



Islamic Republic of Afghanistan

Da Afghanistan Bank

Activities of Foreign Exchange Dealers and Money Service Providers Regulation

1398



## Approval of the High Council

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ToC

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Chapter 2: Registration of Application and Conditions for Issuance of a License

Chapter 3: Administrative Structure of Foreign Exchange Dealers & MSPs

Chapter 4: Activities, Operation, Branch Establishment and Change in Ownership

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## Chapter 1: General Provisions

### Article 1: Basis

This Regulation has been enacted in accordance with the provisions of Paragraph 6 of Article 2 of the Da Afghanistan Bank Law.

### Article 2: Objectives

Objectives of this Regulation are as follows:

- 1- Setting/specify conditions and criteria for issuance of money service and Foreign Exchange Dealing licenses.
- 2- Better management of activities of the Money Service Providers and Foreign Exchange Dealers.
- 3- Prevention of money laundering and terrorist financing and management of activities, obligations and responsibilities of Foreign Exchange Dealers in accordance with international laws and standards.

### Article 3: Scope

1. This Regulation shall be applicable to all natural and legal persons (local and international) that provide monetary and money exchange services in Afghanistan.
2. This Regulation shall not be applicable to licensed commercial banks, their branches, foreign bank branches, electronic money service providers, microfinance institutions, financial lessors which have activity permission from DAB.

### Article 4: Definitions

- (1) **Applicant:** Means an individual or legal entity who submits an application to DAB for the acquisition of a license to provide money services and money exchange services.
- (2) **Authorized agent:** Means a person who, according to the provisions of this Regulation, has been authorized by a licensee to operate a business engaged in the provision of money services on behalf of the licensee.
- (3) **Branch:** Means sub-office of the main office in which all or part of activities of providers of money or exchange services are carried out.
- (4) **Money Services:** Means money transfer services, currency exchange and check cashing (converting checks into cash).
- (5) **Money Service Provider:** Means provider of money services who has obtained license from DAB and who engages in business money services provision.
- (6) **Check Cashing:** Means receiving compensation for taking payment instruments or stored value (other than traveler's checks), in exchange for money, payment instruments, or stored value delivered to the person delivering the payment instrument or stored value.
- (7) **Foreign Exchange Dealing:** Means currency exchange services, currency pre-purchase contracts, voluntary exchange contract, arrangements or other derivatives of currency dealings.
- (8) **Foreign Exchange Dealer:** Means a person holding a valid license or permit from DAB.
- (9) **Concessionaire:** Means a legal entity that concludes contracts with money service providers who have branches in more than one country.
  - (a) Act as a mediator between money service providers in terms of international money transfers.





- (b) Providing money service providers with a common name, common corporate identity, and common marketing; and
- (c) Compensate the sender of the money for any damages resulting from negligence, lack of fluidity, and frauds committed by trustees.
- (10) **Person:** A natural or legal person.
- (11) **Sender:** Means a person who wants to transfer money to another person.
- (12) **Receiver:** Means an authorized natural and legal person that receives the money transferred by another person.
- (13) **Money Transfer:** Means sale or issuance of payment documents, stored value or receipt of money or monetary value for transfer. The term does not only refer to the physical delivery of money, online services, telecommunication and access to network it also includes national and international transfers.
- (14) **Suspicious Transaction:** A transaction articulated in Article 18 of the Law on Prevention of Money Laundering and Proceeds of Crimes.
- (15) **Fit and Proper Person:** A natural person who is considered to be honest, reliable, fair-minded, fit and proper and has good decision-making skills, be effective in personal, financial and commercial activities is considered fit and proper, and also who has the required skills and experience to fulfil the entrusted tasks. Based on determination of members of the Supervisory Board, members of the Board of Directors and other relevant bodies as well as determination of DAB a legal person may be considered fit and proper that have the above-mentioned characteristics, as determined by DAB. In one of the following cases, the person shall not be considered fit and proper:
1. He/she has been convicted of a crime by an authorized court, unless his/her conviction arises from political or religious beliefs or activities.
  2. Be declared bankrupt by an authorized court.
  3. Due to personal or professional misconduct, not to be allowed to perform any financial activity or to be declared disqualified by a competent authority.
  4. A branch or person who is influenced by a person who is not considered fit and proper according to conditions set forth in Parts 1, 2 and 3 of this Paragraph.
- (16) **Politically Exposed Person [PEPs]:** A natural person entrusted with important government tasks in Afghanistan or other countries or in an international organization, including high-ranking officials of political parties or their family members or close relatives.
- (17) **Large Cash Transaction [LCTR]:** A transaction in which amount of the transferred or exchanged money or cashing is (AFN 500,000) or more or equivalent amount in foreign currency.
- (18) **Beneficiary (real owner):** A natural person or persons who are the real owners and have the final control of the money service provider or Foreign Exchange Dealer.
- (19) **Major Change:** This is a change that if not reported, will lead to misleading or delayed inspection or monitoring. Such change include change in the physical address, replacement of responsible persons, change in type of activity, and other issues specified by DAB circular.
- (20) **Ill Will:** The will and intend of a person to commit a criminal or illegal act.
- (21) **Random Customer:** A customer who has not previously had a business relationship with the Money Service Provider or Foreign Exchange Dealer.
- (22) **Exchange of Currency:** means conversion of one country's currency into another.
- (23) **Currency:** Means currency of other countries except Afghan currency.

- (24) **Loan:** Means any kind of payment of money instead of an obligation to repay the amount paid with or without interest.
- (25) **Deposit:** The amount that a person deposits to a bank and has one of the specifications mentioned in Paragraph 11 of Article 2 of the banking law.
- (26) **Cross-Selling:** Includes cross-selling services such as purchase and sale of airline tickets, Mobile Top Up and other similar services by Foreign Exchange Dealing companies or money service providers in addition to their main activities. From time to time, these monetary services are determined by DAB circulars.
- (27) **A Reputable Person Providing Guarantee:** Includes providers of money services, licensed Foreign Exchange Dealers or entrepreneurs who have obtained license or valid legal document from the relevant authorities.

#### Article 5: Exemption

- (1) All persons, in accordance with the provisions of Articles 75 and 91 of the Da Afghanistan Bank Law, the nature and extent of their activity and trade, or type of their customers, are not subject to the said law or Regulation, may apply for an exemption.
- (2) Applicant must submit an application for exemption to the Licensing Section of the Non-banking Financial Institutions Supervision Department General of DAB, located in Ibn-e-Sina Watt, Kabul, and in the provinces to DAB branches.
- (3) Granting an exemption is authority of the Governor and/or Executive Board providing that DAB can request additional information before making a decision on the exemption application.
- (4) If application is approved, the exemption can be conditional and limited in time. The Services that could be provided or not provided by such persons shall be listed by DAB.

#### Article 6: Exceptions

In exceptional cases such as natural disasters or unusual situations, DAB may set and approve different terms and conditions for licensing process and monitoring.





## Chapter 2: Registration of Application and Conditions for Issuance of a License

### Article 7: Registration of Application

- (1) In order to obtain a license for provision of money services and exchange services, applicant is obliged to submit a written application to the Non-banking Financial Institutions Supervision Department of DAB or DAB offices in provinces.
- (2) Applicant can obtain the application form for obtaining a license for money services and exchange services from the Licensing Section of Non-banking Financial Institutions Supervision Department of DAB located at Ibn-e-Sina Watt, Kabul or DAB offices in provinces.
- (3) Applicant may be holder of the license or authorized representative of the owner with obtaining a power of attorney from the owner.

