

Chapter Five

Data and Statistics the Exchange Companies should provide to the Central Bank of Kuwait

Subject	Date of Last Instructions
1. Financial Positions of the Exchange Companies:	
a) General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.	12/12/1985
b) Conditions to be considered in Classification of Partners' Equity.	28/10/2007
c) Classification of proposed Dividends and Funds provided for the Partners for supporting Capital.	21/5/2008
d) Including Profits (Losses) for the Period under "Other Liabilities" instead of "Partners' Equity".	16/2/2010
e) Circular requesting Exchange Companies to ensure Compatibility of their Systems in order to provide the CBK with the Financial Position Statement (EXC) through a Direct Communication line.	12/12/2016
f) Circular concerning Completion of Testing Process of EXC System and providing us with Data in the Testing Environment as of December 2017, along with the related Explanatory Notes and Definitions.	13/12/2017
g) Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.	7/7/2019
h) Circular No. (2/ES/436/2019) to all Exchange Companies for uploading Exchange Companies' Data in the Production Environment of EXC System in line with Oracle as of May 2019.	2/6/2019
2. Providing CBK with the Foreign Currency Report Forms on the first Business Day subsequent to the Weekend, as per the attached Explanatory Notes and Definitions.	27/1/1990

Subject	Date of Last Instructions
3. Instructions requiring the Exchange Companies to adopt the International Accounting Standards in Preparation of their Financial Statements.	27/2/1990
4. Providing us with the Monthly Forms of the Foreign Currency Report, starting from the period ending 30/04/1990.	6/3/1990
5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales:	
A. Providing us with a daily Statement of the Company's Foreign Currency Sales of USD 35,000 and above for each Transaction.	19/9/1991
B. Confirmation on providing us with the daily Statements of the Company's Foreign Currency Sales as per the attached Forms.	19/3/1994
C. Providing us with the daily Statements of Foreign Currency Sales of USD 35,000 and above on personal Discs on a monthly Basis, monthly cumulative Statistics for Amounts less than USD 35,000 per a single Customer, and the total Foreign Currency Purchases from the Central Bank of Kuwait equivalent in Kuwaiti Dinars.	17/8/1994
D. The Circular issued for ceasing Submission of the Details of the daily USD Purchase and Sale Movement to the Foreign Operations Department, effective from January 2001, provided the Statement of Foreign Currency Sales and Purchases provided to the Supervision Sector on a monthly Basis should include an attached Statement of the Sales and Purchases above USD 100,000.	16/1/2001
E. Circular No. (2/ES/290/2012) amending Forms of Exchange Companies' Foreign Currency Sales and Purchases.	2/12/2013
6. Providing us with a combined Statement of Kuwaiti Customers, who have purchased Foreign Currencies exceeding the Equivalent of USD 10,000 from the Beginning of the Company's Activity until 30/04/1993, provided such Statement should be provided on a monthly Basis, effective from the end of May 1993.	11/5/1993

Subject	Date of Last Instructions
7. Confirmation on the Requirement that the Exchange Companies should provide us with the quarterly periodic Statements no later than the tenth day of the month subsequent to the Reporting Month.	13/7/1995
8. Providing us with brief Profit & Loss Statements at the End of each Quarter, effective from 31/03/1995.	3/10/1995
9. Instructions regarding the Details of Foreign Currency Purchases and Sales:	
A. Providing the Foreign Operations Department with the detailed daily Purchases and Sales in USD with Customers.	18/3/1996
B. Providing us with the detailed daily Foreign Currency Purchases and Sales with Customers as per the attached designated Form, taking into account the Regulations stated in this letter.	1/4/1996
10. Confirmation on the Requirement that the Exchange Companies should provide us with the Balance Sheet and Profit & Loss Account within 3 months from the end of the fiscal year.	25/8/1995
11. Ceasing Submission of a Statement of USD Sales exceeding USD 35,000 and above to the Foreign Operations Department as of the Date hereof, and providing us with only a Diskette on a quarterly Basis, including a Statement of the mentioned daily Sales.	2/11/1998
12. Circular to all Exchange Companies amending the two Statements of Foreign Currency Purchases and Sales provided to the Central Bank of Kuwait on a monthly Basis to include the new Currency (EURO).	10/12/1998
13. Instructions No. (2/ES/158/2004) to all Exchange Companies for setting the Deadline for Submission of the Periodic Statements.	6/5/2004

Rabi-ul-Al-Awal 30, 1406 H
December 12, 1985

General Instructions

1. The attached financial position form should be submitted to the Central Bank of Kuwait at the end of last business day of every three-month period.
2. The attached form should be submitted within ten days following the date of the reporting period.
3. To ensure that the form is properly filled out, the Central Bank of Kuwait shall provide the reporting company with the explanatory notes and definitions to cover each item in the form.
4. Column (1) should include the balances stated in the company's books at the reporting date.
5. Column (2) should include the provisions made against risks of debt collection, investment impairment and accumulated depreciation of fixed assets or accumulated amortization of incorporation fees and key money, next to each subaccount that so requires.
6. Column (3) should include the net value of the main item, net of total provisions, if any, from the total subaccounts' balances.
7. Column (4) should include the total of main items of the subaccounts.
8. Column (5) should include balances of the subaccounts stated in the company's books as on the reporting date.
9. The form should be marked "private & confidential" and addressed to the "Manager of the Banking Supervision Department".
10. The Central Bank of Kuwait attributes greater importance to the accuracy of the numbers. Therefore, the employee responsible for filling out the form must consider the accompanying explanatory notes and definitions. In case of any doubt about the sound completion of the form, the employee should contact the Supervision Department.
11. The General Manager authorized to sign on the company's behalf must sign the form.

1. Financial Position of Exchange Companies.

- A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

**Central Bank of Kuwait
Supervision Department**

**Form: Exchange Company's Financial Position
Balance Sheet as on**

Company's Name:

Private and Confidential

KD (1)	Provision (2)	KD (3)	Assets	KD (4)	KD (5)	Liabilities and Partners' Equity
			<u>Cash and cash assets</u>			<u>Claims of local banks</u>
			<u>Claims on local banks</u>			Current
			Current and sight deposits			Loans
			Time deposits			<u>Claims of foreign banks</u>
			Loans			Current
			<u>Claims on foreign banks</u>			Loans
			Current and sight			<u>Claims of other financial institutions</u>
			Time deposits			Local
			Loans			Foreign
			<u>Claims on other financial institutions</u>			<u>Payables</u>
			Local			Customers' cash deposits
			Foreign			Partners' payables
						Other payables

1. Financial Position of Exchange Companies.

A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

KD (1)	Provision (2)	KD (3)	Assets	KD (4)	KD (5)	Liabilities and Partners' Equity
			<u>Financial investments</u> Local Foreign <u>Receivables</u> Foreign currency receivables Precious metal receivables Partners' receivables Other receivables <u>Precious metals</u> <u>Fixed assets</u> Buildings Machinery, equipment and furniture <u>Incorporation expenses and key money</u> Incorporation expenses Key money <u>Other assets</u> Interest receivable Expenses paid in advance Refundable deposits Suspense accounts Other			<u>Other liabilities</u> Interest receivable (provision for expenses) Provision for leaves and remuneration Income received in advance Others <u>Proposed dividends</u> Total liabilities <u>Partners' equity</u> Paid up capital Reserves Retained earnings (loss) Funds for capital support <u>Profits (losses) for the period</u>
			Total Assets			Total Liabilities and Partners' Equity
			Contra Accounts			Contra Accounts

General Manager

.....

1. Financial Position of Exchange Companies.

A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

Definitions and Explanatory Notes on filling out the Financial Position Form of the Exchange Companies

First: General Definitions

Banks

Banks are those recognized by the State's monetary authorities in which they are registered. These include commercial banks and specialized banks such as real estate banks, industrial banks, saving and investment banks, credit banks and the like. They also include non-interest banks, central banks and monetary institutions or councils.

Local Banks are those recognized by the Central Bank of Kuwait and enrolled in its Register to practice the banking business.

Foreign Banks are those authorized and licensed by the competent authorities in their origin countries outside the State of Kuwait.

Other Financial Institutions

Other Financial Institutions are all financial institutions operating in the financial and monetary market such as investment companies, exchange companies, Public Information for Social Security, insurance companies and brokerage companies.

Local Financial Institutions are those licensed by government entities to practice its business. Foreign Financial Institutions are those registered or permitted by the competent authorities in their countries outside the State of Kuwait to practice business.

Foreign Currencies

Value of a foreign currency is calculated in Kuwaiti Dinars as per the average exchange rates declared by the Central Bank at the end of the last business day of the month. For the currencies with no exchange rate declared by the Central bank, they are translated in Kuwaiti Dinars as per the derived average of the last available market rate of a currency for which the Central Bank declared its exchange rate. In case no exchange rate is declared for a foreign currency at the time of filling out the form, the company must exert its utmost efforts in estimating the value of this currency.

Contra Accounts

Contra Accounts are liabilities on the company to another party, for its own or others' account, as these liabilities become, or are likely to become, to cash payments in the future. The Contra Accounts item usually includes the following:

1. Financial Position of Exchange Companies.

- A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

- 1) The company's commitments against precious metals on consignment (opposite to precious metals on consignment in the assets' side of Contra Accounts).
- 2) The company's commitments of foreign currency and precious metals contracts for its own account.
- 3) The company's commitments of foreign currency and precious metals contracts for the customers' accounts.
- 4) The unpaid value of shares the company purchased for its own account but did not pay the consideration thereof in full.

The company should include details of the Contra Accounts item in a separate statement to be attached to the balance sheet.

Second: Liabilities and Partners'/Shareholders' Equity

Due to Local Banks

All funds borrowed from local banks are included under this item, whether such funds are in the form of current accounts or loans.

