

# Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020

(Including Second Amendment)



**Nepal Rastra Bank**

**Central Office**

**Foreign Exchange Management Department**

**2020**

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<sup>1</sup>First Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on December 15, 2022 (meeting number: 31/2079).

<sup>2</sup>Second Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date November 28, 2023 (meeting number 28/2080).

## **Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020**

The Board of Directors of Nepal Rastra Bank, for the purpose of granting license and inspection and supervision to firm, company or institution that deal in foreign exchange after obtaining a license in accordance with Section 63 of the Nepal Rastra Bank Act, 2002 and Section 3 of the Foreign Exchange (Regulation) Act, 1962, has made the following Bylaws using the authority granted by Section 63 of Nepal Rastra Bank Act, 2002 and Section 12 of Foreign Exchange (Regulation) Act, 1962.

### **Chapter-1 Preliminary**

**1. Short Title and Commencement:** (1) The name of this bylaw is "Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020".

(2) This bylaw shall commence immediately.

**2. Definition:** Unless the subject or context otherwise requires, in this bylaw:

- a) "Order or Directive or Notice" means the order or directive or notice issued by Rastra Bank from time to time in accordance with the Act or prevailing laws.
- b) "License" means the license issued by Rastra Bank to a firm, company or institution to get engaged in foreign exchange transaction in accordance with this Bylaw. However, separate license is to be obtained according to the Nepal Rastra Bank Money Changer Licensing and Inspection Bylaw, 2020 for money exchange transaction, and Nepal Rastra Bank Remittance Bylaw, 2023 for remittance transaction.<sup>2</sup>
- c) "Licensed Institution" means a firm, company or institution that has obtained a license as per clause (b).
- d) "Act" means the Foreign Exchange (Regulation) Act, 1962.
- e) "Company" means a company established under the Company Act, 2006.
- f) "Governor" means the Governor of Rastra Bank.
- g) "Inspector" means a member of the inspection team assigned by Rastra Bank to conduct on-site inspection of bank, financial institution, firm, company, institution licensed to conduct foreign exchange transaction, and the term also refers to expert and institution assigned by Rastra Bank for the same task.<sup>2</sup>
- h) "Inspection Team" means the inspection team appointed by Rastra Bank for on-site inspection of bank, financial institution, firm, company or institution licensed to deal in foreign exchange.<sup>2</sup>

- i) "Office-bearer" means the proprietor, partner, director, executive head, and company secretary of the licensed institution.<sup>2</sup>
- j) "Convertible Foreign Currency" means the foreign currency, which has been prescribed by Rastra Bank as convertible foreign currency by publication and transmission of public notice.
- k) "Bank" means commercial bank established for banking and financial transaction in accordance with sub-section (1) of Section 49 of the Bank and Financial Institutions Act, 2017.
- l) "Rastra Bank" means the Nepal Rastra Bank established in accordance with the Nepal Rastra Bank Act, 2002.
- m) "Department" means the Foreign Exchange Management Department of Rastra Bank.
- n) "Department Head" means the Head of Foreign Exchange Management Department of Rastra Bank.
- o) "Financial Institution" means development bank and finance company established to conduct transaction as per subsection (2) and (3) of section 49 of the Bank and Financial Institutions Act, 2017.
- p) "Foreign Currency" means the currency other than the Nepali currency and this term includes the special drawing rights on the International Monetary Fund, the Asian Currency Units, the European Currency Units and other instruments as Rastra Bank may prescribe by publication and transmission of public notice.
- q) "Director" means a member of the board of directors of an institution licensed to deal in foreign exchange.
- r) "Concerned Supervision Department" means Bank Supervision Department of Rastra Bank in case of bank, Financial Institutions Supervision Department of Rastra Bank in case of financial institution and Non-Bank Financial Institutions Supervision Department of Rastra Bank in case of other licensed institution.<sup>2</sup>

**3. Licensing required:** Bank and financial institution, firm, company, institution and casino must obtain license accordance with this bylaw to carry out foreign exchange transaction.

## **Chapter-2** **Provision Related to Licensing of Bank and Financial Institution**

**4. Application for license:** Bank and financial institution willing to carry out foreign exchange transaction shall apply for a license to the department in the format as per Schedule-1 along with the documents mentioned in Schedule-1(A), stating the name and address of branches and extension counters that shall undertake foreign exchange transaction. Financial institutions other than national level shall submit such application to the provincial office or department of Rastra Bank, located near their central office.<sup>2</sup>

5. Provision related to licensing fee: (1) Bank and financial institution that shall undertake foreign currency transaction must pay the following fee to Rastra Bank to obtain a license for foreign exchange transactions:

- a) A lump sum of five hundred thousand rupees for bank.
- b) A lump sum of one hundred thousand rupees for national level development bank.
- c) A lump sum of twenty thousand rupees for provincial level development banks and all levels of finance companies.

6. Licensing: (1) After investigating the application received as per Bylaw 4, if found suitable, the department shall grant a single license for the entire place of bank and financial institution for foreign exchange transaction in the format as per Schedule-2. On-site inspection of physical infrastructure shall not be required while granting this type of license. Financial institution other than the national level shall be granted such license from the provincial office or department of Rastra Bank, located near its central office.<sup>2</sup>

(2) According to sub-bylaw (1), a license may be granted to bank and financial institution and their branch offices and extension counters to carry out foreign exchange purchase/sale transaction and other specified foreign exchange-related activities by charging the fee as per Bylaw 5.<sup>2</sup>

(3) Bank and financial institution can carry out foreign exchange transaction from their branches and extension counters on the basis of the single license they have received.<sup>2</sup>

(4) All branches of the bank shall, at least, purchase foreign currency.

(5) A financial institution may designate branches and extension counters for foreign exchange transaction, and carry out foreign exchange transaction from such branches and extension counters.<sup>2</sup>

(6) The concerned institution shall submit the updated details of the branches and extension counters specified in accordance with sub-bylaw (5) to the department, concerned supervision department and concerned provincial office.<sup>2</sup>

(7) Irrespective of anything written in this Bylaw, Rastra Bank may issue directive to carry out foreign exchange transaction from branches and extension counters of financial institution of certain geographical areas.<sup>2</sup>

(8) While granting licenses to licensed bank and financial institution, license with no expiry date shall be granted and such license shall not be required to renew.

However, bank and financial institution that have already obtained a license at the time of coming into effect of this bylaw (including the amendment), shall be granted a new license without mentioning the expiry date, if an application is submitted within 90 days of before expiry of the erstwhile license. For this, bank and financial institution shall have to submit an application as per Bylaw 4 and pay the fee as per Bylaw 5.<sup>2</sup>

(9) In case the licensed bank and financial institution has undergone merger or acquisition as per the prevailing provisions and has undertaken a new name, a new license shall be issued by revoking

the erstwhile license without changing any provisions of the erstwhile license, except the name. No fee shall be charged for such license.<sup>2</sup>

7. ×(*Removed*)<sup>2</sup>

### **Chapter-3** **Provision Related to Licensing of Firm, Company or Institution**

**8. Applying for license:** (1) Rastra Bank may issue a license to a firm, company or institution that wants to carry out foreign exchange transaction in accordance with the following procedure:-

- a) By taking an application for license from firm, company or institution intending to carry foreign exchange transaction, or
- b) By inviting application of foreign exchange transaction for specified place/region.

(2) As per sub-bylaw (1), a firm, company or institution willing to carry out foreign exchange transaction shall submit an application in the format as per Schedule-4 along with the documents as per Schedule-4(A) to the department, if its central office is located inside the Kathmandu Valley or to the provincial office of Rastra Bank or to the department, if it is located outside Kathmandu Valley.

