

**Regulation governing the Business of
Foreign Exchange Bureaus (2002)**

In accordance with Section (8) of the Dealings in Foreign Exchange Act (1979), the following regulation is issued:-

**CHAPTER ONE
PART ONE**

Title and Commencement

1. This regulation is cited as the “Regulation governing the Business of Foreign Exchange Bureaus (2002)” and shall be valid from the date of signing it.

Annulment

2. As from the date of issuing this Regulation, the previous “Regulation governing the Business of Foreign Exchange Bureaus (1995)” and the subsequent amendments to it cease to have any legal effect, provided that all the circulars and measures issued by it remain to be valid until annulled or amended.

Interpretation

3. In this regulation, and if not inconsistent with the context, the following expressions shall have the meanings hereinafter respectively assigned to them, that is to say :-

“bank”: means any company registered in accordance with the requirements of the Companies Act (1925) or any other law that succeeds it, or any corporation or body established by a law and authorized to do banking business according to the Banking Business Regulation Act.

The Bank: means Bank of Sudan established in accordance with the Bank of Sudan Act (1959).

Governor: means Governor of Bank of Sudan.

Company: means any public owned company registered according to the Companies Act (1925) or any other law that succeeds it.

Company Branch: means any branch of a foreign company which is registered in Sudan as a branch of a foreign company.

Exchange Bureau: means any company or a branch of a company authorized to carry on the business of exchange bureau in accordance with this Regulation.

Correspondent: means the bank or the exchange bureau that operates outside Sudan and has arrangements to execute transfers with the exchange bureau.

Foreign Exchange: means banknotes of foreign currencies that are convertible, which the Bank announces from time to time that they are convertible.

Working Capital: means current assets (including: cash in tills in local and foreign currencies, balances with banks and correspondents in local and foreign currencies) minus current liabilities (including: liabilities to others – if any).

Financial Year: means the year that starts on 1st. January and ends on 31st. December.

CHAPTER TWO **Licensing of Exchange Bureaus**

Requirements for Granting a License

4. The conditions for granting a license of exchange bureau are as follows:-
 - a) Exchange bureau activities, as mentioned in Section (14) of this Regulation, are to be the only function of the applying body for the license.
 - b) The body applying for the license must be:-
 - A public registered company.
 - Branch of a company registered in Sudan, and in this case the head office of the company must be licensed in its home country to carry on the business of exchange bureaus.
 - c) The head office must be registered in its country of origin as an exchange bureau, and its registered name must include the term “exchange bureau” or any similar term.
 - d) The head office of the company carrying exchange business must have a strong financial position and widespread activity and possess good technical experience in the field of foreign exchange business.
 - e) The head office of the foreign exchange bureau branch must provide the Bank with the approval of the supervisory

authorities in its country of origin to open a branch in Sudan, if the prevailing laws in their home country require that.

- f) The head office of the foreign exchange bureau branch must provide the Bank with copies of the reports of inspections that are conducted by the supervisory authorities of the home country on the branch's operations as well as the annual reports of the head office.
- g) The head office of the foreign exchange bureau branch must provide a written undertaking that its branch shall abide by all the laws, regulations, directives and policies that govern the business of foreign exchange bureaus in Sudan.
- h) The head office of the foreign exchange bureau branch must undertake to meet all the liabilities of its branch in Sudan in case the branch failed to meet them.

Authority to Grant a License

- 5. a) Carrying on the business of foreign exchange must be after obtaining the prior approval of the Bank.
 - a) The Governor, or whomever he delegates his authorities to, shall grant the license in accordance with the provisions of this Regulation.
 - b) The Governor shall specify the license fees.
 - c) The Governor may disapprove granting the license without giving reasons for his disapproval.
 - d) The Governor may include any conditions that he sees are necessary.

Capital

- 6. a) The authorized capital must not be less than \$500,000 (five hundred thousand dollars) for branches of companies or the equivalent in Sudanese dinars for the companies established in Sudan.
 - a) The paid-up capital must not be less than \$300,000 (three hundred thousand dollars) for branches of companies or the equivalent in Sudanese dinars for the companies established in Sudan.
 - b) The Governor may from time to time direct to change the amounts of authorized and paid-up capital, as he sees fit.
 - c) For those exchange bureaus that are established in Sudan as public companies, Sudanese citizens and foreigners may subscribe to their capitals unconditionally.

- d) The exchange bureaus may increase their authorized or paid-up capital without recourse to the Bank, provided that a written notification is presented to the Bank.

