

## **REGULATION 18**

### **GRANTING PERMISSION TO ESTABLISH AND OPERATE ARMENIAN PAYMENT AND SETTLEMENT SYSTEM**

#### **Chapter 1. General Provisions**

1. This Regulation defines the procedure of granting permission to establish and operate Armenian payment and settlement system (hereinafter referred to as the System), the procedure of information provisioning about the changes of System operator, changes in the structure of System participants, procedure of publication of information about the System, and the System criteria as well.

2. This Regulation shall apply to operators of Armenian payment and settlement systems as defined in the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations, Article 3, point (d).

3. This Regulation shall not apply to intrabank payment and settlement systems operating in the Republic of Armenia.

#### **Article 2. Armenian System criteria.**

4. The Central Bank of Armenia shall establish the Armenian payment and settlement system criteria as follows:

- a) number of the System participants shall be less than 3;
- b) the name list of the Armenian payment and settlement systems shall include “The CBA E-payment System”, “The CBA Paper-based Gross Payment System”, “The CBA Clearing System”, “The CBA Securities Registration and Settlement System”, “ArCA Payment Unified System” .

5. In case of satisfaction of at least one of the criteria defined in paragraph 4 hereof, the procedure of granting permission to establish and operate a System shall be executed as set forth in Chapter 4 hereof. If the system does not meet the criteria set forth in paragraph 4, the procedure of granting permission to establish and operate a system shall be executed as set forth in Chapter 3 hereof.

#### **Chapter 3. Procedure of granting the permission to establish Systems which do not conform to the System criteria**

6. To obtain the permission to establish an Armenian payment and settlement system, the System operator shall submit to the Central Bank the documents set forth in the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations, Article 7, paragraph 1.

The application form for obtaining permission to establish and operate a System is set forth in Annex 1.

The reference form on the System participants, participants’ responsibilities, organization, management and business of the System is set forth in Annex 2.

The System business economic program form is set forth in Annex 3.

The reference form on the managers of the System is set forth in Annex 4.

According to the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”, Article 7, paragraph 1, point “d”, a document (package of documents) bearing another name, which meets the requirements as set forth in the above-mentioned law, can be considered as business rules of the System.

The reference on the System participants, participants’ responsibilities, organization, management and activities of the System and the business rules of the System, as well as the changes in them can be submitted also on electronic carriers, notifying that in the application.

7. If the submitted documents listed in paragraph 6 hereof are incomplete (non full or imperfect), the Central Bank shall notify in writing the System operator (hereinafter referred to as the applicant) no later than on the 30<sup>th</sup> day of the submission of documents. The applicant must present the corrected and/or missing documents within 10 days following the notification of the Central Bank. If the applicant fails to present necessary documents or materials within 10 days, the application for getting permission to establish Armenian payment and settlement system shall be waived on the grounds of incompleteness of documents.

8. The Central Bank shall satisfy the application for getting permission to establish the System, if:

a) the provisions set forth in paragraph 1 of Article 6 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations” are met,

b) there are no grounds specified in paragraph 3 of Article 7 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”.

The manager of the executive body of the System operator shall meet the qualification requirements of the Central Bank if he/she has a qualification certificate of the manager of a bank or a payment and settlement organization.

9. In case of waiver of the application for obtaining permission to establish and operate a System, the Central Bank shall notify in writing the System operator of the waiver by stating the reasons and legal grounds for a waiver.

In case of a waiver of the application the applicant has the right to submit a new application in general order.

10. The Central Bank may revoke the permission to establish and operate the System if there are grounds as specified in paragraph 5 of Article 5 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”. If the permission is revoked, a respective writing shall be done in the registry for permissions as set forth in paragraph 16 hereof.

#### **Chapter 4. Procedure of granting the permission to establish Systems which conform to the System criteria**

11. The operator of the System that conforms to criteria as set forth in paragraph 4 hereof shall submit to the Central Bank the documents as follows:

a) reference on the criteria as set forth in paragraph 4 hereof, according to Annex 5;

b) other documents specified in paragraph 4 of Article 7 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”.

