

Guidelines for Foreign Currency Exchange and the Establishment of Foreign Currency Exchange Counters Designated by the Bank of Taiwan

Tai-Yang-Wai-Lu-Zi-No.1070024399 Letter dated June 28, 2018 as approved by the Central Bank,
to be effective from August 1, 2018

1. The Bank of Taiwan (hereinafter referred to as the “Bank”) entrusted by the Central Bank of the Republic of China (Taiwan) (hereinafter referred to as the “Central Bank”) hereby stipulates these Guidelines to handle administrative affairs concerning the approval of the establishment of foreign currency exchange counters, revocation of such approval and the performance of operational inspection when necessary.
2. The term "foreign currency exchange counter" as used in these Guidelines shall mean a business other than financial institutions concurrently engaged in exchanging foreign currency cash or foreign currency traveler’s checks into New Taiwan Dollars for customers, established in accordance with these Guidelines.

The term “customers” as used in these Guidelines are as follows:

- (1) Foreign travelers holding foreign passports and overseas Chinese visiting Taiwan for tourism.
 - (2) Travelers from Mainland China, Hong Kong and Macau regions holding exit & entry permits.
3. Hotels and travel businesses, department stores, handicraft shops and local specialty stores, gold, silver, and jewelry stores (generally called jewelry stores), watch and clock stores, chained convenience stores, or pharmacies, stations, temples, religious or charity groups, self-managed marketplace organizations, museums, theme parks, or art and culture centers, among others, institutions and associations such as administrative offices of national scenic areas and tourist service centers providing services to foreign travelers or shops and stores located in major tourist sites in remote areas may officially apply with the Department of International Banking of the Bank for setting up a foreign currency exchange counter if there is a need for foreign currency exchange and there is an appropriate adequate security control mechanism in place. Requirements for the application and documents to be enclosed are as follows:
 - (1) Hotels, department stores, handicraft shops and local specialty stores, watch and clock stores, pharmacies and other institutions that serve travelers to Taiwan from overseas, or stores that are located in important sightseeing spots: Enclose the company/business registration supporting documents or company/business alteration registration documents, tourism and hospitality business license or hotel registration license issued by the competent authority, the identity card of the person in charge and business

introduction among other documents.

- (2) Travel businesses: For those making sightseeing arrangements for foreign travelers and indeed with the need to help the said foreign travelers exchange foreign currencies, the company registration supporting document or company alteration registration form, related licenses issued by the Tourism Bureau of the Ministry of Transportation and Communications, the identity card of the person in charge, and the business overview, among other documents, shall be enclosed.
- (3) Gold, silver, and jewelry stores: For those with the need to help foreign travelers exchange foreign currencies, the recommendation letter from the association the specific business belongs to, the company/business registration supporting document or company/business alteration registration form, the identity card of the person in charge, and the business overview, among other documents, shall be enclosed.
- (4) Chained convenience stores: For companies and organizations with affiliated convenience stores available throughout Taiwan only. If of a considerable scale and a need to help foreign travelers exchange foreign currencies, the headquarter of the company shall submit an official application, with enclosure of the company registration supporting document or company alteration registration form, the identity card of the person in charge, the business overview, and the location of the desired establishment, and the identity card of the person in charge of the said location, among other documents.
- (5) Temples, religious or charity groups, and self-managed marketplace organizations: For those legally registered, with a considerable scale, history, and publicity that are prioritized sightseeing spots for foreign travelers as promoted by the Tourism Bureau under the Ministry of Transportation and Communications and indeed have a need for exchange of foreign currencies, the legal entity or group shall submit an official application, with enclosure of the relevant organization registration certificate, the alteration registration license, the legal entity establishment supporting documents, and the approval letter from the Board of Directors, the identity card of the person in charge, among other documents. For self-managed marketplace organizations, supporting documents for the establishment of the Autonomous Management Committee and the identity card of the person in charge, for example, shall be enclosed.
- (6) Stations: The transportation businesses shall enclose documents such as the identity card of the person in charge in an official application.
- (7) Museums, theme parks, or art and culture centers: For those of a considerable scale, publicity, and with a large number of foreign tourists and with a need for exchange of foreign currencies only. If they are established by a government institution, the approval letter from the applicable competent authority and the identity card of the person in charge, among other documents, shall be enclosed. If they are established privately, the legal entity or group shall submit the application, with enclosure of the legal entity or

group's registration certificate, the approval letter from the Board of Directors, the identity card of the person in charge, and supporting documents from applicable competent authorities for their establishment.

