

STANDARD CONDITIONS AND LICENSING CRITERIA
FOR A
MONEY CHANGER LICENCE

A “Money Changer” shall mean any company or establishment licensed by the Central Bank of Bahrain to practice money changing business in the Kingdom of Bahrain. “Money Changing Business” shall mean all transactions including the sale, purchase and exchange of foreign currencies, currency transfer from Bahrain, purchase and sale of travelers’ cheques and/or the dealing in precious metals within the allowed limits, or any other financial business licensed by the CBB.

Standard Conditions:

1. Capital Funds

The minimum required paid-up capital, which must not be less than BD150,000 (one hundred and fifty thousand Bahraini Dinars) shall be determined by the CBB. In addition, a bank guarantee of not less than BD50,000 (fifty thousand Bahraini Dinars) shall be required.

2. Liquidity

The maintenance of adequate liquidity shall be the responsibility of management.

3. Board, Management and Staffing

Money Changer licensees must be headed by a Board of Directors (where applicable) and managed by a Senior Management team who are, in CBB’s opinion, “fit & proper” in accordance with CBB’s requirements.

Employees must have sufficient knowledge, experience, skills and training in relation to their particular areas of responsibility.

5. Premises and Administration

Suitable premises must be maintained in Bahrain, together with full books and records (including customer records) either in Arabic or English and be available for examination by the CBB. Each Money Changer must have its own independent commercial registration and independent premises to conduct money changing business. The licensee and its branches are expected to comply with all the security measures imposed by the CBB.

6. Information and Returns

Money changer licensees shall submit to the CBB such information and returns concerning its business at such time and in such format as the CBB may require. The current requirements are monthly turnover returns and quarterly profit and loss account and balance sheet.

7. Internal Control

An adequate internal control system should be maintained to ensure that the daily activities at the Money Changer licensee are properly controlled.

8. Auditors

Independent auditors based in Bahrain, who should be approved by the CBB shall be appointed within four months of the year-end on an annual basis. Audited accounts prepared in accordance with International Accounting Standards (or such other standards as the CBB may permit) shall in all cases be submitted to the CBB within three months of the end of the calendar year.

9. Conduct of Business

Money Changer licensees shall conduct their business professionally, properly and in an orderly manner (particularly with regard to internal controls). Conduct of activities should also be in accordance with the terms and conditions for Money Changers approved by the CBB from time to time, and in accordance with the regulations, directives and rules of the CBB.

10. General

Money Changer licensees are subject to the provisions of the Central Bank of Bahrain and Financial Institutions Law 2006. The CBB may apply such conditions, and impose such additional requirements, as it considers appropriate.

11. License Fees

Application Fees

Applicants seeking a Money Changer license from the CBB must pay a non-refundable license application fee of BD100 at the time of submitting their formal application to the CBB.

Annual License Fees

Money Changer licensees must pay the relevant annual license fee to the CBB, in April each year.

The fees due in April are for the period of that calendar year in which payment is made, but are normally calculated on the basis of the licensee's financial statement for the previous calendar year.

Money Changers shall pay 0.25% of their relevant operating expenses, subject to a minimum ('floor') of BD300 and a maximum ('cap') of BD6,000.

"Relevant operating expenses" are defined as the total operating expenses of the licensee concerned, as recorded in the most recent audited financial statements available, subject to adjustments. The adjustments to be made to relevant operating expenses are the exclusion of the following items from total operating expenses:

- (a) Training costs;
- (b) Charitable donations;
- (c) CBB fees paid; and
- (d) Non-executive directors' remuneration.

For the avoidance of doubt, operating expenses for the purposes of this section, do not include items such as depreciation, provisioning, interest expenses, and dividends.

Money Changer licensees must complete and submit Form ALF (Annual License Fee) to the CBB, no later than 30 April each year, together with the payment due.

For new licensees, their first annual license fee is payable when their license is issued by the CBB. The amount payable is the minimum amount specified for their category of license.

Additional Licensing Criteria:

In considering the application, the CBB shall have regard to (amongst other matters):

- a) the reputation and financial standing (including financial standing on a consolidated basis) of the applicant where appropriate,
- b) the consolidated supervisory arrangements, if any, for applicant in any other jurisdiction and the opinion of the relevant supervisory authority therefore,

- c) the previous track-record of the applicant, its owners and management, both as regards probity and in relation to the activities to be undertaken, and
- d) the feasibility and suitability of the proposal and the effect on the financial sector in Bahrain of the applicant being granted a license.