

08/06/2005

No 295 N

ON APPROVAL OF REGULATION 18 “ISSUING PERMIT TO ESTABLISH AND OPERATE
ARMENIAN PAYMENT AND SETTLEMENT SYSTEMS”

This Regulation incorporates changes made in accordance with
CBA Board Resolution No 154_N dated 25.09.20 (new version)

By virtue of Articles 5, 6, 7, Article 16.1 of the Republic of Armenia law “On Payment Systems and Payment and Settlement Organizations” and pursuant to Article 20 ”e” of the Republic of Armenia law “On Central Bank of the Republic of Armenia”, Republic of Armenia Central Bank Board, herewith,

Resolves:

1. Approve Regulation 18 “Issuing Permit to Establish and Operate Armenian Payment and Settlement Systems” in accordance with Annex 1 (see attached).
2. This Resolution shall enter into force on the tenth day following publication.

Republic of Armenia
Central Bank Governor

T. Sargsyan

Annex
Approved by
Republic of Armenia
Central Bank Board
Resolution No 154-Ն dated September 25, 2020

Annex
To Republic of Armenia
Central Bank Board
Resolution No 295-N dated June 8, 2005

REGULATION 18

ISSUING PERMIT TO ESTABLISH AND OPERATE ARMENIAN PAYMENT AND SETTLEMENT SYSTEMS

CHAPTER 1. GENERAL PROVISIONS

1. This Regulation defines the requirements for the establishment of the Armenian payment and settlement systems in the territory of the Republic of Armenia, issuance of a permit for the implementation of activities, suspension of the issued permit, change of the system operator, requirements to the system and its activities.
2. This Regulation shall not apply to the relations pertaining to cooperation between the operators of Armenian and foreign on provision of payment and settlement service (hereinafter referred to as money transfer) defined by Article 17.1 “c” of the Republic of Armenia law “On Payment and Settlement Systems” (hereinafter referred to as the Law).
3. This Regulation shall not apply to intra-bank payment and settlement systems operating in the territory of the Republic of Armenia and those payment and settlement systems in which the Central Bank performs as system operator.
4. All documents defined by this Regulation, as well as the changes made in them, shall be submitted electronically through the CBA-Net network, and, if this is not possible, by e-mail or by registered mail or by manual deposit at the Central Bank. The documents shall be presented in Unicode font and in PDF format. The application letter submitted to the Central Bank shall state that the attached documents and information are credible and complete, and that misrepresentation or omission of any fact may result in legal liability and the refusal to issue permit for the establishment and operation of the System.

CHAPTER 2. BASIC CONCEPTS

5. The concepts used in this Regulation have the following meaning:

- 1) **System** - Armenian payment and settlement system defined by Article 3 (s) of the Law;
 - 2) **System participant** - entity authorized to provide payment and settlement services who has signed a contract for participation in the System with the System Operator (Armenian and (or) foreign bank and (or) payment and settlement organization) including System Operator;
 - 3) **System Operator** - entity that applied to the Central Bank for a permit as defined by Article 3 (d) of the Law and in the manner prescribed by this Regulation;
 - 4) **Intrabank system** – system defined by Article 3 (r) of the Law;
 - 5) **System operating rules** - A document approved by the competent management body of the System Operator, which defines the conditions of participation in the System, cooperation with the Related System (if any), as well as general rules and procedures related to clearing, processing and final settlement and the procedure and conditions for the use of technical and software means ensuring their operation;
 - 6) **Operator Manager** - executive director of the operating organization or a senior manager registered with the Central Bank authorized to perform such duties;
 - 7) **Related system** - any foreign system cooperating with any foreign participant of the System, except the Operator, through which System services can be provided;
 - 8) **System settlement organization/settlement bank** - organization carrying out operations defined in Article 3 (g) of the Law;
 - 9) **System processing organization** - organization ensuring implementation of the process defined by Article 3 (j) of the Law;
 - 10) **System clearing organization** - organization ensuring implementation of the process defined by Article 3 (f) of the Law;
 - 11) **System software (hereinafter referred to as System SW)** - software used by the system to provide services (software complex);
 - 12) **Domestic payments** – non-cash payments (transfers or payments made at both sides of the transaction are non-cash), which were made in the territory of the Republic of Armenia, and include both own payments and/or transfers of financial organizations and their clients;
 - 13) **Financial market infrastructure** - a multilateral relationship system used to clear, settle, or record payments, securities, derivative financial instruments, or other financial transactions;
6. Other concepts used in this procedure have the meanings defined by the Law and normative legal acts of the Central Bank.

