



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

September 25, 2003

**CB Circular No: 14/2003**

**To : Chief Executive Officers:  
Commercial Banks, Non-Bank Financial Institutions  
and Bureaux de Change**

This circular serves to inform you that the Bank of Zambia (Foreign Currency) Regulations of 1994 (Statutory Instrument No. 44 of 1994), have been repealed and replaced by the Banking and Financial Services (Bureau de Change) Regulations of 2003 (Statutory Instrument No.38 of 2003), which came into effect on 11 April 2003.

In this regard, we wish to advise you as follows:

**1. Banking and Financial Services Act**

The new Bureau de Change Regulations have been issued under the Banking and Financial Services Act (BFSA) Chapter 387 of the Laws of Zambia.

**2. Registrar of Banks and Financial Institutions**

Licensing of bureaux de change shall now fall under the Registrar of Banks and Financial Institutions. Previously, the Registrar of Bureaux de Change was the Governor of the Bank of Zambia.

**3. Bureau de Change Minimum Capital Requirement**

The minimum capital requirement for all the bureaux de change will be equal to 222,222.22 fee units (currently equivalent to K40,000,000.00).

**4. Bureau de Change Licence Application Fees**

A non-refundable application fee of thirty thousand fee units (currently equivalent to K5,400,000) shall be payable for every application for a bureau de change licence. Similarly, a non-refundable application fee of thirty thousand fee units (currently equivalent to K5,400,000) shall be payable for any additional branch of a bureau de change. A bureau de change will, however, be issued with one licence to cover the operations of both the head office and any other registered branch or branches.

## 5. Validity of the Bureau de Change Licence

A bureau de change operating licence issued by the Registrar shall remain valid until it is revoked or surrendered to the Registrar. Bureaux de change are, therefore, no longer required to submit annual licence renewal applications to the Bank of Zambia.

In view of the above, NB Circular Number 4/2002 and CB Circular Number 8/95, requiring all bureaux de change to submit to the Bank of Zambia their licence renewal applications at least three months prior to the expiry of the licence, are now revoked.

## 6. Payment of Annual Bureau de Change Licence Fees

### i) Annual Licence Fees

A bureau de change shall be required to pay an annual licence renewal fee of sixty thousand fee units (currently equivalent to K10,800,000) to cover its head office and branches at the beginning of each calendar year, in any case not later than 31<sup>st</sup> January of the same year. The payment of the annual licence fees shall be with immediate effect.

### ii) Penalty for delayed payment of licence fee

In accordance with Regulation 6 of the Banking and Financial Services (Payment of Fees) Regulations of 1995, a bureau de change which fails to pay the full amount of the applicable licence fee prescribed for a particular period shall, in addition to such licence fee, pay a penalty calculated at the rate of twenty per centum of the licence fee remaining unpaid from the date the payment became due, for each month or part thereof during which it remains in contravention.

### iii) Pro-rating of licence fees

A bureau de change whose licence expires before 31<sup>st</sup> December 2003 shall be required to pay annual licence fees for the remaining portion of the 2003 calendar year.

For a bureau de change that has paid its annual licence fees that cover a portion of the 2004 calendar year, the Bank of Zambia shall consider the said period already paid for and the respective amount shall be deducted from the fees payable in January 2004.

## 7. Display of licence

In accordance with Regulation 12(1) of Statutory Instrument No. 38 of 2003, a bureau de change shall display or exhibit its licence or a certified true copy thereof in a conspicuous place on the premises where it conducts its business.



## 8. Transactions Limits

### 8.1 Over-the-Counter Foreign Currency Cash Transaction Limits

#### i) Bureaux de change transactions with commercial banks

The over-the-counter foreign currency cash transaction limit for bureaux de change with commercial banks where they operate accounts shall not exceed 70 per cent of a bureau de change's regulatory capital, per transaction per day. The regulatory capital to which the transaction limit shall be anchored shall be that obtaining at the end of the previous quarter as determined by Bank of Zambia.

The over-the-counter foreign currency cash transaction limit for bureaux de change with commercial banks where they do not operate accounts shall not exceed the equivalent of US\$5,000 per transaction per day.

#### ii) Bureaux de change with the general public

Bureaux de change over-the-counter cash transactions with an individual or a person, as defined by the interpretations and General Provisions Act, CAP 2, shall not exceed the equivalent of US\$1,000 per day.

#### iii) Bureau to bureau over-the-counter transactions

Bureaux de change over-the-counter foreign currency cash transactions with other bureaux de change shall not exceed the equivalent of US\$10,000 per transaction per day.

### 8.2 Over-the-Counter Travellers' Cheques Transaction Limits

Bureaux de change travellers' cheques transactions with an individual or a person, as defined by the interpretations and General Provisions Act, CAP 2, shall not exceed the equivalent of US\$1,000 per transaction per day.

### 8.3 Over-the-Counter Foreign Currency – Combination of Cash and Travellers' Cheques Transactions Limits

Bureau de change transactions with an individual or a person, as defined by the interpretations and General Provisions Act, CAP 2, where the individual intends to transact in both cash and travellers' cheques, a combination of the two shall not exceed the equivalent of US\$1,000 per transaction per day.

#### 8.4 Bureau de Change Open Foreign Exchange Position Limits

The open foreign exchange position at the close of business on any day shall not exceed 200 percent of a bureau de change's regulatory capital. The regulatory capital to which the open foreign exchange position limit shall be anchored will be that obtaining at the end of the previous quarter as determined by the Bank of Zambia.

#### 8.5 Customer Identification

In accordance with Regulation 21(1) of Statutory Instrument No. 38 of 2003, bureaux de change are required to issue an accurate official receipt for every sale and purchase of foreign exchange. The receipt issued, shall have the full details of a bureau de change's customer and shall be in the format laid out in Forms V to VIII of the schedules to the referred Statutory Instrument.



**Denny H Kalyalya (Dr)**  
**DEPUTY GOVERNOR- OPERATIONS**

cc Governor