All the balances utilized by the company of the overdraft facilities extended by local banks are included under Current item, in addition to any other current accounts owed to local banks. This item also includes funds borrowed from local banks for one day.

All funds borrowed from local banks in the form of term loans or installments loans in accordance with loan agreements with banks stipulating the term of the loan and the date of payment are included under Loan item.

Due to Foreign Banks

All funds borrowed from foreign banks are included under this item, as explained above in "Due to Local Banks" for the data to be included under "Current" and "Loans".

Due to Other Financial Institutions

All funds borrowed from the other local and foreign financial institutions should be included under this item.

Accounts Payable

This item includes customers' cash deposits, partners' payables and any other accounts payable.

Customer Cash Deposits are the funds temporarily held by the company for the customers of trading in foreign currency and precious metals, in accordance with agreements concluded with them.

1. Financial Position of Exchange Companies.

- A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

Partners' Payables are the amounts due to partners or borrowed from them.

Other Accounts Payable are any other accounts payable other than the above.

Other Liabilities

This item includes the accrued interests on funds borrowed from others, receivable expenses, provision for staff leaves and remunerations, income received in advance, suspense accounts and any other accounts payable not included under the abovementioned items.

Proposed Dividends

The dividends proposed for distribution to shareholders are included under this item.

Profits (Losses) for the Period

Included under this item the difference between income and expenses for the reporting period, provided the expenses should include any change to provisions.

Paid-up Capital

This item includes the paid-up capital only.

Reserves

Included under this item the regulatory reserve and voluntary (general) reserve. Share premium is considered under regulatory reserve.

Profits (Losses) Carried Forward

This item includes profits (losses) carried forward from last year.

Third: Assets

Cash and Cash Assets

Included under this item banknotes and commemorative coins by their nominal value. Also included the purchased travelers' cheques and purchased cheques under collection as long as they are not debited to the correspondent bank's account.

Claims on Local Banks

Included under this item the company's funds with local banks whether in the form of current accounts and on demand accounts, time deposits or loans.

Current and on Demand Accounts are the balances deposited in the name of the company with local banks and withdrawn or transferred upon request. Also included under this item the funds deposited for one day, and the matured time deposits unless the company does not instruct the banks to renew these term deposits.

1. Financial Position of Exchange Companies.

- A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

Time Deposits are the balances deposited in the company's name with local banks and due on a specified date. Sight deposits that must be withdrawn by a notification to the bank several days prior to withdrawal are considered time deposits.

Loans are the funds extended by the company to the banks in the form of direct loans, syndicated loans or private placement.

Claims on Foreign Banks

Included under this item the company's funds with foreign banks, as explained above in "Claims on Local Banks" for the data to be included under "Current and on Demand Accounts", "Term Deposits" and "Loans" items.

"Provision" means the amounts charged by the company for potential risks in these claims.

Claims on Other Financial Institutions

This Item includes: All balances of the company with other local and foreign financial institutions.

Provisions mean: The amounts allocated by the company to address the potential risks of these claims.

Financial Investments

Included under this item the funds invested in stocks, bonds, certificates of deposit and treasury bills, listed or unlisted, provided the local and foreign financial investments should be included separately. This item includes also company's contributions to subsidiaries or associates. A "provision" refers to the amounts calculated as the difference between the cost of the abovementioned investments and:

- A) Their market value at the date of data preparation, if listed in the recognized stock markets,
or
- B) Their value estimated by the company if non-listed in such markets.

Accounts Receivable

This item includes the company's accounts receivables to customers, who are dealing with the company in foreign currencies and precious metals. The item also includes partners' receivables and any other receivables.

Foreign Currency and Precious Metals Receivables means the accounts receivables from customers on their foreign currencies and precious metals transactions under contracts that have been liquidated or terminated but not yet paid.

1. Financial Position of Exchange Companies.

- A. General Instructions on the Financial Positions of the Exchange Companies, and the related Definitions and Explanatory Notes.

Partners' Receivables: Any amounts due from them.

Other Receivables: Any other receivables other than those mentioned above.

Doubtful debts provision refers to the amounts charged by the company against the risk of such uncollectible receivables.

Precious Metals

Included under this item the cost of the company's possession of gold and silver bars, jewelry and the like.

Fixed Assets

This item includes the value of the buildings the company needs for carrying out its business activities or providing accommodation for its staff. It also includes machinery, equipment and furniture provided needed for the company's business.

The "provision (depreciation)" is represented in the accumulated amounts as a percentage of the value of these assets to be depreciated over a number of years in accordance with the relevant accounting convention.

Incorporation Expenses and Key Money

This item includes the incorporation expenses, key money and goodwill.

The "provision (amortization)" is represented in the accumulated amounts as a percentage of the value of these assets to be amortized over a number of years in accordance with the relevant accounting convention.

Other Assets

This item includes interests and revenues due from others, and prepaid expenses, refundable deposits and suspense accounts, including amounts in dispute between the company and its customers and any other assets not mentioned above.

THE EXECUTIVE DIRECTOR

*Shawaal 16, 1428 H
October 28, 2007*

The General Manager,

Circular to All Exchange Companies

In reviewing the financial statements of exchange companies, it was noticed that some companies included, under partners' equity, partners' current accounts the nature of which is not commensurate with the conditions that such accounts should meet, as per the Central Bank of Kuwait's instructions issued on 10/04/1995, whereby these balances should include a component of financial support for partners' equity and company's activity.

Accordingly, and further to the circulars issued in this respect, we would like to assure that all exchange companies must consider the following:

- 1) The partners' current accounts item should not be included under the partners' equity in the financial statements.
- 2) In addition to the paid-up capital and declared reserves, the profit (loss) carried from previous years and have been decided not to be distributed or carried forward should be included under the partners' equity and proposed dividends to partners.
- 3) Any funds raised by the partners to support the company's capital and activity with fixed maturity should be included under a separate item on the liabilities side (not under partners' equity). A note to the financial statements should be added to set out the nature and terms of these balances. However, if such funds are raised by partners to support the company's capital with no fixed maturity dates, such funds should be included under the partners' equity (funds capital supporting funds) and a note should be added setting out the nature and terms of such balances.
- 4) In case of non-withdrawal of any of company's funds by the partners, such withdrawals or liabilities should be limited and for a short period, and within capital requirements taking into consideration the stability of partners' equity. Therefore, any fund withdrawal by partners, or any balances due from them to the company should be included under a separate item on the side of assets. A separate note should be added to the financial statements setting out the nature and repayment dates of such balances.

Best Regards,

**The Executive Director of Supervision Sector
Ibrahim Ali Al Qadhi**

1. Financial Position of Exchange Companies.

- B. Conditions to be considered in Classification of Partners' Equity.

THE MANAGER

Jumada Al-Awwal 16, 1429 H
May 21, 2008

The General Manager,

Circular to all Exchange Companies

With reference to the circular issued by Central Bank of Kuwait on 28/10/2007 regarding the due consideration of certain requirements for classification of the partners' equity in your company's closing financial statements, and the observations on review of the exchange companies' statements, please note the following:

- 1) Item (2) of the said circular dated 28/10/2007 requesting inclusion of the **proposed dividends to partners** under partners' equity should be applied only to the closing financial statements submitted by your company at the end of each year. Meanwhile, such amounts should remain under the related item in the statement of financial position presented by your company to the CBK on a quarterly basis.
- 2) A separate item should be allocated to the funds raised by the partners, which have no fixed maturity dates, under **"Partners' Equity" as per the attached revised statement of financial position.**
- 3) Funds raised to support capital, which have no fixed maturity dates should be included under **"Partners' Payables" on the liabilities side.**

Revised statements of your company should be submitted as per the attached schedule, effective from the statements of December 2007.

Best Regards,

The Manager of Off-Site Supervision Department
Dr. Mohammad Y. Al-Hashel

THE MANAGER

Rabi-ul-Al-Awal 02, 1431 H
February 16, 2010

The General Manager,

Circular to All Exchange Companies

With reference to the quarterly statement of financial position that should be submitted to us on a periodic (quarterly) basis, we would like to inform you that an amendment was made to the statement by carrying forward “Profits (Losses) for the Period” from “Partners’ equity” to “Other Liabilities” as attached.

Revised statements of your company should be submitted as per the attached amendment, effective from the statements of 31/03/2010 and the subsequent quarters.

Best Regards,

The Manager of Off-Site Supervision Department
Yousef Al-Obaid

Financial Position as of / /

KD 1	Provision 2	KD 3	Assets	KD 4	KD 5	Liabilities and Partners' Equity
			Cash and cash assets Claims on local banks Current and sight deposits Time deposits Loans Claims on foreign banks Current and sight deposits Time deposits Loans Claims on other financial institutions Local Foreign Financial and real estate investments Local Foreign Receivables Foreign currencies receivables Precious metal receivables Partners' receivables Other receivables <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 5px;"> New amendments applicable starting from March 2010 </div> Precious metals Fixed assets Buildings Machinery, equipment and furniture Incorporation expenses and key money Incorporation expenses Key money Other assets Interest receivable Expenses paid in advance Refundable deposits Suspense accounts Other			Claims of local banks Current Loans Claims of foreign banks Current Loans Claims of other financial institutions Local Foreign Payables Customers cash deposits Partners' payables Other payables Other liabilities Interest receivable (Provision for expenses) Provision for leaves and remuneration Income received in advance Others Proposed dividends Profits (losses) for the period Total liabilities Partners' equity Paid-up capital Reserves Profits (losses) carried forward Capital Supporting Funds
			Total Assets			Total Liabilities and Shareholders' Equity
			Contra Accounts			Contra Accounts

General Manager

.....