(3) The qualification of the director/office-bearer of the firm, company, institution applying for foreign exchange transaction shall be as follows: -

- a) Has completed 18 years of age,
- b) Sound mental health,
- c) Not falling under the creditor's insolvency due to default of debt,
- d) In case of blacklisted in any transaction with bank or financial institution, at least three years have been completed from the date of release from such list,
- e) Have paid tax as per prevailing law,
- f) If sentenced by a court for a criminal offense involving moral turpitude, five years have passed from serving such punishment,
- g) Not having been punished by the court for the offense of corruption or fraud,
- h) Not holding any post in the service of any government, public or bank and financial institution,
- i) Dishonesty or mal-intention has not been proved for operation with bank and financial institution,
- j) Not having been punished for crimes related to money laundering and financing of terrorism related activities.
- k) If criminal record is shown in the police report, 5 years have elapsed after serving the sentence (evidence to be submitted).<sup>1</sup>

**9. Issuance of license:** (1) For application submitted as per sub-bylaw (2) of Bylaw (8), the department - if applied with the department, or concerned provincial office - if applied with the provincial office, may issue license as per Schedule-5 if deemed suitable, after investigation of application and on-site inspection of physical infrastructure.

(2) If the firm, company or institution is deemed appropriate to be issued foreign exchange transaction license as per sub-bylaw (1), license can be issued, by taking fees as per Bylaw 11, for

up to 5 years (making consistency with validity of permission/permit issued by concerned government agency for conducting the business, if any) to undertake the following transactions<sup>2</sup>:

- a) Hotel, resort, travel agency, airlines, cargo company, trekking agency and other firm, company or institutions or other service provider company and institutions can only accept payment in foreign exchange for sale of goods and services to foreign tourist, and person, firm, company or institution who can pay in foreign exchange in accordance with the Act.<sup>2</sup>
- b) Hotel shall provide their customers with cash exchange of convertible foreign currency up to the limit specified by Rastra Bank from time to time.<sup>2</sup>

**10. Security to be submitted for license:** (1) In order to obtain license to carry out foreign currency transaction, a bank guarantee equal to one hundred thousand rupees for each place of transaction in case of departmental store/super market, airlines and hotel of three star and above, and a bank guarantee equal to fifty thousand rupees for each place of transaction in case of any other hotel, resort, firm, company or institutions, must be submitted covering at least 15 months more than the date of validity of license.<sup>2</sup>

(2) In lieu of the bank guarantee as per sub-bylaw (1), a cash security equal to the same amount can be deposited in Rastra Bank.<sup>2</sup>

(3) Notwithstanding anything written in sub-bylaw (1) and (2), government agency, government university and government educational institution and non-for-profit social organization shall not be required to submit such guarantee/cash security to obtain foreign exchange transaction license.<sup>2</sup>

**11. Provision for licensing fee:** Departmental store/supermarket, airlines and three-star and higher-level hotel shall pay licensing fee of four thousand rupees per year for each place of transaction, and any other hotel, resort, firm, company or institution and the government agency shall pay licensing fee of two thousand rupees per year for each place of transaction in a lump sum to Rastra Bank in order to obtain a foreign currency transaction license.<sup>2</sup>

**12. Renewal and revocation of license:** (1) If the licensed entity dealing in foreign currency submits an application for license renewal in the format as per Schedule-6 along with documents as per Schedule 6(A) after paying the annual fee as below, the department in the case of Kathmandu valley and concerned provincial office of Rastra Bank in the case of outside Kathmandu valley can renew the license: -

- a) Before the expiry of license for foreign exchange transaction, departmental store/supermarket, airlines and three-star or higher-level hotel shall pay lump sum fee of four thousand rupees per year and any other hotel, resort, firm, company or institution and the government agency shall pay lump sum fee of two thousand rupees per year to Rastra Bank, for each place of transaction. If Rastra Bank is convinced that for some reason the licensed institution could not submit an application for renewal before the expiry date, Rastra Bank may renew the license by charging the same fee for up to 90 days post expiry date<sup>2</sup>.
- b) If the license is not renewed within the period as per clause (a), the license can be renewed by charging a fine if an application is made within one year from the date of expiry of the license.

Such fine amount shall be flat Rs.2,000 for those which are levied renewal fee of Rs.2,000 per annum and flat Rs.4,000 for those which are levied renewal fee of Rs.2,000 per annum.<sup>2</sup>

- c) If the license is not renewed even within the time period as per clause (b), the bank guarantee or cash security shall be confiscated and the bank guarantee or cash security shall be returned after deducting the fine amount as mentioned in clause (b) and the license shall be annulled automatically.<sup>2</sup>
- d) If the licensed institution submit application for cancellation of the license before the expiry of the license, approval may be given to release the bank guarantee or cash security by cancelling the license.<sup>2</sup>
- e) If an application is submitted for the release of bank guarantee or cash security after the date of expiry of the license, such bank guarantee or cash security shall be released after charging a fine as per clause (b).<sup>2</sup>
- f) Account opened of the licensed institution for transaction in foreign currency shall be operated only during the validity of such license. If the proof of renewal of the license or the approval letter for operation of account from the department or provincial office of Rastra Bank is not submitted within thirty days post the expiry of the license, the operation of such account shall be completely prohibited. But deposit of proceeds only due to sale of goods and services to foreigner can be allowed in such account. In order to fully operate the account, prior approval of the department or the provincial office of Rastra Bank that issues license must be obtained.

#### **Chapter-4** **Provisions Relating to Licensing of Casino**

**13. Applying for license:** A casino, willing to undertake foreign exchange transaction, that is qualified as per sub-bylaw (3) of Bylaw 8 shall apply for a license to do foreign exchange transaction in the format as per Schedule-4 along with the documents as per Schedule-7 to the department or to the nearest provincial office of Rastra Bank.<sup>2</sup>

**14. Provisions related to licensing fee and bank guarantee or cash security:** (1) To obtain the license to transact in foreign currency, casino that has obtained permit/permission (including renewal) from the concerned agency of Government of Nepal, shall submit a bank guarantee of two million five hundred thousand rupees having validity of twenty four months and shall make payment of one hundred thousand rupees as licensing fee to Rastra Bank for each place of transaction<sup>2</sup>. However, in case the game is played through modern machine or equipment only, a bank guarantee of one million rupees having validity of twenty four months and a license fee of fifty thousand rupees shall be paid to Rastra Bank for each place of transaction.

(2) In lieu of the bank guarantee as per sub-bylaw (1), a cash security equal to the same amount can also be deposited in Rastra Bank.<sup>2</sup>

**15. Issuance of license:** For application submitted as per Bylaw 13, the department or the concerned provincial office may grant a license for foreign exchange transaction for a maximum period of one year in accordance with Schedule-8, if it is deemed appropriate after investigation and on-site inspection of physical infrastructure.<sup>2</sup>

**16. Renewal and revocation of license:** (1) Casino shall submit an application for renewal in the format as per Schedule-6 along with the receipt of payment of renewal fee of one hundred thousand rupees to Rastra Bank and the documents as per Schedule-9, before the expiry of the license. However, in case of the game that are played through modern machine or equipment only, renewal fee of fifty thousand rupees shall have to be paid to Rastra Bank.

Casino that has already received license, shall have to submit bank guarantee or cash security as per Bylaw 14, during submission of application for renewal.<sup>2</sup>

(2) In case of non-renewal within the period as per sub-bylaw (1), if an application for renewal is submitted within three months from the date of expiry of license, the license may be renewed by charging twice the amount of renewal fee.

