

Republic of the Union of Myanmar

Central Bank of Myanmar

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(November 15, 2019)

In exercise of the powers conferred under Section 32 (a) and section 49 (a) of the Foreign Exchange Management Law, the Central Bank of Myanmar, with the approval of the Government of the Republic of the Union of Myanmar, hereby issues the following Regulations in order to contain illegal money transfers and develop legal money transfer businesses between Myanmar and foreign countries.

Chapter 1

Title, Application and Definition

1. These Regulations shall be called Remittance Business Regulations.
2. These Regulations shall apply to the companies incorporated in Myanmar who wish to conduct remittance business and licensees of the remittance business.

Definition

3. The following expressions contained in these Regulations shall have the same meanings as are assigned to them under the Foreign Exchange Management Law. In addition thereto, the following expressions shall have the meanings given hereunder:
 - (a) **Remittance Business** means the service to receive and transfer money from Myanmar to foreign countries, or vice versa, conducted through representatives or branch offices in foreign countries;
 - (b) **Remittance Business License** means the license permitted to conduct inward and outward remittance business between Myanmar and foreign countries;

- (c) **Licensee** means the person who has been granted a Remittance Business License by the Central Bank of Myanmar;
- (d) **Authorized Dealer (AD) Licensed Bank** means the bank as defined under Section 2 (j) of the Foreign Exchange Management Law;
- (e) **Customer** means the person transferring or receiving money, to or from abroad through a Licensee;
- (f) **Representative or Branch Office** means off-shore representative or branch office set up by a Licensee.

Chapter 2

Criteria for License Applicants

- 4. An applicant for a remittance business license shall submit the following documents and information to the Central Bank:
 - (a) Proof of company incorporation under the Myanmar Companies Law (to submit company incorporation documents);
 - (b) Proof of financial sources for security deposit documenting that the fund is obtained from a legal business, and tax has been duly paid on the fund;
 - (c) The name, experience and area of expertise of the management to conduct the remittance business, and a clean background record for each of the beneficial owner of the company, management personnel and shareholder who contributed 10% or more of the capital ;
 - (d) The name of a staff member (Compliance Officer) in charge of AML/CFT compliance (This person shall have verification of clean background);
 - (e) The certificate of completion of the AML/CFT compliance training course organized by the Financial Intelligence Unit - FIU, relevant law enforcement entities including Myanmar Police Force, Bureau of Special Investigation and the Central Bank of Myanmar;
 - (f) Modes of remittance to be employed in operations (for example – collecting remittance by linking with a remittance business currently operating abroad, or by establishing and operating own remittance business abroad, or by setting up a representative or branch office abroad, or by using IT or mobile technology) Plan to

disburse money to domestic customers on the receiving end (using mobile technology, linking with banks for local money transfer, etc.);

- (g) Clean background records of the agents and sub-agents to be engaged in representative or branch office, if any, abroad;
- (h) a signed official commitment letter by the applicant company to comply with the Foreign Exchange Management Law, Financial Institutions Law, Anti-money Laundering Law and Counter Terrorism Law;
- (i) Comprehensive plan to fulfill such fundamental obligations as proper book-keeping, and counting and examining the currency to be remitted;
- (j) Plan to remit money from the workers abroad by the license applicant (ways to collect and aggregate funds etc.); and
- (k) Procedures to deal with customer complaints procedures.

5. The Central Bank shall process and make a decision on the application (approve or reject) within ninety days from receipt of a complete application.

Chapter 3

Revolving Fund and Security Deposit

6. The person conducting remittance business shall maintain the security deposit and revolving fund as follows:
- (a) Licensee shall maintain a security deposit of 100 million Kyats in an escrow account at an AD licensed bank. If a licensee has a large business volume, the Central Bank will provide specific, individual instructions to keep the security deposit over 100 million kyats
 - (b) Licensee shall maintain a separate revolving fund account at an AD licensed bank. This fund shall be separated from the other accounts (if any) of the licensee and shall be used solely for the purpose of remittance operations. (More than one bank account may be opened. However, all transactions from each account shall be reported to the Central Bank monthly.)