Insurance

7. Foreign exchange bureaus must keep a certain amount with the Bank as insurance.
8. In the case of branches of companies, the insurance shall be in the form of an undertaking from their head offices abroad to be presented to the Bank before commencing business, in which the head office undertakes to bear all the expenses and liabilities of the branch in Sudan if the branch fails to meet them.
9. In the case of the companies established in Sudan, the insurance must be five percent (5%) of the paid-up capital in any of the following forms:-
 - a) Certificate of deposit with the amount of the insurance issued by a bank that is acceptable by the Bank.
 - b) Deposit with the amount of the insurance in the Bank.
 - c) Letter of guarantee with the amount of the insurance issued by a bank that is acceptable by the Bank.
 - d) Deposit / keep with the Bank GMC's or any other similar financial papers (securities) that are acceptable by the Bank, accompanied by an authorization to the Bank to use it for the purpose of insurance.
10. The amount of insurance must be taken into consideration when calculating the minimum required paid-up capital for the companies that are established in Sudan.
11. The Governor may, from time to time, direct to change the amount of insurance for any company as he sees fit.
12. The Governor may deduct any amount from the insurance if it was in the form of deposit with the Bank or any other bank, or sell the financial papers (securities) kept, or ask to be paid any amount from the issuing party of the letter of guarantee or such undertaking for any amount decided to be a settlement for any violation committed by the exchange bureau, and the exchange bureau must complete the amount of insurance within the period specified by the Governor.

Place of Work

13. The exchange bureau must work from its head office or any other suitable place of work approved by the Governor, after fulfilling the

conditions of this Regulation or any other conditions set by the Governor.

Business of the Exchange Bureau

14. The business of the exchange bureau shall be confined to the following activities:-
- a) Buying and selling of foreign exchange.
 - b) Buying and selling of travellers' cheques.
 - c) Buying of bank drafts that are drawn from the accounts of foreign correspondents in local banks.
 - d) Buying of Sudanese export proceeds.
 - e) Intermediating in the foreign exchange market.
 - f) Buying of balances of foreign currency accounts in the banks operating in Sudan.
 - g) Dealing in transfers (incoming and outgoing) after getting the prior approval of the Bank.

Unauthorized Dealings

15. The exchange bureau is prohibited/unauthorized to carry the following activities:-
- a) Accepting deposits or amounts for safe custody, or borrowing and extending finance.
 - b) Deferred dealings in foreign exchange.
 - c) Opening accounts in foreign or local currency for customers.
 - d) Issuing of letters of credit and letters of guarantee.
 - e) Buying official transfers in foreign currencies from foreign diplomatic missions, international and regional entities or organizations, aid organizations and enterprises involved in the field of oil exploration and
 - f) Selling foreign exchange to diplomatic missions, organizations, and public sector enterprises and corporations.
 - g) Selling foreign exchange to non-resident foreigners, except within the limits sold to banks or exchange bureaus during their stay and after presenting the sale receipts.
 - h) Any activity other than the exchange bureau activities mentioned in Section (14) of this Regulation.

Rules governing Exchange Activities

16. Exchange bureaus must comply with the following:-

1. a- Have the necessary work needs/requirements that are specified by the Bank from time to time, in addition to having a counterfeit detector with advanced technical properties.
 - b- Report to the Bank and the police any discovered counterfeit foreign currency.
 - c- Execute any transfers (incoming or outgoing) through banks or exchange bureaus, and when dealing with exchange bureaus outside the country, it is necessary to get the necessary documents and licenses that show that this exchange bureau is approved by the responsible authorities to carry on the business of foreign exchange.
2. Foreign exchange bureaus doing transfer business (incoming and outgoing) must make the necessary arrangements with their foreign correspondents abroad to ensure the safety and speed of transfers.
3. Must keep sufficient balances in their accounts inside and outside the country to be able to cover the needs of transfer beneficiaries (incoming and outgoing) without any delays.
4. Must not overdraw their accounts with local banks or foreign correspondents abroad, or get lines of credit or borrow from outside sources in any way, provided that the volume of work does not exceed its working capital, and this does not include the function/activity of intermediation in foreign exchange market domestically.
5. Must keep full records showing the arrangements with correspondents, the movement of the bureau's accounts with the correspondents and local banks.
6. Must verify the name and identity of the person making the transfer and the beneficiary's identity when making the transfer, and keep records of supporting documents.
7. Must not accept or make a fax transfer unless it has a test key or is executed through SWIFT or any other transfer system equipped with the required security and safety measures.
8. Keep a full record of all the transfers and their different types, including: name of person asking for the transfer, address, ID, name of beneficiary, transfer number, date, and amount in foreign currency and its equivalent in Sudanese Dinar.
9. Must insure cash in local and foreign currencies.
10. Must not deal with any exchange bureau abroad unless an agreement has been concluded specifying the responsibilities and obligations of each party, specially the limits of responsibility towards exchange bureaus (correspondents) in

the countries that restrict transfers in foreign currency and the value of the transfer must be fully covered.

11. Execute the transfers abroad in accordance with the directives issued by the Bank from time to time.

Administrative Rules

17. 1- Exchange bureaus must prepare organizational and managerial structures, internal control systems and security measures and inform the bank with any amendments made on them later.
- 2- The prior approval of the Bank must be obtained when appointing the general manager and his deputy, after filling the personal data form and presenting the C. V. of the candidate for the post. The candidates to fill managerial posts in the exchange bureau must have sufficient experience and possess appropriate academic and technical qualifications.
- 3- The Bank's written approval must be obtained when appointing ex-employees of banks or other exchange bureaus.
- 4- The staff of exchange bureaus must work full time and are not allowed to work in any other place at the same time, and must be experienced, efficient and honest.
- 5- Exchange bureaus must improve the capabilities of their staff by organizing training courses related to their work.

