

**13/04/2010**  
**Number 74-N**

**ON APPROVAL OF REGULATION 16/1**  
**ON “PROCEDURE AND TERMS OF PROVIDING, SUSPENSION AND**  
**TERMINATION OF PERMISSION TO ISSUE ELECTRONIC MONEY, THE**  
**REQUIREMENTS TOWARDS THE ISSUERS OF ELECTRONIC MONEY”<sup>1</sup>**

**Pursuant to** part 2 of Article 17, point “a” of part 2 of Article 19 of the Law of the Republic of Armenia “On payment-settlement systems and payment-settlement organizations”, and

**in conformity with** provisions of point “e” of Article 20 of the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia” and Article 16 of the Law of the Republic of Armenia “On legal acts”, the Board of the Central Bank of the Republic of Armenia

**d e c i d e s:**

1. to approve Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”, in accordance with the Appendix.

2. This Resolution shall enter into force on the tenth day after its official publication.

**Chairman of the Central Bank**  
**of the Republic of Armenia**

**Arthur Javadyan**

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<sup>1</sup> This Regulation includes the amendment and supplement and all other changes endorsed under the following Resolutions of the Board of the Central Bank:  
No. 269-N, dates 14.10.2011; No 1-N, dated 13.01.2015

## REGULATION 16/1

### PROCEDURE AND TERMS OF PROVIDING, SUSPENSION AND TERMINATION OF PERMISSION TO ISSUE ELECTRONIC MONEY, THE REQUIREMENTS TOWARDS THE ISSUERS OF ELECTRONIC MONEY

#### Chapter 1. General provisions

1. This Regulation defines the procedure and terms of providing, suspension and termination of permission to issue electronic money within the territory of the Republic of Armenia, the requirements towards the issuers of electronic money.

2. This Regulation applies only to the organizations within the territory of the Republic of Armenia, performing issuance of electronic money, which have the license to perform money transfers, provided by the Law of the Republic of Armenia “On payment-settlement systems and payment-settlement organizations”.

#### Chapter 2. The main concepts, used in the Regulation

3. By means of this Regulation:
- 1) electronic money – electronic money, defined by point “u” of Article 3 of the Law of the Republic of Armenia “On payment-settlement systems and payment-settlement organizations”,
  - 2) the concepts of “sale (realization) of charging cards”, “issuance of electronic money/replenishment (charge) of registration account”, “sale (realization) of disposable (one-time-used) non-chargeable electronic purse”, “payment with electronic money”, “repayment of electronic money”, “conversion of electronic money via the convertor”, “conversion of electronic money”, “transfer of electronic money” used in this Regulation, are applied in accordance with the meanings, applied by the normative legal act of the Board of the Central Bank of the Republic of Armenia, defining the procedure and terms of issuance and servicing (circulation) of electronic money.
  - 3) applicant – an organization, having the license to perform money transfers, which has applied to the Central Bank of the Republic of Armenia (hereinafter, Central Bank) to get a permission to issue electronic money.

**(point 3 was amended by decision No 1-N on 13.01.15)**

### **Chapter 3. The procedure of giving permission to issue electronic money and the minimum requirements and conditions, applied to the applicant**

4. The applicant satisfies the following minimum requirements and conditions:
  - 1) has the license to perform money transfers, provided by the Board of the Central Bank,
  - 2) has deposited:
    - a. **(paragraph “a” was repealed by decision No 1-N on 13.01.15),**
    - b. the existence of requirement on the funds of the payment-settlement organization, deposited from April 1, 2012, is being defined by the decision of the Board of the Central Bank of the Republic of Armenia, and the depositing terms of the deposited funds – in accordance with Regulation 17/02.
  - 3) the equipment, hardware-software complexes and requirement on the security, used by the applicant for performing the activity of issuance of electronic money, should comply with the minimum requirements on assurance of information security, defined by the legal act of the Central Bank.

