

**Rules Governing Money Changing Business**  
**Issued by Decision of the Minister of Finance**  
**No. 1357 dated 01/05/1432H**

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## Rules Governing Money Changing Business

### Definitions

#### Article 1

The following terms, wherever mentioned herein, shall have the meanings assigned thereto unless the context otherwise requires:

- a. Decision: The decision of the Minister of Finance issued for approving the Rules Governing Money Changing Business.
- b. SAMA: The Saudi Arabian Monetary Authority.
- c. Governor: Governor of SAMA.
- d. Money Changing Business:
  - 1. Purchase and sale of foreign currencies and traveler's cheques, purchase of bank cheques.
  - 2. Transfer of funds inside and outside the Kingdom by those who had previously acquired SAMA's licensing for such activity valid at the time of the issuance of these Rules.
- e. Money Changer: A sole proprietorship or a partnership licensed by SAMA to conduct money changing business in accordance with applicable laws and the provisions of these Rules.
- f. License: License issued by SAMA to conduct money changing business.
- g. Committee: The Committee on Settlement of Violations of the Banking Control Law.
- h. Financial year: The calendar year starting from 1 January and ending on 31 December for the purpose of comparative financial studies.

#### Article 2

Subject to the provisions of the Companies Law, the license issued by SAMA may not be traded by means of sale, purchase, succession or any other means.

## Licensing Requirements and Procedures

### Article 3

- a. The applicant requesting a license to conduct money changing business shall be:
  - 1. A sole proprietor or a partnership;
  - 2. The applicant or founders must be 25 years old at least;
  - 3. Of sound reputation and have not been previously sentenced to a Sharia prescribed punishment (Hadd) or punished for a crime impinging on honor or integrity, unless rehabilitated; and
  - 4. Of practical experience and knowledge of money changing business and its risks, to be evaluated at the discretion of SAMA;
- b. The application for branch/branches license to practice money changing business shall be restricted to partnerships;
- c. SAMA may investigate the applicant in any manner it deems appropriate to ascertain the submitted information and the applicant's credit record.
- d. SAMA, upon the approval of the Minister of Finance, may add more requirements to those set forth in paragraph (a) of this Article as it deems necessary.

### Article 4

The application form for a license to practice money changing business prepared by SAMA shall be filled out and enclosed with the following:

- a. The applicant's name, address, CV and contact information, along with a photocopy of the ID.
- b. A statement showing the nature and the scope of the money changing business that the applicant is intending to practice, including a feasibility study, work plan indicating the management structure, future development of such business and details of the applicant's arrangements regarding the management of such business.
- c. A written pledge by the applicant to comply with the provisions of these Rules; the Banking Control Law issued by Royal Decree No. M/5 dated 22/02/1386H; and decisions, circulars and instructions issued by SAMA in this regard, including but not limited to: 'Know Your Customer' (KYC) Rules, Rules Governing Anti-Money Laundering and Combating Terrorist Financing and Fit and Proper Form.
- d. A written pledge by the applicant to subject its records, documents and data to SAMA's supervision, control, inspection and revision; and to remain at its disposal when required after the expiry or termination of the license.
- e. A written pledge by the applicant or the founders of the company to practice money changing business on his/their own account in the headquarters specified. In case SAMA's approval was issued for a partnership to establish new branch/branches, the partners shall submit a written pledge that one of them will undertake the money changing business in the new branch.
- f. Any information, data or documents required by SAMA for the purposes of deciding on the license application.
- g. A certificate from a bank licensed in the Kingdom proving the availability of the capital prescribed in Article 5.

After the completion of the grounds of the application, SAMA shall contact the Ministry of Commerce and Industry to complete the procedures of incorporation and registration in accordance with the law. Following the completion of the procedures by the Ministry of Commerce and Industry and the issuance of the commercial register, the Governor's decision for granting a license to practice money changing business shall be issued after ensuring the satisfaction of all requirements. In the event that SAMA has rejected the license request to practice money changing business, the applicant shall be notified and, in all cases, shall be strictly prohibited from conducting money changing business prior to the issuance of the Governor's decision for granting a license. If money changing business was practiced before the issuance of the Governor's decision, the license procedures shall be considered void.

## **Article 5**

For those practicing money changing business, the capital paid up must not be lower than SAR 2 million, which should be increased by no less than SAR 500 thousand for each branch. Any premises where the activity is practiced other than the headquarters shall be considered a branch. SAMA may amend the capital's requirements when it deems necessary.