12. The Central Bank shall grant the permission to establish and operate a System, if:

a) the System meets the criteria as set forth in paragraph 4 hereof;

b) there are no grounds specified in paragraph 3 of Article 7, points “a” and “b” of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”.

13. In case of waiver of the application, the Central Bank shall notify in writing the System operator of the waiver by stating the reasons and legal grounds for a waiver. In case of the waiver of the application the operator has the right to submit a new application in general order.

14. If the System criteria specified in paragraph 4 have been changed or they do not conform to the specified characteristics due to the change of the activities of the System, the operator must apply to the Central Bank within one week upon coming of this change into effect in order to get a new permission as set forth in Chapter 3 hereof.

15. The grounds for revocation of the permission given as set forth in this Chapter are the same as set forth in paragraph 10 hereof.

#### **Chapter 5. Registry for permissions to establish and operate a System, record-keeping, recorded information, list of notes for general examination**

16. The department of the Central Bank in charge of licensing shall keep a registry for permissions to establish and operate Armenian payment and settlement systems. The registry shall include information as follows:

- a) the name of the System,
- b) the number and the date of the respective decision of the Board of the CBA on granting permission to establish and operate the System;
- c) the name of the System operator and place of location;
- d) information about changes in registry records.

The registry for permissions shall be available for general examination.

Information recorded in the registry about third parties shall be provided to legal and physical entities within 3 days upon the payment of the state duty.

Information recorded in the registry about the participants of the System shall be provided to them within 3 days free of charge.

17. The department of the Central Bank in charge of licensing shall create and keep a file for each System with enclosed changes that occur in their business.

#### **Chapter 6. Submission of information about the change of System operator, changes in business rules**

18. To change the System operator, the operator shall submit to the Central Bank the documents as follows:

- a) an application to change the operator signed by the operator's executive body and certified by the seal,
- b) the decision of the authorized party on changing the operator,
- c) a reference on changes in documents set forth in paragraph 1 of Article 7 of the Armenian law on "Payment and Settlement Systems and Payment and Settlement Organizations", and the changed documents.

19. To make changes and/or amendments in the business rules of the System, the operator must submit to the Central Bank the documents as follows:

- a) an application for making amendments and changes in the business rules signed by the operator's executive body and certified by the seal,
- b) the decision of the operator's management body on making changes and/or amendments in the business rules, or the decision that is made according to the procedure as set forth in paragraph 1 of Article 7 (point "d") of the Armenian law on "Payment and Settlement Systems and Payment and Settlement Organizations",
- c) the copy of the changed business rules.

20. Upon receipt of documents specified in paragraphs 18 and 19 hereof, the Central Bank shall grant its permission or refuse it within the period set forth by law. If the application is not waived during the period set forth by law, the permission of the Central Bank shall be deemed as granted.

21. If the Central Bank gives its permission to change the System operator or to make amendments or changes in the System's business rules, the documents set forth in paragraphs 18 and 19 hereof shall be enclosed to the personal file of the System.

22. The Central Bank shall refuse to make changes or amendments in cases specified in the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations” (article 7, paragraph 5, second passage).

23. In case of refusal to change the System operator or make amendments and changes in the System’s business rules, the Central Bank shall inform the System operator about the grounds of the refusal.

24. The permission to change the System operator, to make amendments and changes in the System’s business rules shall be deemed as granted within the period as set forth in paragraph 5 of Article 7 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”.

#### **Chapter 7. Submission of information about changes in the list of System participants**

25. The System operator shall inform the Central Bank about the change in the list of System participants within 5 days upon the change by submission of a new reference on System participants, participants’ responsibilities, organization, management and business of the System as set forth in passage 3 of paragraph 6 hereof. If the change of the participants causes the change in the System business rules, the System operator shall submit also the new business rules to the Central Bank’s consent according to procedure as set forth in Chapter 6 hereof.

#### **Chapter 8. Publication of information about the System by the System operator**

26. The System operator must publish information about the business of the Armenian payment and settlement system at least once a year (including information about the System participants, types of transactions carried out through the System, number and value of transactions of the previous year).

