

NOTICE OF ADOPTION OF THE AMENDMENTS TO THE 1993 FOREIGN CURRENCY RULES AND REGULATIONS

Commonwealth Register Vol. 15 No. 1 January 15, 1993 Pages 10390 to 10438. Adopted by the Director of Banking, Joaquin S. Torres, on December 17, 1992.

The Director of Banking and Secretary of Commerce of the Commonwealth of the Northern Mariana Islands, in accordance with Section 2454 of 1 CMC 2 and Sections 6108 and 6351 of 4 CMC 6, hereby adopt the amendments to the rules and regulations of the 1993 Foreign Currency Exchange Rules and Regulations as adopted and published in the Commonwealth Register Vol. 15 No. 1 on January 15, 1993 pages 10390 to 10438.

The proposed amendments to the 1993 Foreign Currency Exchange Rules and Regulations were published in the Commonwealth Register Vol. 18 No. 5 on May 15, 1996 pages 14122 to 14125. No comments were received on the proposed changes.

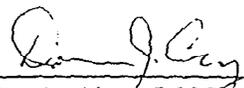
9/4/96
Date


OSCAR C. CAMACHO
Director of Banking

9/4/96
Date


PEDRO Q. DELA CRUZ
Secretary of Commerce

9/4/96
Date


Received by: DONNA CRUZ
Governor's Office

9/4/96
Date


Filed with: SOLEDAD SASAMOTO
Registrar of Corporations

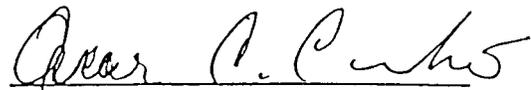
NOTISIA NA MA ADAPTA I MAPROPOPONI NA AMENDASION AREKLAMENTO
YAN REGULASION PARA I 1993 FOREIGN CURRENCY EXCHANGE

Commowalth Register Vo. 9 No. 1 Eneru 15, 1993 pahina 10390 asta 10438 ni ha adapta
I Direktot Banking as Joaquin S. Torres gi December 17, 1992.

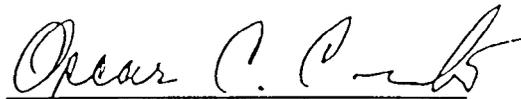
I Direktot Banking yan I Sekretarian Dipatamenton Commerce gi halom Commonwealth of the
Northern Mariana Islands, sigun gi Seksiona 2454 gi 1 CMC 2 yan Seksiona 6108 yan 6351 gi halom
4 CMC 6, ma adapta i ma'amenda na areklamento yan regulasion I 1993 Foreign Currency Exchange
ni esta ma adapta yan publika huyong gi Commonwealth Register Vol. 15 No. 1 pahina 10390 to
10438.

I manma proposito siha na amendasion para i 1993 Foreign Currency Exchange na areklamento yan
regulasion ma publika huyong gi Commonwealth Regisiter Vol. 18. No. 5 gi Mayu 15, 1996 pahina
14122 asta 14125.

9/4/96
Date


OSCAR C. CAMACHO
Director of Banking

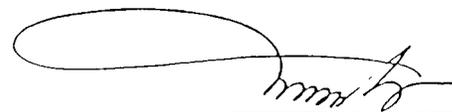
9/4/96
Date


PEDRO Q. DELA CRUZ
Secretary of Commerce

9/4/96
Date


Rinisibi as: DONNA CRUZ
Governor's Office

9/4/96
Date


Ma file as: SOLEDAD SASAMOTO
Registrar of Corporations

ADOPTION OF THE AMENDMENTS TO THE FOREIGN CURRENCY EXCHANGE
RULES AND REGULATIONS

Notice is hereby given, in accordance with Section 2454 of 1 CMC Div.2 and Sections 6108 and 6351 of 4 CMC Div. 6 and provisions of 1 CMC Sections 9102, 9104, and 9105, that the Department of Commerce shall adopt the proposed amendments to the Foreign Currency Exchange Rules and Regulations.

The regulations shall take effect on September 15, 1996.

Copies of the new rules and regulations on foreign currency exchange may be obtained from:

The Banking and Insurance Section
Department of Commerce
Commonwealth of the Northern Mariana Islands
Department of Commerce Building
Capitol Hill, Saipan, MP 96950

The Director of Banking certifies his approval and adoption of the proposed amendments to the Foreign Currency Exchange Rules and Regulations in accordance to the provisions of 1 CMC Sections 9102, 9104, and 9105.

I hereby certify approval and adoption of the proposed amendments to the Foreign Currency Exchange Rules and Regulations and in compliance to the provisions enumerated in the Administrative Procedure Act.