1. Financial Position of Exchange Companies.

D. Including Profits (Losses) for the Period under "Other Liabilities" instead of "Partners' Equity".

THE MANAGER

*Rabi-ul-Al-Awal 13, 1438 H
December 12, 2016*

The General Manager,

**Circular to all Exchange Companies
Exchange Companies System**

In the context of developing the banking database and statistics provided by the exchange companies to the Central Bank of Kuwait on a periodic basis, a new program has been developed for exchange companies (Exchange Companies Systems-EXC) compatible to (Oracle) to provide us with the periodic statements to be provided by the exchange companies through the direct communication line. Therefore, your company should:

- 1) Request a direct communication line (VPN OVER – DSL) with the Central Bank of Kuwait (CBK) by coordinating with Mr. Basil Al-Hashash (phone number 22972722), Ms. Samah Al-Hasawi (phone number 22972164), Ms. Dalal Al-Subaie (phone number 22972839), from Coordination and Information Systems Supervision Unit, Supervision Sector, or contact us via e-mail (sv.isc@cbk.gov.kw).
- 2) Fill out the “System Authorization Request” Form available with your company to obtain the beneficiary authorization.
- 3) Configuring your company’s systems as per the specifications documentation, version 1.0 by using the User Guide on the attached CD. Kindly note that this matter requires assigning a person in charge in each exchange company specialized in information systems. Such in-charge person shall prepare the necessary programs and address any technical troubles that may arise during testing your company’s systems by coordinating with the Project Manager in the Central Bank of Kuwait, Mr. Mohammad Salem (phone number 22973413) or Mr. Curt Arthur (phone number 22973569).
- 4) Finalize testing process within up to two months as of the date hereof. In case of any inquiry or observation during the testing, you may contact us by filling out the attached form and sending it via the following e-mail (sv.isc@cbk.gov.kw).

Best Regards,

**The Executive Director of Supervision Department
Waleed M. Al-Awadhi**

1. Financial Position of Exchange Companies.

- E. Circular requesting Exchange Companies to ensure Compatibility of their Systems in order to provide the CBK with the Financial Position Statement (EXC) through a Direct Communication line.

THE EXECUTIVE MANAGER

*Rabi-ul-Al-Awal 25, 1439 H
December 13, 2017*

The General Manager,

Circular to all Exchange Companies

Given the success of the pilot testing the exchange companies conducting by uploading the periodic statistical data in the new program of exchange companies database (Exchange Companies Systems-EXC) according to Oracle system, as described in the circular issued on 12/12/2016,

We would like to inform you that it is decided to continue submitting the periodic and statistical data of the exchange companies by uploading the same in the testing environment of the updated system (version 1.4.2) effective from December 2017. Statements of financial position should be uploaded in the new system on a monthly basis within ten business days from the end of the reporting month. Statement of balances of correspondents, in Kuwait and abroad, should be uploaded on a weekly basis no later than Tuesday following the end of the reporting week.

Moreover, such statements should still be submitted via mail, as is until a further notice.

Attached herewith the full set of explanatory notes and definitions for the new system⁽¹⁾.

Best Regards,

**The Executive Director of Supervision Department
Waleed M. Al-Awadhi**

⁽¹⁾ The circular issued on 07/07/2019 is included under Item (1-G) of this chapter accompanying the full set of explanatory notes and definitions for the exchange companies system.

1. Financial Position of Exchange Companies.

- F. Circular concerning Completion of Testing Process of EXC System and providing us with Data in the Testing Environment as of December 2017, along with the related Explanatory Notes and Definitions.

THE EXECUTIVE DIRECTOR

Thul-Qi'da 04, 1440 H
July 07, 2019

The General Manager,

**Circular No. (2/ES/443/2019) to all Exchange Companies
The full Set of Explanatory Notes and Definitions
for the Exchange Companies System**

Further to the circular issued on 13/12/2017 concerning the periodic statistical data submitted by the exchange companies (Exchange Companies Systems-EXC) according to Oracle accompanying the related full set of explanatory notes and definitions.

Please find attached (3) copies of such updated notes in Arabic and (3) copies in English to replace those provided under the mentioned circular, in addition to a copy of the system specification document.

Best Regards,

The Executive Director of Supervision Department
Waleed M. Al-Awadhi

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

**Explanatory Notes and Definitions
On the Financial Position Form of Exchange Companies**

TABLE OF CONTENTS

Subject	Page No.
First: General Rules	17-18
Second : General Definitions	18-20
Third : Liabilities and Partners/Shareholders' Equity	20-22
Fourth : Assets	22-24

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

Explanatory Notes and Definitions on the Financial Position Form of Exchange Companies

First: General Rules

- 1) Exchange companies should submit the statements of financial position as per the attached form on a monthly basis, provided that the tables specified in the forms are to be prepared and attached for follow-up purposes within five business days from the end of the reporting month, and within two business days of the end of the week in which the report on correspondents' accounts balances are prepared.
- 2) The statements of financial position and the annexes thereto should be audited as arranged by the company's management as per the company's books and records. The company's management is responsible for the preparation and accuracy of these statements, as they must be signed by the chairman of the company's board of directors, the general manager or CEO, who are authorized to sign the letters that are sent to the Central Bank of Kuwait (CBK).
- 3) The Company's statements of financial position should cover all branches operating in the State of Kuwait.
- 4) The value of the foreign currency in KD should be calculated at the average exchange rate declared by the CBK for this currency at the end of the last business day of each month. As for the foreign currencies for which CBK does not announce exchange rate, their value should be calculated in KD at the average exchange rate derived from the latest available market price for a currency the exchange rate of which is declared by the CBK. If there is no foreign exchange rate available at the time of preparing the form, the company should exert its utmost efforts in estimating the exchange rate value of this currency.
- 5) The Company's statements of financial position and its annexes include the following:
 - 1- Form (EXC1 A & B):

This form relates to the Company's monthly financial position (EXC1A) of liabilities and (EXC1B) assets, in addition to (EXC1B1) of the details of foreign currency receivables.
 - 2- Form (EXC2):

This form relates to the recognition of the revenues and expenses of the exchange company.

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

3- Form (EXC3-W):

This form includes the balance of correspondents' accounts abroad and inside on a daily basis within a week, showing the opening balance of each correspondent, the debit and credit movement, and the closing balance for that correspondent.

4- Form (EXC4):

This form is prepared in accordance with CBK's instructions dated 6/3/1999 along with an attachment of the definitions of the exchange companies' foreign currency report including:

- Form (EXC4A) on the exchange company's purchases of foreign currencies during the month.
- Form (EXC4B) on the exchange company's sales of foreign currencies during the month.

5- Form (EXC5) includes:

- Form (EXC5A) includes the details of the exchange company's purchases of US Dollar for each transaction that is over \$100,000 per day.
- Form (EXC5B) includes the details of the exchange company's sales of US Dollar for each transaction that is over \$100,000 per day.
- Form (EXC5C) includes the various uses of the difference between total purchases and total sales in US dollars equivalent.

Second: General Definitions:

- 1) **Banks:** Banks are institutions recognized by the State's monetary authorities in which they are registered. This includes commercial banks and specialized banks such as real estate banks, industrial banks, savings and investment banks, credit and so on. It also includes non-interest banks (Islamic banks), central banks and monetary institutions or councils.
- 2) **Local Banks:** Kuwaiti banks and branches of foreign banks that are licensed by the CBK to practice the banking business.
- 3) **Foreign Banks:** Institutions authorized by the supervisory monetary authorities to perform the banking business of the country in which their headquarters are located.
- 4) **Other Financial Institutions:** Financial institutions other than banks operating in the financial and monetary market such as investment companies, finance companies, exchange companies, insurance companies and brokers (these institutions may be local or foreign).

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

- 5) **Other Local Financial Institutions:** Other than banks institutions that are licensed to engage in the business of these institutions by government entities within the State of Kuwait.
- 6) **Other Foreign Financial Institutions:** Other than banks institutions that are registered or permitted to engage in the business of those institutions by the competent authorities in their countries outside the State of Kuwait.
- 7) **Current and Sight Deposits:** All the company's balances with banks and financial institutions that are convertible or withdrawn on demand, whether with "interest" or "interest-free". It includes the following:
 - On-demand balances (provided that there is no agreement prohibits withdrawing without advance notice).
 - Amounts deposited for over-night.
 - Time deposits whose maturity has expired and there are no instructions for renewal by the company, and there is no objection to their use.
- 8) **Time Deposits:** Includes all the company's term deposits with banks and financial institutions, whether with interest or interest-free. This item also includes on-demand balances where there is an agreement stipulating withdrawal with a prior notice before the due date.
- 9) **Loans:** Includes loans extended to the exchange company, which are paid in full or in installments on fixed dates as well as balances of the exchange companies' accounts exposed to banks.
- 10) **Accounts Payables:** Claims on the exchange company to other entities. It includes balances due to the company to others such as government receivables, accrued and unpaid expenses and any other unclassified accounts payable.
- 11) **Accounts Receivable:** Includes the due receivable accounts on the company, whether for customers dealing with the company in foreign currencies and precious metals, or partners' accounts receivables and any other classified receivables.
- 12) **Financial Investments:** This item includes funds invested - with the prior approval of CBK - in shares, bonds, certificates of deposit, treasury bills and other financial instruments, whether listed or unlisted, and distributed among local and foreign investments. Furthermore, this item includes company's contributions to subsidiaries - non-consolidated - or associates. The allocations for financial investments are determined by the difference between the cost and market value of investments listed in securities markets, or the estimated value of non-listed investments, which is charged to the statement of income.

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

13) **Contra Accounts:** Statistical reminding accounts that are recorded outside the financial position and represent potential liabilities at the date of the preparation of the financial position to another party, for either the company's account or others' account, and are verifiable in the future. The Contra Accounts item usually includes the following:

- A) The company's commitments of precious metals on consignment (corresponding to precious metals on consignment in the assets' side of Contra Accounts).
- B) The company's commitments of foreign currency contracts and precious metals for their own account.
- C) The company's commitments of foreign currency contracts and precious metals for the customers' accounts.

