



BANKING COMMISSION

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INSTRUCTIONS AND REPORTING FORMS 7

CURRENCY TRANSACTION REPORT

PURPOSE

In compliance with Section 81 (1) of the Banking (Amendment) Act, the Currency Transaction Report must be filed by each financial institution for all transaction in currency exceeding \$10,000.00 (ten thousand U.S. dollars). This is part of the anti-money laundering defenses set in place by the Banking Commission.

STATUTORY REFERENCE

Under Section 37 (1), the Commissioner is obligated to notify banks in writing of regulatory reporting requirements intended to strengthen supervision of the RMI banks.

Instructions 7 represent the official reference source applicable for the Currency Transaction Report, for use by bank personnel with responsibility for regulatory reporting on transacted currency.

Section 37 (3) of the Banking Act provides for civil and criminal penalties for failure to file a CTR or to supply information or for filing a false or fraudulent CTR. Banks that fail to submit timely and accurate Currency Transaction Reports returns may be subject to fines under Section 37 (3).

FREQUENCY/SUBMISSION DATE

The currency transaction report must be filed with the Banking Commission or the Financial Intelligence Unit within ten working days of the transaction.

RECEIPT

Commissioner of Banking, Ministry of Finance, Room 268, Majuro.

Phone: (692) 625-6310; Fax: (692) 625-6309; Email: bankcom@ntamar.net

SIGNING AUTHORITY

The completed CTR must be signed by the Senior RMI Officer of the institution concerned, or in his absence a designated officer, to certify the accuracy of the information submitted.

INSTRUCTIONS 7

CURRENCY TRANSACTION REPORT

GENERAL INFORMATION

Instructions 7 represents a reference source applicable to the currency transaction report.

The content of the currency transaction report replicate Form 4789 of the Internal Revenue Service of the United States. However, the format has been modified and attuned to local banking activities, which should lessen reporting errors.

For the purpose of this CTR, the following terms below have the following meanings:

Currency - The coin and paper money of the United States or any other country, which is circulated and customarily used and accepted as money.

Person - An individual, corporation, partnership, trust or estate, joint stock company, association, syndicate, joint venture or other unincorporated organization or group.

Organization - Person other than an individual.

Transaction In Currency - The PHYSICAL transfer of currency from one person to another. This does not include a transfer of funds by means of bank check, bank draft, wire transfer or other written order that does not involve the physical transfer of currency.

Negotiable Instruments - All checks and drafts (including business, personal, bank, cashier's and third-party), money orders, and promissory notes. For purposes of this CTR, all traveler's checks shall also be considered negotiable instruments. All such instruments shall be considered negotiable instruments whether or not they are in bearer form.

Financial institutions - Banks and other types of depository institutions, brokers or dealers in securities, money transmitters, currency exchangers, check cashers, issuers and sellers of money orders and traveler's checks.

WHO MUST FILE

Each financial institution must file the CTR for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution which involves a transaction in currency of more than \$10,000 during any one business day. For a bank, a business day is the day on which transactions are routinely posted to customers' accounts, as normally communicated to depository customers. For all other financial institutions, a business day is a calendar day.

IDENTIFICATION REQUIREMENTS

All individuals conducting a reportable transaction(s) for themselves or for another

person must be identified by means of an official documents(s).

Acceptable forms of identification include a driver's license, passports, identification cards, non-resident alien identification cards, or any other identification document or documents, which contain name and preferable address and a photograph and are normally acceptable by financial institutions as a means of identification when cashing checks for persons other than established customers.

Acceptable identification information obtained previously and maintained in the financial institution's records may be used. For example, if documents verifying an individual's identity were examined and recorded on a signature card when an account was opened, the financial institution may rely on that information. In completing the CTR, the financial institution must indicate on the form the method, type and number of the identification. Statements such as "known customer" or "signature card on file" are not sufficient for form completion.

SPECIFIC INSTRUCTIONS

Because of the limited space on the front and back of the CTR, it may be necessary to submit additional information on attached sheets. Submit this additional information on plain paper attached to the CTR. Be sure to put the individual's or organization's name and identifying number (item 2, 3, 4, and 6 of the CTR) on any additional sheets so that if it becomes separated, it may be associated with the CTR.

Item 1a. Amends prior Report. --If CTR is being filed because it amends a report filed previously, check item 1a. Staple a copy of the original CTR to the amended one, completed Part III fully and only those other entries which are being amended.

Item 1b. Multiple Persons. —If this transaction is being conducted by more than one person or on behalf of more than one person, check item 1b. Enter information in Part I for one of the persons and provide information on any other persons on the back of the CTR.