### Article 8: Content of Application

- (1) An application for obtaining a license to provide money services and exchange services shall be made in writing and by completing the special forms distributed by DAB, which includes the following information and documents:
  1. Types services delivered;
  2. Commencement date;
  3. Location and address;
  4. Letter of Commitment for fulfilment of provisions of this Regulation;
  5. TIN and tax clearance certificate of the owner or his/her representative;
  6. Provision of cash guarantee and submission of its receipt;
  7. Three photos;
  8. Payment of application process fee and submission of the required documents; and
  9. Submission of guarantee letters from two reputable/reliable guarantors.
- (2) If applicant is a natural person, in addition to providing the documents and fulfilment of the provisions of Paragraph (1) of this Article, he/she shall also provide the following documents and information:
  1. Documents and information about identity of the owner and the responsible employee (secretary) that includes a certified copy of the Tazkira or passport.
  2. Provision of information about the applicant's activities and occupation.
- (3) If applicant is a legal person, in addition to providing the documents and fulfilment of the provisions of Part 1 to 7 of Paragraph (1) of this Article, is also obliged to provide the following documents and information:
  1. A copy of the business license and its by-law;
  2. No objection letter from the authority that issued the license regarding obtaining money services and foreign exchange dealing services;
  3. Copies of Tazkiras, biography of shareholders, and their shareholding structure;
  4. Comprehensive information on activities, strategy or business plan and financial forecasting;
  5. Audited financial statements of the previous (if available); and
  6. Biographies and Tazkiras of senior management and key people in the application.



- (4) If applicant intends to obtain a business license for a Money Service Provider and Foreign Exchange Dealer company, in addition to providing the documents stated in Paragraph (1) and (2) of this article, based on its natural and legal personalities, is also obliged to provide the following documents and information:
1. Provision of the required minimum capital according to Article 11 of this Regulation and submission of the necessary documents.
  2. One-page business plan which contains organizational structure and Supervisory Board.
  3. Observance of DAB laws and Regulations and other policies.
  4. Provision of Article of Association.
  5. Provision of information on the shareholding structure.
  6. Board of Directors, Laws and Regulations Compliance Officer.
  7. Submission of registration document and license from ACBR-IP.
- (5) The application form must contain the signature or fingerprint of owner/ authorized representatives with obtaining a power of attorney from the owner.

#### **Article 9: Conditions for Issuance of License**

- (1) Conditions for issuance of license to Money Service Provider and Foreign Exchange Dealer are as follows:
- 1- The applicant or key members of the applicant company must be competent;
  - 2- Have no tax liability;
  - 3- Must not be less than 18 years old;
  - 4- Must have a permanent address;
  - 5- Must provide two guarantees from reputable/reliable guarantors which have a Money Services Provider license or Foreign Exchange Dealer who have a business license.
  - 6- Commitment to the implementation of the provisions of this Regulation and the laws and Regulations for prevention of money laundering and terrorist financing and depositing the cash guarantee according to the provisions of Article 12 of this Regulation.
- (2) Street Foreign Exchange Dealers shall not be allowed to conduct money exchange and money service activities.
- (3) DAB may allow individual Money Service Providers and Foreign Exchange Dealers to provide services by issuing license for them. In any case, the individual Money Service Provider and Foreign exchange Dealer shall comply with the requirements set forth in this Regulation concerning the application for a license.
- (4) Foreign nationals can provide Money Services and Foreign Exchange Dealings in Afghanistan independently or in partnership with Afghans.
- (5) DAB can request additional information and documents that are necessary to review the application.
- (6) As long as all the necessary information and documents are not received by DAB, the submitted application shall be considered incomplete.

#### **Article 10: Reasons for Rejection of an Application**

In case of any of the following reasons DAB may reject the application for obtaining Money Service Provider and Foreign Exchange Dealer license:





1. In accordance with the provisions of the Fit and Proper Regulation, if the proposed people by the applicant are considered not to be authorized and competent.
2. If applicant provide DAB with incorrect and misleading information.
3. If during the last 5 years, the previous license for providing Money Service and Foreign Exchange Dealings of the applicant has been cancelled.
4. Failure to comply with the conditions set forth in this Regulation to submit the requested documents within three months upon the request by DAB, in accordance with the relevant laws, Regulations and circulars.
5. If applicant do not sign the Letter of Commitment for fulfilment of provisions of this Regulation

#### **Article 11: Capital**

- (1) Money Service Provider and Foreign Exchange Dealer companies are required to have a minimum capital of at least (AFN 5,000,000), and at any time the financial capital at least must be (AFN 1,000,000) or equivalent.
- (2) Money Service Provider and Foreign Exchange Dealer companies whose owner or shareholders are foreign nationals are required to have a minimum capital of at least (AFN 10,000,000), and at any time the financial capital at least must be (AFN 5,000,000) or the equivalent.
- (3) In case of reduction of amount of the capital as set forth in Paragraph 1 and 2 of this articles, companies are obliged to inject capital to complete the capital to the predetermined amount and provide capital injection's supporting documents to DAB.
- (4) Money Service Provider and Foreign Exchange Dealer companies shall not be allowed to reduce or increase a company's financial capital by injecting and withdrawing capital without obtaining prior permission of DAB.
- (5) In case of injection of additional capital, companies are obliged to inform the bank before the injection and provide the required supporting documents and sources of money to DAB.

#### **Article 12: Amount of Guarantee**

- (1) Before obtaining the license, the Individual Money Service Providers shall deposit the following amounts as guarantee to DAB account:
  - 1- Amount of guarantee in Kabul AFN 300,000.
  - 2- Amount of guarantee in Nangarhar, Kandahar, Paktia, Herat, Balkh and Kunduz, AFN 200,000
  - 3- Amount of guarantee in other provinces, AFN 150,000.
- (2) Amounts of guarantee for Individual Foreign Exchange Dealers as follows
  - 1- Amount of guarantee in Kabul AFN 200,000.
  - 2- Amount of guarantee in Nangarhar, Kandahar, Paktia, Herat, Balkh and Kunduz, AFN 150,000.
  - 3- Amount of guarantee in other provinces, AFN 100,000.
- (3) Money Service Provider and Foreign Exchange Dealer companies shall not be required to provide cash guarantee and a natural person guarantor.
- (4) In case of volunteer liquidation or cancellation of license, the amount of guarantee shall be reimbursed to the owner/representative to the introduced bank account.



(5) In the case of cash fines, the following conditions will apply on the Money service provider and Foreign Exchange Dealer:

1. After receiving the tariff for payment of fine, Money Service Provider and Foreign Exchange Dealer are obliged to pay it within 15 working days. Otherwise, after 15 working days, a fine of AFN 500 shall be charged for each day.
2. The fines imposed on the Money Service Provider and Foreign Exchange Dealer shall be deducted from the guarantee amount with DAB, if in a period of 30 days the Money Service Provider and Foreign Exchange Dealer did not pay the fine. This shall also include the delay in payment of fine.
3. If the amount of guarantee is deducted due to the deduction of fines, Money Service Provider and Foreign Exchange Dealer shall increase their guarantee amount to the minimum amount specified in this Regulation within 15 working days. Otherwise, the provisions of Articles 44 of this Regulation shall apply to them.

#### **Article 13: Business License Validity Period**

- (1) Individual license validity period is three years and can be extended, unless DAB decides otherwise.
- (2) No one shall be allowed to provide Money Services and Foreign Exchange Dealings with an expired license.
- (3)\* Business license of the Money Service Provider and Foreign Exchange Dealer companies that are issued according to this Regulation will be effective from the date of issuance for an unlimited period of time.

#### **Article 14: Business name**

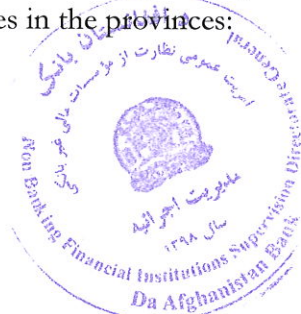
- (1) The Money Service Provider and Foreign Exchange Dealer may not add the words such as bank, investment company, trade company or other words show the activities other than the money services or exchange to its business name.
- (2) Change in name of owner/shareholder of Money Services Provider and Foreign Exchange Dealer shall be based on application to DAB main office in the center or branches in the provinces.
- (3) The written notice of changing the name shall be published in a popular publication and its place of operation.
- (4) The following documents shall be provided along with the application:
  1. Original operation license;
  2. Receipt of application fees payment;
  3. Copy of name change notice and
  4. Other issues specified by DAB.