Third: Liabilities and Partners/Shareholders' Equity:

A) **Amounts due to Local Banks:** All the company's obligations towards local banks are included under this item, whether these funds are in the form of current accounts receivables or loans, including:

(A-1) **Current (Debit):** All the balances used by the company from overdraft facilities extended by local banks. In addition, this item also includes any other current accounts debited to local banks, including funds borrowed from local banks for one day.

(A-2) **Loans:** All balances of funds borrowed from local banks in the form of premium loans or installments loans, in accordance with loan agreements with banks or financing companies, specifying the duration of the loan and the date of payment.

B) **Amounts due to Foreign Banks:** This item encompasses all the company's obligations to foreign banks, as explained above in local banks' liabilities and it includes:

(B-1) Current (Debit), the same definition mentioned in item (A-1).

(B-2) Loans, the same definition mentioned in item (A-2).

C) **Amounts due to Other Financial Institutions:** This item comprises all balances of existing obligations the company has to other financial institutions, which includes:

(C-1) Other local financial institutions, in accordance with item (2).

(C-2) Other foreign financial institutions, in accordance with item (3).

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

D) Accounts Payable: This item includes customer cash deposits, partners' account payable, and any other accounts payable, which particularly comprises:

(D-1) Customer Cash Deposits: Funds that are temporarily held by the company for the customers who conduct spot trading in foreign currency and precious metals, in accordance with agreements concluded with them in this regard.

(D-2) Partners' Accounts Payables: Amounts due to partners other than those extended for specified maturities for capital reinforcement or sustainability reinforcement of the company's activities.

(D-3) Other Accounts Payable: Includes payables on purchase of assets, service providers, and notes payable.

E) Other Liabilities: Includes any other commitments on the company, other than the above mentioned items, which particularly comprises:

(E-1) Accrued Interests: Represents the amount of interest calculated on funds borrowed from third parties in accordance with the agreements entered into, which were included within the expenses and were not paid or settled until the date of preparation of the financial position.

(E-2) Leaves and Bonuses' Allocations.

(E-3) Revenues Received in Advance: All income collected for subsequent periods and are not included within the income for that period.

(E-4) Proposed Dividends: This item includes the proposed dividends for distribution among shareholders or partners.

(E-5) Profits (Losses) for the Period: This item includes the calculated net profit from the start of the fiscal period up to the date of preparing the financial position, representing net income and expenses.

(E-6) Others: Any other accounts payable that have not been included in the above-mentioned items.

F) Total Liabilities: Includes all previously mentioned items from (A) to (E), and represents all liabilities on the company without the partners or shareholders' equity.

Partners'/Shareholders' Equity:

(G-1) Paid-Up Capital: This item includes the paid up capital only.

(G-2) Reserves: this item includes all reserves, including regulatory reserve and voluntary reserves that are formed as determined by the company's Articles of Association.

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

- (G-3) **Retained Earnings (losses):** Including retained earnings after distributions that are carried forward to subsequent periods, and residual losses after making the appropriate reductions to be carried forward to subsequent periods until amortization.
- (G-4) **Funds for Capital Reinforcement:** Include loans and reinforcement funds extended from shareholders or partners for specified maturities to reinforce the company's capital and activities under resolutions from the Shareholders' or Partners' General Assembly and cannot be withdrawn before the maturity date.

Fourth: Assets:

- H) **Cash and Cash Assets:** This item includes banknotes, and commemorative coins according to their nominal value. It also includes purchased travelers' cheques and purchased cheques under collection as long as they are not listed at the correspondent bank's account.
- I) **Claims on Local Banks:** This item includes the company's funds with local banks whether in the form of current accounts and on demand accounts, time deposits or any other funds of the company with local banks, including:
- (I-1) **Current and On Demand Accounts:** Balances deposited in the name of the company with local banks and are withdrawn or transferred upon request. This item also includes funds deposited for one day, as well as matured time deposits if the company does not instruct the banks to renew these deposits in accordance with item (8).
- (I-2) **Time Deposits:** Balances deposited in the company's name with local banks and are due on a specified date. Sight deposits that require withdrawal - under an agreement and a notification to the bank of such withdrawal - are considered a form of time deposits, in accordance with item (9).
- (I-3) **Others:** Any other funds deposited with local banks as otherwise provided as collateral, letters of guarantee and others.
- J) **Claims on Foreign Banks:** This item includes the company's funds with foreign banks according to the definitions stated above in relation to the claims on local banks, including:
- (J-1) **Current and On Demand Accounts.**
- (J-2) **Time Deposits.**
- (J-3) **Others.**

The provision refers to the balances of those amounts that the company has calculated for potential risks in these claims, and are charged to the statement of income.

1. Financial Position of Exchange Companies.

- G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

K) Claims on Other Financial Institutions: All of the company's balances with other local and foreign financial institutions, as defined in items (6) and (7) in the "General Definitions", and it includes:

(K-1) Other Local Financial Institutions.

(K-2) Other Foreign Financial Institutions.

The provision refers to the amounts calculated by the company for potential risks in these claims.

L) Financial Investments: This item includes the invested funds – subject to CBK's prior approval - in shares, bonds, certificates of deposit, treasury bills and other financial instruments, whether listed or unlisted, distributed among local and foreign investments. This item also includes the company's contributions in subsidiaries and associates. The provision refers to the balances of amounts created to meet the impairment in value of financial investments, representing the difference between the above mentioned investments cost's and the market value of investments listed on the stock exchange, or the estimated value of unlisted investments. These include:

(L-1) Local Financial Investments.

(L-2) Foreign Financial Investments.

M) Accounts Receivable: This item includes the company's temporary accounts receivables to customers who are dealing with the company in foreign currencies and precious metals. The item also includes partners' account receivables and any other receivables, including:

(M-1) Foreign Currency Debtors: Includes temporary receivables on customers as a result of their spot trading on foreign currencies.

(M-2) Precious Metals Debtors: Resulting from their spot trading on precious metals under contracts that have been liquidated or terminated but not yet paid.

(M-3) Receivables on Partners: Any amounts owed to the company.

(M-4) Other Receivables: Any other receivables other than those mentioned above.

The doubtful debts provision refers to those balances that the company sets aside by charging the same to the statement of income against potential risks relating to receivables and cannot be collected on maturity dates.

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

N) **Precious Metals:** This item includes the value of the company's holdings of gold and silver alloys, jewelry and the like.

O) **Fixed Assets:** Including:

(O-1) Buildings: This item includes the value of the buildings used by the company to conduct its business or housing of its staff.

(O-2) Machinery, equipment and furniture: Provided for the company to practice its business.

The provision (consumption) refers to the amounts accumulated in accordance with a certain percentage of the value of such assets to be consumed over a certain number of years in accordance with applicable accounting rules and standards.

P) **Establishment Expenses and Key Money:** This item includes establishment expenses and key money, and includes:

(P-1) Establishment Expenses.

(P-2) Key Money.

The provision (amortization) refers to amounts taken in accordance with a certain percentage of the value of such assets to be amortized over a certain number of years in accordance with applicable accounting rules or standards.

Q) **Other Assets:** This item includes interest and revenues due from others, as well as prepaid expenses, refundable deposits and suspense accounts, including amounts in dispute between the company and its customers and any other assets not mentioned above, as follows:

(Q-1) Accrued Interests: This item includes any due interests that are not collected yet.

(Q-2) Prepaid Expenses: Any expenses incurred by the company and not related to the period for which the statement is prepared, but relates to periods subsequent to the preparation of the statement.

(Q-3) Refundable Deposits: Any amounts collected by the company from a deposit that has already been paid. These amounts should be excluded as they tend to reduce the prepaid deposit.

(Q-4) Suspense Accounts: Any receivables or under settlement accounts.

(Q-5) Others: This item includes any other receivables other than those mentioned above.

R) **Total Assets:** from item (J) to item (Q).

30/6/2019

1. Financial Position of Exchange Companies.

G. Circular No. (2/ES/443/2019) to all Exchange Companies concerning the full Set of the Explanatory Notes and Definitions for the Exchange Companies System.

THE EXECUTIVE DIRECTOR

Ramadan 28, 1440 H
June 02, 2019

The General Manager,

Circular No. (2/ES/436/2019) to all Exchange Companies

Further to the circular issued on 13/12/2017 concerning the periodic statistical data submitted by the exchange companies in the new “Exchange Companies Systems-EXC” according to Oracle,

And given the success of uploading the statements of exchange companies as per Oracle, your company should upload such statements in the **production environment** till the statements of May 2019 within a month from the date hereof.

With regard to the statement of financial position prepared effective from May 2019, such statements should be uploaded in the **production environment** of the new system on a monthly basis within ten business days from the end of the reporting month. Statement of balances of correspondents, in Kuwait and abroad, should be uploaded on a weekly basis no later than Tuesday following the end of the reporting week.

Submission of the periodic statistical data (Statements of Financial position) and the balances of correspondents via mail shall be ceased from 30/06/2019.

Best Regards,

The Executive Director of Supervision Department
Waleed M. Al-Awadhi

1. Financial Position of Exchange Companies.

- H. Circular No. (2/ES/436/2019) to all Exchange Companies for uploading Exchange Companies’ Data in the Production Environment of EXC System in line with Oracle as of May 2019.

THE MANAGER

Jumada Al-Akhirah 30, 1410 H
January 27, 1990

The General Manager,

With reference to your letter dated 24/01/1990 approving the instructions regarding the direct dealing in foreign currency as per the instructions of the Central bank of Kuwait, you are required to provide us with your periodic data as per the designated forms on the first business day following the end of the week, provided the required data should be submitted to the entity mentioned in each form. ⁽¹⁾

Attached herewith the forms to be filled out, and the explanatory notes and definitions of the items in these forms.

