

ROYAL MONETARY AUTHORITY OF BHUTAN



ABANDONED PROPERTY RULES & REGULATIONS 2018

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PART 1: PRELIMINARY

1. The Royal Monetary Authority of Bhutan, in exercise of the powers conferred by Sections 202 of the Financial Services Act of Bhutan 2011 and of all the powers enabling it in this behalf, hereby makes and adopts these rules & regulations.

Short Title, Commencement and Application

2. These Rules & Regulations shall:
 - 2.1 be called “Abandoned Property Rules & Regulations 2018”;
 - 2.2 come into force with effect from 1st January 2019; and
 - 2.3 apply to financial institutions and financial service providers, including e-money issuers.

Interpretation and Amendments

- 3.1 If any issue arises in the interpretation of the provisions of the Rules & Regulations, the matter shall be referred to the Authority, and the decision of the Authority thereon shall be final.
- 3.2 These Rules & Regulations may be amended in part or in whole, by the Authority.

Supersession

4. These Rules & Regulations shall supersede the Directive on Abandoned Property issued in 2015.

PART 2: LIST OF ABANDONED PROPERTIES

Abandoned Property

- 5.1 In accordance with Section 245 of the Financial Services Act of Bhutan 2011, **any money or articles** shall be deemed to be abandoned property if the owner fails to claim money or the articles or there are no transactions undertaken by the owner for more than ten years.

5.2 Abandoned Property includes:

a. **Banks:**

- i. Savings deposit accounts;
- ii. Fixed or term deposit accounts;
- iii. Recurring deposit accounts;
- iv. Current deposit accounts;
- v. Other deposit accounts in any form or with any name;
- vi. Excess loan repayments;
- vii. Unclaimed dividends;
- viii. Margin money against issue of Letter of Credit/Guarantee etc., or any security deposit;
- ix. Outstanding telegraphic transfers, mail transfers, demand drafts, pay orders, bankers cheques, sundry deposit accounts, vostro accounts, inter-bank clearing adjustments, unadjusted Electronic Funds Transfer credit balances and other such transitory accounts, unreconciled credit balances on account of Automated Teller Machine (ATM) transactions, etc.; and
- x. Interest on saving accounts shall be credited on regular basis till the tenth year, irrespective of the account being active or not.

b. **Insurance Companies**

- i. Unclaimed insurance benefits;
- ii. Unclaimed dividends; and
- iii. Any unclaimed excess payments.

c. Pension and Provident Fund

- i. Unclaimed provident fund benefits;
 - ii. Excess pension & provident fund contributions;
 - iii. Excess loan repayments; and
 - iv. Excess rental payments.
- d. Any other money or articles of other regulated entities including, e-money issuers.

PART 3: DEPOSIT, CLAIM & REFUND & RECORD KEEPING

Treatment of abandoned property

- 6.1 Financial institutions (FIs) & other regulated entities are required to ensure that the moneys lying as abandoned properties are properly audited and disclosed in the annual report.
- 6.2 FIs & other regulated entities shall take appropriate measures in finding the whereabouts of the owners before the properties are transferred to the Authority.
- 6.3 FIs & other regulated entity shall transfer to the Authority the entire principal amount and the accrued interest as on the date of transfer.
- 6.4 The money to be credited to the Authority shall be the credit balance in any deposit account maintained with FIs & other regulated entities, which have not been operated upon for more than ten years, or any amount remaining unclaimed for more than ten years.
- 6.5 From the effective date, FIs & other regulated entities are required to transfer the amount becoming due (i.e. balances remaining unclaimed for ten years or more) and the interest accrued thereon to Department of Banking of the Authority on a quarterly basis.
- 6.6 In pursuant to Section 246 of the Financial Services Act of Bhutan 2011, the Authority shall open specific account, in which value of such properties shall be deposited.

6.7 The amounts credited to the Abandoned Property Account shall form a part of Authority's books of accounts, which shall be audited by the internal auditor and the external auditor of the Authority or any other auditors as directed by the Authority.

Claims and Refund Process

- 7.1 In case of claim from a customer, FIs & other regulated entities shall repay the customer, along with interest accrued until it was transferred to the Authority, and lodge a claim for refund from the Authority for an equivalent amount paid to the customer.
- 7.2 Refunds made by FIs & other regulated entities in each month shall be claimed for reimbursement from the Authority on the last working day of the subsequent month.
- 7.3 Any amount payable in foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the Authority be converted into Ngultrum at the exchange rate prevailing on that date and in the event of a claim, the Authority shall refund in Ngultrum only.
- 7.4 In case of any claim from the customers/nominee/legal heirs, FIs & other regulated entities are required to obtain latest KYC documents and request letter from the customer for claim and ensure genuineness of the same. FIs & other regulated entities have to take adequate operational safeguards to ensure that claimants are genuine.

Record Keeping

- 8.1 FIs & other regulated entities shall preserve records/documents containing details of all accounts and transactions, including deposit accounts in respect of which amounts transferred to Authority, and where refund has been claimed from the Authority for at least ten years.

Definitions:

10. In these rules & regulations, unless the context otherwise requires, the following terms shall mean:

- (i) **'Act'** means Financial Services Act of Bhutan 2011;

- (ii) **'Amount due'** means any credit balances in any account or any deposit in financial institution remaining unclaimed or inoperative for ten years or more;
- (iii) **'Authority'** means the Royal Monetary Authority established by the Royal Monetary Authority of Bhutan Act 2010;
- (iv) **'Bank'** means as defined in the Act;
- (v) **'Principal amount'** means the amount, including interest, transferred by a bank to the Fund in terms of Sections 245 and 246 of the Act.
- (vi) **'Financial Institutions'** means as defined in the Act.