CHAPTER 3. ISSUING PERMIT FOR THE ESTABLISHMENT AND OPERATION OF THE SYSTEM

7. In order to obtain a permit for the establishment and operation of a system, the System Operator shall submit to the Central Bank the following documents specified in Part 1 of Article 7 of the Law:
 - 1) application for obtaining a permit for the establishment and implementation of the system in accordance with Annex 1 to this Regulation;
 - 2) decision of the competent governing body of each of the members of the System to join the System;
 - 3) a copy of the activity contract concluded between the System Operator and the System Participants or the draft contract, which must at least define name of the System Operator, competencies, responsibilities and liability of the System Operator and System Participants. In case draft contracts with the System Participants have been submitted for obtaining permit by the System Operator, the System Operator shall submit a copy of the signed versions of the contracts signed with at least two System Participants to the Central Bank within one month after receiving the permit. If the copy of the signed versions of the contracts is not submitted to the Central Bank within the period specified in this paragraph, the issued permit shall be considered invalid.
 - 4) reference on the distribution of responsibilities among the participants of the System, System organization, management, and activities, in accordance with Annex 2 to this Regulation;
 - 5) regulations of the System operations approved by the competent management body of the System Operator, the provisions of which shall be mandatory for all participants of the System and shall include:
 - a. System operation rules;
 - b. procedures describing the provision of services in the system, by type of service;
 - c. procedure and conditions of system management and organization;
 - d. in case of having a supervisory board, the procedure and conditions of its formation and implementation of activities;
 - 6) business program of the System in accordance with Annex 3 to this Regulation;
 - 7) reference on the System Operator managers in accordance with Annex 4 to this Regulation.
8. If the documents specified in paragraph 7 of this Regulation are incompletely submitted (incomplete or there are certain deficiencies), the Central Bank shall notify the System Operator in writing no later than the 30th day of submission of the documents, who shall be obliged to submit the corrected and/or missing documents to the Central Bank within ten working days following the notification. In case of non-submission of the necessary corrections (documents, materials or clarifications) within the period defined by this

paragraph, the issuance of the permit to establish and operate the System shall be denied on the grounds that the documents are incomplete or inadequate.

9. The Central Bank shall, within two months of receiving all the documents specified in paragraph 7 of this Regulation, issue a permit for the establishment and operation of the System or refuse to issue a permit. The two-month period provided for in this part may be suspended for a period of up to one month by the decision of the Central Bank in order to clarify certain facts. If the Central Bank does not refuse to issue the permit for the establishment and operation of the System within two months or does not inform the applicant about the suspension of the two-month period, the permit shall be deemed to have been issued.
10. The information to be submitted for obtaining the permit defined by this Regulation or other process in accordance with this Regulation, which has already been previously submitted to the Central Bank (within the given or other process), shall be submitted to the Central Bank only in case of changes and only in terms of the changes. In case the relevant changes are not submitted in accordance with this point or are submitted only in terms of the changes, the petition (application) shall indicate that.
11. In case of any change in the documents or information submitted for obtaining the permit defined by this Regulation, the System Operator shall notify the Central Bank within 10 working days.

CHAPTER 4. REFUSAL TO ISSUE A PERMIT TO ESTABLISH AND OPERATE SYSTEM. SUSPENSION AND TERMINATION OF THE ISSUED PERMIT

12. The Central Bank shall refuse to issue a permit for the establishment and operation of the System in accordance with the procedure established by this Regulation, if:
 - 1) the requirements set forth in Part 1 of Article 6 of the Law have not been complied with;
 - 2) based on grounds defined by Part 1 of Article 8.1 of the Law.
13. In case of refusal to issue a permit for the establishment and operation of the System, the Central Bank shall notify the System Operator thereof, stating the reasons for the refusal and the legal grounds. In case of refusal to issue a system creation permit, the System Operator shall have the right to submit a new application for a System Creation and Operation Permit in accordance with the procedure established by this Regulation.
14. In case of making a decision on suspension of the permit issued in accordance with this Regulation on the initiative of the System Operator, the System Operator shall submit an application to the Central Bank on the suspension of the establishment and operation of the System and the documents specified in Annex 5 to this Regulation no later than 15 working

days before the decision of the competent body of the operator on the suspension of the System activity permit. In case the Central Bank does not object to the application of the System Operator within 15 working days, the permit to establish and operate the System shall be considered suspended from the moment the decision of the competent body of the Operator enters into force.

