

MATRIX

1. INTRODUCTION AND LEGISLATION

Regulation 2 of the Exchange Control Regulations, 1961 hereinafter referred to as "the Exchange Control Regulations"), stipulates amongst others, that no person other than an Authorised Dealer, appointed by the Treasury, must deal in foreign exchange.

2. APPLICATION PROCEDURE

- 2.1. An application for authorisation to conduct the business of an ADLA must be submitted to the Exchange Control and Legal Services Department of the Bank of Namibia (hereinafter referred to as "the Exchange Control and Legal Services Department"). The prescribed application Form ADLA 1, a copy of which is attached hereto, must be accompanied by the following information:
 - 2.1.1. A certified copy of the Memorandum of Association (Form CM 1) issued by the Registrar of Companies, as proof of the registration of the limited liability company in Namibia under the Companies Act, 2004 (Act No.28 of 2004).
 - 2.1.2. A certified copy of Memorandum of Association (Form CM 2) and more specifically, Form CM 2A issued by the Registrar of Companies confirming that the sole business which the company is to carry on is the business of an ADLA to operate Bureaux de Change in Namibia.
 - 2.1.3. A creature of statute in terms of its relevant enabling legislation.
 - 2.1.4. An ADLA must maintain local shareholding of a minimum of 55%.
 - 2.1.5. Proof that the minimum start-up capital of N\$ 1 600 000-00 (**One Million and Six Hundred Thousand Namibia Dollars**) of which N\$ 100 000 must be reserved as a minimum cash float for the commencement of business.

Minimum documentation which must be furnished in this regard:



A certified copy of the Form CM 2B, a pro forma Balance Sheet or confirmation from your bankers that the funds are available in the company's bank account as well as confirmation from an accounting officer or auditors to this effect.

2.1.6. The proposed place of business of an ADLA must:-

- Always display, in a conspicuous place at the premises at which it conducts its business, applicable signage indicating the wording "Bureau de Change", its foreign currency buying and selling rates and all commissions and charges associated with these transactions. In addition, an ADLA must also display a notice informing its customers that they are entitled to be issued with receipt for any purchase or sale of foreign currency made by them. Purchases and sales of foreign exchange must be done at the displayed rates.
- Ensure that its Head Office and approved branches are at all times accessible to the public.
- Ensure that all its branches are able to store its foreign exchange, including traveller's cheques, in a safe which is permanently secured as a fixture.

2.1.7. A detailed business plan which must include full details of the following key aspects:

- (i) Equity structure;
- (ii) Financial planning;
- (iii) Operational planning;
- (iv) Foreign exchange personnel to be employed, including their curricula vitae, and
- (v) Proposed organisational structure.

2.1.8. The prescribed Form ADLA 1 together with the required documentation, duly completed and signed by each director and shareholder of the company.

2.1.9. Full details of your proposed planning and implementation of Cross Border Foreign Exchange Transaction Reporting System (hereinafter referred to as



"the CBFET Reporting System"). Full details in this regard, would be provided on request.

- 2.2. Once received, an application will be assessed and should the Exchange Control and Legal Services Department be satisfied that all the requirements have been met, the Bank of Namibia ("BoN") will, after taking into account factors pertaining to the overall national and economic interest of Namibia submit a letter to the Ministry of Finance with an appropriate recommendation.
- 2.3. Should the Ministry of Finance approve the application for authorisation to conduct the business of an ADLA, the BoN will give written notice of that decision to the applicant concerned. However, the ADLA will only be permitted to commence with the approved business once the following conditions are met:
 - (i) Successful implementation and testing of Cross Border Reporting System;
 - (ii) Inspection and approval of the place of business; and
 - (iii) Finalisation and approval of the proposed place of business.

It should be noted that the above-mentioned conditions must be met within a period of three months, failing which the application lapses.

- 2.4. Should the Exchange Control and Legal Services Department be satisfied that all the conditions mentioned in paragraph 2 have been met, the Exchange Control and Legal Services Department will arrange with the Ministry of Finance for publication of the name of the entity and the authorisation granted in the Government Gazette.
- 2.5. Once the details mentioned in paragraph 3 has been published, the Exchange Control and Legal Services Department must on the prescribed form issue to the ADLA concerned, a certificate of authorisation to conduct the business of an ADLA against payment of the prescribed registration fee listed in paragraph 3.