**APPLICATION FORM FOR OBTAINING PERMISSSION TO ESTABLISH AND  
OPERARTE ARMENIAN PAYMENT AND SETTLEMENT SYSTEM**

To: the Chairman of the Central Bank of Armenia

Mr. \_\_\_\_\_

Name of system operator \_\_\_\_\_

Organizational and legal form \_\_\_\_\_

Location \_\_\_\_\_

Place of business \_\_\_\_\_

Name of the system \_\_\_\_\_

License/permission to provide above-mentioned payment and settlement services \_\_\_\_\_  
\_\_\_\_\_

Please, permit to establish and operate the payment and settlement system \_\_\_\_\_

\_\_\_\_\_ in the Republic of Armenia.

Attached presented are:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Director of executive body

\_\_\_\_\_  
*name, surname*

\_\_\_\_\_  
*signature*

Granting Permission to Establish and Operate Armenian Payment and Settlement System

**REFERENCE FORM ON THE PARTICIPANTS OF THE ARMENIAN PAYMENT  
AND SETTLEMENT SYSTEM, PARTICIPANTS' RESPONSIBILITIES, ORGANIZATION,  
MANAGEMENT AND BUSINESS OF THE SYSTEM**

1. Main objective of the business of the System.
2. The participants, the responsibilities and the roles of the participants in the System by each participant:
  - 2.1. title of participant, and residency,
  - 2.2. the participant's role (status) in the System (e.g. clearing bank, or participant that carries out processing, or issuer/service provider of payment cards, etc.) .
3. The management supreme body of the System (e.g. general meeting of participants, management supreme body of system operator, etc.).

## **THE SYSTEM BUSINESS ECONOMIC PROGRAM FORM**

The System business economic program is a basic document in which the economic activity and the internal structure of the payment and settlement system for the next three full financial years is described and reasoned by concrete calculations, analysis and source data. The economic program consists of parts as follows:

### ***I. General provisions***

- 1) name of the System,
- 2) goals of the System (future prospect).

### ***II. Main lines of activities***

- 1) line of activity and its brief description ,
- 2) service in future.

### ***III. Marketing analysis***

- 1) analysis of the field (participants, main competitors),
- 2) description of other financial markets where the System has scheduled to carry out activities (development trends, main strategic principles, system calculation risk assessment and risk preventive measures)
- 3) description of customers' groups and their forecast number.

### ***IV. Strategy***

- 1) positioning,
- 2) motivation,
- 3) pricing,
- 4) implementation program.

### ***V. Income and expenses***

- 1) source of finance,
- 2) income and expense account for future three years.

**REFERENCE FORM ON MANAGERS OF ARMENIAN PAYMENT AND SETTLEMENT  
SYSTEM OPERATOR**

**1. Position:**

\_\_\_\_\_

**2. General information:**

- Name, patronymic name, last name \_\_\_\_\_
- Citizenship \_\_\_\_\_

**3. Education and qualification:**

Educational institutions (including school)	Place	Attendance from/to	Degrees

**4. Work experience:**

	Organization	Location	Period of employment from/to	Position
1.				
2.				
3.				

**5. Other information:**

Declaration on absence of grounds specified in paragraph 2 of article 22 of the Armenian law on “Payment and Settlement Systems and Payment and Settlement Organizations”.

*I certify that the information contained in this reference is correct and complete. I agree to report to the Central Bank of any changes, which may occur in my personal, biographical and financial information.*

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(date)



Granting Permission to Establish and Operate Armenian Payment and Settlement System

**REFERENCE FORM ON SYSTEM CRITERIA**

This is to certify that our System \_\_\_\_\_  
(name of the System)

meets the following criterion (criteria) of Armenian payment and settlement system as set forth in Regulation 18 of the Central Bank of Armenia on “Granting Permission to Establish and Operate Armenian Payment and Settlement System”:

1. number of System participants \_\_\_\_\_
2. the System is included in the name list of the Armenian payment and settlement systems set forth by the Central Bank of Armenia.

I certify that in case the System does not meet the criteria of Armenian payment and settlement system set forth in Regulation 18 of the Central Bank of Armenia on “Granting Permission to Establish and Operate Armenian Payment and Settlement System”, I shall duly notify the Central Bank about it.

Director of executive body \_\_\_\_\_  
(name, surname)

\_\_\_\_\_  
(signature)