Item 1c. Multiple transactions. —If the financial institution has knowledge that there are multiple transactions, the Item 1c.

PART I – PERSON (S) INVOLVED IN TRANSACTION (S)

Section A must be completed. If an individual conducts a transaction on his own behalf, complete Section A; leave Section B BLANK. If an individual conducts a transaction on his own behalf and on behalf of another person) s_, complete Section A for each person; leave Section B BLANK. If an individual conducts a transaction on behalf of another person(s), complete Section B for the individual conducting the transaction, and complete Section A for each person on whose behalf the transaction is conducted of whom the financial institution has knowledge.

Section A. Person(s) on Whose Behalf Transaction(s) Is Conducted. --- See instructions above.

Items 2,3, and 4. Individual/Organization Name.—If the person on whose behalf the transaction(s) is conducted is an individual, put his/her last name in Item 2, first name in Item 3 and middle initial in Item 4. If there is no middle initial, leave item 4 BLANK. If the transaction is conducted on behalf of an organization, put its name in Item 2 and leave Item 3 and 4 BLANK.

Item 5. Doing Business As (DBA). —If the financial institution has knowledge of a separate “doing business as” name, enter it in Item 5. For example, Johnson Enterprises DBA Pj’s Pizzeria.

Item 6. Social Security Number (SSN) or Employer Identification Number (EIN). —Enter the SSN or EIN of the person identified in Item 2. If none, write NONE.

Items 7 and 9 Address. —Enter the permanent address including zip code of the person identified in Item 2. For RMI, P.O. Box address will be sufficient. Also, provide the name of the country in Item 9.

Item 8. Date of Birth. —Enter the date of birth. Eight numerals must be inserted for each date. The first two will reflect the month of birth, the second two the calendar day of birth, and the last four numerals the year of birth. Zero (0) should precede any single digit number. For example, if an individual’s birth date is April 3, 1948, Item 8 should read 04 03 1948.

Item 10. Occupation, Profession, or Business. —Identify fully the occupation, profession or business of the person on whose behalf the transaction(s) was conducted. For example, secretary, shoe sales man, carpenter, attorney, housewife, restaurant owner, liquor storeowner, etc. Do not use non-specific terms such as merchant, self-employed, businessman, etc.

Item 11. If an Individual, Describe Method Used To Verify. —If an individual conducts the transaction(s) on his/her own behalf, his/her identity must be verified by examination of an acceptable document. For example, check box a if a driver’s license is used to verify an individual’s identity, and enter the state that issued the license and the number in items e and f. If the transaction is conducted by an individual on behalf of another individual not present or an organization, enter N/A in item 11.

Section B. Individual(s) Conducting Transaction(s) (if other than above). — Financial Institutions should enter as much information as is available. However, there may be instances in which Items 15-18 may be left BLANK or incomplete.

If Items 15-18 are left BLANK or incomplete, check one or more of the boxes provided to indicate the reason(s).

Example: If there are multiple transactions that, if only when aggregated, the financial institution has knowledge the transactions exceed the reporting threshold, and therefore, did

not identify the transactor(s), check box **c** for Multiple Transactions.

Items 12, 13, and 14. Individual(s) Name. —Complete these items if an individual conducts a transaction(s) on behalf of another person. For example, if John Doe, an employee of XYZ Grocery Store makes a deposit to the store's account, XYZ Grocery Store should be identified in Section A, and John Doe should be identified in Section B.

Items 15 and 17. Address. —Enter the permanent address including zip code of the individual. (See the instructions for items 7 and 9.)

Item 16. SSN. —If the individual has a SSN, enter it in item 16. If the individual does not have any SSN, enter NONE.

Item 18. Date of Birth. —Enter the individual's date of birth. See the instructions for Item 8.

Item 19. If an individual, describe method Used To Verify. -- Enter the method by which the individual's identity is verified (see Item 11).

PART II – AMOUNT AND TYPE OF TRANSACTION (S)

Complete Part II to identify the type of transaction(s) reported and the amount(s) involved.

Items 20 and 21. Cash In/Cash out. —In the spaces provided, enter the amount of currency received (Cash In) or disbursed (Cash Out) by the financial institution. If foreign currency is exchanged, use the U.S. dollar equivalent on the day of the transaction.

If less than a full dollar amount is involved, increase that figure to the next highest dollar. For example, if the currency totals \$20,000.05, show the total as \$20,001.00.