- 2.6. An Exchange Control Circular will then be issued by the Exchange Control and Legal Services Department to notify all the existing Authorised Dealers and Authorised Dealers with Limited Authority (ADLAS).
- 2.7. Relevant Section(s) of the Exchange Control Rulings will be updated with the inclusion of the name of the new ADLA.
- 2.8. When Ministry of Finance refuses an application for authorisation to conduct the business of an ADLA, the Exchange Control and Legal Services Department must give written notice of that decision and the reasons thereof to the applicant concerned.
- 2.9. Kindly note that this document only contains guidelines for the submission of an application for authorisation to conduct the business of an ADLA and compliance therewith should not be construed as an indication that the application would necessarily be approved.
- 2.10. In accordance with Regulation 22 of the Exchange Control Regulations, kindly note that any incorrect statement or declaration made for the purpose of this application is regarded as an offence and as a result thereof the authorisation may be withdrawn and the requisite penalties imposed.
- 2.11. The certificate of authorisation for the conducting of the business of an ADLA is neither tradable nor transferable.

3. PRESCRIBED FEES

- 3.1. Fees, inclusive of value-added tax (VAT), set out in the table below must be payable in respect of matters so set out.

TABLE

	FEES (Excluding VAT) N\$	VAT N\$	FEE (Including VAT) N\$
Registration	200.00	-	200.00
Licence fee	4 250.00	750.00	50000
Annual renewal fee	4 250.00	750.00	5000.00

4. CONDITIONS FOR CONDUCTING THE BUSINESS OF AN ADLA

- 4.1. The business activities of an ADLA are restricted to the following:
- (i) Buying of foreign exchange on a spot transaction basis for Namibia Dollar from travellers, other Authorised Dealers in foreign exchange and businesses directly related to the tourist industry (having being granted the necessary permission in terms of Section C. 12(A) of the Exchange Control Rulings); and
 - (ii) Selling of foreign exchange on a spot transaction basis for Namibia Dollar to travellers and other Authorised Dealers in foreign exchange.
 - (iii) Attest forms relating to travel allowances or any approved transactions.
 - (iv) Any other transactions or operations that may be approved from time to time by the Bank of Namibia.
- 4.2. An ADLA must maintain proper records of all transactions including Ledger Accounts (sales and purchase advice books) in which transactions denominated in every foreign currency are recorded. Such Ledger Accounts must, inter alia, reflect the following information.
- (i) The serial number of the receipt;
 - (ii) The date of the purchase or sale of foreign exchange;
 - (iii) The foreign exchange amount purchased or sold;
 - (iv) The rate of exchange; and
 - (v) The Namibia Dollar amount paid or received from the customer.
- 4.3. Receipt referred to in paragraph 4.2 should be designed and not used for purposes other than for an actual purchase or sale of foreign exchange. An ADLA must issue purchase and sale receipts in respects of all transactions with its customers.



- 4.4. An ADLA must comply with the "same source" principle for the reporting of all cross-border foreign exchange transactions as outlined in the Business and Technical Specifications document and the Service Level Agreement.
- 4.5. Any changes in the ownership and equity structure of an ADLA must have the prior written approval of the Bank.
- 4.6. An ADLA must at all times observe a minimum net positive open position limit of N\$ 100 000.00 (**Hundred Thousand Namibia Dollars**) of the equivalent thereof.
- 4.7. An ADLA must submit to Exchange Control Division a copy of its audited signed financial statements within **three** months after the close of its financial year together with all internal audit reports for the corresponding period.
- 4.8. An ADLA must submit to Exchange Control and Legal Services Department unaudited quarterly returns.
- 4.9. An ADLA must not buy or sell foreign exchange (currency notes, which it knows to be:
 - (i) Counterfeit; or
 - (ii) Not legal tender in the country of issue.
- 4.10. When selling foreign exchange to visitors to Namibia, the ADLA must satisfy itself that the Namibian Dollar tendered in payment, originated from the proceeds of foreign exchange introduced into Namibia and exchanged into Namibia Dollars.
- 4.11. An ADLA should have suitably qualified staff at all times who are fit and proper persons. They must be fully conversant with the relevant Exchange Control requirements contained in the Currency and Exchanges Manual.
- 4.12. An ADLA should have adequate administration, systems and controls covering its business operations.



4.13. An ADLA must not use as its business name, any name that has not been approved by the Exchange Control and Legal Services Department. In addition, the registered business address of the ADLA should be provided to the Exchange Control and Legal Services Department. Any changes in the location of these business premises should receive the prior written approval of the Exchange Control Division.

4.14. An ADLA must timeously obtain the prior written approval of the Exchange Control and Legal Services Department before opening new branches, which request should include, at least, the following details;

- (i) Postal and physical address;
- (ii) Telephone and fax numbers;
- (iii) E-mail address; and
- (iv) Suitable curriculum vitae of the head of the proposed branch.