Best regards,

The Manager of Supervision Department
Hameed Ahmed Al-Rasheed

⁽¹⁾ The period for submitting the required data was amended by virtue of the circular dated 03/06/1990 included in Item No. (4) hereof.

2. Providing CBK with the Foreign Currency Report Forms on the first Business Day subsequent to the Weekend, as per the attached Explanatory Notes and Definitions.

**Exchange Companies
Foreign Currency Report
For the Week ending on Thursday / /**

Data by the transaction completion date

(Amounts in KD 000,)

	US Dollar		Other Currencies		
	Sale	Purchase	Sale	Purchase	Other
<u>Residents</u>					
CBK					
Local Banks					
Investment Companies					
Exchange Institutions					
Exchange Companies					
Financial Companies and Institutions					
Other companies (non-financial)					
Individuals					
Total					
<u>Non-residents</u>					
Offshore Banks					
Other Banks					
Exchange Companies					
Financial Companies and Institutions					
Other					
Grand Total					

Foreign Currencies with the Company

	USD	Other Currencies
Balances with banks		
Transactions in transition		
Cash on fund		
Precious metals		

Forward transactions

USD/KD		Other Currencies/KD	
Sale	Purchase	Sale	Purchase

General Manager

.....

Note: The Company should submit this form to the Foreign Operations Department in the Central Bank of Kuwait on the first business day following the end of the reporting week.

2. Providing CBK with the Foreign Currency Report Forms on the first Business Day subsequent to the Weekend, as per the attached Explanatory Notes and Definitions.

**Central Bank of Kuwait
Supervision Department**

Name of the Company:
Purchases of Foreign Currencies
During the Week .../.../.... - .../.../...

*Private and Confidential
(KD Thousand)*

Currency	Demand Draft		Telegraphic Transfer (Telex)		Mail Transfer		Traveler (Telex)		Bank Notes		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
												FC	KD
US Dollar													
Pound sterling													
Swiss Franc													
Deutsch Mark													
French Franc													
Italian lira													
Japanese Yen													
UAE Dirham													
Qatari Riyal													
Saudi Riyal													
Omani Riyal													
Bahraini Dinar													
Iraqi Dinar													
Lebanese Lira													
Jordanian Dinar													
Iranian Toman													
Philippine Peso													
Indian Rupees													
Pakistani Rupees													
Yemeni Dinar													
Egyptian Pound													
Sudanese Pound													
Other currencies													

General Manager

Note: The Company should submit this form to the Supervision Department in the Central Bank of Kuwait on the first business day following the end of the reporting week.

**Central Bank of Kuwait
Supervision Department**

Name of the Company:
Sales of Foreign Currencies
During the Week .../.../.... - .../.../...

*Private and Confidential
(KD Thousand)*

Currency	Demand Draft		Telegraphic Transfer (Telex)		Mail Transfer		Traveler (Telex)		Bank Notes		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
												FC	KD
US Dollar													
Pound sterling													
Swiss Franc													
Deutsch Mark													
French Franc													
Italian lira													
Japanese Yen													
UAE Dirham													
Qatari Riyal													
Saudi Riyal													
Omani Riyal													
Bahraini Dinar													
Iraqi Dinar													
Lebanese Lira													
Jordanian Dinar													
Iranian Toman													
Philippine Peso													
Indian Rupees													
Pakistani Rupees													
Yemeni Dinar													
Egyptian Pound													
Sudanese Pound													
Other currencies													

General Manager

.....

Note: The Company should submit this form to the Supervision Department in the Central Bank of Kuwait on the first business day following the end of the reporting week.

**Central Bank of Kuwait
Supervision Department**

**Explanatory Notes and Definitions on the Foreign Currencies Report of
Exchange Companies
Foreign Currencies**

Currencies, which the Central Bank declares their rates, should be included at their values in Kuwaiti Dinars based on the average rate prevailing on the last business day of the week. For the currencies with no exchange rate declared by the Central bank, they are translated in Kuwaiti Dinars as per the derived average of the last available market rate of a currency for which the Central Bank declared its exchange rate. In case no exchange rate is declared for a foreign currency at the time of filling out the form, the company must practice its sound judgment to estimate the exchange rate of this currency.

Residents

Residents are all Kuwaiti and non-Kuwaiti persons, who have work/residence permits issued by the competent authorities.

Institutions are considered resident if they reside in Kuwait, provided they should be licensed or permitted by the Ministry of Commerce or any other competent authority, otherwise they shall be considered non-residents.

Non-residents

Non-residents are the persons and institutions not covered under the abovementioned definition, members of foreign diplomatic missions and their dependents, and the institutions that do not reside in Kuwait but perform obligations under contracts with the government or other residents in Kuwait.

Banks

Banks are those recognized by the State's monetary authorities in which they are registered. These include commercial banks and specialized banks such as real estate banks, industrial banks, saving and investment banks, credit banks and the like. They also include non-interest banks, central banks and monetary institutions or councils.

Local Banks are those recognized by the Central Bank of Kuwait and enrolled in its Register to practice the banking business. Foreign Banks are those registered by the competent authorities in their origin countries outside the State of Kuwait. Offshore Banks are the foreign banks' branches in the Kingdom of Bahrain, other than those regulated by Bahrain Monetary Agency. Other Banks are all foreign and non-local banks such as foreign commercial banks, specialized banks, investment banks, savings and credit banks and foreign central banks.

2. Providing CBK with the foreign currency transacting forms in the first business day after the end of the week, in accordance to the attached explanatory notes and definitions.

Investment Companies

Investment companies are those engaged in the financial and money markets and registered in the CBK Register of Investment Companies.

Exchange Companies

- a) **Resident Exchange Companies**: registered in the CBK Register of Exchange Companies and engaged in the money market.
- b) **Non-resident Exchange Companies**: Foreign exchange companies recognized by the competent authorities in their countries and have the same capacity of the resident exchange companies.

Exchange Institutions

Exchange Institutions includes all sole proprietorship licensed and authorized by the competent authorities in the State of Kuwait to only purchase and sell foreign currencies.

Financial Companies and Institutions

These are all financial institutions that are not defined as banks, investment companies, exchange companies and exchange institutions but operate in the financial and monetary market such as Public Information for Social Security, and insurance companies and brokers.

Local Financial companies and Institutions: Institutions that are licensed by the competent government entities within the State of Kuwait.

Foreign Financial Institutions: Institutions that are registered or authorized to by the competent authorities in their countries.

Other Companies (Non-Financial)

These include all commercial companies, clubs, charities, associations of public benefit and cooperative societies.

Individuals

These include the natural persons or sole proprietorship.

Others

These include any other data not included under any of the previous items.

Balances with Banks

These include current balances or deposits with banks as per the books and records of these banks as on the last day of the reporting week, provided these balances and deposits are not in dispute.

2. Providing CBK with the foreign currency transacting forms in the first business day after the end of the week, in accordance to the attached explanatory notes and definitions.

Transactions in Transition

This item represents the company's obligations in the form of cheques, payment orders or issued transfers not deducted from company's balances with banks they are drawn on.

Cash on hand

This includes the banknotes, commemorative coins and purchased cheques in the company's possession.

Precious Metals

These include all kinds of precious metals such as gold, silver and the like held by the company as on the last working day of the reporting week.

Forward Transactions

These includes forward purchases and sales processed during the week with maturity periods exceeding 48 working hours.

THE MANAGER

Rajab 19, 1410 H
February 27, 1990

The General Manager,

Please be informed that the Ministry of Commerce & Industry prepared a draft of a ministerial resolution requiring the companies and institutions operating in the State of Kuwait to adopt the international accounting standards in preparation of their financial statements. Article 4 of the mentioned resolution states: **“This resolution applies to the financial statements for the year subsequent to issuance of hereof and publishing the same in the Official Gazette”**.

In line with the recommendation issued by the Joint Economic Committee on the proposed measures for stimulating the economy, which provide for, inter alia: **“availability of sufficient information and data concerning the position of the listed companies, and such data should be based on clear fundamental concepts, and that accounting standards and definitions should be standardized”**.

The Central Bank understands the conditions that require all companies and institutions operating in the State of Kuwait, including banks and investment companies and exchange companies subject to its supervision, to implement the international accounting standards, as per the mentioned recommendation, to ensure consistency and standardize presentation of the financial statements and definitions and, hence, extract sound conclusions and achieve the desired objectives of the recommendation.

Therefore, we advise you to take the necessary measures that ensure implementation of the international accounting standards effective from the financial statements issued subsequent to issuance of the relevant ministerial resolution, and coordinate with the auditor for this purpose.

Best Regards,

Manager of Supervision Department
Hameed Ahmed Al-Rasheed

THE MANAGER

Sha'aban 9, 1410 H
March 6, 1990

The General Manager,

Your company must provide us with monthly statements as per the forms attached to this letter from the period ending on 03/04/1990, within five days of the end of the mention period. Such statements should be addressed in an envelope marked as "private and confidential" to the entity mentioned in each form.

In addition, find attached herewith the forms to be filled out, and the explanatory notes and definitions of the items in these forms. Should you have any inquiry, contact the Head of the Supervision Section in Supervision Department.

Best Regards,

Manager of Supervision Sector
Hameed Ahmed Al-Rasheed

Exchange Companies
Foreign Currency Report
For the Month ending on/...../.....

Data by the transaction completion date

(Amounts in KD 000.)					
	US Dollar		Other Currencies		
	Sale	Purchase	Sale	Purchase	Other
<u>Residents</u>					
CBK					
Local Banks					
Investment Companies					
Exchange Companies					
Exchange Institutions					
Financial Companies and Institutions					
Other companies (non-financial)					
Individuals					
Total					
<u>Non-residents</u>					
Offshore Banks					
Other Banks					
Exchange Companies					
Financial Companies and Institutions					
Other					
Grand Total					

Foreign Currencies with the Company

	USD	Other Currencies
Balances with banks		
Transactions in transition		
Cash on fund		
Precious metals		

Forward Transactions

USD/KD		Other Currencies/KD	
Sale	Purchase	Sale	Purchase

General Manager

.....

