides that “every director and officer of a company shall in exercising his powers and discharging his duties –

(a) Act honestly and in good faith with a view to the best interests of the company;
and

(b) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances³”.

1.3 The directors of the Bureau, therefore, are required to direct the management of the business and affairs of the Bureau and they do so directly or indirectly through the employees of the company⁴. Accordingly, they have the primary responsibility for appointing persons that are fit and proper to hold key positions within the organization.

³ Companies Act S 99

⁴ Companies Act S 60

2. Purpose of Fit and Proper

2.1 The following outlines a framework which can be used by Authorized Dealers in determining whether a person is fit and proper to hold a key position within the Bureau.

2.2 The purpose of the “Fit and Proper” test is to:

- ensure compliance with statutory and regulatory requirements;
- protect the interest of stakeholders by deterring dishonest, incompetent, unskilled or otherwise inappropriate individuals from entering or continuing in the bureau de change business;
- encourage high standards of market conduct; and
- ensure consistency with internationally accepted ‘best practice’ standards.

3. ‘Fit and Proper’ Defined

3.1 A person is considered to be fit and proper if the person essentially is of good character, competent, honest, financially sound, reputable, reliable and discharges and is likely to discharge his/her responsibilities fairly.

3.2 In some cases, controlling shareholders or significant shareholders may be corporate entities and in these instances, similar fit and proper tests should be applied to those entities.

4. Who Should Be Fit and Proper

4.1 Individuals To Be Fit and Proper Persons

1. Every person who is, or is to be, a director, officer, manager, controlling shareholder or significant shareholder of a Bureau, must be a fit and proper person to hold the particular position.

2. In determining whether an individual is a fit and proper person to hold any particular position, regard shall be had to his good character and probity, competence and soundness of judgment for fulfilling the responsibilities of that position, the diligence with which he is fulfilling or likely to fulfill those responsibilities and whether the interests of customers or potential customers of the Bureau are, or are likely to be, in any way threatened by his holding that position.

3. In addition, regard may be had to the previous conduct and activities in business or financial matters of the individual in question and, in particular, to any evidence that he has –

- (a) been convicted of an offence involving fraud, insider trading, money laundering, terrorist financing or involving dishonesty or violence;
- (b) contravened any provision of ECA, POCA or any other written law;
- (c) engaged in any business practices that are deceitful, oppressive, unsafe, unsound or otherwise improper, whether unlawful or not, or which otherwise discredit his method of conducting business;
- (d) an employment record which leads the Central Bank to believe that the person carried out an act of impropriety in the handling of his employer's business;
- (e) engaged in or been associated with any other business practices or otherwise conducted himself in such a way as to cast doubt on his competence and soundness of judgment;
- (f) not met the criteria under subhead 4.2, paragraph 3; and
- (g) any other matter which the Central Bank may specify.

4.2 Shareholders To Be Fit and Proper

1. In determining whether a company is a fit and proper person to be a significant shareholder or controlling shareholder of a Bureau, regard shall be had to, but not limited by, the following criteria, whether:
 - (a) The directors and officers of the company have satisfied the fit and proper criteria set out in subhead 4.1;
 - (b) The company has been found guilty of insider trading or fraud involving trading in securities by local or foreign authorities;
 - (c) The company has been convicted of an offence;
 - (d) The company has contravened any provisions of the ECA or any other law;
 - (e) In the opinion of the Central Bank the company has not carried on its business in a prudent manner;
 - (f) In the opinion of the Central Bank the company is insolvent or is likely to become insolvent;
 - (g) The company has suspended, is about to suspend payment, or is unable to meet its obligations as they fall due;
 - (h) In the opinion of the Central Bank the affairs of the company or any associated person are being conducted in a manner prejudicial to the soundness of the company in question or the financial system of Trinidad and Tobago; and
 - (i) Any other matter which the Central Bank may specify.
2. In determining whether a company has carried on its business in a prudent manner the Bank shall take into consideration –

- (a) The capital of the company in relation to the size and nature of the business or proposed business of the Bureau;
 - (b) Separation of the business or proposed business of the company from other business and from other interests of any significant shareholder of the company;
 - (c) Internal controls and accounting systems or proposed internal controls and accounting systems of the company;
 - (d) Risk management systems and policies or proposed risk management systems and policies of the company; and
 - (e) Such other matters as the Bank may specify.
3. The following criteria shall also be considered in determining whether a significant shareholder or controlling shareholder is fit and proper;
- (a) The nature and sufficiency of the financial resources of the significant shareholder or controlling shareholder as a source of continuing financial support for the Bureau;
 - (b) The soundness and feasibility of the significant shareholder or controlling shareholder for the future conduct and development of the Bureau; and
 - (c) The business record and experience of the significant shareholder or controlling shareholder.

5. External Auditor To Be Fit and Proper

5.1 The Central Bank shall request the external auditors of a Bureau to advise and provide all necessary details if they become aware of information that points to non-compliance or potential non-compliance with the fit and proper requirements which underpins the business activities of the Bureau. In this regard the auditor appointed by the Bureau must be fit and proper according to the internationally established standards as highlighted in this regulatory framework.