Dated this 4th day of Sept 19996.

Adopted and certified by: Oscar C. Camacho
OSCAR C. CAMACHO
Director of Banking

Pedro Q. Dela Cruz
for: PEDRO Q. DELA CRUZ
Secretary of Commerce

9/4/96
Date

Donna Cruz
Received by: DONNA CRUZ
Governor's Office

9/4/96
Date

Soledad Sasamoto
Filed with: SOLEDAD SASAMOTO
Registrar of Corporations

FOREIGN CURRENCY EXCHANGE
RULES AND REGULATIONS

1. AUTHORITY AND PURPOSE:

- (a) Authority. The authority for the promulgation and issuance of Foreign Exchange Rules and Regulations is by virtue of Section 2454 of 1 CMC 2 and Section 635I and 6108 of 4 CMC Division 6.
- (b) Purpose. The purpose of the regulations is to establish policy and procedures to implement and provide uniform enforcement of the business of selling foreign currency notes or in the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Commonwealth of the Northern Mariana Islands; to require, administer, comply and enforce all licenses issuable under these regulations; and to establish administrative and appeal procedures.

2. DEFINITIONS.

- (a) "Director" means the Director of Banking or his designee.
- (b) "Licensee" means any person licensed pursuant to these regulations and for purpose of granting authority to engage in foreign exchange transactions and transmittal or remittance.
- (c) "Remittance" means the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Commonwealth of the Northern Mariana Islands.
- (d) "Foreign Exchange Currency Transactions" means the business of receiving and/or selling foreign currency notes.
- (e) "Dealer" means any person or business establishment engaged in either (c) or (d) or both and is a licensee.
- (f) "Agent" means a person hired or employed and appointed by Dealer to have some or all duties and responsibilities enumerated in the Dictionary of Occupational Title #211.362-022.
- (g) Quarterly Foreign Exchange Remittance Report means that described in forms FX-10, FX-11.

3. FOREIGN EXCHANGE LICENSE. No person shall engage in the business of selling or receiving foreign currency notes or in the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Northern Mariana Islands without first obtaining a license from the Director. The applicant must also obtain a general

business license after the issuance of a foreign exchange license.

Provisions of these regulations shall not apply to:

- (a) a bank licensed to do business in the Commonwealth.
 - (b) the receipt of money by an agent of an incorporated telegraph company at any regular office of such company for immediate transmission by telegraph.
4. FOREIGN EXCHANGE LICENSE FEE. Every licensee shall pay annually a license fee of Three Hundred Dollars (\$300.00).
5. FOREIGN EXCHANGE LICENSE APPLICATION. The application for a license shall be in writing and shall contain the following information:
- (a) The name, address and nationality of the applicant, and the address from which the business is to take place and telephone numbers. If the applicant is a corporation, the names, addresses and nationality of the shareholders, directors and officers and the number of shares held by each shareholder are also required.
 - (b) The name, address, and nationality of every agent of the applicant.
 - (c) Whether the license applied for is to be used for the sale of foreign currency notes or the transmittal of money or both.
 - (d) Any other information which the Director may require.
6. DENIAL OF FOREIGN EXCHANGE LICENSE. The Director may deny an application for a license to be issued under these regulations if, after a hearing pursuant to the provisions of the Administrative Procedures Act, he finds that
- (a) granting of the license will be against the public interest;
 - (b) the applicant does not intend to actively and in good faith carry on as a business with the general public the transactions which would be permitted by the issuance of the license applied for;
 - (c) the applicant, and if a corporation, a shareholder, director or officer thereof, is not of good business reputation or is lacking in integrity;
 - (d) the applicant has knowingly or willfully made a misstatement in an application to the Director

for a license, or any document filed in support of such application, or has made a false statement in testimony given under oath before the Director or any other person acting in his stead.

- (e) the applicant has permitted any person in his employ to violate any provisions of these regulations.

- 7. ISSUANCE OF FOREIGN EXCHANGE LICENSE. If the application is approved by the Director, he shall, upon receipt of the license fee, issue to the applicant a license to engage in business in accordance with these regulations. A licensee shall conduct its business at its designated office location. A licensee shall be prohibited and restricted from conducting or performing remittance collection transactions, issuance of receipts, or the collection of funds outside the premises of its designated business office location. This rule shall also apply to agents of remittance companies.

FORM FX-1 and all items required on the "checklist" for proposed registration as foreign exchange dealer/agent must be completed and submitted to the Director.

- 8. EXPIRATION AND RENEWAL OF FOREIGN EXCHANGE LICENSE.