Note: The Company should submit this form to the Foreign Operations Department in the Central Bank of Kuwait on the first business day following the end of the reporting week.

4. Providing us with the Monthly Forms of the Foreign Currency Report, starting from the period ending 30/04/1990.

**Central Bank of Kuwait
Supervision Department**

**Purchases of Foreign Currencies
During the Month .../.../.... - .../.../...**

Company's Name:

*Private and Confidential
(KD Thousand)*

Currency	Demand Draft		Telegraphic Transfer (Telex)		Mail Transfer		Traveler (Telex)		Bank Notes		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
												FC	KD
US Dollar													
Pound sterling													
Swiss Franc													
Deutsch Mark													
French Franc													
Italian lira													
Japanese Yen													
UAE Dirham													
Qatari Riyal													
Saudi Riyal													
Omani Riyal													
Bahraini Dinar													
Iraqi Dinar													
Lebanese Lira													
Jordanian Dinar													
Iranian Toman													
Philippine Peso													
Indian Rupees													
Pakistani Rupees													
Yemeni Dinar													
Egyptian Pound													
Sudanese Pound													
Other currencies													

General Manager
.....

Note: The Company should submit this form to the Central Bank of Kuwait within five days from the end of the reporting month.

**Central Bank of Kuwait
Supervision Department**

**Sales of Foreign Currencies
During the Month .../.../.... - .../.../...**

Company's Name:

.....

*Private and Confidential
(KD Thousand)*

Currency	Demand Draft		Telegraphic Transfer (Telex)		Mail Transfer		Traveler (Telex)		Bank Notes		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
												FC	KD
US Dollar													
Pound sterling													
Swiss Franc													
Deutsch Mark													
French Franc													
Italian lira													
Japanese Yen													
UAE Dirham													
Qatari Riyal													
Saudi Riyal													
Omani Riyal													
Bahraini Dinar													
Iraqi Dinar													
Lebanese Lira													
Jordanian Dinar													
Iranian Toman													
Philippine Peso													
Indian Rupees													
Pakistani Rupees													
Yemeni Dinar													
Egyptian Pound													
Sudanese Pound													
Other currencies													

General Manager

.....

Note: The Company should submit this form to the Central Bank of Kuwait within five days from the end of the reporting month.

**Central Bank of Kuwait
Supervision Department**

**Explanatory Notes and Definitions on the Foreign Currencies Report of
Exchange Companies**

Foreign Currencies

Currencies, which the Central Bank declares their rates, should be included at their values in Kuwaiti Dinars based on the average rate prevailing on the last business day of the week. For the currencies with no exchange rate declared by the Central bank, they are translated in Kuwaiti Dinars as per the derived average of the last available market rate of a currency for which the Central Bank declared its exchange rate. In case no exchange rate is declared for a foreign currency at the time of filling out the form, the company must practice its sound judgment to estimate the exchange rate of this currency.

Residents

Residents are all Kuwaiti and non-Kuwaiti persons, who have work/residence permits issued by the competent authorities.

Institutions are considered resident if they reside in Kuwait, provided they should be licensed or permitted by the Ministry of Commerce or any other competent authority, otherwise they shall be considered non-residents.

Non-residents

Non-residents are the persons and institutions not covered under the abovementioned definition, members of foreign diplomatic missions and their dependents, and the institutions that do not reside in Kuwait but perform obligations under contracts with the government or other residents in Kuwait.

Banks

Banks are those recognized by the State's monetary authorities in which they are registered. These include commercial banks and specialized banks such as real estate banks, industrial banks, saving and investment banks, credit banks and the like. They also include non-interest banks, central banks and monetary institutions or councils.

Local Banks are those recognized by the Central Bank of Kuwait and enrolled in its Register to practice the banking business. Foreign Banks are those registered by the competent authorities in their origin countries outside the State of Kuwait. Offshore Banks are the foreign banks' branches in the Kingdom of Bahrain, other than those regulated by Bahrain Monetary Agency. Other Banks are all foreign and non-local banks such as foreign commercial banks, specialized banks, investment banks, savings and credit banks and foreign central banks.

Investment Companies

Investment companies are those engaged in the financial and money markets and registered in the CBK Register of Investment Companies.

Exchange Companies

- a) Resident Exchange Companies: registered in the CBK Register of Exchange Companies and engaged in the money market.
- b) Non-resident Exchange Companies: Foreign exchange companies recognized by the competent authorities in their countries and have the same capacity of the resident exchange companies.

Exchange Institutions

Exchange Institutions includes all sole proprietorship licensed and authorized by the competent authorities in the State of Kuwait to only purchase and sell foreign currencies.

Financial Companies and Institutions

These are all financial institutions that are not defined as banks, investment companies, exchange companies and exchange institutions but operate in the financial and monetary market such as Public Information for Social Security, and insurance companies and brokers.

Local Financial companies and Institutions: Institutions that are licensed by the competent government entities within the State of Kuwait.

Foreign Financial Institutions: Institutions that are registered or authorized to by the competent authorities in their countries.

Other Companies (Non-Financial)

These include all commercial companies, clubs, charities, associations of public benefit and cooperative societies.

Individuals

These include the natural persons or sole proprietorship.

Others

These include any other data not included under any of the previous items.

Balances with Banks

These include current balances or deposits with banks as per the books and records of these banks as on the last day of the reporting month, provided these balances and deposits are not in dispute.

Cash on hand

This includes the banknotes, commemorative coins and purchased cheques in the company's possession.

Precious Metals

These include all kinds of precious metals such as gold, silver and the like held by the company as on the last working day of the reporting month.

Forward Transactions

These includes forward purchases and sales processed during the month with maturity periods exceeding 48 working hours.

A Statement of Transaction Amounts above the Equivalent of KD 10,000

Name	Amount in KD Thousand	Date of Transaction Completion

Total (1)	
Total Transaction Amounts above the Equivalent of KD 10,000 (2)	
Grand Total (1) + (2)	

General Manager

.....

Note: The Company should submit this form to the Foreign Operations Department in the Central Bank of Kuwait within five days from the end of the reporting month.

4. Provide us with monthly forms of the foreign currency report, starting from the period ending at 30/4/1990.

THE MANAGER

Rabi-ul-Al-Awal 11, 1412 H
September 19, 1991

The General Manager,

Further to our letter sent to you on 14/09/1991 permitting your company to resume its business activity.

You are kindly requested to provide us with a daily statement of your foreign currency sales of USD 35,000 and above for each transaction, setting out the purpose for the intended use of such currencies.

Also find attached herewith the statement to be filled out.

Best Regards,

Manager
Hameed Ahmed Al-Rasheed

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.

- A. Providing us with a daily Statement of the Company's Foreign Currency Sales of USD 35,000 and above for each Transaction.

**The Central Bank of Kuwait
Supervision Department**

**A Statement of USD Sales from the Equivalent of USD 35,000 and above
For the Day / /**

Exchange Companies

Name of the Company:.....

(1) Sr.	(2) Account Type	(3) Customer Name	(4) Nationality	(5) Purpose of Purchasing Currency	(6) Name of the transfer beneficiary	(7) Name of the Country Transferred is made to	(8) Currency Type	(9) Amount in Foreign Currency	(10) Equivalent in KD	(11) Equivalent in USD

- 1) Column (2) shows whether the account has been debited in cash or by check.
- 2) In case of cash sales, do not fill out Columns (6) and (7).
- 3) Column (5) explains whether the purpose of purchasing the currency is a commercial purpose or a normal transfer.

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.
A. Providing us with a daily Statement of the Company's Foreign Currency Sales of USD 35,000 and above for each Transaction.

THE MANAGER

Ramadan 19, 1414 H
March 19, 1994

The General Manager,

With reference to the daily statement form of the foreign currency sales of exchange companies, which your company provides us with on a monthly basis.

We would like to inform you that we drew your attention that your company skipped some fields of the abovementioned form, and failed to fill out such fields with the required data.

Therefore, you are required to provide us with the aforementioned form dully filled out with all the requested data the sequence provided in the form.

Best Regards,

Acting Manager
Hameed Ahmed Al-Rasheed

**The Central Bank of Kuwait
Supervision Department**

**A Statement of USD Sales from the Equivalent of USD 35,000 and above
For the Day / /**

Exchange Companies

Name of the Company:.....

(1) Sr.	(2) Account Type	(3) Customer Name	(4) Nationality	(5) Purpose of Purchasing Currency	(6) Name of the transfer beneficiary	(7) Name of the Country Transferred is made to	(8) Currency Type	(9) Amount in Foreign Currency	(10) Equivalent in KD	(11) Equivalent in USD

- 1) Column (2) shows whether the account has been debited in cash or by check.
- 2) In case of cash sales, do not fill out Columns (6) and (7).
- 3) Column (5) explains whether the purpose of purchasing the currency is a commercial purpose or a normal transfer.

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.

B. Confirmation on providing us with the daily Statements of the Company's Foreign Currency Sales as per the attached Forms.

THE MANAGER

Rabi-ul-Al-Awal 10, 1415 H
August 17, 1994

The General Manager,

With reference to the daily statements your company provides to the Central Bank of Kuwait regarding foreign currency sales of USD 35,000 thousand and above per a single customer, we inform you that the Central Bank of Kuwait's follow-up on these statements revealed that:

- The account type is identified.
- The purpose is not provided.
- The nationality is not provided.