**(point 4 was amended by decision No 269-N on 14.10.11, decision No 1-N on 13.01.15)**

5. In order to get the permission to issue electronic money, the applicant submits the following documents to the Central Bank:

- 1) the petition to get the permission, in accordance with Appendix 1 of this Regulation,
- 2) the decision of the competent body of the applicant to perform the activity of issuance of electronic money,
- 3) the business program, developed by the applicant, in accordance with Appendix 2 of this Regulation, which includes the calculation of the forecasted budget for up-coming three financial years and which shall show, that the applicant can run respective systems, resources and processes for stable operation,
- 4) **(sub-point 4 was repealed by decision No 1-N on 13.01.15),**
- 5) the regulation on activities, approved by the competent body of the applicant, which satisfies the requirements, set by the normative legal act of the Board of the Central Bank of the Republic of Armenia, defining the procedure and terms of issuance and servicing (circulation) of electronic money,
- 6) the description of mechanisms of performing the internal control and procedures of security risk management, which satisfies the minimum requirements of internal control in banks, defined by the legal act of the Central Bank,
- 7) the declaration, in accordance with Appendix 3 of this Regulation.

**(point 5 was amended by decision No 1-N on 13.01.15)**

6. Within a two-month period from the day of submission to the Central Bank of the petition to get the permission to issue electronic money, the Central Bank examines it and makes the decision to satisfy the petition to get the permission to issue

electronic money, to reject it or to suspend the two-month period of examination of the petition to get the permission to issue electronic money.

7. If within a two-month period from the day of submission to the Central Bank of the petition to get the permission to issue electronic money, the Central Bank has not made the decision to satisfy it, to reject or to suspend the two-month period of examination of the petition to get the permission to issue electronic money, then the petition is considered to be satisfied.

8. In order to get or clarify some information by the Central Bank, the two-month period of examination of the petition to get the permission to issue the electronic money and making decision by the Board of the Central Bank can be suspended by the Board of the Central Bank not more, than for a one-month period.

9. If the documents, specified by point 5 of this Regulation, have been submitted incompletely (are not complete or have some shortcomings), the Central Bank informs the applicant about it in written form not later, than the 30<sup>th</sup> day after submission of the documents.

10. In case the necessary corrections (documents, materials or clarifications) and absent documents have not been submitted within 10 days after the notification, defined by point 9 of this Regulation, the petition to get the permission to issue electronic money is being rejected, based on the fact that the documents were incomplete.

11. The Central Bank rejects the petition to get the permission, if:

- 1) false or invalid information was submitted,
- 2) the terms, specified by point 10 of this Regulation, are in place or the submitted documents are inconsistent with the laws and other legal acts of the Republic of Armenia,
- 3) the submitted regulation and (or) business program, in the justified opinion of the Central Bank, is not justified or is not realistic.

12. In case of rejection of the petition to get the permission to perform activity of issuance of electronic money, the reasons of rejection and legal grounds are being mentioned in the decision of the Central Bank. In case of rejection of the petition to get the permission to perform activity of issuance of electronic money, the applicant may submit a new petition to get the permission, in accordance with the general procedure. The decision of the Board of the Central Bank on rejection of the petition to get the permission to perform activity of issuance of electronic money can be appealed in the Court.

13. The Central Bank satisfies the applicant's petition to get the permission to issue electronic money, if the grounds of rejection, defined by point 11 of this Regulation, are absent.

13.1. Before making amendments or supplements in the regulation on activities, developed by the issuer and approved by the competent management body, the issuer submits the respective amendments to the Central Bank, for consent. In case the Central Bank does not submit any comments or suggestions within one month, the amendments and (or) supplements are considered as agreed.

**(point 13.1 was added by decision No 1-N on 13.01.15)**

#### **Chapter 4. The procedure of suspension of the permission to issue electronic money**

14. In case the permission to issue electronic money has been suspended, the money transfer organization, not later, than within a 10-day period from the moment of making the decision by the competent body of the organization on suspension of the permission to issue electronic money, submits the documents to the Central Bank, in accordance with Appendix 4 of this Regulation.

15. The permission to issue electronic money is being considered as suspended from the moment of getting the notification from the Central Bank. The permission to issue electronic money is being suspended also in case of suspension of the license of the money transfer organization by the Central Bank, in accordance with the Law of the Republic of Armenia “On payment-settlement systems and payment-settlement organizations”.

16. The suspension of permission to issue electronic money is considered as removed starting from the next working day after the day of expiration of the period of suspension of the permission to issue electronic money.