- (8) Institutions and associations such as administrative offices of national scenic areas and tourist service centers providing services to foreign travelers or shops and stores located in major tourist sites in remote areas: For those that are within the jurisdiction of government agencies, the scenic area administration or tourist center shall enclose the approval letter from the competent authority and the identity card of the person in charge and apply for it; for private sectors ones, companies and organizations only, the company registration supporting document or company alteration registration form, the identity card of the person in charge, and supporting documents for approval of establishment from applicable competent authorities shall be enclosed.

For other industries than those mentioned in the foregoing paragraph and with a need to exchange of foreign currencies, their application for establishment of a foreign currency exchange counter shall be forwarded by the Bank to the Central Bank for approval for special approval.

The applicant from an industry listed in the preceding 2 paragraphs of this Article shall provide the responsible persons' police criminal record certificates with no conviction record in Taiwan when applying for the establishment of foreign currency exchange counters.

If the applicant fails to meet the application requirements and provide supporting documents mentioned in the preceding 3 paragraphs of this Article, the Central Bank or the Bank may reject the application.

When a foreign currency exchange counter changes its responsible person, paragraph 3 of this Article shall apply *mutatis mutandis*.

4. To apply for establishment of a foreign currency exchange counter, besides the letters and documents required by Point 3 Paragraph 1, the safety of the location of establishment and the operating procedure shall also be self-evaluated and safety control assessment data are to be enclosed in the application.

The applications for establishment of a foreign currency exchange counter in the preceding paragraph may be approved on a probation basis after written documents have been reviewed by the Bank and the safety control mechanism has been inspected on site without any concern. The probation period is six months. Upon expiration and approval by the Bank following evaluation, the license for the foreign currency exchange Counter will be issued.

5. Once a foreign currency exchange counter is approved by the Bank, it shall have an exclusive stamp engraved in oval shape. The prepared unique stamp shall show the name,

address, and telephone number, and the exchange counter code. The foreign currency exchange counter's unique stamp shall be affixed onto each slip and voucher of the foreign currency exchange counter and the back of each foreign currency traveler's check settled by the traveler.

Each foreign currency exchange counter shall hang combined Chinese and English identification signs designed by the Bank at clearly visible locations outside the door or at the place of business. Department stores with a foreign currency exchange counter shall also indicate the floors where exchange sites are available.

6. The foreign currency exchange Counter shall handle foreign currency exchange business in accordance with the Foreign Exchange Regulation Act, the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions, the Regulations Governing the Establishment and Administration of Foreign Currency Exchange Counters, the Guideline herein, the Standard Operating Procedure of Anti-Money Laundering and Countering the Financing of Terrorism for Foreign Currency Exchange Counters, and other relevant regulations .

In case of any of the following conditions, the Bank may revoke or cancel the approval:

- (1) Violation of the Central Bank's Regulations Governing the Establishment and Administration of Foreign Currency Exchange Counters, the Guideline herein, or other relevant regulations that involves severe circumstances.
- (2) Absence of exchange business for two successive quarters or total exchange amount for four successive quarters falling short of US\$5,000 or its equivalent.
- (3) Suspended operation, dismissal, or bankruptcy.
- (4) Original application documents found fraud that involves severe circumstances after the foreign currency exchange business is approved.

Once the approval given to a foreign currency exchange counter is canceled or revoked by the Bank or voidance of the qualified status is spontaneously applied for with the Bank, the license of the foreign currency exchange counter issued by the Bank shall be handed in.

For the inspection of business operation of a foreign currency exchange counter, it may be performed independently by the Central Bank or jointly with the Bank. When undergoing an inspection, the foreign currency exchange counter shall not conceal or destroy related documents or circumvent, impede, or refuse the inspection.

7. A foreign currency exchange counter shall have their personnel participate in the on-the-job training on anti-money laundering, countering the financing of terrorism organized by the Bank and shall arrange pre-job training for their new employees in order to help them understand relevant regulations and responsibilities concerning foreign currency authentication, anti-money laundering, countering the financing of terrorism.