Therefore, your company must consider the abovementioned observations. It is worth noting that you must:

First: Provide us with the daily statements on foreign currency sales of USD 35,000 and above on personal computer discs (monthly) as soon as possible, at latest 01/01/1995.

Second: A monthly cumulative statistic of the total amounts less than USD 35,000 per a single customer, equivalent in KD.

Third: The total foreign currency purchases of your company from the Central Bank at KD equivalent.

Best Regards,

Executive Director of Supervision Sector
Essa Mohammad Al-Atal

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.

- C. Providing us with the daily Statements of Foreign Currency Sales of USD 35,000 and above on personal Discs on a monthly Basis, monthly cumulative Statistics for Amounts less than USD 35,000 per a single Customer, and the total Foreign Currency Purchases from the Central Bank of Kuwait equivalent in Kuwaiti Dinars.

THE MANAGER

*Shawwal 21, 1421 H
January 16, 2001*

The General Manager,

Further to our circular dated 18/03/1996 to provide the Foreign Operations Department in the Central Bank of Kuwait with details of the daily purchases and sales in USD by the exchange companies' customers, whether these dollars are purchased from the Central Bank of Kuwait or any other entity,

Your company must cease submission of these statements to the Department of Foreign Operations as of the end of January 2001. Instead, statement of sales and purchases of foreign currencies provided to the Supervision Department on a monthly basis must include a statement of the amounts of your company's sales and purchases above USD 100,000 during the reporting period as per the attached table.

In addition, your company must cease providing the Central Bank of Kuwait, as of the date hereof, with a statement of USD sales of amounts equivalent to KD 35,000 and above, which your company provide to the Central Bank of Kuwait on a diskette on a quarterly basis according to our circular dated 02/11/1998.

Best Regards,

**Acting Manager of Supervision Department
Basel Ahmed Al-Haroon**

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.

- D. The Circular issued for ceasing Submission of the Details of the daily USD Purchase and Sale Movement to the Foreign Operations Department, effective from January 2001, provided the Statement of Foreign Currency Sales and Purchases provided to the Supervision Sector on a monthly Basis should include an attached Statement of the Sales and Purchases above USD 100,000.

Central Bank of Kuwait
Supervision Department

A Statement of Exchange Companies' USD Sales and Purchases

Company Name:

During the Month:

First: company sales to

No.	Date	Name	ID No.	Amount
Total amount for customers below USD 100,000 is added				
Total sales				

Second: company purchases from (**)

No.	Date	Name	ID No.	Amount
Total amount for customers below USD 100,000 is added				
Total sales				

General Manager

.....

5. Instructions to provide the Central Bank of Kuwait with the Company's Foreign Currency Sales.

- D. The Circular issued for ceasing Submission of the Details of the daily USD Purchase and Sale Movement to the Foreign Operations Department, effective from January 2001, provided the Statement of Foreign Currency Sales and Purchases provided to the Supervision Sector on a monthly Basis should include an attached Statement of the Sales and Purchases above USD 100,000.

THE GOVERNOR

December 02, 2013

**Circular No. (2/ES/290/2012) to all Exchange Companies
amending the Statement Forms of Foreign Currency
of Sales and Purchases**

The General Manager,

With reference to the Central Bank of Kuwait's Circular dated 16/01/2001 requesting inclusion of an attaching statement of the sales and purchases above USD 100,000 with the statement of foreign currency sales and purchases that are provided to us on a monthly basis,

Please find attached the mentioned statement forms having been duly revised:

- 1) Forms that include details of foreign currency purchases and sales of above USD 100,000 on a daily basis for each transaction during the month.
- 2) Forms of foreign currency purchases and sales during the month.

Your company must provide the Central Bank of Kuwait with the aforementioned statements on a CD on a monthly basis, effective from 31/12/2012, within ten working days from the end of the reporting month. The previous forms must be superseded.

With my best wishes,

**The Governor
Salem Abdul-Aziz Al-Sabah**

Form (1)

**The Central Bank of Kuwait
Supervision Department
Off-Site Supervision Department
Banks and Financial Statistic Section**

Name of the Company

Foreign Currency Purchases during the Month of

Private & Confidential

(Amount, Thousands)

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	FC Bank Notes	Total Amount	
						FC	KD Equivalent
US Dollar							
Pound Sterling							
Euro							
Swiss Franc							
Deutsch Mark							
French Franc							
Italian Lira							
Japanese Yen							
UAE Dirham							
Qatari Riyal							
Saudi Riyal							
Omani Riyal							
Bahraini Dinar							
Iraqi Dinar							
Lebanese Lira							
Jordanian Dinar							
Iranian Toman							
Philippine peso							
Indian Rupee							
Pakistani Rupee							
Yemeni Dinar							
Egyptian Pound							

General Manager

.....

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

Form (1) - Continued

The Central Bank of Kuwait
 Supervision Department
 Off-Site Supervision Department
 Banks and Financial Statistic Section

Company Name:

Foreign Currency Purchases during the Month of

Private & Confidential
 (Amount, Thousands)

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	FC Bank Notes	Total Amount	
						FC	KD Equivalent
Syrian Lira							
Canadian Dollar							
Australian Dollar							
Moroccan Dirham							
Thai Baht							
Malaysian Ringgit							
Turkish Lira							
Singapore Dollar							
Indonesian Rupiah							
Sri Lankan Rupee							
Bangladeshi Taka							
Nepalese Rupee							
Chinese Yen							
Hong Kong Dollar							
Other Currencies							

General Manager

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

Form (2)

**The Central Bank of Kuwait
Supervision Department
Off-Site Supervision Department
Banks and Financial Statistic Section**

Name of the Company

Foreign Currency Sales during the Month of

**Private & Confidential
(Amount, Thousands)**

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	FC Bank Notes	Total Amount	
						FC	KD Equivalent
US Dollar							
Pound Sterling							
Euro							
Swiss Franc							
Deutsch Mark							
French Franc							
Italian Lira							
Japanese Yen							
UAE Dirham							
Qatari Riyal							
Saudi Riyal							
Omani Riyal							
Bahraini Dinar							
Iraqi Dinar							
Lebanese Lira							
Jordanian Dinar							
Iranian Toman							
Philippine peso							
Indian Rupee							
Pakistani Rupee							
Yemeni Dinar							
Egyptian Pound							

General Manager

.....

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

Form (2) - Continued

**The Central Bank of Kuwait
Supervision Department
Off-Site Supervision Department
Banks and Financial Statistic Section**

Company Name:

Foreign Currency Sales during the Month of

**Private & Confidential
(Amount, Thousands)**

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	FC Bank Notes	Total Amount	
						FC	KD Equivalent
Syrian Lira							
Canadian Dollar							
Australian Dollar							
Moroccan Dirham							
Thai Baht							
Malaysian Ringgit							
Turkish Lira							
Singapore Dollar							
Indonesian Rupiah							
Sri Lankan Rupee							
Bangladeshi Taka							
Nepalese Rupee							
Chinese Yen							
Hong Kong Dollar							
Other Currencies							

General Manager
.....

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

The Central Bank of Kuwait
Supervision Department
Off-Site Supervision Department
Banks and Financial Statistic Section

Company Name:

Details of Exchange Companies' daily Purchases in USD during the Month of

USD

Sr.	Company's Purchases from	Country	ID No.	Days of the Month											Grand Total
				Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Month End Day	
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
17															
18															
19															
20															
21															
22															
23															
Grand Total															
Customers below USD 100,000															
Total Purchases															

General Manager

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

**The Central Bank of Kuwait
Supervision Department
Off-Site Supervision Department
Banks and Financial Statistic Section**

Company Name:

Details of Exchange Companies' daily Sales in USD during the Month of															USD
Sr.	Company's Sales to	Country	ID No.	Days of the Month											Grand Total
				Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Month End Day	
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
17															
18															
19															
20															
21															
22															
23															
Grand Total															
Customers below USD 100,000															
Total Sales															

General Manager

Note: The Company must submit this form to the Central Bank of Kuwait within ten days from the end of the month.

THE MANAGER

Thul-Qi'da 20, 1421 H
May 11, 1993

The General Manager,

With reference to the daily statement of foreign exchange sales you provide to the Central Bank of Kuwait, please take the necessary actions towards preparing a combined statement of the Kuwaiti customers, who purchased foreign currencies of above the equivalent of ten thousand Kuwaiti dinars for the period from start of your activity until 30/04/1993.

In addition, your company is required to provide us with the aforementioned form within at latest one month of the date hereof, provided such statements must be provided to us on a monthly basis effective from end of May 1993.

Best Regards,

Acting Manager
Hameed Ahmed Al-Rasheed

6. Providing us with a combined Statement of Kuwaiti Customers, who have purchased Foreign Currencies exceeding the Equivalent of USD 10,000 from the Beginning of the Company's Activity until 30/04/1993, provided such Statement should be provided on a monthly Basis, effective from the end of May 1993.

THE MANAGER

Safar 15, 1416 H
July 13, 1995

The General Manager,

Since some exchange companies failed to provide us with their quarterly statements on the due dates, you are required to provide us with these statements on a date no later than the tenth of the month subsequent to the reporting month⁽¹⁾.

Best Regards,

⁽¹⁾ Circular No. (2/ES/158/2004) was issued on 06/05/2004 and included under Item (13) of this chapter with respect to setting a date for submission of the periodic statements.

7. Confirmation on the Requirement that the Exchange Companies should provide us with the quarterly periodic Statements no later than the tenth day of the month subsequent to the Reporting Month.

THE EXECUTIVE DIRECTOR

*Jumada Al-Aula 8, 1416 H
October 03, 1995*

The General Manager,

Reference is hereby made the Central Bank of Kuwait's instructions previously notified to your company with respect to your company's financial position statements, which are provided to us on a quarterly basis.