#### **Article 15: License renewal**

- (1) The operation license shall be renewed after the Money Service Provider and Foreign Exchange Dealer submits the application for renewal of the license three weeks before expiry date along with the following documents to DAB main office or branches in the provinces:
  1. Original activity license;
  2. Receipt of application fees payment;
  3. Receipt of tax payment or confirmation of no tax liability;



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4. Verifying the no criminal background of the licensee and its employees by the relevant authorities;
  5. Three photos of the applicant;
  6. Renewal of the information and required documents of the first application for getting license (if there are major changes); and
  7. Other information deemed necessary by DAB.
- (2) The individual Money Service Provider and Foreign Exchange Dealer in the provinces shall submit the renewal application to the branches or zonal offices of DAB according to paragraph 1 of this Article. The relevant zone officers shall be obliged to ensure the application and all provided documents are correct and there is no missing document. The original documents shall be kept in the relevant branch and their copies shall be sent to the licensing section of DAB in the center for further process,
- (3) Eligibility of the licensee and its key personnel,
  - (4) There shall be no violation of DAB laws, Regulations and orders during monitoring the money exchange or services provision,
  - (5) If the applicant fails to complete the documents according to the paragraphs 1 and 2 of this article within specified time or three months after the submitting the application, DAB may reject the renewal application and nullify the license.

#### **Article 16: Registration of information**

The licenses shall be registered based on the serial number by the licensing section of DAB according to the relevant procedure.

### **Chapter 3: Administrative Structure of Foreign Exchange Dealers & MSPs**

#### **Article 17: Legal Structure of Foreign Exchange Dealers and Money Services Providers**

- (1) The Money Service Provider and Foreign Exchange Dealer are established by one person or more as the founder and shareholder according to the provisions of this Regulation.
- (2) The Money Service Provider and Foreign Exchange Dealer shall be registered as individual or company. If there is more than one shareholder, it shall be established as a company. The legal personality of the Money Service Provider and Foreign Exchange Dealer Company shall be limited liability or corporation.
- (3) The Money Service Provider and Foreign Exchange Dealer may not change its legal personality without prior approval of DAB.
- (4) The provisions of LLC Law shall be implemented on Money Service Provider and Foreign Exchange Dealer companies provided that not to be in contrast with DAB Law.
- (5) The Money Service Provider and Foreign Exchange Dealer Company shall have by law which shall be enforced after approved by DAB and the company may not amend it without prior approval of ADB.
- (6) Foreign Exchange Dealers and Money Service Providers shall comply with the requirements set forth in LLC Law in terms of administrative structure.

#### **Article 18: Supervisory Board**

- (1) The supervisory board is the second highest authority of the company. The supervisory board shall have the following authorities and responsibilities:



1. To evaluate the reports of executive board and issuing instructions in this regard to executive board;
  2. Regular and continual monitoring of the activities of main office and branches of the company;
  3. Holding the meetings of general assembly of shareholders and approving its agenda;
  4. Approving the administrative structure of the company;
  5. Making decision on establishing the branches;
  6. Approving the business plan, strategy, policy and procedures of the company;
  7. To assign, terminate and set salaries and wages of executive board and other key personnel;
  8. To ensure the implementation of laws and regulations, internal policies and procedures and DAB instructions;
  9. To ensure the eligibility of the executive board, laws and regulations compliance officer, authorized employees and representatives of the company;
  10. Making decision regarding changing the location of main office and branches of the company, and
  11. The supervisory board shall be responsible for DAB, shareholders, customers and other involved entities according to the relevant laws and regulations.
- (2) The assignment and composition of the supervisory board is as follow:
1. The number of supervisory boards shall be at least three and maximum five, it must be odd;
  2. The members of supervisory board shall be assigned for a period of three years by the shareholders of the company;
  3. At least 2/3 of the supervisory board including the director shall be independent. If the shareholders meet the conditions of supervisory board membership, they can be assigned as the members of supervisory board but the shareholder cannot have membership of supervisory and executive board at the same time, and
  4. If there is any vacancy in the supervisory board, the company shall be obliged to notify DAB by written and assign other eligible person maximum within three months.
- (3) Any person who is assigned as the member of supervisory board shall meet the following conditions:
1. Shall be eligible;
  2. Shall be the active employee of the company and must not be a member of supervisory board or employee of any other money exchange and service company;
  3. Two members of the supervisory board shall have at least bachelor degree or valid certificate of ACCA, CAT, CIA and etc. and
  4. DAB may set other conditions for the membership of supervisory board through circulars if required.
- (4) The meetings of supervisory board shall be held as follow:
1. The members of supervisory board shall be obliged to hold regular meetings and also can hold special meeting in case of emergency;
  2. The quota for the meetings shall be at least 2/3 of the members;
  3. There shall be at least one in person meeting during a fiscal year;





4. Any member of the supervisory board who does not attend two meetings of a fiscal year without any logical reason, he/she will lose the membership and the company shall be obliged to recruit another eligible person and introduce to DAB, and
5. All decisions of the meetings shall be recorded and kept in the relevant files after signed by the members of the supervisory board.

**Article 19: Conditions for Recruitment of Laws and Regulations Compliance Officer**

- (1) Conditions for recruitment of laws and Regulations compliance officer shall be as follow:
  - 1- Shall be eligible,
  - 2- Shall have higher education in economics, business administration, law or finance,
  - 3- Shall have relevant working experience or in terms of money laundering and terrorism financing or monitoring the financial institutions,
  - 4- Laws and Regulations compliance officer shall be assigned by the supervisory board for a period of three months. He/she can be reappointed based on the approval of supervisory board.
- (2) The duties and responsibilities of laws and Regulations compliance officer shall be as follow:
  1. Shall have the knowledge of DAB laws and Regulations and internal policies and procedures of the company particularly the laws, Regulations, internal policy and procedures of the company on money laundering and terrorism financing,
  2. Identifying the risky areas of not observing the laws and Regulations in the company and adopting actions to solve it and provide required guidelines to prevent its repetition in the future,
  3. To review the amendment of policies and procedures of the company on money laundering and terrorism financing
  4. To ensure the implementation of laws, Regulations and circulars of DAB and company policies and procedures and money laundering and terrorism financing,
  5. To cooperate with the operational departments of the money exchange and services company to observe the legislative documents,
  6. To identify the suspicious transactions and monitor them,
  7. To identify large suspicious transactions and report them to FinTRACA and file them regularly
  8. To identify and report the violation of laws, Regulations and internal policies of the company to supervisory board,
  9. To conduct training programs for awareness of company employees regarding laws, Regulations and circulars of DAB and internal policies and procedures of the company,
  10. To implement the sanctions list, and
  11. To cooperate with the monitoring team of DAB.



## Chapter 4: Activities, Operation, Branch Establishment and Change in Ownership

### Article 20: Start of operation

The Money Service Provider and Foreign Exchange Dealer who obtain license from DAB shall be obliged to start to work within three months after issuance of license and notify DAB in this regard.