## **License Term and Renewal**

## **Article 6**

The license for money changing business shall be valid for three years starting from the date of the issuance of the Governor's decision. SAMA may renew the license for one period or more when it ensures the money changer's compliance with the provisions of these Rules and relevant instructions. SAMA is also entitled to refrain from renewing the license once it is proven that the money changer has violated the licensing terms or when its practice of the business has been detrimental to the interests of its customers or the public interest, provided that it had been sent at least one warning by SAMA, specifying the type of the irregularity or the misconducts and granting it a grace period of no more than three months to rectify its status.

## **Article 7**

Each money changer must submit to SAMA a request to renew its license at least three months before the expiry thereof. If the license expires before submitting a request for renewal by the money changer, it shall then be deemed in a violation that warrants a warning and a penalty and shall not in any case practice its activity until its license is renewed. In case the violation persists for over three months, SAMA may revoke the license.

## **Article 8**

SAMA shall collect fees from licensed money changers as follows:

- a. A one-time fee of 1 percent of the capital of the headquarters and each new branch, payable at the issuance of the license.
  - b. A fee of 0.25 percent of the headquarters' capital and each branch for the license renewal.
- Collection of said fee shall be made in line with the mechanism prescribed in Article 2 of SAMA's Charter.

## Permissible Money Changing Business

### Article 9

SAMA shall issue licenses for money changing business the scope of which shall be limited to:

1. Purchase and sale of foreign currencies;
2. Purchase and sale of traveler's cheques; and
3. Purchase of bank drafts.

Carrying on fund transfers inside and outside the Kingdom shall be permitted to the holders of licenses therefor from SAMA valid at the time of the issuance of these Rules.

## Money Changing Controls

### Article 10

Any natural or legal person shall be prohibited from:

- a. Practicing money changing business in the Kingdom without a valid license issued by SAMA in accordance with the provisions of these Rules or the previous resolution of the Minister of Finance No. 3/920 dated 16/02/1402H governing the practice of money changing business.
- b. Practicing money changing business as an agent or a broker for a legal person.
- c. Using the terms "money changer", "money changing agent", "exchanger" or any similar expression in any language in its name, commercial address, papers, documents, advertisements or any synonymous expression or using any means that implies the practice of money changing business without a license.

### Article 11

A money changer shall:

1. Comply with the security safety requirements issued by SAMA.
2. Apply KYC Rules and the Rules Governing Anti Money Laundering and Combating Terrorist Financing issued by SAMA and other relevant instructions.
3. Place the license issued by SAMA and display exchange rates of the currencies it deals with in a conspicuous place at its premises.
4. Associate its name with the license number in all of its publications, correspondence and all its statements.
5. Dealing with its customers by official receipts for all money changing transactions it is allowed to conduct.
6. Inform customers by posting a notice at a conspicuous place of the necessity of receiving receipts for any transaction it executes for them.
7. Equip its business' locations with necessary cash counting and counterfeit currency detecting machines.
8. Insure properties against fire and theft through one of the licensed insurance providers in the Kingdom.

## Article 12

A money changer must obtain a prior written approval from SAMA according to the terms it specifies before conducting any of the following:

- a. Opening a branch or more to practice money changing business or relocating the headquarters or any branch.
- b. Any changes in the structure or ownership of the capital.
- c. Cessation of practicing money changing business.

## Prohibited Activities

## Article 13

A money changer shall not conduct any activities other than what is prescribed in the license, as provided for in Article 9 above, including, but not limited to, the following activities:

- a. Practicing, under its capacity and within the frame of its commercial register that was issued for the purpose of conducting money changing, any other commercial business in the same premises at which it practices money changing.
- b. Opening current, investment, saving accounts or any other accounts for its customers or employees.
- c. Accepting deposits or trusts in any form whatsoever, whether in cash or in kind, such as Sukuks, precious metals or others.
- d. Extending credit, managing a loan or participating in one of such practices or submitting its assets as a collateral.
- e. Entering contracts with other institutions or entities to manage its premises, or participating in management of another money changer.
- f. Issuing letters of guarantees or opening letters of credit or collaterals in local or foreign currencies, inside and outside the Kingdom.
- g. Issuing credit cards, payment cards, prepaid cards or the like.
- h. Renting locks.
- i. Speculation in foreign currencies, precious metals, stocks, goods, commodities and the like.
- j. Overdraft its accounts abroad in any case except for cases resulting from the difference in due payment.
- k. Use the word bank, its derivatives, synonyms or any term similar thereto in any language in its documents, publications, commercial address, name or advertisements. A money changer shall be committed to use the term “exchange institution” or “exchange firm”.
- l. Disclosing any information obtained during the course of conducting its business or benefiting therefrom in any manner in pursuance to the provisions of these Rules.