17. Starting from the moment of suspension of the permission to issue electronic money and till the end of the period of suspension of the permission to issue electronic money, the money transfer organization does not perform any activity on issuance of electronic money and does not bear any new liability, at the same time continuing the liabilities, got and not repaid before, as well as meeting the requirements, defined for the issuer of electronic money by Regulation 16/2.

18. Within three days from the moment of suspension of the permission to issue electronic money, the money transfer organization shall publish the information on suspension of the permission to issue electronic money in the press with a circulation of at least 2 thousand copies and on its webpage and present a copy of the newspaper (journal), containing that information, to the Central bank.

19. The requirement, specified by this Chapter, does not apply to the cases, when the permission to issue electronic money is being suspended for not more, than 1 day.

#### **Chapter 5. The procedure of termination of the permission to issue electronic money**

20. In case the permission to issue electronic money has been terminated, the money transfer organization, not later, than within a 10-day period from the moment of making the decision by the competent body of the organization on termination of the permission to issue electronic money, submits the documents to the Central Bank, in accordance with Appendix 5 of this Regulation.

21. The permission to issue electronic money is being considered as terminated from the moment of getting the notification from the Central Bank. The permission to issue electronic money is being terminated also in case of revocation of the license of the money transfer organization by the Central Bank, in accordance with the Law of the Republic of Armenia “On payment-settlement systems and payment-settlement organizations”.

22. Starting from the moment of termination of the permission to issue electronic money, the money transfer organization does not perform any activity on issuance of electronic money and does not bear any new liability, at the same time continuing the liabilities, got and not repaid before, as well as meeting the requirements, defined for the issuer of electronic money by Regulation 16/2.

23. Within three days from the moment of termination of the permission to issue electronic money, the money transfer organization shall publish the information on termination of the permission to issue electronic money in the press with a circulation of at least 2 thousand copies and on its webpage and present a copy of the newspaper (journal), containing that information, to the Central bank.

## **Chapter 6. The limitations on activities of the money transfer organization, issuing electronic money**

24. **(point 24 was repealed by decision No 1-N on 13.01.15)**

25. **(point 25 was repealed by decision No 1-N on 13.01.15)**

26. **(point 26 was repealed by decision No 1-N on 13.01.15)**

27. The following issuance and acquiring services, related to the issuance of electronic money, may be provided by the money transfer payment-settlement organization, issuing electronic money:

- 1) sale (realization) of charging cards,
- 2) issuance of electronic money/replenishment (charge) of registration account,
- 3) sale (realization) of disposable (one-time-used) non-chargeable electronic purse,
- 4) payment with electronic money,
- 5) repayment of electronic money,
- 6) conversion of electronic money via the convertor,
- 7) conversion of electronic money,
- 8) transfer of electronic money.

**(point 27 was edited by decision No 1-N on 13.01.15)**

28. The non-bank organization, which has got the permission to issue electronic money, may not provide loans to the customers.

**(point 28 was amended by decision No 1-N on 13.01.15)**

29. The organization, issuing electronic money, may not pay interest, bonuses and (or) provide discounts to the customers against the attracted funds.

**(point 29 was amended by decision No 1-N on 13.01.15)**

30. The organization, issuing electronic money, may issue only electronic money, operating within the closed system of electronic money.

31. Issuance of electronic money by the resident issuers of the Republic of Armenia is being considered as the criteria of issuance of electronic money in the Republic of Armenia.

32. Issuance of electronic money in locations other than the location of activity of the money transfer organization is prohibited. Moreover, the main server must be located within the territory of the Republic of Armenia.

33. 1 unit of electronic money, issued by the organization, issuing electronic money, equals to 1 Armenian Dram.