### Article 21: Allowed activities

- (1) The Money Services Provider may do the following:
  1. Money transfer,
  2. Exchange of check to cash,
  3. Currency exchange and other allowed activities related to money exchange,
  4. Keeping the money provided that the final objective of the transaction shall be the transfer or exchange maximum within 6 months,
  5. To participate DAB currency bidding or auction and
  6. Other activities allowed by the relevant circular of DAB.
- (2) The licensed Foreign Exchange Dealer may do the following:
  1. Money exchange,
  2. Currency pre-purchase contracts,
  3. Voluntary exchange contract, payment or other relevant activities of currency exchange and
  4. To participate DAB currency bidding or auction.
  5. The companies can do the following in addition to the above-mentioned activities:
  6. The companies may provide cross selling services after getting approval of DAB. Other conditions for cross selling services shall be set through circulars of DAB, and
  7. The companies may transfer the money by its agent in the districts and villages where there is no branch of the company.

### Article 22: Prohibited Activities

- (1) The Money Services Provider may not do the following:
  1. To accept the deposit of the customers,
  2. To provide loans,
  3. To facilitate the payment, provision of security and use of transfer system of security according to DAB Law,
  4. The money services provider may not work through unlicensed persons inside the country. Its details shall be specified in the relevant circular.
- (2) The Money Services Provider may not do the following:
  1. Using informal registers in contrast with the guidelines and standards of DAB for registration of customers transactions and information and
  2. To conceal the register of money services transactions from DAB and its auditors.
- (3) The Foreign Exchange Dealer may not do the following:
  1. To accept the deposit of the customers;
  2. To provide loans; and
  3. Transfer money.





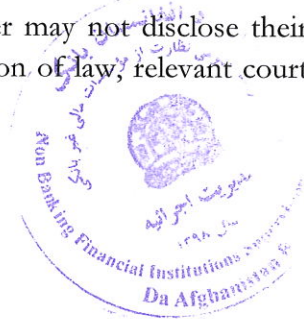
- (4) The Foreign Exchange Dealer shall not do the following:
  1. Using informal registers in contrast with the set guidelines and standards of DAB for registration of customers transactions and information, and
  2. To conceal the register of money services transactions from DAB and its auditors.
- (5) The Money Service Providers and Foreign Exchange Dealers shall not do the activities stated in the paragraphs 2 and 3 of this article.

### **Article 23: Money Service Provider and Foreign Exchange Dealer Activities**

- (1) The Money Service Provider and Foreign Exchange Dealer shall be obliged to process their all bank transactions through the bank account opened by the name of money exchange or services provider in one of the banks and may not process their business transactions in their personal or other accounts.
- (2) If the Money Service Provider and Foreign Exchange Dealer have agents, the agent transactions shall be processed through the separate account opened by the name of the agent or as directed by DAB.
- (3) The Money Service Provider and Foreign Exchange Dealer shall not be involved in unethical competition or intentionally manipulate the market for money exchange or services provision. These are including the following but not limited to them:
  1. Collusion with others in terms of rates,
  2. To restrict the public access to the facilities,
  3. To restrict the properties for the competitors,
  4. The Money Service Provider and Foreign Exchange Dealer shall be obliged to write the rate of currency exchange and other fees on the board and reveal it for the customers.
  5. The Money Service Provider and Foreign Exchange Dealer shall exchange the foreign currencies without considering the type of Afghan banknotes according to the rates written on the board.
  6. The Money Service Provider and Foreign Exchange Dealer shall record their daily transactions and provide them and other required information to DAB on monthly basis.
  7. The Money Service Provider and Foreign Exchange Dealer shall be obliged to choose a proper location for their activities and the business name shall be visible based on the license. The information in the letters and other official documents shall be inserted according to the license.
  8. The Money Service Provider and Foreign Exchange Dealer shall be obliged to hang the license in the main office and the agent permit in the relevant branches that the customers know about the type of their operation.
  9. If the Money Service Provider and Foreign Exchange Dealer remain close for more than three days, they shall be obliged to hang a written notice for the customers.
  10. The Money Service Provider and Foreign Exchange Dealer may not disclose their customers' information to the third person without provision of law, relevant court permission or order of DAB.



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11. The Money Service Provider and Foreign Exchange Dealer shall be obliged to provide the full information regarding the services, products, fees and etc. to the customers.
12. The Money Service Provider and Foreign Exchange Dealer shall be obliged to hang the written notices regarding their allowed services and activities in their offices according to article 23 of this Regulation that the customers know about their type of activities.
13. The Money Service Provider and Foreign Exchange Dealer shall be obliged to have a standard and acceptable system for its activities and operations. The details of the system shall be specified through circular.
14. The Money Service Provider and Foreign Exchange Dealer shall be obliged to implement the Regulation on customers' protection and other relevant Regulation in addition to the above-mentioned issues.

#### **Article 24: Operation Location**

- (1) Money Service Provider and Foreign Exchange Dealer and their agents may operate in the places chosen by them and confirmed by DAB. Two money exchange or services providers may work in one place if agree and provide no objection letter.
- (2) The Money Service Provider and Foreign Exchange Dealer shall be obliged to get DAB approval for changing its main office or branches location.
- (3) The Money Service Provider and Foreign Exchange Dealer shall get DAB no objection certificate before making working relation with the foreign money services providers.

#### **Article 25: Conditions for Branch Establishment**

- (1) The Money Service Provider and Foreign Exchange Dealer companies may establish their branches in Kabul and other provinces after written approval of DAB and by provision of following documents:
  1. The application for branch establishment along with the following documents shall be provided and registered in the licensing department in the provinces or zonal offices of DAB.
  2. To obtain DAB approval before establishing branch,
  3. Information regarding type of services and location of the branch,
  4. Copy of verified NIC and information of branch in charge,
  5. Approval of supervisory board regarding the establishment of the branch, and
  6. Other required documents and information deemed necessary by DAB to process the application.
- (2) Foreign Money Service Provider and Foreign Exchange Dealer companies may establish the branch provided that to meet the conditions stated in this Regulation.
- (3) Domestic Money Service Provider and Foreign Exchange Dealer companies may establish its branch outside the country based on the specified conditions by DAB.
- (4) The establishment conditions are set by DAB.





#### **Article 26: Conditions for Establishing Foreign Money Services Provider Branch**

- (1) Any person who wants to establish the branch of foreign money services provider shall have Money Services Company and shall establish the foreign branch after approval of DAB.
- (2) The foreign money services company shall get DAB no objection certificate before establishing its branch.

#### **Article 27: Change in Ownership and Control**

- (1) Without prior approval of DAB no one can obtain share or transfer ownership of license of Money Service Provider and Foreign Exchange Dealer to other party.
- (2) A person who wants change ownership of his/her money services and exchange license, he/she shall present application to Non-banking Financial Institution Supervision Department of DAB and De Afghanistan Branch in the provinces.
- (3) Owner or shareholders or their authorized representative, and the person who wants to take ownership, shall be present to process application and provide following documents with application of ownership change and control:
  1. Original of activity license, and
  2. Other documents and information as per article 8 of this Regulation.
- (4) The applicant shall publicize notice of change in ownership of money services and exchange in a local media and provide one copy of it to De Afghanistan Bank; and
- (5) DAB shall approve application of ownership change and control if new person fulfils all terms and conditions according to this Regulation.

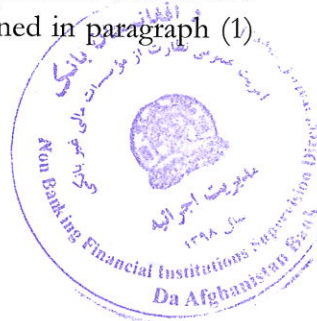
### **Chapter 5: Prevention of Money Laundering and Terrorism Financing**

#### **Article 28: Obligations**

- (1) The Money Service Provider and Foreign Exchange Dealer shall take necessary measures for prevention of money laundering and terrorism financing according to provisions of Law on Prevention of Money Laundering and Proceeds of Crimes and Regulation on Responsibilities and Preventive Measures against Money Laundering and Terrorism Financing and other relevant documents.
- (2) This standard shall be developed and applied according to size, nature, potential risks, and complexity of money services and money exchange activities which will be explained in this chapter.