Item 22. Date of Transaction. —Eight numerals must be inserted for each date. (See the instructions for Item 8.)

DETERMINING WHETHER TRANSACTIONS MEET THE REPORTING THRESHOLD

Only cash transactions that, if alone or when aggregated, exceed \$10,000 should be reported on the CTR. Transactions shall not be offset against one another.

If there are both Cash In and Cash Out transactions that are reportable, the amounts should be considered separately and not aggregated. However, they may be reported on a single CTR.

If there is a currency exchange, it should be aggregated separately with each of the Cash In and Cash Out totals.

Example 1: A person deposits \$11,000 in currency to his savings account and withdraws \$3,000 in currency from his checking account.

The CTR should be completed as follows: Cash In \$11,000 and no entry for Cash Out. This is because the \$3,000 transaction does not meet the reporting threshold.

Example 2: A person deposits \$11,000 in currency to his savings account and withdraws \$12,000 in currency from his checking account.

The CTR should be completed as follows: Cash In \$11,000, Cash Out \$12,000. This is because there are two reportable transactions. However, one CTR may be filed to reflect both.

Example 3: A person deposits \$6,000 in currency to his savings account and withdraws \$4,000 in currency from his checking account. Further, he presents \$5,000 in currency to be exchanged for the equivalent in French francs.

The CTR should be completed as follows: Cash In \$11,000 and no entry for Cash out. This is because in determining whether the transactions are reportable, the currency exchange is aggregated with each of the Cash In and the Cash Out amounts. The result is a reportable \$11,000 Cash In transaction. The total Cash In meets the reporting threshold and is therefore entered on the CTR. The total Cash Out does not meet the reporting threshold; therefore, it is not entered on the CTR.

Example 4: A person deposits \$6,000 in currency to his savings account and withdraws \$7,000 in currency from his checking account. Further, he presents \$5,000 in currency to be exchanged for the equivalent in French francs.

The CTR should be completed as follows: Cash In \$11,000, Cash Out \$12,000. This is because in determining whether the transactions are reportable, the currency exchange is aggregated with each of the Cash In and Cash Out amounts. In this example, each of the Cash In and Cash Out totals exceed \$10,000 and must be reflected on the CTR.

Item 22. Date of Transaction: Enter the date in which the transaction occurred.

Item 23. Foreign Currency. — If foreign currency is involved, check Item 23 and identify the country. If multiple foreign currencies are involved, identify the country for which the largest amount is exchanged.

Item 28. Deposits/Withdrawals. —Check this item to identify deposits to or withdrawals from accounts, e.g., demand deposit accounts, savings accounts, time deposits, mutual fund accounts or any other account held at the financial institution. Enter the account number(s) in item 29.

Item 29. Account Numbers Affected (if any.). —Enter the account numbers of any accounts affected by the transaction(s) that are maintained at the financial institution conducting the transaction(s). If necessary, use additional sheets of paper to indicate all of

the affected accounts.

Example 1: If a person cashes a check drawn on an account held at the financial institution, the CTR should be completed as follows: Indicate Negotiable Instrument(s) Cashed and provide the account number of the check.

If the transaction does not affect an account, make no entry.

Example 2: A person cashes a check drawn on another financial institution. In this instance, Negotiable Instrument(s) Cashed would be indicated, but no account at the financial institution has been affected. Therefore, item 29 should be left BLANK.

Item 30. Other (specify). —If a transaction is not identified in items 26-29, check item 30 and provide an additional description. For example, a person presents a check to purchase “foreign currency”.

PART III – FINANCIAL INSTITUTION WHERE TRANSACTION (S) TAKE PLACE

Item 31. Name of Financial Institution — Enter the financial Institution’s full legal name.

Item 32. Address — Enter the address of the financial institution where the transaction occurred. If there are multiple transactions, provide information on the office or branch where any one of the transactions has occurred.

Item 33. Employer Identification Number (EIN) --- Enter the EIN of the financial institution in Item 33.

SIGNATURE

Items 34 and 35. Title and Signature of Approving Official.—The official who reviews and approves the CTR must indicate his/her title and sign the CTR. In most instances this will be the designated Compliance Officer.

Item 36. Date the Form Was Signed.—The approving official must enter the date the CTR is signed. (see the instructions for Item 8.)

Item 37. Preparer’s Name.-- Type or print the full name of the individual preparing the CTR. The preparer and the approving official may not necessarily be the same individual.

Items 38 and 39. Contact person/Telephone Number.—Type or print the name and telephone number of an individual to contact concerning questions about the CTR.