(3) The bank guarantee or cash security of the casino that does not renew the license even within the period as per sub-bylaw (2) shall be confiscated and the bank guarantee or cash security shall be refunded after deducting the amount equal to the license/renewal fee, and the license shall be automatically annulled.<sup>2</sup>

(4) If the casino applies for cancellation of the license before the expiry of the license, approval may be given to release the bank guarantee or cash security by cancelling the license.<sup>2</sup>

## **Chapter-5**

### **Functions and Duties of Licensed Institution**

**17. Conditions to be followed while transacting in foreign exchange:** (1) Pursuant to the Act and the rules, bylaws and prevailing laws made thereunder and the circular, order, directive, notice by Rastra Bank from time to time and conditions mentioned while issuing the license, institution licensed to transact in foreign exchange shall perform the following tasks:

- a) The licensed institution shall only conduct foreign exchange transaction as mentioned in its license.
- b) The institution licensed to conduct foreign exchange transaction shall maintain correct accounts of foreign exchange transaction.
- c) Licensed hotel may provide exchange facility of convertible foreign currency to their customer up to the limit set by Rastra Bank by issuing Foreign Exchange Encashment Receipts (FEER) in the format of Schedule-10.
- d) The licensed institution, while accepting local currency from foreign national, shall accept Nepali rupees only up to the amount mentioned in FEER or receipt of ATM or POS machine, and while accepting such payment the overleaf of the FEER shall be compulsorily endorsed and shall keep its proof.
- e) The account of each fiscal year shall be audited within the time period determined by the prevailing law and a copy thereof shall be submitted by electronic means as prescribed by Rastra Bank.<sup>2</sup>

- f) The licensed institution shall not be allowed to carry out any other transaction related to foreign exchange except the activities specified in the license issued by Rastra Bank.<sup>2</sup>
- g) The foreign exchange transaction license shall be kept at the place where the transaction is conducted so that it is visible to the general public. In the case of bank and financial institution, a copy of the license obtained by them must be kept at all places visible to the general public where foreign exchange transaction is conducted.
- h) If found to have acted contrary to the Act and the rule, bylaw or circular, order and directive issued by Rastra Bank, the foreign exchange transaction license issued by Rastra Bank may be suspended or cancelled at any time and further action may be taken in accordance with the prevailing laws.
- i) When dealing in foreign currency or taking payment under the foreign exchange transaction, it shall be done only at the specified rate under the prevailing circular.
- j) When dealing in foreign exchange, the prevailing laws regarding prevention of asset (money) laundering and combating the financing of terrorism related activities must be followed.
- k) The licensed institution shall provide the details and documents requested by the inspectors appointed by Rastra Bank for inspection and also provide necessary assistance to the inspectors in inspection related work.

## **Chapter-6** **Provisions Regarding Inspection and Supervision Procedures**

**18. Inspection and supervision:** (1) Rastra Bank shall inspect and supervise the licensed institution at any time as required.

**19. Inspection and supervision standards shall be prepared and implemented:** (1) Rastra Bank shall inspect and supervise the foreign exchange transaction of the licensed institution based on the inspection and supervision standards.

(2) The standards related to inspection and supervision as per sub-bylaw (1) shall be approved by the department head of the concerned supervision department.<sup>2</sup>

**20. Types of inspection and supervision:** Rastra Bank shall inspect and supervise the concerned licensed institution as follows: -

(A) On-site inspection:

- (1) **Regular on-site inspection:** Rastra Bank may carry out on-site inspection of the licensed institution by appointing an inspection team. The inspection team shall inspect the compliance with the provision of the Nepal Rastra Bank Act, 2002 and the Foreign Exchange (Regulation) Act, 1962 and the rules, bylaws and existing laws made thereunder and the circulars, orders, directives, notices issued by Rastra Bank from time to time and conditions mentioned while issuing license.

- (2) Special/emergency inspection: The concerned supervision department or the provincial office of Rastra Bank may conduct a special/emergency inspection by appointing an inspection team, if based on information received from public media, request/instruction/order from various government and other agencies, complaint and information received from other sources, Rastra Bank realizes that any licensed institution is committing irregularity, providing wrong information to general public, conducting illegal transaction, serious defects in the submitted details according to Bylaw 36.<sup>2</sup>
- (3) Targeted inspection: Rastra Bank may carry out targeted inspection covering any specific transaction of the licensed institution.
- (4) Follow-up inspection: If Rastra Bank wants to be assured on the document submitted by the licensed institution relating to the implementation of the instruction given to improve the concerns pointed out in on-site inspection and off-site supervision report, or if Rastra Bank deems it necessary, follow-up inspection may be conducted by visiting the place of transaction of the licensed institution or by asking to submit detailed records or information to Rastra Bank.

(B) Off-site supervision: Rastra Bank shall conduct off-site supervision based on notice, information and details received from licensed institution.

21. Deploying inspection team: (1) Rastra Bank may deploy an inspection team to carry out on-site inspection in the concerned licensed institution.
- (2) The inspection team appointed according to sub-bylaw (1) shall have a team leader and other members as required.
- (3) It shall be the duty of the director, office-bearer or employee of concerned licensed institution to make available, to enable observation or examination of the demanded records, statistics, details, information, programs/files created by computer and other electronic means, financial control system or other necessary documents, and help in review of cash, within the specified time, to the inspection team as per sub-bylaw (1).
- (4) According to sub-bylaw (2), the inspecting officer may ask for a written statement from director, office-bearer or employee of the licensed institution if deemed necessary during inspection and supervision related works.
- (5) If any concern is observed during inspection and supervision, the inspecting official may give necessary instruction to the licensed institution. It shall be the duty of the concerned licensed institution to follow the instruction given by the inspecting and supervising official. The inspection and supervision official shall inform Rastra Bank on the given instruction as soon as possible.
- (6) The team member shall carry out the tasks and responsibilities assigned by the team leader diligently and honestly.
- (7) The team member, on subject matter concerning the inspection task to be conducted by himself or herself, can inquire with staff of the licensed institution and get the necessary information.

However, if it is necessary to discuss with the management of the licensed institution, it shall be done through the team leader.

(8) If any sensitive matter is observed during the inspection and supervision, the team leader shall immediately inform the department head of the concerned supervision department or office head, verbally or in writing.<sup>2</sup>

(9) The department head of the concerned supervision department may appoint the Director to monitor the works of the inspection team assigned according to this bylaw.<sup>2</sup>

**22. Code of conduct of inspectors and supervisors:** (1) Every inspector and supervisor shall follow the following code of conduct:-

(a) Employees related to inspection and supervision shall perform their work independently with high integrity and morale.

(b) Inspectors and supervisors shall treat the licensed institution to be inspected in a highly professional and courteous manner. When contacting customer of the licensed institution, contact shall be made in the presence of the office bearer of the licensed institution.

(c) If the inspector and supervisor himself/herself or his/her family members have any kind of involvement in the licensed institution, information on such shall be given to the department head of the concerned supervision department or office head, before the inspection.<sup>2</sup>

(d) Inspectors and supervisors shall maintain a high moral character and be goal-oriented and stay away from all kinds of situations where personal interests are involved. It shall not be allowed to participate in parties, banquets, etc., except the public events, organized by the licensed institution to be inspected and supervised.

(e) Inspectors and supervisors can question, criticize or make suggestions regarding the management of the concerned licensed institution in the course of inspection. The information and details available in the course of inspection and supervision shall not be shared with other than the concerned office bearer and authorized institutions.

(f) The inspector or supervisor shall always be mindful that the primary responsibility of managing the activities of the licensed institution is that of the concerned licensed institution.

(g) Inspectors and supervisors shall perform their duties freely and fearlessly without fear, terror, threats, greed, revenge, faith, solicitation, etc.

(h) Inspectors and supervisors shall not perform or make perform any kind of work for their private work and self-interest, and shall not accept any kind of gifts from the licensed individual.

(i) Regarding the activities of the licensed institution, inspectors or supervisors shall be informed on Nepal Rastra Bank Act, 2002, Foreign Exchange (Regulation) Act, 1962 and rules, bylaws and prevailing laws made thereunder and the circulars, orders and directives issued by Rastra Bank from time to time, and the mentioned conditions while issuing the license.

23. Departmental action may be taken: (1) It shall be the duty of the concerned inspectors and supervisors to comply with the code of conduct mentioned in Bylaw 22.

(2) When preparing the inspection report or any details related to it, it shall be the duty of the concerned inspectors and supervisors to act under the laws, prevailing laws, rules, orders, directives and notices.

(3) Inspectors or supervisors who do not comply with the provisions of sub-bylaw (1) and (2) shall be subject to departmental action in accordance with the existing Nepal Rastra Bank Staff Service Bylaw.