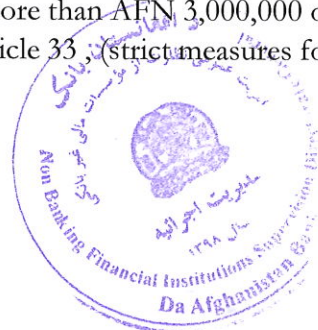
#### **Article 29: Policy and Procedures**

- (1) All money service companies and Foreign Exchange Dealers and participants of currency auction of DAB, shall be obliged to develop and implement proper policies and procedures regarding internal control, customers reception, evaluation and execution of black list according to size, nature, potential risks, and complexity of money services and money exchange activities for prevention and combat against money laundering and terrorism financing.
- (2) Policies and procedures mentioned in paragraph (1) of this article shall be revised once per year and in case of need shall be amended.
- (3) In case of having branches, Money Service Provider and Foreign Exchange Dealer shall ensure implementation and observation laws, Regulations, and policies mentioned in paragraph (1) of this article.



### Article 30: Identification of Customers

- (1) Money Service Provider and Foreign Exchange Dealer shall identify and specify identity of customers, and without identification of customers shall not provide services.
- (2) If customer is not (real beneficial), Money Service Provider and Foreign Exchange Dealer shall identify the customer and real owner.
- (3) Money Service Provider and Foreign Exchange Dealer shall specify identity and customers in following circumstances:
  1. Before or during business transaction,
  2. Before transfer of money inside or outside of the country,
  3. In case of money laundering and terrorism financing doubt,
  4. Transaction for immediate customers.
- (4) If transaction (money transfer) is less than AFN 50000 or equal in other currency, money service provider shall obtain following documents for identification of customer:
  1. If individual is a (real) person:
    - a. Full name of customer
    - b. Duty and address
    - c. Contract number.
  2. If customer is a legal person:
    - a. Name and address of company, institution, or legal person,
    - b. Profile of authorized person of transaction as per part (1) of this paragraph.
- (5) If customer is a real person and transaction (money transfer) is AFN 50,000 – 100,000 or equal in other currency, beside required documents in part 1, paragraph 4 of this article, Money Service Provider shall obtain copy of Tazkera, passport, driving license, or governmental identity card bearing picture, issuance and expiration dates.
- (6) If customer is a real person and transaction (money transfer) is more than AFN 100,000 – 500,000 or equal in other currency, beside required documents in part 1, paragraph 4 of this article, money service provider shall obtain copy of Tazkera or valid passport.
- (7) If customer is a legal person and transaction (money transfer) is more than AFN 50,000 – 1,000,000 or equal in other currency, beside required documents in part 2, paragraph 4 of this article, Money Service Provider shall obtain copy of valid actively license of the customer.
- (8) If customer is a real person and transaction (money transfer) is more than AFN 1,500,000 or equal in other currency, beside required conditions, Money Service Provider shall take strict measure for identifications customer as below:
  1. Information about source of income,
  2. Objective of transaction and supporting documents.
- (9) Information about sources of income Objective of transaction and supporting documents. If customer is a real person and transaction (money transfer) is more than AFN 1,000,000 - 3,000,000 or equal in other currency, beside required conditions in paragraph 2 of article 33 (strict measures for identifications of customer) , beside normal measures mentioned in paragraph 7 of this article money service provider shall take strict measure for identifications customer. Such measures shall include followings nut not limited to them.
- (10) If customer is a legal person and transaction (money transfer) is more than AFN 3,000,000 or equal in other currency, beside required documents in part 2 of article 33 (strict measures for





identifications of customer), beside terms and conditions in part 9 of this article, money service provider shall take following measures for identifications of the customer.

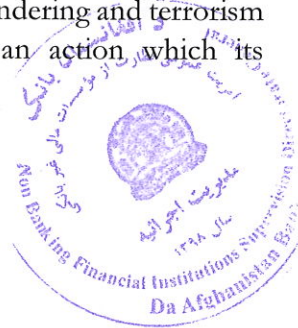
1. Obtain a copy of by-law,
  2. Information about nature and type of business,
  3. Profiles of shareholders and key responsible of the company as per paragraph 4 of this article,
  4. Identification of real owners by use existed documents and information from famous resources (if available).
- (11) Money Services Providers and Foreign Exchange Dealers shall collect and keep information customers and their real owners during business transactions. Information and evidences about identification of customers shall revised and updated on regular bases.

### **Article 31: Politically Exposed Persons**

- (1) Money Services Providers and Foreign Exchange Dealers shall identify that whether customer or real owner of cash are politically exposed persons or not.
- (2) Identification customer from viewpoint of politically exposed person shall include:
  1. Taking information from customer or real owner,
  2. Taking information and reviewing existed information about the customer,
  3. Access and review of database of political exposed persons and information provided by FinTRACA.
- (3) If the customer or real owner is politically exposed persons, Money Services Providers and Foreign Exchange Dealers in addition with strict customer identification measures according to Article 33 of this Regulation, shall take following measures:
  1. Obtaining agreement of authorized figure of money services providers and money changer about doing or establishment business transaction with customers,
  2. Taking proper measures for identifications of cash resources, objective of transaction transfer of cash by politically exposed persons,
  3. Monitoring business relations with political exposed persons on regular bases.

### **Article 32: Reporting of Doubtful Transactions**

- (1) Money Services Providers and Foreign Exchange Dealers shall identify doubtful transactions and report them to FinTRACA.
- (2) Without considering their amount and method payment, doubtful transactions shall have following specifications and conditions but not limited to them:
  1. Amount of transaction is not in compliance with business capacity or financial condition and profession of the customer.
  2. Have no legal and commercial requirement and economic justification.
  3. Conditions and mounts of transaction show difference with background and previous transaction of the customers.
  4. Conditions show that the customer arranged transaction as prevent reporting.
  5. Doubt or existence of doubtful reasons that transaction or initiation to do it are relevant to crime originated proceeds or objective of transaction is money laundering and terrorism financing or has connection with main crime. Main crime is an action which its commission results direct or indirect obtaining of cash.



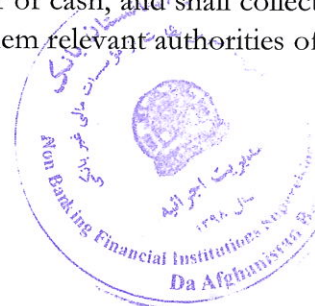
6. Doubt or existence of doubtful reasons that money is belonged to a terrorist person or a terrorist organ or used for terror actions or used by terrorist organs.
  7. Identity of the customer is clear.
  8. It is found that the transaction directly or indirectly relevant to illegal or criminal activities.
  9. Other circumstances specified by FinTRACA.
- (3) Online reporting of doubtful transactions or through special forms provided by FinTRACA.
  - (4) Branches of Foreign Exchange Dealers and money services providers can report doubtful transactions to FinTRACA directly or through their main office.

### **Article 33: Reporting Large Transactions**

- (1) Money Services Providers and Foreign Exchange Dealers shall be obliged to report FinTRACA about transaction of AFN 500,000 or more or equal to other currencies.
- (2) Transactions which are less than amount mentioned in paragraph 1 of this Article, but bone by the customer during two consecutive days or are relevant to each other and their total amount is equal or more than fixed amount in paragraph 1.
- (3) Reporting of transactions shall be done during period fixed by FinTRACA through online means or through special forms provided by FinTRACA.
- (4) Branches of money service providers and Foreign Exchange Dealers can report large transactions to FinTRACA directly or through their main offices.