8. When handling the foreign currency exchange business, a foreign currency exchange counter shall verify each transaction is submitted by the customer in person and shall keep transaction records and vouchers. The maximum amount that may be exchanged per person per transaction is US\$10,000 or its equivalent and a triplicate foreign exchange memo shall be issued. The original passport or original entry and exit permit of the customer shall be verified carefully and name, date of birth, country/region of origin, passport or entry and exit permit number, and transaction amount shall be documented in the foreign exchange memo and the transaction may only begin after it is signed in person by the customer. Transaction records and vouchers such as the foreign exchange memo shall be properly kept as required by the Guideline herein and be readily available for inspections in the future.

When a foreign currency exchange counter verifies the customer's identification, the transaction shall be rejected in any of the following situations:

- (1) The passport or exit & entry permit is forged or altered.
- (2) The passport or exit & entry permit is suspicious, ambiguous and impossible to verify.
- (3) The customer is a terrorist identified or investigated by other countries or an international organization.
- (4) The customer is a sanctioned individual announced by the Ministry of Justice under the Counter-Terrorism Financing Act.

When handling the foreign currency exchange business, a foreign currency exchange counter shall, within ten business days upon discovery of a sanctioned individual mentioned in the preceding paragraph, subparagraph 4, submit a report to the Investigation Bureau of the Ministry of Justice by mail, fax, email or other means in the format prescribed by the Investigation Bureau of the Ministry of Justice with the stamp of foreign currency exchange counter affixed.

9. For the following transactions that are suspected to be money laundering or terrorism financing, a foreign currency exchange counter shall pay particular attention and, within five business days upon discovery of, submit the report to the Bank by postal mail, fax, email, or in other ways with prior affixture of the foreign currency exchange counter's unique stamp according to the declaration format specified by the Investigation Bureau, Ministry of Justice and the Bank will forward the report to the Investigation Bureau, Ministry of Justice to complete the declaration process. In addition, the Bank shall complete the declaration within ten business days since discovery of suspicious money laundering or terrorism financing by the foreign currency exchange counter. If the transaction is not completed, the customer's special features and the transaction process shall still be reported in ways mentioned above:

- (1) Foreign currency exchange requested by several people in a group whose identities and

outward behaviors and appearance arouse suspicious.

- (2) Frequent visits by the same customer to exchange foreign currency with an attempt to breaking up a large amount into smaller ones.
- (3) A person involved in a major criminal investigations covered by TV, newspapers or magazines and other media comes for foreign currency exchange.
- (4) The customer is found using another person's ID after the completion of foreign currency exchange transaction.
- (5) The customer comes from a country or region designated by international anti-money laundering organizations with serious deficiencies in anti-money laundering and countering the financing of terrorism, or other countries or regions that do not or insufficiently comply with the recommendations of the international anti-money laundering organizations as informed by the Bank, and there is no plausible reason or reasonable explanation for the transaction.
- (6) The customer is a terrorist identified or investigated by other countries or international organizations.
- (7) Other suspicious money laundering behaviors identified.

The reporting foreign currency exchange counter will be exempted from its confidentiality obligation when filing the report for suspicious transaction or terrorist financing to the designated authority in compliance with the paragraph 3 of the preceding Article and the preceding paragraphs of this Article.

10. When handling the foreign currency exchange business, a foreign currency exchange counter shall establish separate accounting books and financial statements to accurately record transactions in detail and such documents shall be kept for at least ten years. The relevant foreign exchange memos, reports for suspicious money laundering transaction and terrorist financing and others shall be maintained for at least five years from the date the certificates are made.

A foreign currency exchange counter shall keep the separate accounting books, financial statements and certificates mentioned in the preceding paragraph in hard copies or electronic files.

11. As required by Article 12 Paragraph 3 of the Central Bank's Regulations Governing the Establishment and Administration of Foreign Currency Exchange Counters and Article 4 of the Regulations Governing the Handling of Counterfeit and Altered Foreign Currency Notes and Coins, the foreign exchange memos and retention slips prepared by a foreign currency exchange counter shall be kept confidential if they involve collection, processing, and utilization of so-called personal information in the Personal Information Protection Act unless specified otherwise by other laws or by the competent authority.

