



NATIONAL RESERVE BANK OF TONGA

AUTHORISED FOREIGN EXCHANGE BUSINESS

As required under the Foreign Exchange Control Act 2018, the authority to deal in gold, foreign exchange business or in foreign securities as an authorized dealer, money changer or in any other manner it deems fit in Tonga is restricted to persons who have been authorised by the National Reserve Bank of Tonga (NRBT).

A foreign exchange license for license type A/ license type B/ license type C is required for the conduct of foreign exchange business as mentioned above. The foreign exchange dealing business must also be issued a business license as a company under the Business Licenses Regulation 2012.

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

- 1.1 sale, purchase and repatriation of travelers 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;
- 1.6 the foreign exchange of gold (import & export of gold coins or gold bullion)
- 1.7 the foreign exchange of securities (any security in the form of shares, stocks, bonds, debentures etc.) and any other type of transactions as may be approved by the NRBT.

License Type A for Foreign Exchange Dealing:

That foreign exchange dealing is restricted to the following:

- 1.1 Inward and outward remittance in line with all currently delegated transactions as specified by the NRBT;
- 1.2 Conversion of foreign currency to and from Tongan Pa'anga
- 1.3 Sale, purchase and repatriation of travelers cheques,
- 1.4 The remittance of proceeds of repatriated Tonga currency notes,
- 1.5 Dealing in gold (inward & outward),
- 1.6 Foreign security (in the form of shares, stocks, bonds, debentures, etc.)

Any extension to other business areas requires prior approval from the NRBT.

License Type B for Foreign Exchange Dealing:

That the foreign exchange dealing is restricted to:

- 1.1 Inward remittance and disbursement only.

Any extension to other business areas requires prior approval of the NRBT.

License Type C for Foreign Exchange Dealing:

That the foreign exchange dealing is restricted to:

- 1.1 Conversion of foreign currency notes to and from Tongan Pa'anga.

Any extension to other business areas requires prior approval of the NRBT.

In considering an application for a licence for dealing in foreign exchange or in foreign securities, dealing in gold, and/or money changer license, the NRBT must be satisfied with:

- a. the character of the applicant, or the applicant must be a company, the general character of the management and officer in charge;
- b. the financial status of the applicant or company;
- c. whether public interest will be served by the granting of the license.

Requirements:

1. Applicants may apply to the NRBT for the granting of new licenses in the form prescribed by the NRBT (Attachment 1);
2. All licensed foreign exchange, foreign exchange securities are to inform the NRBT of any changes to the licensing requirements (Attachment 2) at the end of November every year. The continuance of the foreign exchange license would be subject to assessment of compliance with the conditions of license.
3. License application fee of \$200 (non-refundable); and annual license fee of \$150 for Type A, \$100 for Type B and \$50 for Type C (applicable when license is granted).
4. Minimum paid up capital requirement:
 - a. \$50,000 - share capital and shareholders advance – for licensed Type A foreign exchange dealers.
 - b. \$5,000 - share capital and shareholders advance – for licensed Type B & C foreign exchange dealers.
5. A copy of the approval from the Ministry of Trade and Economic Development if non-resident shareholding is involved.

National Reserve Bank of Tonga

November 2020

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

Attachment 1:

NATIONAL RESERVE BANK OF TONGA FORM FOR LICENSING OF FOREIGN EXCHANGE BUSINESS

1. Name of applicant* (company name):

2. Contact Person:

Relationship to company above:

Address:

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Contact telephone no: Home Work.....

Fax:

Email: Website:

Residential Status:

3. Indicate type of proposed Foreign Exchange Business

- Money Changer (conversion of foreign currency notes to/from Tongan Pa'anga)
- Remittance Business (inward remittances and disbursement only)
- Remittance Business (outward remittances)
- Dealing in Gold (inward & outward)
- Foreign securities (in the form of shares, debentures, stocks, bond, etc)

4. Name and proposed address of Foreign Exchange business in Tonga, and Overseas and Local agent(s)

Proposed Address of Foreign Exchange Dealer Business:

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Local Agent(s):

<u>Name</u>	
<u>Address</u>	

Overseas Agent(s):

<u>Name</u>	
<u>Address</u>	

Name of Licensing Authority	
Bank Account Details	

Note: Overseas agents should be licensed with appropriate licensing authority for Anti Money Laundering purposes as listed below (provide copy of license certificate).

*New Zealand – Department of Internal Affairs (DIA)

*Australia – Australia Transaction Report and Analysis Center (AUSTRAC)

*United States – Department of Business Oversight (DBO)

[If space is insufficient, please provide information on a separate sheet of paper.]

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

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6. Particulars of applicant (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 License: (Attach copy)

State your highest educational qualification:

Attach police record (issued within one (1) month prior to submitting of the application)

(ii) Name:

Address:

Date of birth: Residential Status:.....

Passport No/Driver's License: (Attach copy)

State your highest educational qualification:

Attach police record (issued within a month from date of the application)

7. Provide the following information:

a. Date and place of Incorporation: _____

(Attach certified copy of certificate of Incorporation & Certificate of Share)

- b. Latest financial indicators (If applicant has been operating before applying for Foreign Exchange Business

license): _____

(as at end (day) _____ (month) _____ (year) _____)

- i. Authorised capital : _____
- ii. Paid-up capital : _____
- iii. Reserves : _____
- iv. Total assets : _____
- v. Net profit (before tax) : _____

(For Type A License, attach copies of audited account for the last 3 years of operation for confirmation of paid-up capital if it is an existing company. If it's a new company, paid-up capital needs to be verified by submission of certificate of shares and to be verified by an external auditor or certified accountant.

Note: *paid up capital should match your transaction limit*)

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.

