



Department of Commerce

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
Caller Box 10007 CK, Saipan, MP 96950
Tel. (670) 664-3000 • Fax: (670) 664-3067
email: commercedept@pticom.com

PUBLIC NOTICE OF PROPOSED RULES AND REGULATIONS WHICH REPEAL EXISTING AND ADOPT NEW RULES AND REGULATIONS FOR THE DEPARTMENT OF COMMERCE, BANKING SECTION

INTENDED ACTION TO ADOPT THESE PROPOSED RULES AND REGULATIONS:

The Commonwealth of the Northern Mariana Islands, Department of Commerce, Banking Section intends to adopt as permanent regulations the attached Proposed Regulations, pursuant to the procedures of the Administrative Procedure Act, 1 CMC § 9104(a). The Regulations would become effective 10 days after adoption and publication in the Commonwealth Register. (1 CMC § 9105(b)).

AUTHORITY: The Director of Banking is empowered by the Legislature to adopt rules and regulations for the administration and enforcement of the statute governing his activities. 1 CMC §2454 and 4 CMC §§6106 and 6108.

THE TERMS AND SUBSTANCE: The Rules and Regulations provide for a comprehensive update of the policy, procedure and enforcement of the business of selling foreign currency notes and/or the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Commonwealth of the Northern Mariana Islands.

THE SUBJECTS AND ISSUES INVOLVED: These rules and regulations:

1. Increase fees for remittance dealers and agents for both foreign currency exchange and remittance.
2. Increase the security deposit requirement for the licensing of remittance companies.
3. Require remittance licensees to file electronic copies of the quarterly reports and expands the collection of information required in the quarterly reports.
4. Require licensees to comply with federal money service business registration and reporting requirements.
5. Establish withdrawal procedures for companies wishing to withdraw their licenses.

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Regulations shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9102(a)(1)) and posted in convenient places in the civic center and in local government offices in each senatorial district, both in English and in the principal vernacular. (1 CMC § 9104(a)(1))

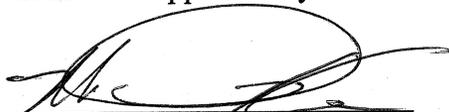
TO PROVIDE COMMENTS: Send or deliver your comments to Michael J. Ada, *Attn: New Foreign Currency Exchange and Remittance/Money Transmission Rules and Regulation* to the following address, fax or email address, with the subject line "New Foreign Currency Exchange and Remittance Rules and Regulations:"

**Department of Commerce
Caller Box 10007
Saipan, MP 96950
Fax: (670) 664-3067
Email: commerce@cnmi.gov.net**

Comments are due within 30 days from the date of publication of this notice. Please submit your data, views or arguments. (1 CMC § 9104(a)(2))

These proposed regulations were approved by the Director of Banking on October 17th, 2008.

Submitted by:



MICHAEL J. ADA
Director of Banking

10/17/08
Date

Received by:



ESTHER S. FLEMING
Governor's Special Assistant for
Administration

10/20/08
Date

Filed and
Recorded by:

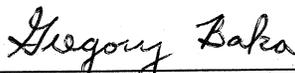


ESTHER SAN NICOLAS
Commonwealth Register

10.21.08
Date

Pursuant to 1 CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and 1 CMC § 9104(a)(3) (obtain AG approval) the proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published, 1 CMC § 2153(f) (publication of rules and regulations).

Dated the 21 day of October, 2008.



GREGORY BAKA
Acting Attorney General

DOC FX Regs Notice

Dipattamenton Kumetsio
Commonweath I Sankattan Na Isla Siha
Caller Box 10007 C.K. Saipan, M.P. 96950
Tel. (670) 664-3000 * Fax: (670) 664-3067
Email: commerce@cnmi.gov.net

NOTISIAN PUPBLIKU PUT I MAPROPONEN AREKLAMENTO YAN REGULASION SIHA NI PARA U MADIROGA I EKSISTE YAN PARA U MA'ADAPTA I NUEBU NA AREKLAMENTO YAN REGULASION SIHA PARA I DIPATTAMENTON KUMETSO, SEKSIONAN BANGKO

MA'INTENSIONA NA AKSION PARA U MA'ADAPTA ESTE I MAN MAPROPONE NA REGULASION SIHA: I Commonwealth Sankattan na Isla Marianas siha, i Dipattamenton Kumetso, Seksionan Bångko ha intensiona para u adapta kumo petmanente na regulasion siha ni chechetton ni Maproponen Regulasion siha sigun para u matattiyi ni Åkton Administrative Procedure, 1CMC§9104(a). I Regulasion siha para u ifektibu gi halom i dies (10) diha siha despues di ma'adapta yan i publikasion gi Rehistran Commonwealth (1 CMC § 9105(b).

ÅTURIDÅT: I Lehislatura ha nå'i i Direktot Bångko fuetså-ña para u adapta i areklamento yan regulasion siha para i atministrasion yan para ma'implementa i Lai ni ginobebietna aktibidåt-ña siha. CMC § 2454 yan 4 §§CMC6106 yan 6108.