In order to protect the safety of customer data, according to Article 27 Paragraph 1 of the

Personal Information Protection Act, for personal information kept by a foreign currency exchange counter as part of the foreign currency exchange business, besides assigning a responsible unit to protect such customer data against theft, tampering, destruction, loss, or disclosure, the following shall be followed as well:

- (1) A personal data storage audit system shall be in place and audit staff shall be configured if necessary to audit management of personal information files regularly or irregularly. Such audit staff may retrieve relevant data and have operational staff to provide explanation in order to perform an audit.
 - (2) A personal information storage place shall be available and there shall be records of people accessing such place and a specialist to manage the place. Such storage place shall be equipped with anti-theft and fire prevention facilities.
 - (3) Destruction of personal information shall be done by a specialist, with destruction records kept for reference.
 - (4) Regularly or irregularly implement the educational training on information security and other necessary measures.
12. The exchange rates offered by a foreign currency exchange counter shall refer to the bid price set by authorized banks, and the exchange rates shall be posted at the place of business. The cash rate for exchanging foreign currency and the spot rate for exchanging foreign traveler's check shall be listed separately.
13. The triplicate foreign exchange memo needed for exchange of foreign currencies at a foreign currency exchange counter shall be printed and prepared according to the format required by the bank. The header of such foreign exchange memos shall also show "Money Exchanger" sign of the foreign currency exchange counter designated by the Bank of Taiwan. The first copy of the memo is to be kept by the customer; the second copy will be sent to the designated bank; and the third copy will remain at the foreign currency exchange counter.
14. All foreign currencies in the form of cash or traveler's check exchanged by a foreign currency exchange counter need to be settled and sold to the authorized banks. When the amount of each settlement reaches the equivalent of NT\$ 500,000 and above, the "Foreign Exchange Disbursement or Transaction Declaration Form" shall be truthfully completed, affixed with the unique stamp of the foreign currency exchange counter and the nature shall be declared as "Foreign currency receipts of exchange counters".
15. The designated bank, when handling various foreign currencies in the form of cash or traveler's check, that are settled and sold by a foreign currency exchange counter, the listed exchange rates, cash and spot, for respective foreign currencies at the authorized

bank on the day of settlement shall be followed.

For foreign currencies in the form of cash or traveler's check that are exchanged, the foreign currency exchange counter will be responsible for their authenticity. When settling with and selling to a designated bank the exchanged foreign currencies or traveler's checks, if there were found to be counterfeit cash or dishonored traveler's checks, the foreign currency exchange counter shall return the exchanged New Taiwan Dollar value or make up for the resultant shortage with the original currency right away.

16. A foreign currency exchange counter shall complete the "Settlement report of Foreign Currency Exchange Counter Designated by the Bank of Taiwan" as required by the Bank on a quarterly basis with exchange information and submit it to the Department of International Banking of the Bank by the 15th day of the next month following the end of each quarter so that the Bank may summarize all information received and submit it to the Foreign Exchange Department of the Central Bank.
17. For the authentication training organized by the Bank for staff at foreign currency exchange counters, applicable fees may be collected. The training program and fee collection criteria are to be stipulated separately by the Department of International Banking of the Bank reflective of the status of foreign currency exchange business.
18. When handling the exchange of Renminbi cash, a foreign currency exchange counter shall comply with the following rules in addition to the provisions of these Guidelines:
 - (1) The amount of Renminbi cash is limited to RMB 20,000 per person per transaction.
 - (2) Renminbi cash received from the exchange shall be sold to the Bank every ten days.
19. The responsible persons or the designated personnel of the foreign currency exchange counter shall follow, or make sure its internal personnel follow the anti-money laundering and countering the financing of terrorism provisions of these Guidelines.
20. Any other matters not stipulated in these Guidelines are subject to other relevant foreign exchange regulations of the Central Bank and the Bank.
21. This Guideline and the Standard Operating Procedure of Anti-Money Laundering and Countering the Financing of Terrorism for Foreign Currency Exchange Counters are to be reported to the Central Bank and will become effective upon approval; the same applies to their amendments.