- (a) The license is not transferrable or assignable.
- (b) License shall expire one year following the date of issuance. An agent's license shall expire on the same date as the appointing Dealer's license.
- (c) Failure to comply with section 7 of these rules and regulations shall be just cause for the non-renewal of dealer's license and may be subjected to other certain sections of these rules and regulations.
- (d) Any other information which Director may require as part of renewal of license requirement must be submitted.

- 9. REGISTRATION OF AGENTS.

- (a) Every agent of a licensee except as described under 9(c), shall register with the Director and shall pay annually a registration fee of Thirty Dollars (\$30.00).
- (b) If the appointed agent is a nonresident worker, he/she must obtain the approval from the Director of Labor or submit copies of work permit and employment contract which specify duties and responsibilities inherent of "agent" as defined under 2(f) of these regulations.

- (c) Retailers and hotels in the business of foreign exchange currency transactions and having such business as only incidentals to serving their clients must also appoint agents. Only these establishments may include cashiers as agents. Names of persons doing transactions and their job title must be specified on Forms FX-1 and FX-12. Only one \$30 fee may be assessed for all agents listed on FX-2 and FX-3.
- (d) Registration of agents shall be denied if applicant fails to meet the above requirements and others as required by the Director of Banking.

Forms FX-2 and FX-3 must be completed.

10. EXAMINATION

- (a) The Director may at any time and from time to time examine the business of any licensee or its agents in order to ascertain whether such business is being conducted in a lawful manner and whether all monies received for transmission are properly accounted for. Each licensee and its agents shall keep books, records and accounts in such form or manner as the Director may prescribe.
- (b) The Director has prescribed a Quarterly Reporting requirement as found in FORM FX-11 and its instructions. The Director further requires dealers to obtain details of senders of amounts aggregating \$10,000 or more, such details include Social Security Numbers, Tax Identification Numbers, addresses, type of transaction, whether by check or cash, and signature of sender. Dealer shall report such transactions upon submittal of the quarterly reports.
- (c) All Foreign Currency Exchange Dealers are required to submit a summary report of business activity on a quarterly basis:
 - Foreign currency exchange dealers in the business of transmitting money shall submit a report of total funds remitted outside of the CNMI, and report the number of remitters.
 - Foreign exchange currency transaction dealers shall submit a report of the total amount of foreign currency transacted in the CNMI.
- (d) Every foreign exchange dealer must cause its bank to provide the Director running balances of funds transmitted abroad every quarter, except hotels and retailers. Foreign currencies collected should also be reported.
- (e) Director will include collected figures and data in the annual banking report of the Director of Banking.

11. MAINTENANCE OF FORMS. Each licensee will obtain and continue to hold for three (3) years a true copy of every receipt form used by it and by its agents for selling foreign currency notes or for money received for transmission. The receipts used shall be printed and prenumbered and consist of at least two (2) copies, one (1) to be given to the customer, the other to be retained by the licensee for record keeping purposes. A receipt used for the sale of foreign currency notes shall contain not less than the following information:

- (a) The amount and country of origin of the foreign currency notes involved in the transactions.
- (b) The rate of exchange of the transaction.
- (c) The U.S. Dollar amount involved in the transaction.
- (d) The commission or other charge received by the licensee for carrying out the transaction.

A receipt used for the transmittal of money shall contain in addition to the above information required for the sale of foreign currency notes, the name and address of the beneficiary and the method in which the beneficiary is to receive the funds transmitted.

No licensee or its agents shall use any receipts, a certified copy of which has not first been filed with the Director. Every licensee violating the requirement of this section shall be subject to a fine of Fifty Dollars (\$50.00) for each violation.

Forms FX-5 or FX-6 information must be revealed in the prenumbered receipts.

12. FORWARDING OF FUNDS.

Every licensee or its agents shall forward all monies received for transmission to a foreign country or give instructions committing equivalent funds to the person designated by the depositor within ten (10) days after receiving such money, unless otherwise ordered by his customer.

13. SECURITY DEPOSIT.

- (a) As security for the faithful performance of its obligations, each licensee, before engaging in the business of transmitting money (remittance), shall deposit with the Treasurer of the Commonwealth Fifty Thousand Dollars (\$50,000.00) in a Time Deposit for a period of not less than one year in a bank within the Northern Mariana Islands; and such value must be maintained at all times. The Director of Banking prescribes the following procedures:

- 1) Time Deposit account must show foreign exchange company "and" the CNMI

Treasurer "or" the Director of Banking as holders of the account.