I SUSTANSIAN I PALÅBRA SIHA: I Areklamento yan Regulasion siha ha prebiniyi para i comprehensive update na policy, procedure, yan enforcement i bisnes mambenden foreign currency notes yan /bisnes manresiben salåppe' para rason i transmite parehu pat kana' pumarehu yan otro lugåt gi hiyong i Commonwealth i Sankattan na Islan Marianas siha.

I SUNTO SIHA NI TINETEKKA': Este na areklamento yan regulasion siha:

1. Para u mahåtsa i apas para i kontråtadot rimiti yan ahensia siha para i todü i dos foreign currency yan man rimiti.
2. Para u mahåtsa i security deposit ni ginagagåo para kompanihan lisensian manrimiti siha.
3. Para u madimånda i manlisensian rimiti na para u mana'hålom i kopian electronic siha gi kada quarterly report siha yan para u åomenta siha i rinikohen infotmasion ni ginagagåo gi quarterly report siha.
4. Ha nesesitya i man malisensia siha na u matattiyi i rehistrasion bisnes setbision salåppe' federåt yan para u maripopot i ginaganåo siha.
5. Para u ma'estapblesi i withdrawal procedure siha para i kompaniha siha ni man malago' lumaknos i lisensian-ñiha.

DIREKSION PARA U MAPO'LO YAN MAPUPBLIKA: Este na maproponen Regulasion siha debi na u mapupblika gi halom i Rehistran Commonwealth gi seksiona ni mapropone yan nuebu na ma'adapta na regulasion siha (1CMC § 9102(a)(1) yan mapega gi kombiniente na lugåt siha gi halom i Civic Center yan gi ofisinan gobietnamento gi kada distriton senadot, parehu English yan i prinsipåt na lengguåhen natibu. (1 CMC § 9104(a)(1)

PARA U MAPRIBENIYI OPIÑION SIHA: Na hanâgue osino entrega i opiñion para si Michael Ada, *Atension: I Nuebu na Foreign Currency Exchange yan Rimiti/Areklamento yan Regulasion Transmision Salâppe* gi san papa' na address, fax pat email address, yan i subject line "Nuebu na Areklamento yan Regulasion i Foreign Currency Exchange yan Rimiti siha."

**Dipattamenton Kumetsio
Commonweath I Sankattan Na Isla Siha
Caller Box 10007 C.K. Saipan, M.P. 96950
Email: commerce@cnmi.gov.net**

Man uttimo i opiñion siha gi halom trenta (30) diha siha ginen i fechan este na notisian publikasion. Pot fabot na hâlom i infotmasion, opiñion, pat testamonion kinontra siha. (1 CMC § 9104(a)(2))

Este i man mapropone na regulasion siha man ma'apreba ni i Direktot Bångko gi Oktubri 17th, 2008.

Nina'hâlom as:


MICHAEL J. ADA
Director of Banking

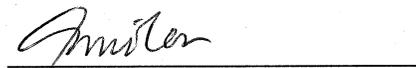
10/17/08
Fecha

Rinesibi as:


ESTHER S. FLEMING
Espesiât Na Ayudante Para I Atministrasion

10/20/08
Fecha

Pine'lo yan Marikot as:


ESTHER SAN NICOLAS
Rehistran I Commonwealth

10.21.08
Fecha

Sigun i Lai 1 CMC § 2153(e) (Abugâdu Henerât ha apreba i regulasion siha ni mafa'tinas kumo mafotma yan 1 CMC § 9104(a)(3) (ni manâ'i ni inapreban i Abugâdu Henerât) i mapropone na regulasion siha ni mañechetton guini ni esta man marebisa yan man ma'apreba kumo fotma yan suficiente ligât ginen i CNMI Abugâdu Henerât yan debi na u mapublika, 1 CMC § 2153(f) (publikasion i areklamento yan regulasion siha).

Mafecha gi diha 21 gi Oktubri, 2008.


GREGORY BAKA
(Acting) Abugâdu Henerât

BWULASIYOOL COMMERCE

Commonwealth Téél falúw kka Falúwasch Marianas
Caller Box 10007 CK, Seipel, MP 96950
Tilifoon. (670) 664-3000 * Fax: (670) 664-3067
Email: commerce@cnmi.gov.net

**ARONGOL TOULAP REEL POMWOL ALLÉGH KKAAL IGHA EBWE FFÉÉR
SEFÁÁL ME FILLÓÓY ALLÉGH KAAL NGÁLI BWULASYOOL COMMERCE, TÁLIL
BWONGKKO**

MÁNGEMÁNGIL IGHA EBWE FILLÓÓY POMWOL ALLÉGH KKAAL:

Commonwealth Téél falúw kka Falúwasch Efáng Marianas, Bwulasiyool Commerce, Tálil Bwongkko e mángi ebwe schéschéél fillóóy pomwol allégh kkaal, bwelle mwóghutughutul Adminstrative Procedure Act, 1 CMC Tálil 9104(a). Allegh yeel nge ebwe lo schagh llól seigh (10) ráálil mwiril yaar fillóóy me atéew llól Commonwealth Register (1 CMC Talil 9105(b)).