24. Security of the employees involved in inspection and supervision: (1) If any unauthorized influence is exerted on the employees related to inspection and supervision in the course of fulfilling their duties, it shall be reported to the department head of the concerned supervision department or the head of the provincial office of Rastra Bank.<sup>2</sup>

(2) After receiving information from the concerned employees regarding the security risks of the employees during inspection and supervision, the department head of the concerned supervision department or the head of the provincial office of Rastra Bank, if required, may send a written request for the assistance of the concerned security agency for security arrangements.<sup>2</sup>

(3) If there is a security risk during the inspection and supervision, the department head of the concerned supervision department or the head of the provincial office of Rastra Bank may recall the concerned employee from such work before the completion of the work.<sup>2</sup>

(4) Rastra Bank shall defend the activities performed, with good intentions, by employees involved in inspection and supervision as part of their supervisory duty and they shall not be personally liable for any kind of legal liability arising therefrom.

(5) If the information, data, details, reports and documents submitted by the licensed institution are not accurate, realistic and genuine, the inspector and supervisor shall not be held accountable for the risk caused by the transmission of wrong information.

(6) The concerned supervision department shall take sufficient vigilance for the safety of the employees. The concerned supervision department shall make necessary arrangements to prevent any employee from being personally unsafe during the performance of duties.<sup>2</sup>

(7) Rastra Bank, with the approval of the Governor, shall defend the legal action taken by other parties in connection to the inspection, supervision and compliance of the related duties.

25. Inspection report: (1) The inspection team shall submit the inspection report to the department head of the concerned supervision department or the head of the provincial office of Rastra Bank, within seven working days of joining office after completing the inspection work. The following contents shall be included in the format of the inspection report, the purpose of the inspection and the instruction of the department head of the concerned supervision department or the head of the provincial office of Rastra Bank, as necessary:<sup>2</sup>

- a) Purpose, area and nature of inspection,

- b) Inspection period,
- c) Financial analysis,
- d) State of compliance with provisions related to anti-money laundering and combating the financing of terrorism related activitives,
- e) Major concerns observed during the inspection,
- f) Suggestion/instruction to be given to the licensed institution,
- g) Findings of inspection, and
- h) Other details specified and deemed necessary by department head of the concerned supervision department or head of provincial office of Rastra Bank.<sup>2</sup>

(2) If any instruction is to be given to the concerned licensed institution, the inspector or supervisor shall also state such the inspection report.

**26. Off-site supervision report:** (1) Off-site supervision report shall be prepared annually.

(2) The report to be prepared in accordance with sub-bylaw (1) shall be prepared within one month after the end of fiscal year and shall be submitted to department head of the concerned supervision department or head of provincial office of Rastra Bank.<sup>2</sup>

**27. Report implementation procedure:** (1) The concerned supervision department shall monitor whether all types of inspection and supervision reports are implemented or not.<sup>2</sup>

(2) While monitoring as per sub-bylaw (1), the policies, action plans and other documents demanded from the concerned licensed institution shall also be studied and analyzed to ensure their sufficiency.

## **Chapter-7** **Provision Relating to Offence, Punishment and Legal Action**

**28. Violation of regulation:** If institutions licensed to deal in foreign exchange transaction are found to have non compliance with Nepal Rastra Bank Act, 2002, Foreign Exchange (Regulation) Act, 1962, rules and bylaws thereunder the Acts, prevailing laws, and circulars, orders, directive, notice and conditions prescribed while providing license thereunder the prevailing laws shall be deemed to have violation in accordance with this Bylaw.

**29. Relating to legal action:** In pursuant to the nature of the remarks mentioned in the report prepared according to Bylaw 25, Rastra Bank shall take action if it falls under the jurisdiction of Rastra Bank, and Rastra Bank shall write to the concerned agency of Government of Nepal for required investigation and action if it falls under the jurisdiction of the concerned agency.

**30. Penalties and fines for violation of regulation:** (1) In case of violation of regulation as per Bylaw 28, Rastra bank may impose one or more of the following punishments or fines or both on the licensed institution.

- a) Giving reprimand,
- b) Giving written warning,
- c) Prohibiting any or all transaction in foreign exchange,
- d) Confiscation of cash security deposited in Rastra Bank or invoking guarantee,

- e) Imposing fine of up to one million rupees depending on the nature of the violation of Bylaw,
- f) Suspension or annulment of license.

**31. Penalties and fines to directors, office-bearer or employees in case of violation of regulation:**

(1) If office bearer of licensed institution violates Nepal Rastra Bank Act, 2002, Foreign Exchange (Regulation) Act, 1962, and rules or bylaws or orders or directive issued by Rastra Bank thereunder the Acts; or document, detail or data asked by Rastra Bank during inspection or supervision or by inspecting or supervision official is not submitted within the specified time; such director, office bearer or employee may be punished by Rastra Bank as follows:

- a) Giving reprimand or written warning,
- b) Giving admonition,
- c) Imposing fine of up to five hundred thousand rupees,
- d) Suspension.

(2) In case of violation of the regulation as per clause (1), Rastra Bank may write to the concerned institution for departmental action against such director, office-bearer or employee.

**32. Financial penalty and punishment procedure:** (1) The concerned supervision department shall follow the following procedure while imposing financial penalty or punishment as per Bylaw 30 and 31.<sup>2</sup>

- a) If it is found that the regulation as per Bylaw 28 has been violated, written explanation from the licensed institution or office bearer shall be asked, with deadline of fifteen days, mentioning the details of the violation. The accused institution or office bearer shall have to submit written explanation within fifteen days. If the written explanation is not submitted within the specified deadline or if the explanation submitted is not satisfactory, there shall be no hindrance to proceed for action on such institution or office bearer according to Bylaw 30 and 31.
- b) If the disagreement mentioned by the accused institution or office bearer on violation of regulation is found satisfactory, the concerned supervision department may amend, limit or cancel such accusation<sup>2</sup>.
- c) After submission of written explanation sought for the first time that is not satisfactory, the concerned supervision department, before imposing proposed punishment, shall provide written notice covering the following to the accused institution or office bearer to provide clarification within 7 days on proposed fine or punishment.<sup>2</sup>
  - i. The nature of regulation violation,
  - ii. The amount of the fine or the proposed penalty which may be imposed according to the nature of the regulation violation, and
  - iii. Summary of regulation violation.

(2) Notwithstanding anything contained in sub-bylaw (1), no procedure shall be followed while punishing under clauses (a) and (b) of bylaw 30 and 31.

## **Chapter-8** **Miscellaneous**

**33. Security arrangement:** (1) The licensed institution shall make all necessary arrangements including security and insurance for its transaction.

(2) The inspection team may also inspect the security related arrangements during inspection of infrastructure or other inspection.

(3) During inspection in pursuant to sub-bylaw (2), if it is found that the security related arrangement is insufficient, the inspection team may give necessary instruction to the concerned licensed institution and it shall be the duty of the concerned licensed institution to comply with such instruction.

**34. Change in name, shareholder/partner and place of transaction of the licensed institution:** If the licensed institution changes its name, shareholder/partner and place of transaction, it shall inform Rastra Bank within one month of the change.

**35. Arrangements related to keeping accounts:** (1) Institution licensed to deal in foreign exchange shall keep their books of accounts in accordance with Nepal Accounting Standards based on double-entry book-keeping system.

(2) In pursuant to sub-bylaw (1), if a type of transaction is not covered by Nepal Accounting Standards, accounting shall be kept according to International Financial Reporting Standards (IFRS).

**36. Submission of details:** (1) Institution licensed to deal in foreign exchange other than bank and financial institution shall have to prepare details in the format as per Schedule-11 on a monthly basis and submit it electronically as prescribed by Rastra Bank, within fifteen days of the end of the month.<sup>2</sup>

(2) In addition to the details as per sub-bylaw (1), it shall be the duty of the institution licensed to conduct foreign exchange transaction to submit the details as requested by Rastra Bank from time to time.

