**REGULATING MONEY CHANGING BUSINESS Decision of the Minister of Finance and National Economy**

**No.31920 dated 16.2.1402 (12.12.1981)**

**The Minister of Finance and National Economy,**

In compliance with the Royal Order No.106418 dated 22.5.1401, entrusting the Ministry of Finance and National Economy to issue, with the Saudi Arabian Monetary Agency, necessary rules to implement the Council of Ministers' Decision No.10 12 dated 12 and 13.7.1394 H,

And having reviewed the Council of Ministers' Decision referred to above, providing for:

1. Non-Issuance of any new license for money changing business.
2. Issuance of an order to all money-changers in the Kingdom to abstain from accepting deposits and to confine their work to what has been prescribed under the license granted to them.
3. Giving money-changers a 3-year period to wind up the business of accepting deposits and other banking services, which only banks are entitled to conduct.
4. Enforcing the penalties prescribed under the Banking Control Law, including revoking the license, of money-changers who continue to receive deposits and conduct other banking business after the termination of the 3-year period.

In accordance with the provisions of Article 2 of the Banking Control Law, issued under Royal Decree No. M/5 dated 22.2.1386, banning non-banks from conducting basically banking business and allowing licensed money-changers to carry on exchange of currency in the form of notes and coins, but no other banking business; and

In accordance with what was submitted by the Saudi Arabian Monetary Agency, in its letter No.430 NTM 12 dated 9.9.1399 and its letter No.17982/M/A/1209 dated 28.12.1401,

**Decides:**

**Article 1**a. Complete suspension of issuance of new licenses for conducting money changing business either as a main activity or in combination with other commercial business.

b. Carrying on money changing business shall be restricted to persons working in accordance with a license previously issued by the Saudi Arabian Monetary Agency, or in accordance with a commercial registration for this purpose valid at the time of coming into force of this decision. The conduct of such business shall be in compliance with the conditions prescribed hereinafter.

**Article 2**Every person currently carrying on money changing as mentioned under clause (a) of the preceding Article, shall within three months from the date of coming into force of this decision, submit. to the Saudi Arabian Monetary Agency (Head Office, Riyadh), a notification indicating the following:

a. Name and composition of the licensee whether an individual or a partnership, with the names of the partners, their ages and nationalities.

b. Amount of the Capital invested in the business.

c. The location of office or offices.

d. A copy of the license in accordance with which the licensee is carrying on this business.

If a money-changer does not submit the foregoing notification within the prescribed period, his license and commercial registration shall be considered as cancelled,

and shall have to wind up his business within a three-month period from the termination date of the three months prescribed in the preceding Article.

**Article 3**Money-changing business which money-changers are entitled to conduct shall mean :

a) Exchange of currency and purchase and sale of foreign currency.

b) Purchase and sale of traveler’s cheques and the purchase of bank drafts. The Saudi Arabian Monetary Agency may license any money-changer to make cash remittances inside and outside the Kingdom.

**Article 4**Licensing to practice money-changing business shall stipulate the following:

a. The applicant requesting licensing should be a natural person or a partnership.

b. The applicant to practice this business should be a Saudi national of good conduct and  behaviour and at least 30 years old.

c. The capital of the money-changers should not be less than Rls.500,000; and it should be increased by no less than Rls.50,000 for every branch. Every office, other than the head office, shall be considered a branch. But, in case the Saudi Arabian Monetary Agency licenses any money-changer to carry on cash remittances, his capital shall not be less than Rls.2 million, and the said capital shall be increased by Rls.500,000 for each branch.

d. Every money-changer shall maintain on a permanent basis the cash reserve specified for him by the Saudi Arabian Monetary Agency, provided it should be a percentage of his capital and reserves and should be deposited with the bank prescribed by SAMA. The use of this reserve shall be subjected to the restrictions and instructions issued by the Agency.