Chapter 4

Requirement for the Licensee

7. Licensees shall -

- (a) conduct only inward and outward remittance business between Myanmar and foreign countries;
- (b) receive money for remittance purpose only;
- (c) conduct only in Myanmar Kyat in collection or disbursement of funds; ;
- (d) conduct the business at the physical location permitted on the License. However, this provision shall not apply to deposits and withdrawals using means of Information Technology, mobile, mobile wallets or cash agents;
- (e) Back-end transactions between the domestic bank account(s) of a Licensee and its own oversea bank account(s) or an oversea bank account of its representative or branch office or partner shall be conducted through AD licensed banks after batch-netting;
- (f) In the case of a Licensee setting up its own bank account or the account of its representative or branch office or partnership companies set up abroad for remittance purpose, a copy of the bank statement of the foreign bank account opened by the aforementioned individual or associated companies for the purpose of remittance operations shall be submitted monthly to the Foreign Exchange Management Department of the Central Bank. (This only applies to the statements from the offices that process transactions in a particular month.)
- (g) The following statements shall be provided to the Foreign Exchange Management Department of the Central Bank per the schedule described below;
 - i. Consolidated remittance transaction statement signed by the company's management; to be submitted in both hard and electronic copies within a week following the last day of the month.
 - ii. Annual financial statements signed by the company's management; to be submitted once a year within a month following the end of the financial year.
- (h) Licensee shall report the information required by the Central Bank in the designated format in a timely manner. Daily remittance accounts shall be reported to the Foreign Exchange Management Department, Central Bank of Myanmar, before 12:00 noon of the following working day via the Electronic Reporting System (ERS) software;

- (i) Licensee shall provide updated information and the relevant status of the beneficial owners (litigation, conviction, death etc.) to the Foreign Exchange Management Department of the Central Bank every six months;
- (j) Licensee may change the business address and the management personnel, or transfer the equity shares only with the permission of the Central Bank;
- (k) For each remittance transaction in value equivalent to or below 500 USD, licensee shall obtain the names and the national identification number or passport number of the sender and the receiver. The information obtained shall be maintained for one year from the date the transaction is completed.
- (l) For each remittance transaction in the value over 500 USD, the licensee shall obtain the following information and these records shall be maintained for at least 5 years –
 - i. Details of remittance – date, amount, type of currency and exchange rate, operating foreign agent or foreign bank, date of money to be available to the recipient
 - ii. Customer information and the sender's identification – (a copy of the national registration card or passport or driver's license which contains information such as name, date of birth, national registration number or passport number, address and phone number)
 - iii. Details of the recipient – name, national registration number, bank account number and address if bank transfer is used. If a channel of withdrawal other than a bank is used, the details of the transaction (phone numbers, mobile wallet account numbers etc.); and
 - iv. The abovementioned records shall be maintained properly so as to provide, if necessary, evidence for prosecution of criminal activity and be provided promptly upon request by proper authorities.
- (m) Receipts that contain the information described in the Sections (k) and (l) above shall be provided to customers for each transaction;
- (n) Licensee has the obligation to request for more information for money transfer in the case of suspicious transactions; (Reasons to transfer money, source of money to be transferred etc.)
- (o) Licensee shall provide its business location to the Central Bank before the start of the operations. Any change in the location shall be reported to the Central Bank within 30 days prior to such occurrence;

- (p) Accountant(s) shall be employed to keep books in accordance with the Myanmar Accounting Standard. External auditor shall also be employed, and external auditor's reports for every fiscal year shall be reported to the Central Bank; and
- (q) The Licensee shall submit the evidence of license to the Central Bank in the case it receives any type of remittance business license from relevant authorities abroad.

Chapter 5

Limit on Transfer Amount

- 8. The maximum transfer amount permitted in each transaction shall be the equivalent of USD 1,000 and shall not exceed an equivalent of USD 5,000 per month per person.