(3) Casino shall submit the details as per Schedule-12 to Schedule-19 in relation to foreign exchange transaction on a monthly basis electronically as prescribed by Rastra Bank.<sup>2</sup>

(4) Licensed institution, other than bank and financial institution, shall have to send the purchase details of foreign currency transaction through online reporting and e-mail, and the bank statement of foreign currency bank deposit through email on a monthly basis as prescribed by Rastra Bank.<sup>2</sup>

(5) Bank and financial institution shall have to submit details of foreign exchange transaction as prescribed by Rastra Bank.<sup>2</sup>

(6) If bank and financial institution starts foreign exchange transaction from a new branch and/or extension counter after obtaining the license, such information shall be submitted to the license

issuing department/provincial office of Rastra Bank and the concerned supervision department within fifteen days of starting the transaction.<sup>2</sup>

(7) The records of the details of sub-bylaw (1) to (6) must be kept securely by the licensed entity for at least five years and shall be made available to Rastra Bank whenever requested.<sup>2</sup>

**37. Closure of transaction:** If licensed institution as per Chapter-3 and Chapter-4 wants to close its foreign exchange transaction for any reason, it shall do as follows:<sup>2</sup>

(1) If the transaction has to be closed for seven days, prior information must be given to the license issuing department or provincial office of Rastra Bank and the concerned supervision department.<sup>2</sup>

(2) If the transaction has to be closed for a period exceeding the time mentioned in sub-bylaw (1), prior approval must be obtained from the license issuing department or provincial office of Rastra Bank.<sup>2</sup>

**37A. Work can be carried out through the electronic system:** Rastra Bank can carry out the work under this Bylaw using electronic system. After the public notice on the operation of such a system is published by Rastra Bank, applicant shall submit application using the system as prescribed.<sup>2</sup>

**37B. Delegation of authority and maximum time limit for service delivery:** For performance of works from Rastra Bank in accordance with this Bylaw, delegation of authority and maximum time limit for service delivery have been specified in Schedule-20.<sup>2</sup>

37C. Application submitted before coming into effect of this Bylaw (including amendment) shall be as per erstwhile provision and application submitted after coming into effect of this Bylaw (including amendment) shall be as per this Bylaw (including amendment).<sup>2</sup>

**38. Removal of obstacles:** If there is any obstacle in the implementation of this Bylaw, the Governor can remove such obstacle.

**38A. Change or alteration in schedule:** The Governor may make necessary change or alteration in schedule.<sup>2</sup>

**39. Revocation and protection:** Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2010 has been revoked. Prior to coming into effect of this Bylaw, licensing, inspection, supervision and all related activities by Rastra Bank for foreign exchange transaction shall be deemed to have been carried out under this Bylaw.

## Schedule-1

### Relating to Bylaw 4 of the Bylaw

**Nepal Rastra Bank  
Central Office  
Foreign Exchange Management Department  
Baluwatar, Kathmandu.**

#### **Subject: - Application for Foreign Exchange Transaction License**

Dear Sir/Madam,

As I/we am/are willing to do foreign exchange transaction as per section 63 of the Nepal Rastra Bank Act, 2002 and section 3 of the Foreign Exchange (Regulation) Act, 1962, I/we have submitted this application to get a license to carryout foreign exchange transaction.

- | Description  |
|--|
| 1. Details related to bank and financial institution.  |
| (a) Name and address of bank and financial institution:  |
| (b) Class:   |
| (c) Paid up capital:   |
| 2. Name of authorized official:  |
| 3. Mobile number:  |
| 4. Email:  |
| 5. Phone number:   |
| 6. Name and address of branches and extension counters dealing with foreign exchange (to include a separate list) <sup>2</sup> |
| 7. Name of Chief Executive:  |

The above mentioned my/our personal details are true and correct; if found to be false, I/we am/are ready to face punishment according to prevailing laws. In addition, if other details are required in addition to these details, I/we shall submit within the period specified by Rastra Bank.

Sincerely,

Signature:

Name:

Date:

Note: The applicant submitting the application must be an authorized office bearer. However, in the case of government agencies, government universities and government educational institutions, and not-for-profit social organizations, it is not mandatory for such authorized person to be an office bearer.<sup>2</sup>

## Schedule-1(A)

### Relating to Bylaw 4 of the Bylaw

#### Documents to be submitted by bank and financial institution along with the application for license

1. Copy of the registration certificate from Office of the Company Registrar and license from Nepal Rastra Bank.
2. Copy of Permanent Account Number certificate.
3. *X(Removed)<sup>2</sup>*
4. Original voucher regarding deposit of fees - as specified by the department - in *Na.No.Aa.Hi. Futkar* Account of Nepal Rastra Bank.
5. Other documents specified by the department, if any additional documents are required for foreign exchange transactions.
6. Copy of the decision made by the board of directors of the bank and financial institution regarding obtaining of the license.
7. Other documents specified by Rastra Bank.

## Schedule-2

### Relating to Sub-bylaw (1) of Bylaw 6 of the Bylaw

**Nepal Rastra Bank  
Foreign Exchange Management Department  
Foreign Exchange Transaction License for Bank, Development Bank and Finance  
Company**

License No. NRB (FEMD) ..... .... Bank/...../.....

According to Section 63 of Nepal Rastra Bank Act, 2002 and Section 3 of Foreign Exchange (Regulation) Act, 1962 M/S. .... has been granted this license to conduct foreign exchange transactions, subject to the conditions as follows:

1. License to deal in: (1) Buying and selling of Indian rupees, (2) Buying and selling of convertible foreign currencies, (3) Exchange facility against passport, (4) Dealing with letter of credit.

However, transactions as per point no. 4 above can only be done by "A" class commercial bank and National level "B" class development bank.<sup>2</sup>

2. Place of transaction: According to Bylaw 6 of Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020.
3. *X (Removed)<sup>2</sup>*

#### **Conditions:**

1. Foreign exchange shall be bought/sold only in accordance with the exchange rate rules set by Rastra Bank from time to time.
2. The Foreign Exchange (Regulation) Act, 1962 and the rules, bylaws, circular, order and directive issued by Rastra Bank under the Act and directive related to anti-money laundering and combating the financing of terrorism must be compulsorily followed. This license can be suspended or revoked at any time if it is found to be working against such.
3. Transaction detail related to foreign currency must be submitted monthly as prescribed by Rastra Bank.<sup>2</sup>
4. It is not allowed to close exchange transaction at the time specified by Nepal Rastra Bank and it is also not allowed to conduct exchange transaction before or after the specified time.
5. *X (Removed)<sup>2</sup>*
6. This license must be posted in the place where the transaction is conducted so that anyone can see it clearly. In addition, the exchange transaction timing and exchange rate must be posted such that anyone can see it.
7. This license cannot be transferred to anyone else.

On behalf of Nepal Rastra Bank,

Baluwatar, Kathmandu .....	.....	
Date:- 20..../.../...	(.....)	(.....)
	Deputy-Director <sup>2</sup>	Director <sup>2</sup>

**Schedule-3**

*X(Removed)<sup>2</sup>*

**Schedule-3(A)**  
*X(Removed)<sup>2</sup>*

## **Schedule-4**

Date: .....

**Nepal Rastra Bank  
Foreign Exchange Management Department  
Baluwatar, Kathmandu.**

**Subject: - Application for Foreign Currency Transaction License**

Dear Sir/Madam,

As this institution has started operating transaction of .....business, I/we am/are requesting to get a license to transact in foreign currency according to Section 63 of the Nepal Rastra Bank Act, 2002 and Section 3 of the Foreign Exchange (Regulation) Act, 1962.

## Details

1. Name of Institution (in Nepali) .....  
In English (BLOCK LETTER) .....
  2. Address of Institution: Province : ..... District.....  
Rural municipality/municipality/sub-metropolitan city/metropolitan city:.....
  2. Institution Registration Date: .....Registration No.....
  3. Income Tax (PAN) Registration Date: ..... Registration No.....
  4. Name of concerned department/office of Nepal Government/Provincial Government/Local level where the institution is registered:<sup>2</sup>.....
  5. Government of Nepal, Ministry of Tourism and Civil Aviation, Division of Tourism or concerned government agencies' licensed<sup>2</sup> date: ..... License No.: ..... . License period from.....to.....
  6. Issuance of Bank Guarantee –
    - (a) Name of Bank/Financial Institution:.....
    - (b) Amount Rs.....
    - (c) Date from ..... Until .....