### **Article 34: Transfer of Cash**

- (1) Money Services Providers shall be obliged to collect information and enough documents of their transactions and transfers (local and foreign), register and keep them.
- (2) Information and documents which collected, registered and kept for a transaction and transfer shall include followings:
  1. Name and information of money sender;
  2. Name and address of money receiving party;
  3. Amount, type and objective of money transfer;
  4. Date if transactions;
  5. Rate of exchange if used;
  6. Fee or commission; and
  7. If customer is a real person and transaction amount is more that AFN 500,000 or equal in other currencies, or customer is a legal person and transaction amount is more that AFN 1,000,000 or equal in other currencies, in this case the customer shall provide valid supporting documents.
- (3) If receiver of cash is in Afghanistan, money service provider shall take following document during payment:
  1. Identity of receiver of cash; and
  2. Copy of Tazkera or Passport.
- (4) If Money Services Providers is not able to identify sender of cash as per article 30 of this Regulation, it shall abstain doing of this transaction and transfer of cash and report it to FinTRACA.
- (5) Money Services Providers shall act as intermediate party in transfer of cash, and shall collect all information and documents according to this article and send them relevant authorities of financial institution.





### **Article 35: Exchange of Currencies and Check Cashing**

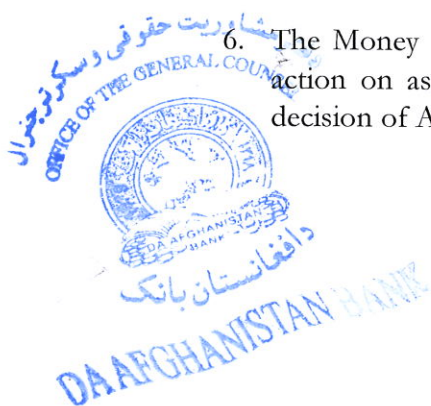
- (1) Money Services Providers and Foreign Exchange Dealers shall collect information and documents about money exchange transactions and register and keep them.
- (2) If exchangeable amount of customer is equal or less than AFN 500,000 or equal in other currencies, providers of money services and Foreign Exchange Dealers shall obtain the information described in **Attachment No. 1**.

### **Article 36: Keeping of Documents and Information**

- (1) Money Services Provider and Foreign Exchange Dealers shall keep following document and information minimum for 5 years after transaction or business relation with the customer:
  1. All information and documents relevant to identity of customer.
  2. All information and documents relevant to transactions and local and out of country transfers,
  3. Copies of reports and related documents which are sent to FinTRACA.
- (2) All filed documents and information shall be with details, and kept in a way to be accessible for De Afghanistan Bank, FinTRACA and other relevant authorities.
- (3) Document and information shall be kept by following means;
  1. Soft copies,
  2. Original printed documents and evidences
  3. Clear copies of original documents and evidences.

### **Article 37: Anti-terrorism Financing Combat**

- (1) The Money Services Provider and Foreign Exchange Dealers shall be obliged to take appropriate measures as per law and Regulation to prevent financing terrorism, this measure shall include the following but not limited:
  1. Verification of clients and real owners' identity before or during business transaction;
  2. Information and database of individuals and companies included in sanction list and continuous update of the database. The sanction list includes UN Security council anti-terrorism financing, NSC of Afghanistan, US OFAC, list of FinTRACA. Before any business transaction, the identity of real and legal individuals referred to in part 2 of this paragraph contained in sanction list shall be verified and maintained;
  3. In order to identify the clients in sanction list, the Money Services Provider and Foreign Exchange Dealers shall be obliged to possess tools and electronic device system;
  4. The Money Services Providers and Foreign Exchange Dealers shall be obliged to match identity of their clients with sanction list and ensure that their clients are not in the sanction list;
  5. If a client name is included in the sanction list, the Money Services Provider and Foreign Exchange Dealers shall be obliged to:
    1. Prevent services to client; and
    2. Notify DAB and report to FinTRACA.
  6. The Money Services Provider and Foreign Exchange Dealers shall be obliged to take action on asset freeze of individuals or companies immediately after notification and decision of AGO;



1. Asset freeze of individuals and companies included in sanction list based on provision of law; and
2. Prevention of directly or indirectly financial services or possessing of named assets, financial resource in favor of individuals in sanction list.

#### **Article 38: Training Program**

- (1) The Money Services Provider and Foreign Exchange Dealers shall ensure their staff and representatives are aware of the prevention of money laundering and financing of terrorism laws and Regulation;
- (2) The Money Services Provider and Foreign Exchange Dealers shall be obliged to conduct training in order to enhance the capacity of their staff on regular basis;
- (3) The Money Services Provider and Foreign Exchange Dealers shall be obliged to attend in workshops and training programs conducted by DAB and center for analysis of financial reports of Afghanistan (FinTRACA).

#### **Article 39: Prohibition of Information Disclosure**

- (1) The Money Services Provider and Foreign Exchange Dealers and their staffs shall be obliged to not share information related to anti-money laundering investigation and financing of terrorism or reporting and providing of information to clients or any other persons of Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA);
- (2) Sharing of this information between officials and Money Services Provider and Foreign Exchange Dealers with competent authorities as per laws and Regulation anti-money laundering and financing of terrorism shall not be included to this limitation;
- (3) The Money Services Provider and Foreign Exchange Dealers and their staff shall not be responsible to compensate disclosure of professionals while reporting on duty unless disclosure is from bad intentions.

### **Chapter 6: Reporting and Monitoring the Activities of MSPs & MEDs**

#### **Article 40: Reporting**

- (1) The Money Services Provider and Foreign Exchange Dealers shall be obliged to share the following incidents within 30 working days in a written notification to monitoring SD of financial affairs in Kabul and to DAB's provincial regional offices:
  1. Changes in services, authorized representatives and staff;
  2. Changes of location or address of HQ or branches;
  3. Transferee of share in case of legal individuals, changes of guarantors of license;
  4. Lost or burning of license or death of license owner;
- (2) Any other major changes included in the application of license, the Money Services Provider and Foreign Exchange Dealers shall be obliged report all financial reports, profit and lost accounts or any other items required by DAB.

#### **Article 41: Supervision of Money service Providers and Foreign Exchange Dealers**

- (1) DAB issues license to Money Services Provider and Foreign Exchange Dealers in Afghanistan;
- (2) Supervision of Money Services Provider and Foreign Exchange Dealers shall take a place as per relevant laws, Regulations and procedures;





- (3) The auditors of DAB shall audit Money Services Provider and Foreign Exchange Dealers or its branches with prior notification on the extent and duration of audit or without prior notification on the spot;
- (4) The auditors of Non-banking Financial Institution Supervision Department shall have the following responsibility:
  1. Auditing the accounts and files of offices of money service providers, Foreign Exchange Dealers and their representatives;
  2. Obtaining of information from owners, managers, representatives regarding relevant issues of money service providers;
  3. Application of fines and legal measures as per laws and relevant Regulations;
  4. Inspection of markets, areas and shops suspected of conducting money service without license and who disregard provision of this Regulation;
  5. Other issues determined as per enforced laws;
- (5) DAB shall ask cooperation of FinTRACA, AGO, law enforcement entities etc. if needed for conducting of audit, accessing of offices and accounts of Money Services Provider and Foreign Exchange Dealers
- (6) All the Money Services Provider and Foreign Exchange Dealers and their representatives shall be obliged to provide necessary assistance to DAB Audit team and cooperate with them on execution of affairs.

