

## RULES

### on currency exchange offices and money and value transfer services

#### CHAPTER I

##### **Scope.**

##### Article 1

These rules apply to the following parties:

1. Exchange offices, cf. Paragraph 7 of Article 3 of Act No. 64/2006 on measures against money laundering and terrorist financing.
2. Money and value transfer services, cf. Paragraph 8 of Article 3 of Act No. 64/2006.

#### CHAPTER II

##### **Registration**

##### Article 2

##### *Parties subject to registration*

Natural and legal persons operating a currency exchange office or money and value transfer services are required to register with the Financial Supervisory Authority, cf. Paragraph 1 of Article 25a of Act No. 64/2006.

Financial undertakings as defined in Article 1 of Act No. 161/2002 on financial undertakings, cf. Paragraph 2 of Article 25a of Act No. 64/2006, are exempt from registration.

##### Article 3

##### *Application for registration*

The application for the registration of currency exchange offices and/or money and value transfer services shall be in writing. The following documents shall accompany the application to confirm that the party subject to registration, management of the party subject to registration and beneficial owners of the party subject to registration meet requirements for registration:

1. A power of attorney shall be issued to the Financial Supervisory Authority in order to obtain a specific transcript of criminal records stating that the party subject to registration, management of the party subject to registration and the beneficial owners of the party subject to registration have not been convicted of a criminal act under the General Penal Code, the Act on measures against Money Laundering and Terrorist Financing, legislation on public limited companies or private limited companies, the Accounting Act, Annual Accounts Act, Bankruptcy Act, tax laws or any special legislation governing parties who are subject to official supervision of financial activities.

When a party subject to registration, the management of a party subject to registration or beneficial owners of a party subject to registration are from another member state of the European Economic Area, the Financial Supervisory Authority requires a comparable transcript of criminal records issued in accordance with the laws and regulations of that state.

2. A confirmation issued by a district court in the district of the party subject to registration confirming that the management of the party subject to registration and the beneficial owners of the party subject to registration have not been declared bankrupt in the last five years.

When a party subject to registration or the management of a party subject to registration or the beneficial owners of a party subject to registration are from a another member state of the European Economic Area, the Financial Supervisory Authority requires a confirmation that they have not been declared bankrupt in accordance with the laws and regulations of that state.

In addition, the following documents shall accompany the application for registration:

- a. the Financial Supervisory Authority's questionnaire on the eligibility of management and beneficial owners of the party subject to registration;
- b. a curriculum vitae of the management and beneficial owners of the party subject to registration;
- c. information on the founders, beneficial owners and the ownership interest of each owner, directors and other management where applicable;
- d. information on the management of the party subject to registration, including information on addresses, telephone numbers, faxes and e-mails;
- e. a short description on the activities of the party subject to registration, its purpose, ancillary activities, number of employees and organisation chart;
- f. if the party subject to registration is from another state within the European Economic Area, confirmation is required from the body who is responsible for monitoring the respective party with regards to measures against money laundering and terrorist financing. The confirmation shall confirm that the party is monitored, how the monitoring is executed and whether the activities meet the requirements of the regulator;
- g. any other information the party subject to registration deems necessary to reveal about the activities in question and in relation to a application of registration.

The Financial Supervisory Authority reserves the right to request further information if necessary.

#### Article 4

##### *The Financial Supervisory Authority's register*

The Financial Supervisory Authority shall maintain a register of currency exchange offices and money and value transfer services.

The register shall contain the following information as applicable:

1. name of activities, address, registration number and legal form ;
2. type of activity, scope of activities, purpose and ancillary activities;
3. the management of the party subject to registration;
4. managing director or manager of the activities;
5. details of beneficial owners and their ownership interest in the party subject to registration;
6. date of registration;
7. date of deregistration.

The Financial Supervisory Authority shall be notified in advance of changes to the abovementioned information including changes to information on the party subject to registration, its officers, beneficial owners, their ownership interest in the party in question and a change in the number of branches. If the party subject to registration no longer meets the requirements for registration, the Financial Supervisory Authority shall be notified immediately.