If cash security is deposited:<sup>2</sup>

Amount deposited:

Amount deposited account number of Nepal Rastra Bank:

Date of deposit:
  7. X(Removed)<sup>2</sup>
  8. The amount deposited for license fee, Rs.....Deposited Voucher No..... Date.....
  9. Name of landlord as per rental agreement: .....  
Date of agreement ..... Valid date of agreement ..... ....  
Complete address of rental place.....
  10. Name (including branch) and address of the bank, with which foreign currency account is to be opened .....  
.....
  11. Institution's Phone No.....FAX No.: .....  
Email: ..... Contact Mobile Number.....
  12. Seal of Institution

Sincerely,

Signature:

Name: \_\_\_\_\_

Date:

Note: The applicant submitting the application must be an authorized office bearer. However, in the case of government agencies, government universities and government educational institutions, and not-for-profit social organizations, it is not mandatory for such authorized person to be an office bearer.<sup>2</sup>

**Schedule-4(A)****Relating to Sub-bylaw (2) of Bylaw 8 of the Bylaw****Documents to be submitted along with the application for license**

1. Copy of institution's registration certificate.<sup>2</sup>
2. Copy of memorandum of association and articles of association (for applicable institution).<sup>2</sup>
3. Copy of income tax registration certificate (for institution that needs to be registered for income tax).<sup>2</sup>
4. Copy of the industry registration certificate (for institution that needs to be registered with industry).<sup>2</sup>
5. Copy of the permit/permission of the Government of Nepal, the Ministry of Culture, Tourism and Civil Aviation, Division of Tourism or concerned government agency.<sup>2</sup>
6. *X(Removed)*<sup>2</sup>
7. Original voucher regarding deposit of fees - as specified by the department - in *Na.No.Aa.Hi. Futkar* Account of Nepal Rastra Bank.
8. Tax invoice with complete address and PAN number, and one original cash receipt's first number.
9. Copy of rental agreement made in accordance with the prevailing rental laws (copy of the landlord's citizenship is mandatory/copy of the institution's registration certificate in the case of an institution).<sup>2</sup>
10. Copy of citizenship certificate of director/proprietor/partner/shareholders and one each recent passport size photograph.
11. Location map of foreign exchange transaction place.
12. Original letter from the Credit Information Bureau of Nepal stating that the proprietors/partners/ shareholders are not included in the blacklist.
13. Proof of payment of rental tax.
14. Bio-data of directors.
15. *X(Removed)*<sup>2</sup>
16. Proof of deposit of cash security or bank guarantee for a period longer than 15 months beyond the maturity of the license to be obtained for foreign exchange transaction by the institution, for the specified amount.<sup>2</sup>
17. Self-declaration regarding compliance with provisions related to anti-money laundering and combating the financing of terrorism and submission of details as mentioned in the Bylaw issued by Nepal Rastra Bank, and full compliance with prevailing Act, rules and other legal provisions, and Foreign Exchange (Regulation) Act, 1962, prior to obtaining the license.
18. Other documents specified by the department required for foreign exchange transaction.
19. Application according to Schedule-4 related to sub-bylaw (2) of Bylaw 8 of Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020.
- 19A. If criminal record is shown in the police report, 5 years have elapsed after serving the sentence (evidence to be submitted).<sup>1</sup>
20. Other documents specified by Rastra Bank.

## Schedule-5

### Relating to Sub-bylaw (1) of Bylaw 9 of the Bylaw

Nepal Rastra Bank

Foreign Exchange Management Department

**License provided to hotel, travel agency, tours, trekking agency, cargo company,  
airlines and other institutions for foreign exchange transaction**

License No.: NRB (FEMD)...../01/.....

According to Section 63 of Nepal Rastra Bank Act, 2002 and Section 3 of Foreign Exchange (Regulation) Act, 1962, M/S. .... has been granted this license to accept foreign exchange, subject to the conditions as follows:

1. License for transaction: Only accept foreign currency in the course of business.
2. Place of transaction<sup>2</sup>: .....
3. Duration of license: .....
4. Approved bank for transaction: .....

Conditions:

1. The foreign currency received in the course of transaction must be deposited in the bank within the next working day after reporting the income in cash book of the institution and the related documents must be submitted to the Foreign Exchange Management Department on a monthly basis.<sup>2</sup>
2. The Foreign Exchange (Regulation) Act, 1962 and the rules, bylaws, circular, order and directive issued by Rastra Bank under the Act and directive related to anti-money laundering and combating the financing of terrorism must be compulsorily followed.
3. The process of renewing the license for the next period shall be conducted only by looking at the continuity of the transaction, the amount of foreign exchange earned, and the status of compliance with the policy-directives.
4. This license must be kept at the place of foreign exchange transaction, visible to all.
5. This license can be used only for the place for which the foreign currency transaction license has been granted.
6. Foreign currency account can be operated only for 30 days from the date of expiry of this license.
7. The exchange rate of the foreign currency to be transacted must be posted such that anyone can see it.
8. Renewal of this license must be done within .....
9. This license cannot be transferred to anyone else.

On behalf of Nepal Rastra Bank

Baluwatar, Kathmandu	.....	.....
Date:- 20..../.../...	(.....)	(.....)
	Assistant Director	Deputy Director

**Schedule-6****Relating to Sub-bylaw (1) of Bylaw 12 of the Bylaw**

**Format of application for renewal of license of hotel, travel agency, tours, trekking agency, cargo company, airlines and other institutions**

Date: .....

**Nepal Rastra Bank  
Foreign Exchange Management Department  
Baluwatar, Kathmandu.**

**Subject: - Regarding Renewal of Foreign Currency Transaction License**

Dear Sir/Madam,

Since the foreign exchange transaction license of this institution, granted by you, is expiring/has expired on ..... I/we request for renewal of it.<sup>2</sup>

**Details**

1. Name of Institution (in Nepali) ..... (In English) (BLOCK LETTER) .....
2. Present Address of Institution: Province :....., District....., Rural municipality/municipality/sub-metropolitan city/metropolitan city.....road..... house no.....
3. Address at the time of registration of the institution: Province: ....., District ....., Rural municipality/municipality/sub-metropolitan city/metropolitan city.....road.....house no....
4. Name of concerned department/office of Nepal Government/Provincial Government/Local level where the institution is registered:<sup>2</sup> ..... Registration No.....
5. Government of Nepal, Ministry of Tourism and Civil Aviation, Division of Tourism or concerned government agencies' licensed date: ..... License No.: ..... License period from.....to.....<sup>2</sup>
6. Renewal fee deposited in Rastra Bank, Rs..... Voucher No..... Date.....
7. Issuance of Bank Guarantee –
  - (a) Name of Bank/Financial Institution:.....
  - (b) Amount Rs.....
  - (c) Date from ..... Until .....

**If cash security is deposited:<sup>2</sup>**

Amount deposited:

Amount deposited account number of Nepal Rastra Bank:

Date of deposit:

8. Name of landlord as per rental agreement: ..... Date of agreement ..... Valid date of agreement ..... Complete address of rental place.....
9. Name (including branch) and address of the bank, with which foreign currency account is to be opened .....
10. Institution's Phone No..... FAX No.: ..... Email: ..... Contact Mobile Number.....
11. Seal of Institution

**Sincerely,**

**Signature:**

**Name:**

**Date:**

Note: The applicant submitting the application must be an authorized office bearer. However, in the case of government agencies, government universities and government educational institutions, and not-for-profit social organizations, it is not mandatory for such authorized person to be an office bearer.<sup>2</sup>

## Schedule-6(A)

### **Relating to Sub-bylaw (1) of Bylaw 12 of the Bylaw**

#### **Documents to be submitted while applying for renewal of license for hotel, travel agency, tours, trekking agency, cargo company, airlines and other institutions**