BWÁNGIL: Sów fféerúl Allegh nge e ngálleey bwángil Samwoolul Bwongkko yeel igha ebwe fillóóy allégh kkaal sáangi administration me mwóghutáágheli aweweel, CMC Tálil 2454 me 4 CMC Tálil kka 1606 me 6108.

ÓUTOL ME AWEWEEL: Re ayoorátá allégh kkaal bwelle ebwe ffat toowowul allégh kaal, aweweel me mwóghutughutul bisinis reel kkapasal foreign currency me bisinisil salaapi ye rekke bwughil igha ebwe toowow mellól CNMI ngáli eew falúw.

KKAPASAL ME TOOLONGOL: Allégh kkaal:

1. Ebwe sárághi óbóssul dealers me bwulasiyool foreign currency exchange me alusul salapi.
2. Alapaló security deposit ye ekke tittingór reel óbwóssul lisensia kkompania kkaal.
3. Rebwe mweiti ngáli óbwóssuur schóóy lisensia reel tilighial quarterly me alapaló aweweel kka re tittingór sáangi quarterly reports.
4. Schóóy lisensia ebwe tabweey aweweel salapial federóód sáangi registration me tingórol repot.
5. Ayoora aweweel withdrawal ngaliir bisinis ikka re mángi rebwe ayúwúló yaar lisensia.

AFALAFAL REEL AMMWELIL ME AKKATÉÉL: Pomwol Allégh kkaal ebwe akkatééló llól Commonwealth Register llól Tálil kka re pomwoli iye me fillóól allégh kka e ffé (1 CMC Tálil 9102(a)(1)) me appasch igha toulap rebwe weri mellól bwulasiyool gobenno kkaal llól senatorial district, ebwe isch llól English me Remeraalis/Refaluwasch. (1 CMC Tálil 9104(qa)(1)).

ISISILONGOL MÁNGEMÁNG: Afanga me ngáre bwughiiló ischil mángemángúmw reel Michael J. Ada, Attn: New Foreign Currency Exchange me Remittance/ Money Transmission Rules and Regulation sáangi address ye elo weiláng, fax me ngáre email address, reel kkapasal ye “New Foreign Currency Exchange me Remittance Rules and Regulation:”

BWULASIYOOL COMMERCE
Caller Box 10007
Seipel, MP 96950
Fax: (670) 664-3067
Email: commerce@cnmi.gov.net

Aghiyegh kkaal ebwe atotoolong llól eliigh (30) ráálil sáangi igha e akkatééwow arong yeel Óutu ghal soong ów ischilong mááfiyámi, me yáami aingiing. (1 CMC Tálil 9104(a)(2)).

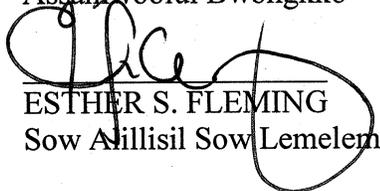
Pomwol allégh kkaal nge aa allégheló mereel Samwoolul Bwongkko ótol Sarobwél 17th, 2008.

Isaliyallong:


MICHAEL J. ADA
Assamwoolul Bwongkko

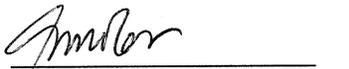
10/17/08
Rál

Mwir sáangi:


ESTHER S. FLEMING
Sow Aillisil Sow Lemelem

10/20/08
Rál

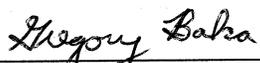
Ammwel sáangi:


ESTHER SAN NICOLAS
Commonwealth Register

10.21.08
Rál

Sáangi allégh ye 1 CMC Tálil 2153(e) alúghúlúgh mereel sów bwungul allégh lapalap reel allégh kka ebwe akkatééwow ighila) me 1 CMC Tálil kka 9104(a)(3) (bwughi alúghúlúghúl Sów Bwungul Allégh Lapalap) pomwol allégh kka e appasch nge Sów Bwungul Allégh aa takkal amweri fischi me aléghélégheló me ebwe akkatééló. 1 CMC Tálil 2153(f) (akkatéél allégh kkaal).

Rállil 21 llól maramal Sarobwél, 2008.


GREGORY BAKA
Acting ngali Sów Bwungul Allégh Lapalap

FOREIGN CURRENCY EXCHANGE AND REMITTANCE/MONEY TRANSMISSION
RULES AND REGULATIONS

1. AUTHORITY AND PURPOSE:

- (a) Authority. The authority for the promulgation and issuance of Foreign Exchange Rules and Regulations is by virtue of 1 CMC §2454 and 4 CMC §§6106 and 6108.
- (b) Purpose. The purpose of these regulations is to establish policy and procedures to implement and provide uniform enforcement of the business of selling foreign currency notes and/or the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Commonwealth of the Northern Mariana Island; to update the regulation of money transmitters and currency exchange businesses by repealing existing regulations and adopting new regulations; to require, administer, comply and enforce all licenses issuable under these regulations; and to establish administrative and appeal procedures.