Any subsequent changes in the above information should receive the prior written approval of the Exchange Control and Legal Services Department. All new branches are subject to the conditions as outlined in paragraph 2.1.4 and 4.4. When approval for the opening of new branches is considered, consideration will also be given to the original business plan submitted.

4.15. The Exchange Control and Legal Services Department must, on the prescribed form, issue to each new approved branch a certificate of authorisation to conduct the business of an ADLA against payment of the registration fee listed in paragraph 3.

4.16. An ADLA may not expand, invest and /or open branches outside the Common Monetary Area.

4.17. Any changes to the ownership, equity structure or directors of the ADLA must have the prior written approval of the Exchange Control and Legal Services Department.

4.18. An ADLA must comply with any other requirements or conditions as may be stipulated from time to time, in writing, by the Exchange Control and Legal Services Department.



- 4.19. An ADLA operating in Namibia must have a minimum 55% Namibian shareholding.
- 4.20. An ADLA must incorporate on its purchase receipts a footnote to read: **“Foreign tourist: Please ensure that you retain this receipt as proof of your exchange”**.
- 4.21. An ADLA must ensure that the relevant Exchange Control Regulations and Rulings are strictly and impartially enforced in respect of all transactions of a foreign exchange nature undertaken with clients. In the event of non-compliance, the Exchange Control and Legal Services Department will not hesitate to invoke the provisions of Regulation 18 of the Exchange Control Regulations.
- 4.22. An ADLA must not conduct its approved business via the internet.
- 4.23. An ADLA may open a branch for the sole purpose of providing its approved business to corporate clients, which branch will be referred to as a “corporate office”. The “corporate office” must strictly comply with the provisions of Sections B.7 (C) (ii) and (v) of the Exchange Control Rulings and is also subject to the same conditions applicable to a branch. The “corporate office” is however not subject to the conditions as outlined in paragraphs 2.1.4.
- 4.24. An ADLA must only enter into or participate in the interbank foreign exchange market to fund its needs directly related to its approved business. No speculative trading will be allowed.
- 4.25. Any deviation or non-compliance with of any of the above conditions at a future date may result in the cancellation of the authorisation to conduct the business of an ADLA.



5. POWER OF INSPECTION

- 5.1. An authorised official of the Exchange Control and Legal Services Department may, at any time, conduct an inspection of an ADLA and its books, in a form and manner determined by the Exchange Control Division.
- 5.2. The Exchange Control and Legal Services Department must, within a calendar year, perform such number of on-site inspections at the Head Office and the branches of an ADLA as it deems fit.
- 5.3. It must be duty of every director, official or staff member of an ADLA to produce to the Exchange Control Division official conducting an inspection in paragraph 5.1, all such books, accounts and other documents in the ADLA's custody and to furnish that official with such statements or information relating to the affairs of the ADLA as that official may require. In case of suspected malpractice or fraud, the official has the right of seizure of documents and records.

6. Procedures of handling the quarterly returns

- 6.1 Quarterly returns must be submitted electronically not later than the 14th following the end of the quarter to the Principal Officer: Exchange Control;
- 6.2 The returns must clearly indicate the ADLA's total foreign exchange amounts sold and purchased per currency for all the branches;
- 6.3 The returns must indicate the average net open position for the quarter, a minimum of N\$ 100 000 per institution;
- 6.4 The Principal Officer must assess compliance with the minimum net open position and in the event non-compliance write a letter to the CEO of the ADLA concerned to obtain clarification about the non-compliance and firm remedial actions by the ADLA to comply with the net open position requirement;



6.5 The Principal Officer must assign the returns to an Exchange Control Officer to draw up quarterly reports based on requirements as will be determined by the Management of the Department from time to time;

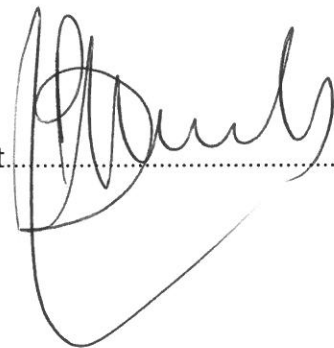
6.6 The Principal Officer must assess the reports for accuracy and submit the same to the Deputy Director: Exchange Control;

6.7 The Deputy Director: Exchange Control must assess the reports and used the information contained therein for monitoring the ADLA landscape and to inform Exchange Control policy development and reform pertaining to the ADLAs operation;

6.8 The Deputy Director must submit a quarterly briefing to the Director based on the quarterly reports generated from the Returns;

Approved and signed on 30 October 2018

Director: Exchange Control and Legal Services Department.....

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over a dotted line that extends from the text 'Director: Exchange Control and Legal Services Department.....'.