## License Termination

### Article 14

- a. SAMA may terminate the license of any money changer in case it contravenes the provisions of these Rules, including, but not limited to:
  - 1. Upon a request by the licensee to terminate its license if it is a sole proprietor, or a decision made by the partners calling for the termination of the license in case of a partnership. The termination request must be submitted at least three months before the date of actual cessation, and it must not cease work until it receives a prior written approval from SAMA.
  - 2. Without prejudice to the Companies Law, the licensee's death or putting it under imposed guardianship.
  - 3. If the money changer does not commence its business within 6 months from the license issuance date, or its cessation of practicing its licensed business, whether in part or in whole, for a period of more than three months, unless the cessation was due to SAMA's request or upon its approval.
  - 4. If the licensee ceased to fulfill its obligations, defaulted on its debts, declared its bankruptcy or insolvency or put under liquidation.
  - 5. If the licensee failed to maintain one of the licensing requirements.
  - 6. If the licensee's financial position became exposed to risks.
  - 7. If SAMA discovers that the license issued was based on false information.
  - 8. If the money changer's conduct of business has been detrimental to the interest of its customers or to the public interest.
  - 9. If SAMA finds out that the money changer is in a position that does not enable it to continue conducting its business.
  - 10. If the money changer violates any of the license requirements set forth in these Rules.
  - 11. If the licensee, any person acting on its behalf, or any of its managers, observers or supervisors of its business provides incorrect or falsified information.
- b. The money changer shall be notified in writing of the termination of the license and granted a grace period of three months to wind up its business, provided that it ceases to conduct the activity during such period.
- c. The decision for termination shall be posted on SAMA's website.

## Supervision and Control

### Article 15

- a. SAMA shall have the jurisdiction to implement the provisions of these Rules concerning supervision and control on those licensed to practice money changing business. Each money changer licensed to conduct said business shall provide SAMA with all information it requires at any time. In addition, the staff of the money changer shall provide SAMA's staff or designees with the records, data and documents they require from them, and disclose any information they possess related to the money changing business.
- b. SAMA may, at its discretion, carry out by its employees or designees inspections of records and accounts of any money changer to ensure the soundness of its business and financial position, the validity of information and data sent to SAMA and any other matters the supervision of which is deemed necessary by SAMA. The money changer shall furnish its records and other documents or data to them.
- c. SAMA may issue any instructions it deems necessary to implement requirements of supervision and control on money changing business.



## **Article 16**

A money changer must maintain at all times a cash reserve of 1 percent of its capital and reserves and deposit the same with any of the banks licensed to operate in the Kingdom to become under SAMA's disposal. The depositor or any other entity shall not be allowed to use this reserve in any manner without a written permission from SAMA. The use of said reserve shall be subject to the constraints and instructions issued by SAMA. SAMA may amend this percentage when it deems necessary.

## **Account Auditing and Supervision**

## **Article 17**

A money changer shall maintain regular accounting records in which it registers its transactions promptly according to SAMA's specification and follow accounting standards as specified by SAMA when preparing its financial statements. A money changer shall furnish the following data to SAMA:

- a. A copy of the annual budget audited by a licensed external auditor within a period of no more than one month after the end of the financial year.
- b. A three-month financial position starting from the beginning of the financial year, submitted within 15 days from the beginning of the subsequent quarter.
- c. A monthly statement of foreign currency sales and purchases according to the form specified by SAMA.
- d. A monthly statement of sales and purchases of travelers' cheques and purchases of bank drafts according to the form specified by SAMA.

SAMA may require the money changer to submit any other information or data it deems necessary to ensure the soundness of its transactions and implementation of these Rules.