Suspending or Canceling the License

18. The Governor has the authority to suspend or cancel the license granted to carry on the business of foreign exchange if:-
 - a- It violated any condition or directive issued by virtue of this Regulation or the Foreign Exchange Dealing Act (1979) or any other law that replaces it.
 - b- The Governor is convinced that there is a mismatch between the amounts sold and bought.
 - c- The exchange bureau practiced deliberately hoarding of foreign exchange.
 - d- The exchange bureau ceased to operate without sufficient reason.
 - e- The exchange bureau announced its bankruptcy or entered into settlements with its debtors.
 - f- The exchange bureau was convicted for violating the text of this Regulation or Foreign Exchange Regulation or any order issued by virtue of the Foreign Exchange Dealing Act.

- g- The exchange bureau did not commence its business within six months of being granted the license.
- h- The shareholders requested cancellation of the license after getting assurances from the certified auditor of meeting all outstanding obligations.

CHAPTER THREE **Business of the Exchange Bureau**

Places for Conducting Exchange Business

- 19. Generally, exchange business can be conducted in any city or region approved by the Governor.

Limits on Amount of Foreign Exchange Kept at the Bureau

- 20. The Governor may specify the maximum amount of foreign exchange that an exchange bureau can keep at the end of the working day.

Determining and Announcing the Rates

- 21. (1) Exchange bureaus determine their daily buying and selling rates of foreign exchange according to the forces of supply and demand and within the prevailing policies.
- (2) Every exchange bureau must announce daily its buying and selling rates of foreign exchange in many places inside and outside its premises.

Determining the Difference and Commissions

- 22. The Governor may from time to time determine for the bureaus:-
 - a- An upper limit for the difference between the buying and selling rates.
 - b- Commissions paid by customers for the services rendered by the exchange bureau.

Working Hours

- 23. (1) Exchange bureaus may conduct their business and open their doors for the customers between 8 a.m. and 8 p.m.
- (2) The Governor may alter the working hours of exchange bureaus mentioned in (1) above as he sees appropriate.

CHAPTER FOUR
Accounts and Auditing

Book-keeping and Accounting

24. The exchange bureau must keep orderly books and accounts showing the daily transactions executed.

Vouchers/Receipts

25. The exchange bureau must transact through serially numbered vouchers/receipts when buying and selling.

Asking for Information

26. The Bank may ask the exchange bureau to provide any information that it considers necessary, and the exchange bureau must abide by what it is asked to provide.

Inspection and Auditing

27. The dealings of the exchange bureau are subject to inspection and auditing by the Bank.

Annual Statements

28. (1) Each exchange bureau must provide the Bank within three months of the beginning of its fiscal year with its financial statements of the previous year, audited by a certified auditor.
- (2) If the exchange bureau does not present its annual financial statements in accordance with item (1) above or if the Bank is not convinced with the accuracy of these statements, the Governor may appoint a certified auditor to audit these statements, provided that the exchange bureau will bear all the costs of the newly appointed auditor.

CHAPTER FIVE
General Provisions

Directives of the Bank

29. The Bank may issue general or specific directives to exchange bureaus in relation to their work and these directives shall be binding to all and must be implemented.

Right of the Governor to Buy and Sell
Foreign Exchange

30. The Governor may, from time to time, intervene to buy or sell foreign exchange to and from exchange bureaus.

Currencies allowed to Deal With

31. The Bank specifies from time to time the foreign currencies that can be transacted with in the foreign exchange market.

Restriction on Exiting the Country
Carrying Foreign Exchange

32. The foreign exchange bureau cannot export any foreign exchange unless it has a permit from the Bank.

Issuing Orders and Directives

33. The Governor issues orders and directives to implement this Regulation.

Subjects that were Not Covered

34. In cases that were not covered by this Regulation, the Governor may issue any orders or directives or procedures that he sees appropriate, provided that these orders or directives or procedures are binding and must be implemented.

Termination of the License

35. The license is automatically terminated if an order to terminate the exchange company was issued or if the license is annulled for any reason seen appropriate by the Bank for that annulment.

CHAPTER SIX **Penalties**

Conducting Exchange Business without License

36. Anyone who conducts foreign exchange business or any part of it without obtaining a license shall be penalized by confiscating the foreign exchange in his possession, in addition to any other penalties appearing on any other law or regulation.

Violating this Regulation

37. Any foreign exchange bureau that violates the rulings of this Regulation, or the Foreign Exchange Dealing Act (1979), or any regulation or order or circular issued by virtue of any of them, shall be penalized by annulling the license in addition to any other penalties appearing on any other law or regulation.

Settlement of Violation

38. The Governor may settle any violation to this Regulation before a judgment is issued provided that the violation does not come under any other law or regulation.

Signed by me on this *Twenty-sixth* day of the month of *Safar* of the year *1423Hijri*, corresponding to the *Twenty-eighth* day of the month of *April* of the year *2002*.

Dr. Abdel Moneim Mahmoud El-Qousi
Acting Governor of Bank of Sudan