	<u>Name</u>	<u>Address</u>	<u>Principal activities</u>
(i)	_____	_____	_____
(ii)	_____	_____	_____
(iii)	_____	_____	_____
(iv)	_____	_____	_____

8. State your experience in foreign exchange business including the number of years in the business (if any). Briefly explain why you want to pursue foreign exchange business activities:

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9. Particulars of the management staff¹ of the Foreign Exchange business (attach CV).

Passport No/

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

<u>Name</u>	<u>Position</u>	<u>Driver License</u>	<u>Residential Status</u>	<u>Work experience</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

10. 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, director)</u>	<u>For shareholders, State the percentage Shareholding</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. 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). [Please attach original copies of bank statement(s)]

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

12A. State the countries you intend to receive funds from, and the intended estimated total foreign exchange receipts from each country.

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

12B. State the countries you 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)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

12C. State the currencies you will allow to be exchanged in your institution.

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13A. briefly provide clear methodology of how you would determine the exchange rates. If you are adding any margin please clarify:

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13B. State any fees and charges on transactions (both here in Tonga & overseas agent):
 (Please attach description)

13C. 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) [Maximum limit should match the paid-up capital stated above]

13D. What management, control and security systems are in place? Include backup systems in case of disasters e.g. fire (please attach description)

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13E. Provide names and titles of backup staff if the manager/CEO or senior officer(s) are not in office. (Please attach CV and police record of backup staff).

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14. Provide clear explanation with evidence on how you intend to fund your local disbursement (sources of fund for the payout)?

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15. 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 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?		
(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?		

16. Please confirm whether you are 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 proposed business. If so, provide the name of that third party.

17. For Import and Export of Gold (gold coins or gold bullion) only:

Import Country Region:

Export Country Region:

Name of the Individual or Business Overseas:

Goods name	Goods code	# of Package	Rough Weight (g)	Purity (%)	Pure Gold contained (g)
Total Number					
Total Price					

18. For foreign security only:

Name of Organization:		Amount(TOP)	Foreign Amount
Nationality			
Buy or Sell		Country	
Type of shares			

19. **Checklist:**

- 1) Please submit the completed and signed application form with the following documents: -
 - a. Certified copy of the applicant(s) particulars' ID (certified copies of passport, driver's license), and original police record (issued within one (1) month prior to submitting of the application)
 - b. Original/Certified copy of your overseas agent's license certificate from its licensing authority.

- c. Original copies of bank statement (both in Tonga and overseas agent).
- d. Certified copy of the certificate of Incorporation
- e. Original/Certified copies of audited accounts for the last 3 years of operation in current (if applicable).
- f. Curriculum Vitae of Management
- g. Evidence on how to fund your inward remittances.
- h. Directors' written undertaking in company's letterhead that they will secure any obligations and liabilities to be incurred in the conduct of the business
- i. Cash flow projections for the next 12 months.
- j. Description of Fees and charges on transactions
- k. Description of transaction limits and other controls & policies, and expected number of transactions per month.
- l. Description of management, control and security systems in place.
- m. Anti-Money Laundering and Exchange Control policies (where applicable) in place.
- n. Certificate of Shares
- o. Information for export and import of gold (refer section 17)
- p. Information on type of shares (refer section 18)
- q. License Application fee \$200.00 (non-refundable)

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 License application may be disqualified or, if the License (either Type A, B or C) 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 Requirements

1. Name of applicant (name of business).
2. Address of applicant.
3. Proposed Foreign Exchange Business.
4. Name and proposed address of Foreign Exchange business in Tonga and overseas agents. Please note overseas agent should be license with appropriate licensing authority as listed in no. 4 of the application form.
5. If the Foreign Exchange business is to be conducted with other types of business, please describe the other type of business.
6. Particulars of Applicant - including certified copy of the applicant's particulars' ID (passport, driver's license) & police record (issued within one month prior to submitting of the application).
7. Please provide the following information:
 - a. Date and place of incorporation (Certified copy of Certificate of Incorporation & Certificate of Share).
 - b. Latest financial indicators
 - i. Authorised capital
 - ii. Paid-up capital
 - iii. Reserves
 - iv. Total assets
 - v. Net profit (before tax)(For Type A License, attach copies of audited account for the last 3 years of operation for confirmation of paid-up capital if it is an existing company. If it's a new company, paid-up capital needs to be verified by submission of certificate of shares and to be verified by an external auditor or certified accountant. **Note: paid up capital should match your transaction limit**)
 - c. Names and address of company's shareholders, their shareholding in the company and residential status.
 - d. Names and addresses of subsidiaries of the company/corporation (if any), their principal activities, and date and place of incorporation.
8. State you're Experience in foreign exchange business including the number of years in business, if any.
9. Particulars of the management staff of the Foreign Exchange business (attach curriculum vitae).
10. 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
11. 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).
12. 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.
C. State the currencies you will allow to be exchanged in your institutions.

13. A. Provide clear methodology of how you would determine the exchanges rates. If you are adding any margin please clarify.
- B. Sate Fees and charges on transactions (both here in Tonga & overseas).
- 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.
- E. Provide names and titles of backup staff if Manager/CEO or senior officer(s) are not in office. (Please attach CV and police record for back up staff).
14. Provide evidence/source of funds on how to fund your inward remittances?
15. Answer the questions with a "YES" or "NO".
Have you, the applicant, 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?
16. Please confirm whether you are 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 proposed business. If so, provide the name of that third party (**Note:** the applicant must be the legal and beneficial owner of the proposed business).
17. Provide information for import & export of Gold
18. Provide information for foreign exchange in security
19. Checklist
20. Declaration (must signed this)
21. Application & Annual Fee

Revised November 2020