Chapter 6

AML/CFT Obligations for Licensee

- 9. Licensee have the obligations to comply with the following AML/CFT requirements:
 - (a) Institute an AML/CFT unit with established procedures and designate at least one staff member to implement these procedures. The unit shall produce a written assessment of AML/CFT risks in the licensee's operations at least quarterly. Larger or more sophisticated businesses shall apply more robust AML/CFT programs;
 - (b) Licensee shall promptly report the Myanmar Financial Intelligence Unit if there is a suspicious transaction and provide a copy of the report to the Central Bank;
 - (c) Such report shall include the following information at a minimum. Complete records of such report shall be maintained for at least five years, and be provided to relevant authorities upon request –
 - i. Identification of senders;
 - ii. Purpose of remittance;
 - iii. The place and date of the transaction; and
 - iv. Reasons for suspicion
 - (d) Licensee must screen the names of all customers, including both senders and receivers, against up-to-date UN sanctions designation lists available on the website of the Central Bank (<https://www.cbm.gov.mm/?=node/273>) and the UN Security Council

(<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>), the list of terrorist designated by the Central Committee for Counter Terrorism and the blacklists distributed by the Central Bank from time to time. Licensee shall freeze the funds of the designated parties and report without delay to the Central Committee for Counter Terrorism, MFIU and the Central Bank.

Chapter 7

License Fee, Term, and Revocation

License Fees

10. License fees for remittance businesses are as follows:

- (a) Initial license fee of 1,000,000 Kyats shall be paid within a week after being notified by the Central Bank; and
- (b) Annual fees of 100,000 Kyats.

License term

11. The license is valid for 3 years.

Renewal of License

12. In seeking renewal of License, the following requirements shall be fulfilled: : :

- (a) Submission of necessary information and documents related to the licensee; ;
 - i. detailed information on operational management;
 - ii. audited financial statements;
 - iii. Records detailing cooperation with the regulatory bodies for AML/CFT compliance (MFIU, Myanmar Police, BSI etc.) ; and
 - iv. resume of the beneficial owners(Please include updated information up until the date of the submission of the renewal application)
- (b) Applicant may apply for the license renewal three (3) months prior to the license expiration to the Central Bank of Myanmar. In case of no license renewal, a business must stop operation one day after the expiration date of the license
- (c) License renewal fees 1,000,000 Kyats shall be paid.

Revocation or Suspension of License

13. A license shall be revoked or suspended if the licensee violates the following.

- (a) Failure to begin operations within 3 months after the issuance of the license;
- (b) Violation of the provisions and non-compliance of instructions in the Foreign Exchange Management Law and Foreign Exchange Management Regulations and related Instructions;
- (c) Violations of the AML/CFT obligations;
- (d) Failure to apply for license renewal as required ;
- (e) Non-compliance with this Regulations;
- (f) Non-compliance or violation of the Regulations, orders and instructions issued by the Central Bank;
- (g) Deliberate provision of false company information in license applications;
- (h) Delays longer than the committed amount of time for remittances to and from abroad, failure to remit, embezzlement and other dishonest actions;
- (i) Criminal conviction of any beneficial owner or senior management of the licensee for any offense relating to drug trafficking, fraud, robbery, money laundering, embezzlement, or other crimes.

Chapter 8**Penalties for Non-Compliance**

14. The penalty for providing fraudulent information for the application or renewal of the license, failure to submit Suspicious Activity Report (SAR) and Suspicious Transaction Report (STR) promptly, failure to comply with the remittance instructions and guidelines issued by the Central Bank from time to time, or failure to comply with the provisions in this Regulations, shall be no less than 10,000,000 Kyats for each instance of non-compliance.

Chapter 9

Protection of payment customers

15. Licensee shall disclose, on the website or by other means easily accessible to the customers, the detailed information of the services provided (service charge for each level of services, exchange rate, expected date of delivery etc.).
16. Licensees shall disclose on the website or by other means easily accessible to the customers, their email address, phone number and address as well as the email address, phone number and address to receive and resolve customer complaints, and the address to receive and withdraw the transferred money.

Chapter 10

Supervision and Enforcement of the Central Bank

17. The Central Bank has the authority to examine the licensee. The licensee shall comply with the remittance business instructions, rules and regulations issued by the Central Bank from time to time.
18. Actions will be taken under the existing laws and regulations, including criminal laws, for failure to comply with the provisions of this Regulations and failure to report suspicious activities and transactions.

Sd/ xxxxxxxxxxxxxxxx

For Governor

(Bo Bo Nge, Deputy Governor)