2. DEFINITIONS:

- (a) "Agent" means a person authorized by the licensee under these regulations to sell or issue payment instruments or engage in the business of exchanging or transmitting money on behalf of a licensee.
- (b) "Dealer" means any person or business establishment engaged in either (d), (e) or (g) or all three and is a licensee.
- (c) "Director" means the Director of Banking or his designee.
- (d) "Electronic Funds Transfer ('EFT')" means the transfer of funds between accounts by electronic means including but not limited to a financial transaction originating from a telephone, electronic terminal, computer or magnetic tape.
- (e) "Foreign Exchange Currency Transactions" means the business of receiving and/or selling foreign currency notes.
- (f) "Licensee" means any person licensed pursuant to these regulations for the purpose of granting authority to engage in foreign currency exchange transactions and/or money transmission.
- (g) "Money Service Business" as used in these regulations means a currency dealer or exchanger; or money transmitter in which a person is engaged in the business of the transfer of funds.

- (h) "Money Transmission" means the sale or issuance of payment instruments or engaging in the business of receiving money for transmission or transmitting money to locations abroad by any and all means, including but not limited to payment instrument, wire, facsimile, or electronic funds transfer.
- (i) "Payment Instrument" means any electronic or written check, draft, money order, traveler's check, or other electronic or written instrument or order of transmission or payment of money, sold or issued to one or more persons, whether or not the instrument is negotiable. "Payment Instrument" does not include any credit card voucher, any letter of credit or any instrument that is redeemable by the issuer in goods or services.
- (j) "Remittance" means the business of receiving money for the purpose of transmitting the same or its equivalent to any country outside the Commonwealth of the Northern Mariana Islands.
- (k) Quarterly Foreign Exchange Remittance Report means that described in forms FX-10, FX-11.

3. LICENSE REQUIRED: No person shall engage in the business of money transmission or foreign currency exchange transactions without first obtaining a license from the Director. The applicant must also obtain a general business license after the issuance of a foreign exchange license.

The license granted shall be for the period of one year.

Provisions of these regulations shall not apply to:

- (a) Banks, savings and loan associations, and credit unions licensed to do business in the Commonwealth.
- (b) The receipt of money by an agent of an incorporated telegraph company at any regular office of such company for immediate transmission by telegraph.

4. FOREIGN CURRENCY EXCHANGE LICENSE

- (a) LICENSE FEE: Every licensee shall pay an annual license fee of Three Hundred Dollars (\$300.00).
- (b) LICENSE APPLICATION: The application for a license shall be in writing and shall contain the following information:
 - i. The name, address, nationality of the applicant, the address from which the business is to take place, and contact number(s). If the applicant is a corporation, the names, addresses, and nationality of the shareholders,

directors, and officers, and the number of shares held by each shareholder as required;

- ii. The name, address, and nationality of every agent of the applicant, including a copy of a criminal record clearance not older than three months from issuance;
- iii. Financial statements of the applicant and personal financial statements of the principal shareholders, directors and officers;
- iv. Any other information which the Director may require.

(c) EXEMPTION FROM REGULATIONS: Provisions of these regulations shall not apply to:

- i. A bank, credit union, savings and loan association, or a savings bank licensed to do business in the Commonwealth;
- ii. The United States Postal Service;
- iii. The receipt of money by an agent of an incorporated telegraph company at any regular office of such company for immediate transmission by telegraph.

(d) ISSUANCE OF FOREIGN EXCHANGE LICENSE: If the application is approved by the Director, he or she shall, upon receipt of the license fee, issue to the applicant a license to engage in business in accordance with these regulations. A licensee shall conduct its business at its designated office location. A licensee shall be prohibited and restricted from conducting or performing foreign currency exchange transactions, issuance of receipts, or the collection of funds outside the premises of its designated business location. This rule shall apply to agents of foreign exchange companies.

(e) EXPIRATION AND RENEWAL OF FOREIGN EXCHANGE LICENSE:

- i. The license is not transferable or assignable.
- ii. The license shall expire one year following the date of issuance. An agent's license shall expire on the same date as the appointing Dealer's license.
- iii. Failure to comply with section 4(c) of these rules and regulations shall be just cause for the non-renewal of a dealer's license and may be subjected to other certain sections of these rules and regulations.
- iv. Any other information, which the Director may require as part of the license renewal requirement, must be submitted.