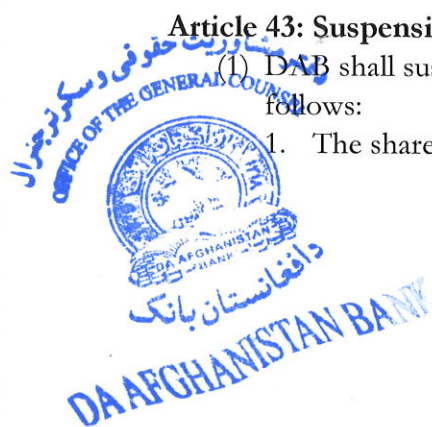
## **Chapter 7: Abandoning Business, Suspension and Cancellation of License**

### **Article 42: Abandoning Business**

- (1) In case Money Services Provider and Foreign Exchange Dealers wish to abandon their business, business abandon application form shall be acquired from dept. of licensing of SD of inspection of DAB and submit it to licensing section of Non-banking Financial Institution Department in Kabul or DAB's provincial entities after filing;
- (2) In case of filing for abandoning of business by owners/shareholders of Money Services Provider and Foreign Exchange Dealers, the following documents and information shall be provided along with application:
  1. Reasons for abandoning of business;
  2. Submission of original license;
  3. Certificate of tax clearance;
  4. Provide criminal and financial background check;
  5. Any other information asked by DAB.
- (3) Prior to approval of business abandoning application, the applicant can cancel the application via written notification and continue its activity;
- (4) The procedure and condition for approval of business abandoning shall be determined in a work procedure and;
- (5) After approval of business abandoning application of Money Services Provider and Foreign Exchange Dealers, their guarantee amounts shall be returned.

### **Article 43: Suspension of License**

- (1) DAB shall suspend the license of Money Services Provider and Foreign Exchange Dealers as follows:
  1. The shareholders or owner of license request for suspension of license;



2. Repeated violation of Regulation;
  3. Lack of reporting for 3 consecutive months;
  4. Any Other conditions deemed necessary by DAB;
- (2) If the license is suspended by DAB, the owners shall be obliged to refer maximum in 3 months after suspension and resolve the suspension, other than that, the license shall be annulled. If the case is under proceeding of judicial organs, the owner shall take measures to resolve the suspension within 30 working days after final decision of competent entity, other than that the license shall be annulled;
  - (3) If the suspension request is made by Money Services Provider and Foreign Exchange Dealers, the applicant shall submit written document to licensing section of Non-banking Financial Institution Supervision Department of DAB in Kabul or provinces. If the validity of license is more than a year, the license shall be suspended for maximum one year, if the license validity is less than one year and more than 6 months, the license shall be suspended for 3 months;
  - (4) The Money Services Provider and Foreign Exchange Dealers cannot operate during suspension of license;
  - (5) If the suspension is made as per provision of paragraph 3 of this article, the license owner shall be obliged to:
    1. In a written application, Request for cancellation of suspension prior to pre-determined time;
    2. In case changes occurred in recorded information of DAB, the license owner shall notify the issue;
  - (6) If the owner is not referred in pre-determined time, the issue shall be shared with him in a written document, if not returned after issuance of notification the license shall be cancelled.

#### Article 44: Annulment of License

- (1) DAB shall annul or cancel the licenses of Money Services Provider and Foreign Exchange Dealers as follows:
  1. The Money Services Provider and Foreign Exchange Dealers couldn't inaugurate the business 6 months after issuance of license;
  2. If a branch or branches of Money Services Provider and Foreign Exchange Dealers annulled by DAB;
  3. The owner or officials of Money Services Provider and Foreign Exchange Dealers has stopped their activities without notifying the DAB for the last 6 months;
  4. The license owner or officials have obtained license through false or derogatory information;
  5. The owner of Money Services Provider and Foreign Exchange Dealers is bankrupted;
  6. The owner of license shall not succeed to record the data in official office;
  7. The business license not extended 3 months after expiration;
  8. Monthly reports not provided for 6 consecutive months;
  9. Violation of laws and Regulations of DAB and commitment letter;
  10. If the license is cancelled by DAB and Money Services Provider and Foreign Exchange Dealers fails to cancel the suspension as per paragraph 2 article 40;
  11. If the guarantee amount of Money Services Provider and Foreign Exchange Dealers in guarantee account is less than 50% of fine by DAB;
  12. The status of paragraph 4 article 43 matches;





- (2) If license is cancelled, the owner shall be obliged to stop money providing service immediately and return original license to DAB before pre-determined time;
- (3) DAB shall issue written warning before cancellation of license. If no consideration is paid to content and condition of warning by Money Services Provider and Foreign Exchange Dealers, DAB shall take step on annulment of license.

## **Chapter 8: Fees and Disciplinary Measures**

### **Article 45: Fees**

- (1) In order to cover part of its administrative costs, DAB shall charge money against process and issuance of business license for Money Services Provider and Foreign Exchange Dealers;
- (2) The applied fees shall include the following:
  1. Application process fee of central office and branches license;
  2. Application process fee of duplicate license and its issuance;
  3. License extension fee;
  4. Ownership or shareholder changes application process fee;
  5. Business abandoning application process fee, suspension of business license and changes of commercial name;
  6. Transaction record and activity fee;
  7. Any other fee specified as per DAB Circular letter or Mutahidmal;
- (3) DAB has the authority to apply annual evaluation fee on money service providers, Foreign Exchange Dealers and their representative when deemed necessary;
- (4) The named fee shall not be refundable;
- (5) The books provided to Money Services Provider and Foreign Exchange Dealers for recording, entries and reporting of transactions purposes shall be charged based on price of good sold;
- (6) Amount, method, measurement, amendment and how to collect fee shall be determined by DAB.

### **Article 46: Disciplinary Actions on Violation of Laws and Regulations of Anti-money Laundering and Financing of Terrorism**

- (1) In case of violation of anti-money laundering and financing of terrorism laws and Regulations, the fines and penalties referred to in article 24 shall be applied on money service providers and Foreign Exchange Dealers. The amount of fines shall start from AFN 50,000 up to AFN 500,000 in this regard;
- (2) DAB shall impose one or more of the following measures in case of violation by money service providers or their staff:
  1. Warning letters;
  2. Cash fines;
  3. Prevention from attending to DAB's currency auction;
  4. Suspension or cancellation of license;
  5. Forcing the money service providers to conduct external audit acceptable for DAB. The cost of external audit shall be beard by money service providers or Foreign Exchange Dealers



6. Forcing the Money Services Provider and Foreign Exchange Dealers to one or all of the following measures:

- 1) Removal of BoD or money service provider staff, individual Foreign Exchange Dealers and companies;
- 2) Adopting reform measures and its application in order resolve defects or actions which violates provision of anti-money laundering laws and financing terrorism and its relevant procedures and guidelines;
- 3) Suspension of specific activities.

#### **Article 47: Issuance of Disciplinary Actions, Warnings and Fines**

- (1) In case of violation of this Regulation or any other Regulations or guidelines by Money Services Provider and Foreign Exchange Dealers, DAB shall impose disciplinary actions or issue warnings and apply fines;
- (2) The Money Services Provider and Foreign Exchange Dealers shall apply the disciplinary actions completely and regularly report to DAB;
- (3) DAB shall issue warnings or fines or both in the following conditions:
  1. Delay in extension of license;
  2. Lack or Delay in reporting of transactions;
  3. Lack or delay in sending of other statistic reports;
  4. Lack of implementation of imposed disciplinary actions;
  5. Other violations of laws and Regulations;
- (4) In case the Money Services Provider and Foreign Exchange Dealers fails to pay fines, DAB shall apply fines from guarantee accounts of them saved with DAB directly;
- (5) In case individuals continue to operate Money Services Provider and Foreign Exchange Dealers without obtaining license from DAB;  
DAB shall take the following measures:
  1. Determination of time to suspend activity or forcing the individual to obtain license;
  2. Issuance of warning;
  3. Applying fines;
  4. Closure (suspension) of activity;
  5. Referring the issue to justice and judicial organs.