- 2) The Director shall notify Treasurer and company of account's maturity date and Treasurer shall be authorized to renew or terminate such account pursuant to instruction from the Director.
 - 3) Interest earned on such deposit shall accrue to the benefit of the foreign exchange company.
 - 4) Complete forms FX-7, FX-9, and other forms as provided by the Director.
 - 5) Release of the security deposit shall only be accomplished by authority from the Director of Banking.
- (b) In lieu of the deposit of money pursuant to subsection (a) and (b) of this section, a licensee may deliver to the Director of Banking the bond of a bonafide surety company, in a form satisfactory to the Director, the principal sum of FIFTY THOUSAND DOLLARS (\$50,000.00) lawful money of the United States, conditioned upon the faithful holding and transmission of all monies received by such licensee or its agents for such purpose.

Form FX-13 contains language which may be used as guideline language for surety bond, otherwise, policy forms previously approved by the Insurance Commissioner shall remain acceptable.

- (c) Foreign exchange currency transaction dealers who are not in the business of remittance shall not be required to put up security deposit.

The Director shall forward the deposit to the CNMI Treasurer for custody and safekeeping and shall be accomplished by preparing a transmittal form and acknowledged by the Treasurer.

14. TRUST FUND. The money deposited with the Treasurer of the Commonwealth pursuant to Section 13(a) and (b) of these regulations shall constitute a fund for the benefit of persons in case a licensee or its agents is not able to pay for funds entrusted to them for remittance.
15. OWNERSHIP OF FUNDS FOR TRANSMISSION TO A FOREIGN COUNTRY. All funds, less fees, received by a licensee or its agents for transmission to a foreign country shall constitute trust funds owned by and belonging to the person from whom they were received until such time as directions have been given by the licensee or its agents for payment abroad of the remittance and funds provided for such payment.

16. ORDER TO CEASE UNLAWFUL PRACTICE.

If it appears to the Director that the licensee is violating or failing to comply to these regulations; the Director shall direct the licensee to comply with these regulations or if it appears to the Director that any licensee is conducting his business in an unsafe or injurious manner he shall in like manner direct the licensee to discontinue practice. The Order shall require the licensee to show cause before the Director at the time and place to be fixed by him why the Order should not be observed.

issued pursuant to these regulations if he finds that

- (a) the licensee has violated a provision of these regulations or any rule issued thereunder;
- (b) any fact or condition exists which, if it had existed at the time of the original application of such license, would be grounds for denying an application for a license under Section 5 of these regulations;
- (c) the licensee is conducting his business in an unsound manner.

The Director may revoke a license after a hearing held pursuant to the Administrative Procedures Act following a suspension.

18. CIVIL PENALTY FOR VIOLATION.

- (a) Any person who violates or fails to comply with any of these regulations or who, without complying with the provisions of these regulations, represents that he is authorized to receive, or solicits or receives, money or the equivalent for transmission to a foreign country, shall be fined \$500 for each violation.
- (b) A penalty fee of \$10.00 a day for each day a report is late shall be assessed on the foreign exchange company or failure to submit a complete and accurate quarterly report on the filing deadline and no notice and explanation for extension request was received by the Director.
- (c) If, upon sufficient evidence, the Director finds that funds were not remitted to beneficiaries within 10 days as required in Section 12, the foreign exchange company will be fined fifty dollars (\$50.00) for each violation; or have its license suspended, or both.

19. FEES: The following is a schedule of all fees required by these regulations:

(a)	Foreign Exchange Dealer License	\$300.00
(b)	Foreign Exchange Agent License	30.00
(c)	Violations to Sections 11, 12 & 18(c)	50.00/day
(d)	Violations to Section 18(a).....	500.00
(e)	Penalty Fees Section 18(b)	10.00/day
(f)	Amendment Fee	10.00
(g)	Duplication of documents50/page
(h)	Certification Fees.....	5.00
(i)	Late Renewals and Other Filing Fees.....	2.00/day or as prescribed by the Director
(j)	Business license.....	50.00

Fees collected under this Section other than business license (j), shall be paid to the CNMI Treasurer, and Director of Finance shall permit the Director of Banking to use funds for the enforcement of these regulations.

20. Schedule of all requirements are enumerated in the "Checklist For Proposed Registration As Foreign Exchange Dealer/Agent" and all such requirements are included as part of these regulations. Memoranda, rules, guidelines, comments, procedures, and other items relative to foreign exchange business to be issued by the Director of Banking shall be published annually as part of these regulations.

21. Amendments to these Rules and Regulations shall be in accordance to the Administrative Procedures Act. These Regulations shall repeal all previous Foreign Exchange Rules and Regulations upon its adoption and certification by the Director of Banking.

22. EFFECTIVE DATE. These regulations are to take effect immediately after adoption and certification by the Director of Banking after its publication in the Commonwealth Register. All foreign exchange companies and agents must immediately comply.