**(point 33 was added by decision No 1-N on 13.01.15)**

of Regulation 16/1 on “Procedure and terms of providing,  
suspension and termination of permission to issue  
electronic money, the requirements towards the  
issuers of electronic money”

**THE SAMPLE OF PETITION TO GET THE PERMISSION TO ISSUE ELECTRONIC  
MONEY**

Mr. \_\_\_\_\_  
Chairman of the Central Bank  
of the Republic of Armenia

Name of the applicant \_\_\_\_\_

Type of electronic money \_\_\_\_\_

I would like to kindly ask for your permission to issue electronic money in  
\_\_\_\_\_  
(name of the system)

Please, find attached:

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

Head of executive body  
of the applicant \_\_\_\_\_ (name, surname) \_\_\_\_\_ (signature)

of Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”

## **THE BUSINESS PROGRAM OF THE ORGANIZATION, ISSUING ELECTRONIC MONEY**

The business program of the organization, issuing electronic money, should include the following information:

- Sector 1: General provisions
- Sector 2: Trends of development prospects
- Sector 3: Methods to improve competitiveness
- Sector 4: Internal structure of the issuer of electronic money and the principles of management
- Sector 5: Means of warranty, calculation of income and expenses
- Sector 6: Other provisions
- Attached necessary information

### 1. General provisions

The business program of the organization, issuing electronic money, is a document, describing and justifying the economic activity and internal organizational structure of the organization, issuing electronic money, justified by concrete calculations, analysis and starting data, prepared for three full years following the submission of the program.

The general provisions of the business program of the issuer of electronic money shall reflect.

- 1) the name of the issuer of electronic money,
- 2) the mission of the issuer of electronic money,
- 3) the objectives of the issuer of electronic money,
- 4) the list of participants of the issuer of electronic money and the size of participation.

### 2. Trends of development prospects

- 1) the list of services, planned by the issuer of electronic money, and their short description,
- 2) the expected role, share of the issuer of electronic money in the market, the area of servicing,
- 3) the description and assumed number of potential customers of the issuer of electronic money,
- 4) the prospects of development and enlargement of the issuer of electronic money, including the list of planned branches,



- 5) the forecasted level of customers, the growth speed of customers and issued electronic money for the forecasted three years,
- 6) the forecasted demand for the issued electronic money, as well as the strategy of the issuer of electronic money to satisfy the demand,
- 7) the existing and forecasted sources of data, including financial, non-financial, private and public sectors.

### 3. Methods to improve competitiveness

- 1) to compare the services, provided by the issuer of electronic money in the target market (markets), with those of the main competitors of the issuer of electronic money in a particular market,
- 2) to describe the comparative advantages and disadvantages of the issuer of electronic money compared with its main competitors (such as price policy, reputation, market share, etc.), justify the competitiveness of the issuer of electronic money,
- 3) to describe the methods of improving the competitiveness,
- 4) to describe the potential competitors of the issuer of electronic money in the target market.

### 4. Internal structure of the issuer of electronic money and the principles of management

- 1) to describe the internal organizational structure of the issuer of electronic money, the names and the main functions of the structural divisions and services, the interaction between them,
- 2) to provide the approximate structure of the management bodies,
- 3) to describe the programs aimed at improving the quality of performance of the management and staff of the issuer of electronic money,
- 4) to describe the program of measures on technical upgrading and introduction of new technologies,
- 5) to describe the requirements on the members of the committee overseeing the internal control functions, including their education and work experience,
- 6) to describe all the procedures and measures that are implemented with the view of ensuring the compliance of activities of the issuer of electronic money with the requirements of the legislation, other legal acts of the Republic of Armenia, as well as internal acts (policies, by-laws, etc.), regulating the activity of the issuer of electronic money,
- 7) to describe the measures taken in response to the complaints of the users of electronic money,
- 8) to describe the principles of selection of an independent audit company.

### 5. Means of warranty, calculation of income and expenses

- 1) to describe the target size and structure of the means of warranty of the issuer of electronic money, the ways to accomplish it,
- 2) to describe the planned level of profitability,
- 3) a three-year forecast on incomes and expenses, based on the results of markets analysis,

- 4) a three-year financial forecast for the total requirement of means of warranty, other sources of means of warranty and liabilities, as well as about the prospective profitability of the means of warranty.

6. Other provisions

- 1) the business program of the issuer of electronic money should be revised in consistency with the changes of environment,
- 2) if the respective forms are not defined for information, required by this Regulation, it can be submitted in a free style,
- 3) the business program may contain also such information, which is not required by this Regulation, but is considered as important by the initiators.

