

The “Currency and Foreign Exchange Law” which has received the assent of the Republican Assembly of the Turkish Republic of Northern Cyprus at its session held 10 July, 1997, is hereby promulgated by the Acting President of the Turkish Republic of Northern Cyprus under Article 94(1) of the Constitution by publishing it in the Official Gazette.

No: 38/1997

CURRENCY AND FOREIGN EXCHANGE LAW

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CURRENCY AND FOREIGN EXCHANGE LAW

The Republican Assembly of the Turkish Republic of Northern Cyprus enacts the following Law.

Short Title	1. This Law is cited as the Currency and Foreign Exchange Law.
Objective	2. The object of this Law is to regulate the procedures and principles relating to the import and export of foreign currency and securities to and from the Turkish Republic of Northern Cyprus, and the circulation of foreign currency and securities in the country.
Interpretation	3. In this Law, unless the context otherwise requires:
39/2001	“Banks” means banks operating under the Banking Law of the Turkish Republic of Northern Cyprus. “Central Bank” means the Central Bank of the Turkish Republic of Northern Cyprus. “Correspondents” means banks abroad where the Banks maintain foreign currency accounts or with which carry out transactions.

“Effective Money” means moneys introduced by the currency authorities of foreign countries and in circulation for the time being.

“Foreign Currency” means all forms of accounts and papers including effective money enabling payments in the currencies of foreign countries.

“Foreign Currency Bureaux” means corporate bodies exclusively dealing in the purchase and sale of foreign currencies and holding “Foreign Currency Licences” issued by the Ministry under this Law.

“Foreign Exchange” means all forms of dealings relating to foreign currencies.

“Material Value” means money, precious metal, precious stones, securities and valuable goods.

“Ministry” means the Ministry responsible for economic affairs

“Money” means the official currency in circulation and all kinds of foreign currency.

“Official Currency in Circulation” means the Turkish Lira which is in circulation in the Turkish Republic of Northern Cyprus as official currency.

“Precious Metal” means gold, silver, platinum, palladium, radium, iridium, osmium and ruthenium.

“Precious Stones” means diamond, brilliant, sapphire, ruby, emerald and similar stones.

“Rate of Exchange” means the amount in units of currency in circulation to be paid for purchasing a unit of foreign currency, and the amount in units of currency in circulation to be received where a unit of foreign currency is sold.

“Value Date” means the actual date of final settlement of accounts in a purchase and sale or exchange transaction.

Free Use of
Official
Currency

4. The importation into and exportation from the Turkish Republic of Northern Cyprus of the official currency in circulation and its use in any way inside and outside the country is free.

Free Use of
Foreign
currency

5. Real persons and corporate bodies in the Turkish Republic of Northern Cyprus are free to possess or have savings in foreign currency, or use foreign currency as a means of exchange, and in expressing figures in payment vouchers and contracts.

Foreign
Currency
Movements

6. Transfers and movements of funds, including funds in foreign currency, into and outside the Turkish Republic of Northern Cyprus by real persons and corporate bodies are free, provided that such transfers and movements are carried out through banks and records are kept of the names and addresses of senders and receivers. The amounts of incoming and outgoing transfers shall be reported to the Central Bank. The procedure and principles relating to such reports, including those with reference to the names and addresses of senders and recipients, shall be regulated by the Central Bank by notification to be published in the Official Gazette.

Provided that the provisions of this section shall not apply where material value is acquired by real persons and corporate bodies through the commission of an offence leading to proceedings by judicial authorities or to conviction of such an offence.

Cash
Movements

7. (1) The transfer outside the country and the entry into the country of banknotes and coins are free within the limits

laid down by notification to be issued by the Central Bank and published in the Official Gazette.

- (2) Banks are free to transfer banknotes and coins outside the country in excess of the limits prescribed by the Central Bank.

Provided that such transfers may be made upon declaring in writing to the Central Bank the amount to be carried and obtaining a certificate acknowledging the receipt of such declaration.

- (3) Where upon the entry into the country of banknotes in cash arriving at the Turkish Republic of Northern Cyprus, it is found that the banknotes brought exceed the limits set out in sub-section (1) of this section, customs officials shall require a declaration to be made as to the source of the money and shall send a copy of the declaration to the Central Bank.

Foreign
Exchange
Transactions
by Banks

8. (1) Banks are free to maintain foreign currency accounts, act as intermediaries in import and export business, open foreign currency accounts and accept foreign currency savings, deal in the purchase and sale of foreign currency, carry out transactions with bonds requiring payment in foreign currency, give loans in foreign currency, maintain foreign currency balances in accounts at correspondents, pay interest to foreign currency accounts, receive interest on investments made in foreign currency, take active part in money and foreign currency markets and carry out any form of transaction in conformity with international banking practices.
- (2) In transactions relating to foreign trade where banks act as intermediaries, internationally recognised methods of payment and international practices shall be observed.