1. Copy of updated institution registration certificate (if required) issued by the concerned department/office of Nepal Government/Provincial Government/Local level<sup>2</sup>
2. Copy of the permit of the Government of Nepal, the Ministry of Culture, Tourism and Civil Aviation, Division of Tourism or concerned government agency.<sup>2</sup>
3. Copy of rental agreement made in accordance with the prevailing rental Act.
4. Original voucher regarding deposit of fees - as specified by the department - in *Na.No.Aa.Hi. Futkar* Account of Nepal Rastra Bank.
5. Copy of rental agreement made in accordance with the prevailing rental laws (copy of the landlord's citizenship is mandatory/copy of the institution's registration certificate in the case of an institution).<sup>2</sup>
6. Copy of the audited financials of the previous fiscal year.
7. Proof of tax clearance or filing of tax returns.
8. Original license granted by Rastra Bank for previous period.<sup>2</sup>
9. Bank guarantee covering a period of at least 15 months longer than the period for which the license can be obtained or proof of deposit of cash security.<sup>2</sup>
10. Proof of deposit of cash security or bank guarantee, for the specified amount.<sup>2</sup>
11. Proof of payment of rental tax.
12. Declaration letter regarding compliance with prevailing legal provisions related to anti-money laundering and combating the financing of terrorism and submission of details as mentioned in the Bylaw issued by Nepal Rastra Bank, and full compliance with prevailing rules, laws and other provisions as per the Acts, and Foreign Exchange (Regulation) Act, 1962, prior to obtaining the license from Rastra Bank.
13. Application according to Schedule-6 related to sub-bylaw (1) of Bylaw 12 of Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020.
14. To be submitted only in case of change.
  - Clause of memorandum of association and articles of association,
  - Citizenship certificate of proprietor/partner/shareholder,
  - One each photo of proprietor/partner/shareholder,
  - Original letter from Credit Information Bureau of Nepal of stating that the proprietor/partner/shareholders are not included in blacklist.
  - Bio Data of directors.
15. Copy of the decision made by the board of directors of the licensed institution regarding license renewal.
- 15A. If criminal record is shown in the police report, 5 years have elapsed after serving the sentence (evidence to be submitted).<sup>1</sup>
16. Other documents specified by Rastra Bank.

## Schedule-7

### Relating to Bylaw 13 of the Bylaw

#### Documents to be submitted by casino to obtain license

1. Certified copy of the company registration certificate with Office of the Company Registrar.
2. Certified copy of income tax registration certificate.
3. Certified copy of industry registration certificate.
4. Certified copy of the permit (including the updated) issued by the concerned agency of the Government of Nepal.<sup>2</sup>
5. Original recommendation letter of the concerned ministry/department/office of the Government of Nepal for foreign currency transaction.
6. Original voucher of money deposited in Rastra Bank for casino fee.
7. Tax invoice with complete address and PAN no., two original copies of the first number of Foreign Exchange Receipt or if transaction is done through computer generated invoice/receipt, a sample of such along with approval letter from tax office.
8. Certified copy of rental agreement made in accordance with rental Act (copy of the landlord's citizenship/copy of the institution's registration certificate and copy of tax clearance certificate, in the case of an institution).<sup>2</sup>
9. Certified copy of the company's memorandum of association and articles of association.
10. Photographs of proprietor/partner/shareholders.
11. Certified copy of citizenship of proprietor/partners/shareholders.
12. Location map of office.
13. Original letter from the Credit Information Bureau of Nepal stating that the proprietors/partners/ shareholders are not included in the blacklist.
14. Certified copy of proof of payment of rental tax.
15. Financial/bank guarantee having expiry of at least two years or proof of deposit of cash security as per the provision of Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020.<sup>2</sup>
16. Bio Data of directors.
17. *X(Removed)*<sup>2</sup>
18. Self-declaration regarding compliance with provisions related to anti-money laundering and combating the financing of terrorism and submission of details as mentioned in the Bylaw issued by Nepal Rastra Bank, and full compliance with prevailing Act, rules and other legal provisions, and Foreign Exchange (Regulation) Act, 1962, prior to obtaining the license.
19. Certified copy of the Casino's KYC Policy.
20. Certified copy of the Casino's Procedure Manual for cash transaction.
- 20A. If criminal record is shown in the police report, 5 years have elapsed after serving the sentence (evidence to be submitted).<sup>1</sup>
21. Other documents specified by Rastra Bank.

Note: Certified means certified by a notary.<sup>2</sup>

## Schedule-8

### Relating to Bylaw 15 of the Bylaw

**Nepal Rastra Bank  
Foreign Exchange Management Department  
License provided to Casino for foreign exchange transaction**

License No. NRB(FEMD)...../01/.....

According to Section 63 of Nepal Rastra Bank Act, 2002 and Section 3 of Foreign Exchange (Regulation) Act, 1962 M/S. .... has been granted this license to accept foreign exchange, subject to the conditions as follows:

1. License for transaction: Accept and make payment, as specified, in foreign currency in the course of business.
2. Place of transaction<sup>2</sup>: .....
3. Duration of license: .....
4. Approved bank for transaction: .....

Conditions:

1. The foreign currency received in the course of transaction must be deposited in the bank within the next working day after reporting the income in cash book of the institution and the related document must be submitted to the Foreign Exchange Management Department on a monthly basis.<sup>2</sup>
2. The Foreign Exchange (Regulation) Act, 1962 and the rules, bylaws, circular, order and directive issued by Rastra Bank under the Act and directive related to anti-money laundering and combating the financing of terrorism must be compulsorily followed.
3. The process of renewing the license for the next period shall be conducted only by looking at the continuity of the transaction, the amount of foreign exchange earned, and the status of compliance with the policy-directives.
4. This license must be kept at the place of foreign exchange transaction, visible to all.
5. This license can be used only for the place for which the foreign currency transaction license has been granted.<sup>2</sup>
6. Foreign currency account can be operated only for thirty days from the date of expiry of this license.
7. Renewal of this license must be done within .....
8. This license cannot be transferred to anyone else.

On behalf of Nepal Rastra Bank,

Baluwatar, Kathmandu .....  
Date: - 20..../.../... (.....) .....  
Assistant Director (.....) Deputy Director

## Schedule-9

### Relating to Sub-bylaw (1) of Bylaw 16 of the Bylaw

#### Documents to be submitted by casino when applying for renewal of license

1. Letter from the Office of the Company Registrar regarding update of the company.
2. Certified copy of income tax registration certificate.
3. Certified copy of updated certificate of industry registration.
4. Certified copy of the updated permit issued by the concerned agency of the Government of Nepal.
5. Original voucher of money deposited in Rastra Bank for renewal fee of casino.
6. Certified copy of rental agreement made in accordance with rental Act (copy of the landlord's citizenship/copy of the institution's registration certificate and copy of tax clearance certificate, in the case of an institution).<sup>2</sup>
7. Certified copy of proof of payment of rental tax.
8. Financial/bank guarantee having expiry of at least two years or proof of deposit of cash security as per the provision of Nepal Rastra Bank Foreign Exchange Transaction Licensing and Inspection Bylaw, 2020.<sup>2</sup>
9. Declaration letter regarding compliance with provisions related to anti-money laundering and combating the financing of terrorism and submission of details as mentioned in the Bylaw issued by Nepal Rastra Bank, and full compliance with prevailing Act, rules and other legal provisions, and Foreign Exchange (Regulation) Act, 1962, prior to obtaining the license.
10. To be submitted only in case of change.
  - Clause of memorandum of association and articles of association,
  - Certified copy of citizenship certificates of proprietor/partner/shareholder,
  - One each photo of proprietor/partner/shareholder,
  - Letter from Credit Information Bureau of Nepal of stating that the proprietor/partner/shareholders are not included in blacklist.
  - Bio Data of directors.
11. Copy of the audited financials of the previous fiscal year.
12. Proof of tax clearance or filing of tax returns.
13. Original license granted by Rastra Bank for previous period.
14. Copy of the decision made by the board of directors of the casino regarding renewal of license.
- 14A. If criminal record is shown in the police report, 5 years have elapsed after serving the sentence (evidence to be submitted).<sup>1</sup>
15. Other documents specified by Rastra Bank.

Note: Certified means certified by a notary.<sup>2</sup>

**Schedule-10****Relating to Clause (c) of Sub-bylaw (1) of bylaw 17 of the Bylaw**

**Sample of receipt to be issued for acceptance of foreign currency  
 (Name and Address of firm, company or institution)  
 FOREIGN EXCHANGE ENCASHMENT RECEIPT (FEER)**

Receipt No.:

DATE: .....