7. Attached necessary information

Attached to the business program, there should be:

- 1) the forecasts for incomes and expenses for the first three years,
- 2) the calculation of the means of warranty for the up-coming three financial years,
- 3) statements on all the financial and property liabilities of the future managers of the issuer of electronic money and their affiliated persons, including the outstanding and restructured liabilities.

of Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”

**DECLARATION  
ON COMPLIANCE WITH THE REQUIREMENTS ON THE EQUIPMENT,  
HARDWARE-SOFTWARE COMPLEXES AND SECURITY, USED DURING ISSUANCE  
OF ELECTRONIC MONEY**

Hereby I assure, that the criteria on the equipment, hardware-software complexes and security, used during issuance of electronic money by \_\_\_\_\_ issuer of electronic money are in compliance

(name of the organization)

with the requirements, set by normative legal act of the Central Bank, defining the procedure and terms of issuance and servicing (circulation) of electronic money, the minimum requirements of assurance of information security and implementation on internal control in banks.

I also declare, that in case of changes of the facility and technical equipment of the issuer of electronic money I am obliged to notify the Central Bank of the Republic of Armenia, in written form, about the done and up-coming changes, which do not contradict with the requirements set by the normative legal act of the Central Bank, defining the procedure and terms of issuance and servicing (circulation) of electronic money, the minimum requirements of assurance of information security and implementation on internal control in banks.

This declaration is true and complete. The organization, issuing electronic money, realizes that presenting any false information by the issuer of electronic money, related to this declaration, may cause sequences, defined by legislation of the Republic of Armenia, against the organization, issuing electronic money, and (or) the manager of the organization, issuing electronic money.

Head of executive body  
of the applicant

\_\_\_\_\_  
(name, surname)

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

seal

**(Appendix 3 was amended by decision No 1-N on 13.01.15)**

of Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”

**THE LIST OF DOCUMENTS, SUBMITTED TO THE CENTRAL BANK BY THE MONEY TRANSFER ORGANIZATION, FOR SUSPENSION OF THE PERMISSION TO ISSUE ELECTRONIC MONEY**

In order to suspend the permission to issue electronic money, the money transfer organization submits the following documents to the Central Bank of the Republic of Armenia:

1. the notification on suspension of the permission to issue electronic money, mentioning the period and reasons of suspension of the permission to issue electronic money,
2. the copy of the decision of the competent body about suspension of the permission to issue electronic money,
3. the financial statement, in accordance with Appendix 6 (attached),
4. information on registration accounts, opened in the system by the moment of submission of the notification about suspension of the permission, by each account holder, towards whom the liabilities, specified for the issuer by Regulation 16/2, have not been repaid.

of Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”

**THE LIST OF DOCUMENTS, SUBMITTED TO THE CENTRAL BANK BY THE MONEY TRANSFER ORGANIZATION, FOR TERMINATION OF THE PERMISSION TO ISSUE ELECTRONIC MONEY**

In order to terminate the permission to issue electronic money, the money transfer organization submits the following documents to the Central Bank of the Republic of Armenia:

1. the notification on termination of the permission to issue electronic money, mentioning the reasons of termination of the permission to issue electronic money,
2. the copy of the decision of the competent body about termination of the permission to issue electronic money,
3. the financial statement, in accordance with Appendix 6 of this Regulation (attached),
4. information on registration accounts, opened in the system by the moment of submission of the application about termination of the permission, by each account holder, towards whom the liabilities, specified for the issuer by Regulation 16/2, have not been repaid.

of Regulation 16/1 on “Procedure and terms of providing, suspension and termination of permission to issue electronic money, the requirements towards the issuers of electronic money”

**On liabilities of the payment-settlement organization in case of suspension and/or termination of the license on performing money transfers**

The name of the organization \_\_\_\_\_

Date from \_\_\_\_\_ till \_\_\_\_\_

**Liabilities**

	<b>The total sum of liabilities (at the beginning of the period)</b>	<b>The repaid liabilities (during the period)</b>	<b>The balance (at the end of the period)</b>
On electronic money			
On systems			
Total			

Seal                      The president of the organization \_\_\_\_\_  
(executive director)

Chief accountant \_\_\_\_\_