**Article 5**No money-changer shall undertake any of the following activities :

a. Opening branches for carrying on money-changing business in the place or places other than what he had notified of and had actually been practicing his activities therein on the issuance of this decision, unless the Agency approved in writing the establishment of a new branch or the changing of the office. The Agency may withdraw the license of a branch if it realizes that its services are not needed in the market.

b. To lend or borrow or manage a loan, or participate in a loan or any of such acts. He also cannot mortgage any of his assets without a prior written permission from the Saudi Arabian Monetary Agency in this respect.

c. To undertake in his capacity, and within the framework of the commercial registration issued to him for the purpose" of money-changing business, any other commercial activities together with the money-changing permitted in the same offices for money-changing business. He also shall not change the composition or ownership of his capital, or amalgamate with or participate in the business of another money-changer or any other establishment, or cease to carry on money-changing business except with a prior written approval of the Saudi Arabian Monetary Agency and in accordance with the conditions prescribed by it.

**Article 6**The licensing for money-changing shall be for three years from the issuance date of this decision, and SAMA may renew the license for one or more periods if it is sure of the money-changer compliance with the rules of this decision. SAMA, however, may reject the application for renewal of a license if it is proved that the money-changer has failed to comply with the conditions of the license or that he has conducted the business in a manner that has been detrimental to the interests of his customers or the public interest, provided that the Agency has warned him at least two times giving in the warning notice the kind of irregularity and misconducts committed by him.

**Article 7**Every money-changer, licensed by the Saudi Monetary Agency to make cash remittances inside and outside the Kingdom, shall maintain at all times, with his correspondents in the Kingdom and abroad, or their head offices, a full cover against all outstanding remittances on those correspondents to enable them settle the value of remittances promptly upon receipt of orders.

**Article 8**a. Every money-changer carrying on any banking functions other than those permissible under the provisions of this decision, such as accepting deposits, opening accounts or

extending credit or making cash remittances (if not licensed by SAMA), shall cease to perform such business within a period not exceeding one year from the date of this decision.

b. No money-changer shall, upon the conclusion of the year prescribed in the foregoing paragraph, carryon any business unauthorized under the license issued to him.

c. Every money-changer carrying on unauthorized functions, as mentioned under paragraph (a) of this Article, shall agree with the Saudi Arabian Monetary Agency on a time table under which these functions shall be wound up with-in a three-year period from the issuance date of this decision provided that no fresh deposits are accepted after the first year.

**Article 9**Every money-changer shall maintain proper records of accounts in which he shall register his transactions on a regular basis as indicated by the Saudi Arabian Monetary Agency. He shall also furnish the Agency within a period not exceeding three months of the close of his financial year with a certified copy of his annual balance sheet in the form prescribed by the Agency.

SAMA may require any money-changer to supply it with any information or other data that the Agency deems necessary for ascertaining the soundness of his operations and implementation of this decision.

The Agency may cause an inspection to be made of the books and accounts of any money-changer as it deems necessary either by the Agency's own staff or by auditors assigned by it. In such a case, it shall be the duty of the money-changer to furnish the books, statements and other documents and data requested from him**.**

**Article 10**Any contravention of the provisions of this decision may entitle the Saudi Arabian Monetary Agency to withdraw the license issued for practicing money-changing business. The Agency may also undertake necessary procedures to enforce the penalties provided for under the Banking Control Law.

**Article 11**The Committee prescribed in Article (25) of the Banking Control Law shall be formed of:

1) Deputy Minister of Finance and National Economy, as a chairman.

2) A representative of the Ministry of Commerce, of no less than 12th Grade, as a  member.

3) A representative of the Advisor Division of the Council of Ministers' Secretariat, of no less than 12th Grade, as a Member.

**Article 12**The Saudi Arabian Monetary Agency shall introduce any money-changer contravening the provisions of this decision to the committee referred to in the previous Article to enforce the penalties provided  for in the Banking Control Law. The committee may not interfere with the order for withdrawing a license if SAMA decides to withdraw the license of a contravening person.

**Article 13**This decision shall be published in the official gazette and shall become effective on the next day of its publication date.

**Minister of Finance and National Economy**

**Mohammad Abalkhail**