(f) REGISTRATION OF AGENTS:

- i. Every agent of a licensee shall register with the Director and shall pay annually a registration fee of Fifty Dollars (\$50.00).
- ii. If the appointed agent is a nonresident worker, he/she must obtain the approval from the Director of Labor or submit copies of the work permit and employment contract which specify duties and responsibilities inherent of "agent" as defined under 2(a) of these regulations.
- iii. Retailers and hotels in the business of foreign exchange currency transactions and having such business as only incidentals to serving their clients must also appoint agents. Names of persons doing transactions and their job title must be specified on Form FX-1 and FX-12. Only one \$50 fee may be assessed for all agents listed on FX-2 and FX-3.
- iv. Registration of agents shall be denied if an applicant fails to meet the above requirements and others as required by the Director of Banking.

Forms FX-2 and FX-3 must be completed.

(g) REPORTS:

- i. The Director has prescribed a Quarterly Reporting requirement for foreign currency exchange dealers as found in FORM FX-8 and its instructions.
- ii. The Director further requires foreign currency exchange dealers to obtain details of customers who transact amounts aggregating \$10,000 or more. Such details must include:
 - 1). Social Security Number and/or Tax Identification Number;
 - 2). Address of Sender and Recipient;
 - 3). Type of transaction;
 - 4). Whether amount received is cash or check;
 - 5). Signature of the customer as acknowledgement of the transaction.
 - 6). An Indication that a copy of an acceptable form of identification is on file. An acceptable form of identification shall include a driver's license, passport, military or military/dependent ID card, state issued identification card, or any other identification document issued by a jurisdiction which contains name, address and a photograph.

The Dealer shall report such transaction upon submission of the quarterly reports.

iii. COMPLIANCE WITH FEDERAL REQUIREMENTS.

1. For purposes of these regulations, Money Service Businesses (MSBs) refer to a class of non-bank financial institutions defined in the Bank Secrecy Act which requires such non-bank financial institutions to register with the Department of the Treasury and to comply with other recordkeeping and compliance laws.
2. A licensee that is by definition an MSB under federal law, shall comply with the federal registration requirements for such businesses and shall provide the Director with evidence of such registration.
3. Licensees are required to comply with the recordkeeping requirements, the necessity for a compliance program, currency transaction reporting, and suspicious activity reporting of the Bank Secrecy Act and its regulations. MSBs filing a suspicious activity report (SAR) with a federal authority must send a copy of such report to the Director at the same time the SAR is filed. Licensees may consult www.msb.gov for questions about the federal requirements.

(h) MAINTENANCE OF FORMS: Each licensee will obtain and continue to hold for three (3) years, a true copy of every receipt form used by it and by its agents for selling foreign currency notes. The receipts used shall be printed and pre-numbered and consist of at least two (2) copies, one (1) to be given to the customer, the other to be retained by the licensee for record keeping purposes. A receipt used for the sale of foreign currency notes shall contain not less than the following information:

- i. The amount and country of origin of the foreign currency notes involved in the transactions.
- ii. The rate of exchange of the transaction.
- iii. The U.S. Dollar amount involved in the transaction.
- iv. The commission or other fee received by the licensee for carrying out the transaction.

No licensee or its agents shall use any receipts, a certified copy of which has not been filed with the Director. Every licensee violating the requirement of this section shall be subject to a fine of Fifty Dollars (\$50.00) for each violation.

(i) DENIAL OF FOREIGN EXCHANGE LICENSE: The Director may deny an application for a license to be issued under these regulations if, after a hearing pursuant to the provisions of the Administrative Procedures Act, he/she finds that:

- i. Granting of the license will be against the public interest;

- ii. The applicant does not intend to actively and in good faith, carry on as a business with the general public, the transactions, which would be permitted by the issuance of the license applied for;
- iii. The applicant, and if a corporation, a shareholder, director, or officer thereof, is not of good business reputation or is lacking in integrity;
- iv. The applicant has knowingly or willfully made a misstatement in an application to the Director for a license, or any document filed in support of such application, or has made a false statement in testimony given under oath before the Director or any other person acting in his/her stead.
- v. The applicant has permitted any person in his/her employ to violate any provisions of these regulations.

5. MONEY TRANSMISSION OR REMITTANCE LICENSE

- (a) LICENSE FEE: Every licensee shall pay an annual license fee of Five Hundred Dollars (\$500.00).
- (b) LICENSE APPLICATION (Form FX1R): The application for a license shall be in writing and shall contain the following information:
 - i. The name, address, nationality of the applicant, the address from which the business is to take place, and contact number(s). If the applicant is a corporation, the names, addresses, and nationality of the shareholders, directors, and officers, and the number of shares held by each shareholder as required.
 - ii. The name, address, and nationality of every agent of the applicant, including a copy of a criminal record clearance not older than three months from issuance.
 - iii. Financial statements of the applicant and personal financial statements of the principal shareholders, directors and officers.
 - iv. Any other information which the Director may require.
- (c) ISSUANCE OF MONEY TRANSMISSION OR REMITTANCE LICENSE: If the application is approved by the Director, he or she shall, upon receipt of the license fee, issue to the applicant a license to engage in business in accordance with these regulations. A licensee shall conduct its business at its designated office location. A licensee shall be prohibited and restricted from conducting or performing remittance transactions, issuance of receipts, or the

collection of funds outside the premises of its designated business location. This rule shall also apply to agents of remittance companies.