15. In case of making a decision on termination of the permit issued in accordance with this Regulation on the initiative of the System Operator, the System Operator shall submit an application to the Central Bank on the termination of the establishment and operation of the System and the documents specified in Annex 6 to this Regulation no later than 15 working days before the decision of the competent body of the operator on the termination of the System activity permit. Within 15 working days, the Central Bank shall make a decision on termination or refuse termination of the System based on the application of the System Operator. In case the Central Bank does not make a decision based on the application of the System Operator within 15 working days, the authorization for the establishment and operation of the System shall be considered terminated from the moment the decision of the competent body of the operator enters into force.
16. At the initiative of the System Operator, the System operation permit may be suspended for a period not exceeding 1 year, indicating the exact period of suspension in the application.
17. During the whole period of suspension, System Participants may not provide any payment and settlement services through the given System, except for separate payment and settlement services mentioned in the decision on suspension of the System operation permit issued by the Central Bank Board.
18. In case of establishment of the System and suspension or termination of its operation permit, System Participants may not carry out new operations with the System and may not undertake new obligations, while continuing to fulfill the previously assumed and outstanding obligations.

CHAPTER 5. REQUIREMENTS FOR SYSTEM ACTIVITY RULES, PARTICIPATION, SOFTWARE AND TECHNICAL SECURITY

19. System Operator shall carry out its activity in accordance with the legislation of the Republic of Armenia and may provide services only defined by the permit issued in accordance with the Law and this Regulation.
20. The rules and procedures of the System shall be designed so that all members of the System are aware of the impact of the financial risks arising from their participation in the System, and their role in the management of those risks and the legal implications.

21. If the System Regulation and (or) other documents regulating the relations with the Operator provide for the right to make a sole decision on making changes by the Operator, it must be stipulated that the System Operator shall notify all System Participants of any changes made to the System at least one month before the decision takes effect.
22. Documents describing the system operation rules and (or) procedures shall include:
- 1) types of services provided in the System, the procedure for providing services, including moments of irrevocability and finality;
 - 2) terms and conditions for processing, clearing and/or settlement, requirements, according to which processing, clearing and (or) settlement in the System can be carried out exclusively by the organization authorized to process, clear and/or settle in the territory of the Republic of Armenia;
 - 3) procedures for participation in the system and withdrawal from the system and (or) suspension of participation;
 - 4) procedure for classifying the System Participants and defining the types of services provided by them;
 - 5) in case of providing services through Related System, the procedure and conditions of providing services (if available);
 - 6) rights, obligations and level of responsibility of the System Participant;
 - 7) tariff policy, including collection of commissions applied to the System Participants;
 - 8) procedure for informing System Participant about planned changes in the System, in particular, in connection with the change of the rights, obligations or responsibilities of the System Participant provided for in the System participation agreement or other document;
 - 9) in case of non-receipt of the service initiated by the System or Related System (if available) through the System or Related System, terms and conditions of actions of the System Participants, and the deadlines set;
 - 10) procedure and conditions for appealing services provided by the System Participants and its customers, including in case of providing them through the Related System;
 - 11) scheme and schedule describing operation of the System;
 - 12) procedure for electronic exchange of payment documents and orders in the System;
 - 13) criteria for ensuring smooth operation of the system, information processing, storage, submission, receipt, transfer and timely processing of transactions and the procedure for their provision;
 - 14) requirements for information storage in the system;
 - 15) risk management tools in the System and the list of implemented measures;
 - 16) terms and conditions of actions of the System Participants in emergency situations: the scope of responsibility of the steering working group, the amount of allowable damage in case of an emergency, the measures and terms of recovery;