Foreign
Currency
Bureaux

9. “Foreign Currency Bureaux” to be engaged in buying and selling foreign currency have to be engaged in this business, and are obliged to obtain a foreign exchange bureau licence by producing to the Ministry a certificate that they have paid every year at the latest by the end of the month of January an annual sum of 1,000 US Dollars “foreign currency bureau” fee into the treasury account to be opened at the Central Bank. The requirements for the establishment, operation and licensing of foreign exchange bureaux shall be regulated by notification to be issued by the Ministry and published in the Official gazette.

Fixing Rates
of Exchange

10. (1) Official Rates of Exchange to be adopted as a basis in official transactions are fixed daily by the Central Bank and announced by publication in the Official Gazette.
- (2) Banks, foreign exchange bureaux and the Central Bank are

free to fix for their own business purposes their own buying and selling rates of exchange of foreign currency. Different rates of exchange may be fixed for the same foreign currency unit depending on the nature of the foreign currency and the transaction to be carried out, the value date and the due date of the transaction. Banks and foreign exchange bureaux shall report to the Central Bank at the close of daily business the minimum buying and maximum selling rates of exchange that have actually taken place in foreign currency transactions throughout the day.

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| Foreign
Currency
Accounts and
Loans in
Foreign
Currency | 11. | <p>(1) Real persons and corporate bodies are free to obtain loans in foreign currency, or lend money in foreign currency, express amounts in contracts entered mutually by the parties in foreign currency, and effect necessary payments in foreign currency.</p> <p>(2) Banks may open foreign currency accounts for real persons and corporate bodies; and may provide cheque books for current foreign currency accounts.</p> <p>(3) The capital and interest accruing thereon in foreign currency accounts opened in banks are payable in the same kind of foreign currency, provided that where a request is made by the account holder, transactions in a different kind of foreign currency or in official currency in circulation may be made..</p> <p>(4) In the absence of an agreement to the contrary, loans given by banks in foreign currency or moneys borrowed shall be paid to the bank in the same kind of foreign currency.</p> |
| Reports
Relating to
Foreign
Currencies | 12. | Banks and foreign currency bureaux shall send to the Central Bank the reports relating to the balances of foreign currency maintained by them and foreign currency transactions which they have carried out. Procedures and principles regulating the form, requirements and contents of the reports shall be laid down by the Central Bank. |
| Securities | 13. | <p>(1) Real persons and corporate bodies in the Turkish Republic of Northern Cyprus are free to make direct investments abroad, to buy and sell, import into or export outside the country, and hold in possession stocks and shares, bonds, debentures, options and any other kind of securities dealt with in financial markets inside and outside the country.</p> <p>(2) Real persons and corporate bodies residing abroad may invest in and hold in their possession all kinds of securities inside the Turkish Republic of Northern Cyprus.</p> <p>(3) Real persons and corporate bodies which will be engaged professionally in the purchase and sale of securities shall operate in conformity with the provisions of the Stock</p> |

Exchange Law.

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| Precious Metals and Precious Stones | 14. | (1) | Real persons and corporate bodies are free to hold in possession and trade in precious metals and precious stones and articles made of them. .. |
| | | (2) | The limits, procedures and principles governing the importation and exportation of precious metals and precious stones shall be laid down in Regulations to be issued by the Council of Ministers and published in the Official Gazette. |
| Offences and Penalties | 15. | (1) | Real Persons and/or corporate bodies who contravene the provisions of sections 6, 7, 9 and 14 of this Law and the directors and managers in charge of corporate bodies and/or persons who have actually contributed to any act contravening the provisions of the said sections shall be guilty of an offence, and may, on conviction be liable to a fine up to 1,000,000,000 TL (one billion Turkish Liras) or to imprisonment up to ten years or to both. |
| | | (2) | Real persons and corporate bodies who contravene the provisions of this Law and of the rules made under this Law, and the directors, managers in charge of corporate bodies and/or persons actually contributing to the act contravening the said provisions shall be guilty of an offence and may, on conviction be liable to a fine up to 1,000,000,000 TL (one billion Turkish Liras) or to imprisonment up to ten years or to both |
| Repeals | 16. | | Without prejudice to any act done or to be done under them the following legislation shall be repealed as from the date of entry into force of this Law: |
| 38/1992
22/1987
46/1992
46/1994 | | (1) | Currency and Foreign Exchange Law. |
| 4/1979 | | (2) | Foreign Currency Stabilisation Law. |
| Notif.603 O.G.02.11.87
Notif.453 O.G:13.10.88
Notif.528 OG 12.12.88
Notif.483 O.G 03.11.89
Notif.539 O.G:25.10.91
Notif.639 O.G 20.12.91
Notif.268 O.G 25.06.92
Notif.540 O.G 16.12.92
Notif.154 O.G:12.04.93
Notif.165 O.G 01.03.95
Notif.438 O.G 09.05.96
Notif.474 O.G 24.05.96
Notif.509 O.G 01.06.96 | | (3) | Currency and Foreign Exchange Regulations. |
| | | (4) | Orders, resolutions and notifications issued under the foregoing Laws and Regulations. |
| Power to | 17. | | This Law shall be administered by the Minister responsible for |

Administer		Economic Affairs on behalf of the Council of Ministers of the Turkish Republic of Northern Cyprus.
Coming into Force	18.	This Law shall come into force as from the date of its publication in the Official Gazette.