(d) EXPIRATION AND RENEWAL OF REMITTANCE LICENSE:

- i. The license is not transferable or assignable.
- ii. The license shall expire one year following the date of issuance. An agent's license shall expire on the same date as the appointing Dealer's license.
- iii. Failure to comply with section 5(c) of these rules and regulations shall be just cause for the non-renewal of a dealer's license and may be subjected to other certain sections of these rules and regulations.
- iv. Any other information, which the Director may require as part of the license renewal requirement, must be submitted.

(e) REGISTRATION OF AGENTS:

- i. Every agent of a licensee shall register with the Director and shall pay annually a registration fee of Fifty Dollars (\$50.00).
- ii. If the appointed agent is a nonresident worker, he/she must obtain the approval from the Director of Labor or submit copies of the work permit and employment contract which specify duties and responsibilities inherent of "agent" as defined under 2(a) of these regulations.
- iii. Registration of agents shall be denied if applicant fails to meet the above requirements and others as required by the Director of Banking.

Forms FX-2 and FX-3 must be completed.

(f) REPORTS:

- i. The Director has prescribed a Quarterly Reporting requirement as found in FORM FX-11 and its instructions.
- ii. All Remittance Companies are required to submit a summary report of business activity on a quarterly basis. The report shall, at a minimum, include the following details:
 1. Company assigned receipt number
 2. Name and Occupation of the Sender
 3. Social Security Number or Tax Identification Number of Sender
 4. An indication that a copy of a valid identification card is on file
 5. Address of the Sender
 6. Name of the Beneficiary

7. Address of the Beneficiary
8. Amount remitted
9. Date funds entrusted to the company
10. Date funds were sent
11. Remittance agent who performed the transaction.

An electronic/computerized copy containing the above details shall be submitted using a spreadsheet format, preferably on Microsoft Excel, saved on a 3½ inch floppy disk or a compact disc (CD).

iii. QUARTERLY FINANCIAL STATEMENTS: Licensees for money transmission shall submit to the Director on a calendar quarter basis their interim financial statements. Financial statements shall include a balance sheet and an income statement. The financial statements submitted shall be kept confidential by the Director.

iv. COMPLIANCE WITH FEDERAL REQUIREMENTS.

- 1). For purposes of these regulations, Money Service Businesses (MSBs) refer to a class of non-bank financial institutions defined in the Bank Secrecy Act which requires such non-bank financial institutions to register with the Department of the Treasury and to comply with other recordkeeping and compliance laws.
- 2). A licensee that is by definition an MSB under federal law, shall comply with the federal registration requirements for such businesses and shall provide the Director with evidence of such registration.
- 3). Licensees are required to comply with the recordkeeping requirements, the necessity for a compliance program, currency transaction reporting, and suspicious activity reporting of the Bank Secrecy Act and its regulations. MSBs filing a suspicious activity report (SAR) with a federal authority must send a copy of such report to the Director at the same time the SAR is filed. Licensees may consult www.msb.gov for questions about the federal requirements.

v. DUE DATES. Quarterly reports and interim financial statements are due 30 days following each quarter end:

<u>Quarter</u>	<u>Due date</u>
March 31	April 30
June 30	July 30
September 30	October 30
December 31	January 30

vi. The Director further requires money transmitters or remittance dealers to obtain details of customers who transact amounts aggregating \$10,000 or more. Such details must include:

1. Social Security Number and/or Tax Identification Number;
2. Address of Sender and Recipient;
3. Type of transaction;
4. Whether amount received is cash or check;
5. Signature of the customer as acknowledgement of the transaction.
6. An Indication that a copy of an acceptable form of identification is on file. An acceptable form of identification shall include a driver's license, passport, military or military/dependent ID card, state issued identification card, or any other identification document issued by a jurisdiction which contains name, address and a photograph.

The Dealer shall report such transaction upon submission of the quarterly reports.

(g) MAINTENANCE OF FORMS: Each licensee will obtain and continue to hold for three (3) years, a true copy of every receipt form used by it and by its agents.

i. Receipt. Each customer placing a money transfer order shall be provided with a written receipt as acceptance of the order showing the name of the licensee (or trade name of the licensee as registered with the Director), agent identifier information, the date of the order placed, the dollar amount of the transaction order, and the fee charged. The receipts used shall be printed and pre-numbered and consist of at least two (2) copies, one (1) to be given to the customer, the other to be retained by the licensee for record keeping purposes.

No licensee or its agents shall use any receipts, a certified copy of which has not been filed with the Director. Every licensee violating the requirement of this section shall be subject to a fine of Fifty Dollars (\$50.00) for each violation.

ii. Failure to provide receipt. A licensee or any of its agents that does not provide the customer with a written receipt or other evidence of acceptance as required by these regulations shall be subject to a fine of Fifty Dollars (\$50) per transaction where the receipt was not provided.