We hereby certify that today we have purchased foreign currency as mentioned below from Mr/Mrs/Miss ..... Passport No.: .....

Nationality..... Home Address.....

Particulars Cash/Card	Currency Amount (FCY)	Exchange Rate	Total NPR	Authorized dealer's Name, address,Stampand Signature

Foreign Currency in Words \_\_\_\_\_

Customer's Signature: Local Address: .....

**PLEASE READ IMPORTANT INFORMATION OVERLEAF  
 ENDORSMENT TO BE MADE BY AUTHORISED DEALER ACCEPTING  
 THEIR BILL IN NEPALESE RUPEES<sup>2</sup>**

S.N.	Date	Kind of Service	Bill	NPR	Balance after Billing in NPR.	Authorised dealer's name, address, stamp and Signature
			No. & date			

**IMPORTANT INFORMATION:**

- As per prevailing Nepalese Law, it is illegal to deal in Foreign Exchange with a person other than an authorized person.
- Please obtain proper receipt whenever you exchange money.
- The Nepalese Rupees balance remaining with you (not for Nepalese and Indian nationals) will be converted back into US dollar at the departure exchange counter at Tribhuvan InterRastra Airport at the time of departure, on submission of encashment receipt.
- The receipt stamped "USED" will not be considered for refund.

**THIS EXCHANGE RECEIPT SHOULD BE CAREFULLY PRESERVED WHEN YOU ARE IN NEPAL.**

**Schedule-11****Relating to Sub-bylaw (1) of Bylaw 36 of the Bylaw**

**Monthly statement to be submitted to Nepal Rastra Bank regarding acceptance of foreign currency**

**(Name and Address of firm, company or institution)**

Statement of Purchases

For the Month of .....

S.No.	Name of Person	Amount in USD/INR		Amount in NPR	
		Number Of Transactions	Amount	Number Of Transactions	Amount
	Total				

**(Name and Address of firm, company or institution)**

Statement of Bank Deposited Amount

For the Month of .....

S.No.	Name of the Bank	Amount in USD/INR		Amount in NPR	
		Number Of Transactions	Amount	Number Of Transactions	Amount
	Total				

Authorised Signature:

Name:

Designation:

Date:

**Schedule-12****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw**

**Sample of receipt to be issued when accepting cash foreign currency from casino  
player**

**(Name and Address of Company)  
FOREIGN EXCHANGE RECEIPT**

**Receipt No.:****DATE: .....**

We hereby certify that we have received today foreign currency (Cash / Bank) as mentioned below from Mr/Mrs/Miss.....Passport No.: .....  
Nationality.....HomeAddress.....

Currency	Amount in FCY	Exchange Rate	Total NPR	Remarks

Foreign Currency in Words \_\_\_\_\_

Customer's Signature: \_\_\_\_\_ Local Address: .....

**Authorised Signature:****Name:****Designation:****Date:**

### Schedule-13

#### Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw

##### Monthly statement of foreign currency accepted from casino player (Name and Address of Company)

Statement of Receipt  
For the Month of .....

S. No.	Name of Person	Currency	Amount in FCY	Exchange Rate	Amount in NPR
<b>Total</b>					

**Authorised Signature:**

**Name:**

**Designation:**

**Date:**

**Schedule-14****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw****Monthly statement of amount paid to casino player  
(Name and Address of Company)**

Statement of Payment  
For the Month of .....

<b>S.No.</b>	<b>Name of Person</b>	<b>Currency Amount (USD/INR)</b>	<b>Amount in NPR</b>	<b>Remarks</b>
<b>Total</b>				

**Authorised Signature:****Name:****Designation:****Date:**

**Schedule-15****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw****Monthly statement of bank deposits****(Name and Address of Company)**

Statement of Bank Deposited Amount

For the Month of .....

<b>Date</b>	<b>Name of the Bank</b>	<b>Currency</b>	<b>Amount in FCY</b>		<b>Exchange Rate</b>	<b>Amount in NPR</b>
			<b>Number Of Transactions</b>	<b>Amount</b>		
	<b>Total</b>					

**Authorised Signature:****Name:****Designation:****Date:**

**Schedule-16****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw****Monthly statement of foreign currency received, won and lost****(Name and Address of Company)**

Statement of Receipt

For the Month of .....

S.No.	Name of Person	Currency	Amount in FCY				Exchange Rate	Amount in NPR
			Received	Won	lost	Balance		
<b>Total</b>								

**Authorised Signature:****Name:****Designation:****Date:**

**Schedule-17****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw****Monthly statement of Indian Currency received, won and lost  
(Name and Address of Company)**

Statement of Receipt  
For the Month of .....

<b>S.No.</b>	<b>Name of Person</b>	<b>Amount in INR</b>				<b>Exchange Rate</b>	<b>Amount in NPR</b>
		<b>Received</b>	<b>Won</b>	<b>lost</b>	<b>Balance</b>		
<b>Total</b>							

**Authorised Signature:****Name:****Designation:****Date:**

**Schedule-18**

**Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw**  
**Monthly statement of convertible foreign exchange received, won and lost**

**(Name and Address of Company)**

Statement of Receipt

For the Month of .....

**Amount in USD**

S.N.	Date	Currency	Previous Balance		Received		Payment		Balance		Exchange Rate	Amount in NPR.
			Cash	Bank	Cash	Bank	Cash	Bank	Cash	Bank		
<b>Total</b>												

**Authorised Signature:**

**Name:**

**Designation:**

**Date:**

**Schedule-19****Relating to Sub-bylaw (3) of Bylaw 36 of the Bylaw****Monthly Statement of Indian Currency Received, Won and Lost**

(Name and Address of Company)

Summary of Daily Transactions

For the Month of .....

**Amount in INR**

S.N.	Date	Currency	Previous Balance		Received		Payment		Balance		Exchange Rate	Amount in NPR
			Cash	Bank	Cash	Bank	Cash	Bank	Cash	Bank		
<b>Total</b>												

**Authorised Signature:****Name:****Designation:****Date:**

**Schedule-20<sup>2</sup>****Relating to Bylaw 37B****Delegation of Authority and Maximum Time Limit for Service Delivery**

<b>S. N.</b>	<b>Subject Title</b>	<b>Authorized Official</b>	<b>Maximum time limit for service delivery from Rastra Bank (To be counted after submission of complete documents)</b>
1.	License to banks and financial institutions	Executive Director in case of department and office head in case of provincial office	7 working days
2.	License to the institutions accordance with Chapter-3	Executive Director in the case of department and office head in the case of provincial office.	10 working days
3.	Renewal of the license of the institutions as per Chapter-3	Director in case of department and head of office in case of provincial office	7 working days
4.	Confiscation of bank guarantee or cash security of the institutions as per Chapter-3 (If requested by the applicant, the bank guarantee can also be released after depositing the fine amount) and automatic annulment of the license. Also, releasing the bank guarantee/cash security by annulling license	Executive Director in case of department and office head in case of provincial office	7 working days
5.	License to casino and its renewal	Department head in case of department and office head in case of provincial office.	7 working days
6.	Confiscation of bank guarantee or cash security of casino (if requested by the applicant, the bank guarantee can also be released by depositing the fine amount) and automatic annulment of the license. In addition, releasing the bank guarantee/cash security by annulling the license	Department head in case of department and office head in case of provincial office.	7 working days
7.	Approval of action as per Bylaw 29	Governor	10 working days
8.	Punishment and fine as per Bylaw 30 and 31	Governor	10 working days
9.	Approval for closure of transaction In as per Bylaw 37(2)	Concerned Director in case of department and office head in case of provincial office	3 working days
10.	Addition or amendment of name and branch of the approved bank and financial institution, mentioned in the license, to carry out transaction	Concerned Deputy Director	2 Working Days

<sup>1</sup>First Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on December 15, 2022 (meeting number: 31/2079).

<sup>2</sup>Second Amendment: As per the decision of Nepal Rastra Bank, Board of Directors' meeting held on date November 28, 2023 (meeting number 28/2080).