## **Article 18**

a. A money changer must assign a licensed external auditor accepted to SAMA to audit and revise its accounts annually within a period of no more than 6 months from the beginning of the financial year. If the money changer failed to assign an auditor during the period specified, SAMA may appoint an external auditor at the expense of the money changer.

b. In addition to the auditor that the money changer is required to appoint pursuant to paragraph (a) of this Article, SAMA may, if it deems necessary, appoint another external auditor to audit and revise accounts of any money changer. SAMA shall specify the duration of the work period of the auditor and its fees payable by the money changer.

## **Article 19**

A money changer shall provide a copy of the audit report of its annual financial statements to SAMA, including any notes on such statements and the extent of their conformity with applicable laws and standards.

## Fund Transfer Provisions

### Article 20

Subject to Article 9 of these Rules, carrying on fund transfers inside and outside the Kingdom shall be prohibited except for those who have previously acquired a license from SAMA for such activity valid at the issuance date of these Rules in accordance with the following terms:

1. The capital must not be less than SAR 10 million, which should be increased by no less than SAR 2 million for each branch in which it practices the activity. SAMA may amend the supervisory capital requirements when it deems necessary.
2. A money changer must maintain at all times a cash reserve of 10 percent of its capital and reserves and deposit the same with any of the banks licensed to operate in the Kingdom to become under SAMA's disposal. The depositor or any other entity shall not be allowed to use this reserve in any manner without a written permission from SAMA. The use of said reserve shall be subject to the constraints and instructions issued by SAMA. SAMA may amend this percentage when it deems necessary.

### Article 21

Subject to Article 11 of these Rules, any money changer licensed by SAMA prior to the issuance of these Rules to carry on fund transfers inside and outside the Kingdom and is working under a valid license shall comply with the following:

1. Its total assets shall not exceed, at any given time, ten-fold the capital thereof.
2. Maintaining at all times with its correspondents inside and outside the Kingdom or at their headquarters a full cover against outstanding remittances drawn on those correspondents in a way that enables payment of the value of the remittance once the order thereof is received.
3. Complying with instructions issued by SAMA and relevant entities with regards to the ratio of Saudization for all jobs in general, while committing to obtain a no-objection from SAMA regarding leadership positions and some other positions, such as remittance supervisor and compliance officer.
4. Providing SAMA with data of outgoing remittances and checks and incoming remittances on a monthly basis according to the format specified by SAMA.

## Violation Settlement

### Article 22

The Committee on Settlement of Violations of the Banking Control Law formed under Article 25 of the Banking Control Law issued by Royal Decree No. M/5 dated 22/02/1386H shall have the jurisdiction to consider and settle violations of the provisions of these Rules.

## **Article 23**

SAMA shall undertake the prosecution against those who contravene the provisions of these Rules before the Committee referred to in Article 22 above for enforcement of the penalties set forth in the Banking Control Law.

## **General Provisions**

## **Article 24**

Licensed hotels, hotel apartments, and traveling agencies in the Kingdom may exchange currencies and purchase travelers' checks from their customers only, provided that such currencies and checks will be sold to a licensed bank or money changer subject to the Rules Governing Anti-Money Laundering and Combating Terrorist Financing.

## **Article 25**

- a. All licensed money changers shall abide by laws, instructions, circulars and controls issued by SAMA and relevant entities.
- b. All licensed money changers shall comply with the Rules Governing Anti-Money Laundering and Combating Terrorist Financing, KYC Rules and all instructions issued for the implementation thereof, and shall inform and train their employees on how to implement these laws and instructions.
- c. Without prejudice to any harsher penalty provided for in another law, the penalties prescribed in the Banking Control Law shall be imposed on those who violate the provisions of these Rules.

## **Article 26**

The provisions of these Rules shall be applicable to all money changers in the Kingdom licensed in accordance with this Decision or Ministerial Resolution No. 3/920 dated 16/02/1402H governing money changing business. A money changer who has previously been licensed and possesses a valid license shall be required to rectify its status according to the provisions of these Rules within a period of no more than one year from the effective date thereof, otherwise the license shall be deemed invalid.

## **Article 27**

These Rules shall supersede the rules issued by Ministerial Resolution No. 3/920 dated 16/02/1402H governing the money changing business and shall override any conflicting rules.

## **Publishing and Coming into Force**

### **Article 28**

This decision and the Rules annexed thereto shall be published in the Official Gazette and SAMA's website. The annexed Rules shall come into force after the lapse of one month from the date of the publication thereof.