(h) DENIAL OF REMITTANCE LICENSE: The Director may deny an application for a license to be issued under these regulations if, after a hearing pursuant to the provisions of the Administrative Procedures Act, he/she finds that:

1. Granting of the license will be against the public interest;
 2. The applicant does not intend to actively and in good faith, carry on as a business with the general public, the transactions, which would be permitted by the issuance of the license applied for;
 3. The applicant, and if a corporation, a shareholder, director, or officer thereof, is not of good business reputation or is lacking in integrity;
 4. The applicant has knowingly or willfully made a misstatement in an application to the Director for a license, or any document filed in support of such application, or has made a false statement in testimony given under oath before the Director or any other person acting in his/her stead;
 5. The applicant has permitted any person in his/her employ to violate any provisions of these regulations.
- (i) **WITHDRAWAL PROCEDURES.** A licensee who desires to withdraw its license must first make application to the Director of Banking for an order granting permission to withdraw.
- i. Such application shall be accompanied by its principal officer or director that:
 1. It desires to withdraw and to permanently discontinue the remittance business in the CNMI; and
 2. There are no outstanding remittances in existence as of the date of application.
 - ii. It shall cause publication of a notice of its intention to withdraw in a newspaper of general circulation in the CNMI at least once a week for three (3) consecutive weeks, and shall cause the said newspaper to file an affidavit of publication with the Director. The publication should include the following language: "Any comments or complaints should be directed to the Office of the Director of Banking, Department of Commerce, Capitol Hill, Saipan, Tel: 664-3044, Fax: 664-3067 or Email: commercedept@pticom.com."
 - iii. If the remittance company has complied with the provisions of this section and no objection is made but without good and sufficient cause, the Director shall order permission and the withdrawing remittance company shall deliver to the Director for cancellation its Remittance license and current licenses of its agents.
6. **EXAMINATION:** The Director may at any time and from time to time examine the business of any licensee or its agents in order to ascertain whether such business is being conducted in a lawful manner and whether all monies received for

transmission are properly accounted for. Each licensee and its agents shall keep books, records and accounts in such form or manner as the Director may prescribe.

7. FORWARDING OF FUNDS: Every licensee or its agents shall forward all monies received for transmission to a foreign country or give instructions committing equivalent funds to the person designated by the remitter within ten (10) days after receiving such money, unless otherwise ordered by his/her customer.

8. SECURITY DEPOSIT:

(a) As security for the faithful performance of its obligations, a remittance licensee shall deposit, with the Treasurer of the Commonwealth, One Hundred Thousand Dollars (\$100,000.00) in a Timed Deposit account for a period of not less than one year in a bank within the Northern Mariana Islands; and such value must be maintained at all times. The Director of Banking prescribes the following procedures:

i. Time Deposit account must show the remittance company (dealer) "and" the CNMI Treasurer "or" the Director of Banking as holders of the account.

ii. The Director shall notify Treasurer and company of account's maturity date and Treasurer shall be authorized to renew or terminate such account pursuant to instruction from the Director.

iii. Interest earned on such deposit shall accrue to the benefit of the foreign exchange company.

iv. Complete forms FX-7, FX-9, and other forms as provided by the Director.

v. Release of the security deposit shall only be accomplished by authority from the Director of Banking.

(b) In lieu of the deposit of money pursuant to subsection (a) of this section, a Remittance may deliver to the Director of Banking the bond of a bonafide surety company, in a form satisfactory to the Director, the principal sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) lawful money of the United States, conditioned upon the faithful holding and transmission of all monies received by such licensee or its agents for such purpose.

Form FX-13 contains language, which may be used as guideline language for surety bonds; otherwise, policy forms previously approved by the Insurance Commissioner shall remain acceptable.

(c) Foreign exchange currency transaction dealers who are not in the business of transmitting money shall not be required to put up a security deposit.

The Director shall forward the deposit to the CNMI Treasurer for custody and safekeeping and shall be accomplished by preparing a transmittal form and acknowledged by the Treasurer.

9. TRUST FUND: The money deposited with the Treasurer of the Commonwealth pursuant to Section 13(a) and (b) of these regulations shall constitute a fund for the benefit of persons in case a licensee or its agents is not able to pay for funds entrusted to them for remittance.
10. OWNERSHIP OF FUNDS FOR TRANSMITTAL TO A FOREIGN COUNTRY: All funds, less fees, received by a licensee or its agents for transmission to a foreign country shall constitute trust funds owned by and belonging to the person from whom they were received until such time as directions have been given by the licensee or its agents for payment abroad of the remittance and funds provided for such payment.
11. ORDER TO CEASE UNLAWFUL PRACTICE: If it appears to the Director that the licensee is violating or failing to comply to these regulations; the Director shall direct the licensee to comply with these regulations or if it appears to the Director that any licensee is conducting his business in an unsafe or injurious manner he shall in like manner direct the licensee to discontinue practice. The Order shall require the licensee to show cause before the Director at the time and place to be fixed by him why the Order should not be observed.
12. SUSPENSION OR REVOCATION OF LICENSE: The Director may suspend any license issued pursuant to these regulations if he finds that:
 - a) The licensee has violated a provision of these regulations or any rule issued thereunder;
 - b) Any fact or condition exists, which if it had existed at the time of the original application of such license, would be grounds for denying an application for a license under Sections 4(b) and 5(b) of these regulations;
 - c) The licensee is conducting his business in an unsound manner.