We would like to inform you that since the Central Bank of Kuwait is preparing quarterly reports on the conditions of local exchange companies, your company is required to provide us with brief profit & loss statements at the end of the quarter, along with the financial position statements, as attached, starting from the first quarter ending on 31/03/1995.

Best Regards,

**Executive Director of Supervision Sector
Hameed Ahmed Al-Rasheed**

Central Bank of Kuwait
Supervision Department

Elements of Profit & Loss Account

Company Name:

Statement	31/5/1995	30/6/1995	30/9/1995
<u>First: Revenues</u>			
Selling Currencies			
Bank Interest			
Others			
Total Revenues			
<u>Second: Expenses</u>			
General & Administrative			
Bank Interest			
Provisions			
Others			
Total Expenses and other Costs			
Net profit for the year			
Retained Earnings (Losses)			
Distributable Profits			

THE MANAGER

Shawwal 28, 1416 H
March 18, 1996

The General Manager,

Kindly provide the Foreign Operations Department in the Central Bank of Kuwait with the details of the daily movements of USD purchases and sales for your customers, whether purchased from the Central Bank of Kuwait or any other entity.

Best Regards,

Acting Manager of Supervision Department
Essa Mohammad Al-Attal

THE MANAGER

*Thul-Qi'da 13, 1416 H
April 01, 1996*

The General Manager,

Reference is made to our letter dated March 18, 1996, we would like to inform you that your company is required to provide us with the details of the daily foreign currency purchases and sales for your customers, as per the attached designated form, taking into account the following regulations:

- 1) The required statements must include all the company's transactions including those covered under the company's USD purchases from the Central Bank of Kuwait or local banks.
- 2) The required statements should relate to the daily sale and purchase transactions, whether made on cash or by transfer (if any party has more than one transaction, please include one total amount).
- 3) Amounts of transactions should be denominated in USD, i.e., the equivalent of other currencies (other than USD and more) should be included. For transactions whose amounts or equivalent thereto are less than USD 100,000, include one total figure under the Item "Customers below USD 100,000". In all cases, amounts should be rounded to the nearest USD 1,000.
- 4) The details of foreign currency sale and purchase transactions are attributed to transaction amounts equivalent to USD 100,000 and more. For the transactions whose amounts or equivalent thereto are less than USD 100,000, include one total figure under the Item "Customers below USD 100,000". In all cases, amounts should be rounded to the nearest USD 1,000.
- 5) Names of the counterparties are written in Arabic, along with the synonyms and the correct translation of foreign names, so that at least the full name of natural persons is mentioned. For other parties, the entity's origin country must be mentioned, unless their origin country is the State of Kuwait.

In this regard, we would like to point out that the name of the entity that supplies foreign currencies to you is not required, given that these currencies would be sold to your customers if your supplies of currencies are made in exchange for another foreign currency. As for the currencies supplied to you (cash or through transfer to your account) from entities other than local banks and against the Kuwaiti dinar, they must be mentioned in the details of your purchases.

9. Instructions regarding the details of purchase and sale in foreign currencies.

- B. Providing us with the detailed daily Foreign Currency Purchases and Sales with Customers as per the attached designated Form, taking into account the Regulations stated in this letter.

- 6) The required statements must be sent daily, no later than two o'clock in the afternoon, to fax number 2401968 or 2443392. Foreign currencies sales and purchases processed in the evening should be included within the transactions processed in the morning of the next day.

Best Regards,

**Manager of Supervision Department
Hamad Abdulmohsen Al-Marzouq**

9. Instructions regarding the details of purchase and sale in foreign currencies.

- B. Providing us with the detailed daily Foreign Currency Purchases and Sales with Customers as per the attached designated Form, taking into account the Regulations stated in this letter.

Details of our Foreign Currency Sales and Purchases for the Day / /
All Amounts are in USD

First: Our Sales:

.....
.....
Customers below USD 100,000
Total Sales

Second: Our Purchases

.....
.....
Customers below USD 100,000
Total Purchases

Third: Our Purchases from the Central Bank and Local Banks

.....
.....

Total Purchases from the Central Bank and Local Banks
--------------------------------------------------------------	-------

Authorized Signatory

.....

9. Instructions regarding the details of purchase and sale in foreign currencies.

- B. Providing us with the detailed daily Foreign Currency Purchases and Sales with Customers as per the attached designated Form, taking into account the Regulations stated in this letter.

THE MANAGER

*Rabi-ul-Akher 10, 1417 H
August 25, 1995*

The General Manager,

Circular to all Exchange Companies

Since some exchange companies delayed in submission of their closing financial statements to the Central Bank on the due dates.

We would like to assure that your company must provide us with the Balance Sheet and Profit & Loss Account within three months from the end of the fiscal year to avoid the penalties stipulated under Article (17) of the Ministerial Resolution, which subjects the Exchange Companies to the Supervision of the Central Bank of Kuwait.

Best Regards,

**Manager of the Supervision Department
Hamad Abdulmohsen Al-Marzouq**

THE MANAGER

*Rajab 13, 1419 H
November 02, 1998*

The General Manager,

Circular to all Exchange Companies

With reference to the statement of USD sales of amounts equivalent to USD 35,000 and above, which the exchange companies provide the Central Bank of Kuwait with on a periodic basis,

Your company must cease providing us with the aforementioned statement starting from the date hereof, and provide us, on a quarterly basis, with a diskette that includes the mentioned statement of daily sales as per the form available with you, and covers the reporting three-month period.

In addition, your company must provide the Central Bank of Kuwait with the aforementioned diskette including the required statements, effective from the quarter beginning on 01/10/1998 and ending on 31/12/1998. The required diskettes must be provided to us within 10 days of the end of each quarter.

Best Regards,

**Manager of the Supervision Department
Ibrahim Ali Al-Qadhi**

-
11. Ceasing Submission of a Statement of USD Sales exceeding USD 35,000 and above to the Foreign Operations Department as of the Date hereof, and providing us with only a Diskette on a quarterly Basis, including a Statement of the mentioned daily Sales.

THE MANAGER

*Sha'aban 21, 1419 H
December 10, 1998*

“Circular to all Exchange Companies”

**Subject: Amending the Two Statements of Foreign Currency
Purchases and Sales**

Since the European Union decided to adopt the Euro currency at the beginning of January 1999.

We would like to inform you that the two statements of foreign currency purchases and sales, which are provided to us on a monthly basis, have been amended to include the new currency (EURO).

Therefore, find attached herewith the two revised statements, to be effective as of the beginning of 1999.

Best Regards,

**Manager of the Supervision Department
Ibrahim Ali Al-Qadhi**

Attachments:

- Statement of Foreign Currency Purchases (Arabic)
- Statement of Foreign Currency Purchases (English)
- Statement of Foreign Currency Sales (Arabic)
- Statement of Foreign Currency Sales (English)

12. Circular to all Exchange Companies amending the two Statements of Foreign Currency Purchases and Sales provided to the Central Bank of Kuwait on a monthly Basis to include the new Currency (EURO).

The Central Bank of Kuwait
Supervision Department

Name of the Company:
Purchases of Foreign Currencies
During the Month of / / - /

Private & Confidential
(KD, Thousand)

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	Bank Notes	Total Amount	
						FC	KD
US Dollar							
Pound Sterling							
Euro							
Swiss Franc							
Deutsch Mark							
French Franc							
Italian Lira							
Japanese Yen							
UAE Dirham							
Qatari Riyal							
Saudi Riyal							
Omani Riyal							
Bahraini Dinar							
Iraqi Dinar							
Lebanese Lira							
Jordanian Dinar							
Iranian Toman							
Philippine peso							
Indian Rupee							
Pakistani Rupee							
Yemeni Dinar							
Egyptian Pound							
Other Currencies							
						Total	

General Manager

.....

Note: The Company must provide this form to the Central Bank of Kuwait within five days of the end of reporting month.
Closed detailed sheet of other currencies.

**The Central Bank of Kuwait
Supervision Department**

Name of the Company:
Sales of Foreign Currencies
During the Month of / / - / /

Private & Confidential
(KD, Thousand)

Currency	Demand Draft	Telegraphic Transfer (Telex)	Mail Transfer	Traveler (Telex)	Bank Notes	Total Amount	
						FC	KD
US Dollar							
Pound Sterling							
Euro							
Swiss Franc							
Deutsch Mark							
French Franc							
Italian Lira							
Japanese Yen							
UAE Dirham							
Qatari Riyal							
Saudi Riyal							
Omani Riyal							
Bahraini Dinar							
Iraqi Dinar							
Lebanese Lira							
Jordanian Dinar							
Iranian Toman							
Philippine peso							
Indian Rupee							
Pakistani Rupee							
Yemeni Dinar							
Egyptian Pound							
Other Currencies							
						Total	

General Manager

.....

*Note: The Company must provide this form to the Central Bank of Kuwait within five days of the end of reporting month.
Closed detailed sheet of other currencies.*

THE GOVERNOR

*Rabi' Al-Awwal 17, 1425 H
May 06, 2004*

The General Manager,

**Instructions No. (2/ES/158/2004) to all Exchange Companies
setting the Deadline for Submission of the Periodic Statements**

Since some companies delayed in submission of the required periodic statements to the Central Bank of Kuwait (CBK).

And due to the importance of submitting these statements on the due dates for using thereof by the CBK, your Company must submit the required periodic statements within a period not exceeding ten business days of the reporting period, notwithstanding the dates set under the instructions issued with respect to each of them.

In addition, the CBK Board of Directors has resolved to impose penalties on the regulated units in case of any delay in submitting the required statements beyond the due dates, in accordance with the stipulations of amended Article (85) of the Law No. (32) of 1968 concerning Currency, the Central Bank of Kuwait and Regulation of Banking.

Penalties shall be imposed from July 01, 2004.

Best Regards,

**The Governor
Salem A. Al-Sabah**