### **Chapter 9: Miscellaneous Provisions**

#### **Article 48: Losing of License**

- (1) In case license of HQ or a branch of Money Services Provider and Foreign Exchange Dealers get lost, the Money Services Provider and Foreign Exchange Dealers shall be obliged to notify DAB within 40 days and publish the issue in one of mass circulation publication or publish a notification in the markets and area of operations;
- (2) In case the license is not found within 30 days after publicity, the Money Services Provider and Foreign Exchange Dealers shall be obliged apply for duplicate with the following





documents to licensing section of Non-banking Financial Supervision Institution Department of DAB in center or provincial entities:

1. Document or copy of lost notification;
  2. Copy of duplicate license fee payment;
  3. 3 photos as per instructions;
  4. Any other documents deemed necessary by dept. of licensing;
- (3) If the lost license is found after issuance of duplicate, the Money Services Provider and Foreign Exchange Dealers shall be obliged submit the duplicate to licensing section of Non-banking Financial Supervision Institution Department of DAB in center or provincial entities with 7 working days.

#### **Article 49: Burning of License**

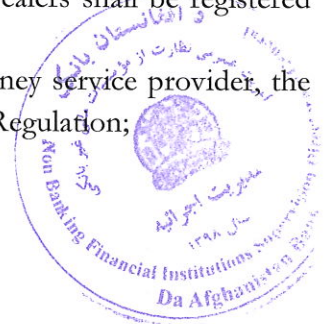
- (1) If the license of HQ or branch of Money Services Provider and Foreign Exchange Dealers burns, they are obliged to notify of the situation to DAB in 30 working days;
- (2) In order to obtain duplicate license, the money service provider shall be obliged to refer to licensing section of Non-banking Financial Supervision Institution Department DAB in center and provincial entities with following documentations:
  1. Certification of relevant union from burning of license;
  2. Duplicate license fee payment document;
  3. 3 photos;
  4. Any other information and evidence deemed necessary by licensing dept.

#### **Article 50: Death of Owner**

- (1) If owner die, the relevant union, authorized individual or his/her heirs shall be obliged to notify DAB within 45 working days of the incident via letter;
- (2) The authorized individual or heirs of the owner shall present its application for continuation or cancellation of activity within 60 working days of the incident;
- (3) The authorized individual or heirs of the owner shall pose valid Power of Attorney or inheritance letter from valid entities and presented in the application;
- (4) If applicants requested abandoning of business, the application shall be processed as per article 42 (abandoning of business) of this Regulation;
- (5) If the authorized individual or heirs of the owner request for continuation of business or changes in ownership in license under his name or others, the application shall be processed as per article 26 (ownership changes and control) of this Regulation.

#### **Article 51: Money Service Providers Union or Association**

- (1) The Money Services Provider and Foreign Exchange Dealers in order to better arrange their affairs shall have union or association, each money service provider can have membership status of the union;
- (2) The union of Money Services Provider and Foreign Exchange Dealers shall be registered with competent entities;
- (3) In order better arrange the affairs and monitor the activity of money service provider, the union shall be obliged to cooperate as per enforced DAB law and Regulation;



- (4) The union shall be obliged to only issue membership status to those who pose license from DAB, if in areas of union a person operates without license or continue its activity after its license canceled or suspended by DAB, the union shall be obliged immediately notify DAB;
- (5) If the relevant union obtained information on violation of Regulations, forgery or commission of crimes by its member (money service providers) the named union shall be obliged to notify relevant entities immediately;
- (6) the union shall be obliged to strengthen consideration of Regulation, business ethics and respecting legal issues of clients among its member;
- (7) the union shall be obliged to cooperate on implementation of sanction list of UNs or another list provided by DAB;
- (8) the union is obliged to share notifications with all members sent by DAB;
- (9) the information and certification sent to DAB by the union shall be accurate and authentic, other than that, the later responsibility belongs to union;
- (10) In case of disputes among members (money service providers or Foreign Exchange Dealers ) or between clients or member, the union shall act as a medium and respect impartiality in consideration of enforced laws and Regulations and settle dispute, other than that the parties shall refer to competent entities;
- (11) the union shall have suitable organizational structure based on by law;
- (12) the chair of union shall have the following qualification but not limited:
  1. shall be eligible;
  2. should be educated person with knowledge of laws and relevant Regulations;
  3. should have minimum of 3 years work experience as money service provider or Foreign Exchange Dealers;
  4. Should have money service provider or Foreign Exchange Dealer license from DAB;
  5. Should not be member of three branches of government.

#### **Article 52: Application Process Procedure**

The application process procedure of obtaining license, extension of license and creation of branch of money service provider or Foreign Exchange Dealer or any similar items related to licensing shall be arranged in a separate procedure by Non-banking Financial Supervision Institution Department.

#### **Article 53: Enforcement Date**

This Regulation shall be enforced after approval by high council of DAB and the previous version shall be null and void.





### Attachment No. 1: Exchange of Currencies and Check Cashing

- (1) The Money Service Providers and Foreign Exchange Dealers shall obtain the following information and documentation exchange of currencies and checking cash:
- 1- In case of real person:
    1. Full name of customer
    2. Contact number.
  - 2- In case of legal person:
    1. Name and address of company
    2. Profile of authorized person of exchange.
- (2) If exchangeable amount of customer is more than AFN 500,000 – 1,000,000 or equal in other currencies, providers of money services and Foreign Exchange Dealers shall obtain following documents for identification of customers:
- 1- In case of real person:
    1. Full name of customer
    2. Contact number
    3. Duty and address
    4. Copy of Tazkera, passport, driving license, or valid governmental identity card
  - 3- In case of legal person:
    1. Name and address of company
    2. Profile of authorized person of exchange
    3. Copy of valid activity license.
- (3) If exchangeable amount of customer is AFN 1,000,000 – 3,000,000 or equal in other currencies, providers of money services and Foreign Exchange Dealers shall obtain following documents for identification of customers:
- 1- In case of real person:
    1. In addition to mentioned points in part 1, paragraph 3 of this article, copy of Tazkera or valid passport, and
    2. Objective of exchange.
  - 2- In case of legal person, in addition to points mentioned in part 2, paragraph 3 of this article, objective of exchange
    3. Name and address of company
    4. Profile of authorized person of exchange
    4. Copy of valid activity license.
- (4) If exchangeable amount of customer is more than AFN 3,000,000 or equal in other currencies, providers of money services and Foreign Exchange Dealers shall obtain following documents for identification of customers in addition to points mentioned in paragraph 4 of this article:
- 1- In case of real person:
    1. Information about resource of cash, and
    2. Supporting documents.
  - 2- In case of legal person:
    1. Copy of by-law
    2. Information about nature of business and activity of the customer
    3. Profiles of shareholders and key responsible persons of the company



4. Identification of real owners by use of information and documents existed in valid entities (if available).
- (5) Information and documents which are obtained, registered and kept by Money Services Provider for each check cashing shall include following points:
  1. Name and information of customer as per article 30 of this Regulation;
  2. Amount, type of payable currency;
  3. Date of transaction and rate of exchange;
  4. Fee or commission;
  5. Address of the customer;
  6. Contract number of the customer; and
  7. Check issuance authority.





## Attachment No. 2: MSP and FXD off site Section Checklist

No	Subject	Remarks
1	Review of onsite (full scope) examination reports and imposing required penalty	
2	Preparing follow up examination plan base on full scope onsite examination reports	
3	To receive financial reports of MSBs and to assure on correctness according to standards, regulations and procedure	
4	To receive statistics reports of MSBS and analyzing comply with the procedure	
5	Comparison and analyzing of auction's transactions with the FinTRACA's portal and preparing the required data for onsite examination's team	
6	Preparing monthly and quarter dashboards,	
7	Compilation of findings and imposed penalties base on onsite examination reports	
8	Preparing executive summary of examinations	
9	Assurance on implementation of annual plan over the zones and collecting examination reports from zonal offices	
10	Conducting required trainings for employees	
11	Preparation of training materials and conducting training to MSPs and FXDs	
12	Preparation of annual report for the section	
13	Preparing of working annual plan for the section	
14	Filling and recordkeeping of documents and inspection reports,	