If the Financial Supervisory Authority believes the information in the register to be false, the Financial Supervisory Authority can request further explanations from the party subject to registration, verify the information and gather new information.

#### Article 5

##### *Notification of registration by the Financial Supervisory Authority*

The decision of the Financial Supervisory Authority concerning registration shall be notified to the party subject to registration as soon as possible, and no later than three months following receipt of a complete application.

The Financial Supervisory Authority shall publish notifications of registrations granted to financial undertakings in the Legal Gazette (*Lögbirtingablaðið*).

#### Article 6

##### *Refusal of registration*

If the application on registration does not meet the requirements specified in Act No. 64/2006 on measures against money laundering and terrorist financing, the Financial Supervisory Authority must refuse registration.

A refusal to register shall be in writing and parties subject to registration shall be notified as soon as possible, and no later than three months following receipt of a complete application.

#### Article 7

##### *Deregistration*

If the party subject to registration no longer meets the Financial Supervisory Authority's requirements for registration, the Financial Supervisory Authority shall strike the registered party from the register. The party subject to registration is then not permitted to carry out activities described in Paragraphs 7 and 8 of Article 3 of Act No. 64/2006.

The Financial Supervisory Authority may also strike a party subject to registration from the register if the party is in breach of the provisions of Act No. 64/2006 and rules and regulations based on that Act.

### CHAPTER III

#### **Activities of currency exchange offices and money and value transfer services**

##### Article 8

##### *The activities of currency exchange offices*

Funds that pass through a currency exchange office shall be preserved in a secure manner.

If a currency exchange office is an ancillary activity of the party subject to registration, the activities of the currency exchange office shall be kept separate from the other activities conducted in the offices of the party subject to registration and the finances of the currency exchange office shall be kept separate from the finances of the party subject to registration.

Information on exchange rates and the cost of services shall be made publicly available in currency exchange offices and purchase and sales invoices shall be issued to customers in currency exchange transactions.

Currency exchange offices shall maintain a register of currency exchange transactions and the register shall be made accessible to the Financial Supervisory Authority.

##### Article 9

##### *Activities of money and value transfer services*

Funds that pass through a money and value transfer service shall be preserved in a secure manner.

If a money and value transmission service is an ancillary activity of the party subject to registration, the activities of the money and value transmission service shall be kept separate from the other activities conducted in the offices of the party subject to registration and the finances of the money and value transmission service shall be kept separate from the finances of the party subject to registration.

The cost of the service shall be made publicly available in the offices of money and value transfer services.

Funds passing through money and value transfer services shall be traceable so that the identity of the sender and receiver of the service can be confirmed in accordance with Regulation No. 386/2009. The information shall be preserved and the Financial Supervisory Authority's access to the information shall be secured.

Money and value transfer services shall maintain an updated list of its customers and make it accessible to the Financial Supervisory Authority.

### CHAPTER IV

#### **Supervision and penalties**

##### Article 10

##### *Supervision and provision of information*

The Financial Supervisory Authority monitors the compliance of parties falling under the provisions of Act 64/2006 and rules and regulations established on the basis of this Act. For this purpose the Financial Supervisory Authority shall have access to all necessary information and documents. Parties who are subject to these rules are also obliged to provide the Central Bank of Iceland with all the information on currency exchange transactions which the Bank may request in order to be able to fulfill its role as

regulator and for the compilation of reports on economic statistics, cf. Article 14 of Act No. 87/1992 on foreign exchange.

Such monitoring is subject to Act No. 87/1998 on official supervision of financial activities and any special legislation which may apply to the activities of registered parties.

#### Article 11

##### *Penalties*

If a party subject to registration according to Act No. 64/2006 is in breach of the Act or rules or regulations established on its basis, the Financial Supervisory Authority can impose penalties or other measures which Act No. 64/2006 and Act No. 87/1998 on official supervision of financial activities provide for.

#### CHAPTER V

##### **Entry into force**

##### Article 12

These rules are established on the basis of Paragraph 3 of Article 25a of Act No. 64/2006 and take immediate effect.

*The Financial Supervisory Authority, 21 October 2009*

**Gunnar TH. Andersen**

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*Ragnar Hafliðason.*

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