- 17) procedure and conditions for informing System Participant about failures in the System;
 - 18) procedure for monitoring compliance with System rules and procedures;
 - 19) other information defined by the legislation of the Republic of Armenia.
23. In case of providing payment card service, in addition to the requirements set forth in paragraph 22 of this Regulation, the documents describing the rules and procedures of the System shall also contain:
- 1) procedure and conditions for payment card naming, certification and identification, security requirements;
 - 2) procedure and conditions for creating, maintaining and providing PIN codes to the System Participant, security requirements.
24. In case of providing services without opening bank accounts and (or) transferring funds through bank accounts, in addition to the requirements set forth in paragraph 22 of this Regulation, the documents describing the rules and procedures of the System shall also contain:
- 1) provision according to which, in case of not having the right to have an account in the System settlement bank, the System Participant which is a foreign bank of the System, an Armenian or a foreign non-bank payment and settlement organization shall be obliged for performing settlement through the System:
 - a. select any Armenian bank that is a member of the System, which will be settlement agent of the System Participant that is System's foreign bank, or Armenian or foreign non-bank payment and settlement organization (hereinafter referred to as the System Settlement Agent Participant); and
 - b. have an agreement regulating relations between the System's foreign bank, or the participant which is an Armenian or foreign non-bank payment and settlement organization and the System Settlement Agent Participant;
 - 2) provision, according to which the System Operator is obliged to refuse money transfer if it does not have adequate financial security in the Settlement Bank to initiate the transfer of funds. The Armenian bank participant of the System must ensure the security defined by this paragraph through its bank accounts opened in the Settlement Bank, whereas for the participants of the System which are a foreign bank of the System, an Armenian or a foreign non-bank payment and settlement organization, System Settlement Agent Participant must ensure the security through its bank accounts opened in the Settlement Bank;
 - 3) provision, according to which System Operator must assess the measures carried out by the System Settlement Agent Participant in order to control the risks ensuing from the relations between the System Settlement Agent Participant and System's foreign bank, or Armenian or foreign non-bank payment and settlement organization;
 - 4) provision, according to which System Operator must register all service points provided by the system participant that meet the requirements set by it and ensure implementation

of the System's activities in them, including placement of information on the location (at least settlements) of all territorial units and (or) self-service equipment (service points) serving the System Participant in the System's software or electronic directories, and place directly (without links) on a visible section of its website.

25. The rules of the System and the documents describing the procedures may not establish a provision restricting participation in other Systems.
26. System operator must:
 - 1) follow proper fulfillment of the rules and procedures established by it, as well as the requirements defined by the legislation of the Republic of Armenia,
 - 2) have risk control system;
 - 3) after receiving the permit, submit to the Central Bank the approved version of the commissions applied between the System Participants, as well as the adjusted version in case of each change, no later than 10 working days before the changes come into force;
 - 4) stipulate that the participant of the System carrying out processing, clearing and (or) settlement in the System may unilaterally terminate its activity in the System (in case of having such authority), if the Operator has been notified at least three months before the decision on termination was made;
 - 5) own System Software owned by it under the right of use, including the right to use it under a license agreement, for the operation of which it shall ensure the availability of the main and backup connection in order to ensure the continuity of the services provided by the System.
27. System Software must ensure:
 - 1) continuity, integrity and reliability of the creation, processing, storage, presentation, receipt and transmission of information;
 - 2) identification of persons with access to the system software;
 - 3) in case of system software failures or emergencies, data integrity, accessibility and privacy;
 - 4) monitoring and control of the workstations efficiency, information resources and the period of access to data in the System.
28. In case of ensuring information security of the System, as well as ensuring continuity of business processes of the System and delegating the functions of information technologies, the System Operator shall ensure compliance with the requirements of its activity in accordance with the procedure established by the Central Bank and the existence of business plans, procedures, guidelines, and contracts that shall at least define:
 - 1) if System Software codes are under operator's control, a requirement to keep a copy of the software code in another server room other than the location of the primary server or in another location that meets the requirements for the server room;
 - 2) registration, removal, identification and authorization of System Participants in the System Software;
 - 3) the policy of using passwords in the system software;

- 4) backup, archiving, storage and restoration of system software data and information base;
- 5) separation and classification of responsibilities of persons with access to System Software Data;
- 6) principles for classification of information assets of the System Software (levels of confidentiality, characteristics of information considered confidential) and access to them;
- 7) procedures for organizing information protection processes of the System Software, monitoring them and detecting errors;
- 8) accident registration and monitoring procedures;
- 9) measures to protect the integrity, accessibility and confidentiality of the System Software information assets from threats and vulnerabilities;
- 10) description of server room requirements.

29. If in case of delegation development of system software to another person, the requirement set forth in paragraph 28.1 of this Regulation is not met, the System Operator shall have a contract between the System Software Developer, the third-party Escrow service provider and the Operator, which defines the obligation to back up System Software codes and hand them over to the Operator in an emergency situation.

