



CENTRALE BANK VAN ARUBA

ANNOUNCEMENT REVISED DISPENSATION POLICY REGARDING THE PAWNSHOPS/COMPRA Y BENTA COMPANIES AND GUIDELINES ON THE CONDUCT OF THEIR BUSINESS

1. Introduction

In December 2007, the Centrale Bank van Aruba (CBA) decided to discontinue regulating this sector. However, the CBA also specifically informed that it maintains the right to reconsider its stance in case of undesirable developments in this sector and that it will continue to monitor the developments in this sector. In view of the considerable growth of the pawnshops/compra y benta companies over the years and the negative information received from time to time on questionable practices within this sector and the mutual evaluation report issued by the Financial Action Task Force in October 2009, the CBA has decided to re-introduce regulation of this sector on the basis of section 48 of the State Ordinance on the Supervision of the Credit System (AB 1998 No. 16) (SOSCS).

2. Revised dispensation policy and business conduct guidelines

With reference to section 48, paragraph 1, of the SOSCS, any natural person or legal entity is prohibited to grant credits in the course of his or her occupation or business, or in this respect to act as an intermediary. However, the CBA may, on a to that effect written and reasoned request, grant dispensation from this prohibition. In this regard, on March 14, 2012, the CBA issued a dispensation policy regarding pawnshops/compra y benta companies operating in Aruba ("dispensation policy") and guidelines on the conduct of the business of pawnshops/compra y benta companies ("guidelines"). In accordance with this policy, the CBA is willing to grant pawnshops/compra y benta companies a dispensation if these companies meet the conditions summed up in the box below **on a continuous basis**.

1. The pawnshop activities are conducted via a limited liability company registered at the Chamber of Commerce with an establishment permit issued by the Department of Economic Affairs, Trade and Industry.
2. The company maintains at all times a minimum equity of Afl. 50,000.
3. The activities of the company are solely financed by the company's shareholders' own funds or loans granted by the shareholders to the company. The source of the funds is not subject to any doubts with respect to its legality.
4. The aggregate outstanding amount per individual does not exceed Afl. 4,000.
5. The fitness and properness of the following principals are beyond any doubt:
 - a. Members of the managing board.
 - b. Any other (co-) policymaker.
 - c. Members of the supervisory board (if applicable).
6. The properness of the holders of a qualifying holding in the company is beyond any doubt.
7. The company complies at all times with the guidelines on the conduct of the business, which contain requirements in the area of AO/IC, audits and reporting.

8. The company complies at all times with the Sanctions State Decree Combating Terrorism and Financing of Terrorism (*Sanctiebesluit bestrijding terrorisme en terrorisme financiering*, AB 2010, 27), the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (*Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering*, AB 2011, no. 28), and the Handbook for the prevention and detection of money laundering and combating the financing of terrorism issued by the CBA (AML/CFT Handbook).
9. The company complies at all times with the Directive on the Publication of Effective Interest Rate for Consumer Loans issued by the CBA in June 2011.

3. Transitional provision

Pawnshops/compra y benta companies already active in Aruba as of April 1, 2012, will be granted a transitional period of one year starting from **April 1, 2012** and ending on **March 31, 2013**, to amend their processes and systems in order to be able to meet the conditions as set forth in aforementioned dispensation policy and to submit a formal request for a dispensation to the CBA. As from April 1, 2012 up to the date that the CBA takes a final decision on the request submitted, aforementioned pawnshops/compra y benta companies will have the same status as those companies that already are in the possession of a dispensation issued by the CBA. Pawnshops/compra y benta companies that have not filed a request for an exemption before the due date of **March 31, 2013** must cease their activities at the latest on this date.

4. Publication of the effective interest rate

As of **April 1, 2012** all pawnshops/compra y benta companies must comply with the CBA's directive on the publication of effective interest rate on consumer loans. This directive prescribes the requirements when advertising consumer loan products, as well as the information to be included in the pawn agreement with the client. All credit granting institutions active in the business of consumer loans, including companies in the possession of a dispensation of the CBA for the granting of credit to the public, must adhere to this directive.

5. Compliance with the AML/CFT State Ordinance

As of June 1, 2011 the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (*Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering*) (AB 2011, No.28) **applies** to pawnshops/compra y benta companies as being in the business of granting credits and/or selling jewelry. Compliance herewith is already mandatory since its introduction on June 1, 2011.

For more detailed information, please visit the CBA's website at <http://www.cbaruba.org> (section Supervision/Pawnshops and section AML/CFT State Ordinance).

March 22, 2012