The Director may revoke a license after a hearing held pursuant to the Administrative Procedures Act following a suspension.

13. CIVIL PENALTY FOR VIOLATION
 - a) Any person who violates or fails to comply with any of these regulations or who, without complying with the provisions of these regulations, represents that he is authorized to receive, or solicits or receives, money or the equivalent for transmission to a foreign country, shall be fined \$500 for each violation.

- b) A penalty fee of \$10.00 a day for each day a report is late shall be assessed on foreign exchange and remittance dealers or failure to submit a complete and accurate quarterly report on the filing deadline and no notice and explanation for extension request was received by the Director.
- c) If, upon sufficient evidence, the Director finds that funds were not remitted to beneficiaries within 10 days as required in Section 12, the foreign exchange company will be fined fifty dollars (\$50.00) for each violation; or have its license suspended, or both.

14. FEES: The following is a schedule of all fees required by these regulations:

a. Foreign Exchange Dealer License	\$300.00
b. Remittance License.....	\$500.00
c. Foreign Exchange Agent License.....	\$50.00
d. Remittance Agent License.....	\$50.00
e. Violations to 5(g).....	\$50.00
f. Violations to Sections 11, 12 & 18(c).....	\$50.00/day
g. Violations to Section 18(a).....	\$500.00
h. Penalty Fees Section 18 (b).....	\$10.00/day
i. Amendment Fee.....	\$25.00
j. Duplication of documents.....	\$0.50/page
k. Certification Fee.....	\$10.00
l. Late Renewals and Other Filing Fees.....	\$2.00/day or

as prescribed by the Director.

Fees collected under this Section other than business license (j), shall be paid to the CNMI Treasurer, and Secretary of Finance shall permit the Director of Banking to use such funds for the enforcement of these regulations.

- 15. A schedule of all requirements are enumerated in the "Checklist for Proposed Registration as Foreign Exchange Dealer/Agent" and all such requirements are included as part of these regulations. Memoranda, rules, guidelines, comments, procedures, and other items relative to foreign exchange business to be issued by the Director of Banking shall be published annually as part of these regulations.
- 16. AMENDMENTS to these Rules and Regulations shall be in accordance with the Administrative Procedures Act. These Regulations shall repeal all previous Foreign Exchange Rules and Regulations upon its adoption and certification by the Director of Banking.
- 17. EFFECTIVE DATE: These regulations are to take effect immediately after adoption and certification by the Director of Banking after its publication in the Commonwealth Register. All foreign currency exchange and remittance companies and their respective agents must immediately comply.



Department of Commerce

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Caller Box 10007 CK, Saipan, MP 96950

Tel. (670) 664-3000 • Fax: (670) 664-3067

email: commercedept@pticom.com

PUBLIC NOTICE OF PROPOSED RULES AND REGULATIONS FOR THE DEPARTMENT OF COMMERCE, DIVISION OF ENFORCEMENT & COMPLIANCE

INTENDED ACTION TO ADOPT THESE PROPOSED RULES AND REGULATIONS:

The Commonwealth of the Northern Mariana Islands, Department of Commerce, Division of Enforcement & Compliance intends to adopt as permanent regulations the attached Proposed Regulations, pursuant to the procedures of the Administrative Procedure Act, 1 CMC § 9104(a). The Regulations would become effective 10 days after adoption and publication in the Commonwealth Register. (1 CMC § 9105(b)).

AUTHORITY: The Secretary of Commerce is empowered by the Legislature to adopt rules and regulations for the administration and enforcement of the statute governing his activities. Public Law 15-36.

THE TERMS AND SUBSTANCE: The Rules and Regulations establish policy and procedures to implement and provide uniform enforcement of the recycling business.

THE SUBJECTS AND ISSUES INVOLVED: These rules and regulations:

1. Stipulate requirements (maintenance of written and video records) that recyclers must comply with.
2. Establish allowable times in which copper materials may be transacted.
3. Establish a required waiting period prior to export of copper materials.
4. Establish prohibited practices and penalties for violation.

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Regulations shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9102(a)(1)) and posted in convenient places in the civic center and in local government offices in each senatorial district, both in English and in the principal vernacular. (1 CMC § 9104(a)(1))

TO PROVIDE COMMENTS: Send or deliver your comments to Michael J. Ada, *Attn: New Recycling Rules and Regulations* at the following address, fax or email address, with the subject line "New Recycling Rules and Regulations."

**Department of Commerce
Caller Box 10007
Saipan, MP 96950
Fax: (670) 664-3067
Email: commerce@cnmi.gov.net**