30. In case of carrying out the processes related to the functions typical of the System Operator, through a third party (hereinafter referred to as the Supplier Company), the delegation and (or) service delivery contract to be concluded with the System Operator shall be submitted to the Central Bank within five working days after signing. The contract must contain at least the following provisions on the rights, obligations and responsibilities of the parties:

- 1) authority of the System Operator to conduct regular monitoring of the Supplier Company;
- 2) authority of the System Operator to convene an external audit for the Supplier Company, as well as authority of the System Operator to convene an external audit of the Supplier Company at the request of the Central Bank;
- 3) note on the possibility of control, inspection, verification, reviews of the Supplier Company by the Central Bank, unless the Supplier Company has been licensed by the Central Bank;
- 4) description of the actions of the parties in case of termination of services aimed at ensuring the continuity of the System;
- 5) dispute resolution procedure, including whether the Supplier Company will continue to provide services during dispute resolution and decision making;
- 6) requirement of protection and non-disclosure of confidential information for the Supplier Company;
- 7) provision of services by the System Operator through the Supplier Company in accordance with the minimum information security requirements set by the Central Bank normative legal act.

CHAPTER 6. REQUIREMENTS FOR SYSTEMS OR SYSTEM OR PUBLIC IMPORTANCE

31. A system is considered to be of systemic importance if it meets at least one of the following criteria:
- 1) 75% or more of the gross volume of domestic payments is made through the given system;
 - 2) monetary settlements of transactions in the financial market, including transactions in the regulated market, as well as in other payment and settlement systems, securities settlement systems are carried out through this System.
32. A system is considered to be of public importance if it meets at least one of the following criteria:
- 1) the system is the only retail payment system in the country;
 - 2) 25% and more of the gross volume of domestic payments are made through the system;
 - 3) 30% and more of the volume of payments of the given type (for example, domestic payments with payment cards, international payments with payment cards, international payments without opening an account, etc.) are made through the system. In case of international money transfers without opening an account, the mentioned threshold is set at 10% and more.
 - 4) 30% and more of the gross volume of processing and (or) clearing and (or) settlement of the same type of payments made in the Republic of Armenia through other payment and settlement systems is made through the given system.
33. In case the Systems authorized in accordance with this Regulation are considered systemic or public, the Operator shall ensure that:
- 1) in case of systems of systemic importance, settlement shall be made in real time or at least by the end of the settlement day;
 - 2) in case of systems of systemic importance, settlement shall be made not later than in one business day or the Operator must have a risk management mechanism that guarantees the reliability of the settlement;
 - 3) if the settlement is not carried out through the accounts maintained with the Central Bank, the System Operator shall minimize and strictly control the credit and liquidity risk arising as a result of the settlement through commercial banks;
 - 4) perform risk monitoring and analysis:
 - a. ad hoc, in the case of systems of systemic importance;
 - b. regular, in the case of systems of public importance. The frequency must be clearly defined according to each type of risk and must be substantiated.
 - 5) have a risk management system that must at least include:
 - a. risk management policies, procedures and systems that enable identification, assessment and control of risks arising in or created by the System, as well as perform their monitoring. It must

be also specified in which cases the above processes and documents would be reviewed, and at what intervals;

b. description of existing or potential risks and their impacts on the System, as well as on the financial market infrastructure and/or financial system, risk management procedures, mechanisms and (or) measures implemented by the System;

c. methods used for risk analysis in the System, by types of risks;

d. system continuity criteria and the existence of procedures to ensure it, providing for a guaranteed level of continuity. Identification by the Operator of all situations and scenarios that may be a potential impediment to the continuity of critical and much-needed operations and services by the system. All possible options for their restoration or normal and smooth cessation of activities, decision-making process;

e. organizational structure of risk management, which must ensure control over implementation of the requirements for risk management by the System Participants. Risk management policy shall define those responsible for the risk management process, at each level, their scope of responsibility and the relationship;

f. procedure for exchanging information necessary for risk management, both within the organizational structure (relations with other entities and procedures for informing the Operator's management bodies about the risks and accountability) and with System Participants and other stakeholders;

g. cooperation procedures in suspicious and non-standard situations, including system failure and emergency;

h. procedures for changing operational and technological means and processes,

i. information protection procedures in the system.

34. Settlement risk management system in Systems of systemic or public importance shall contain at least two of the following mechanisms:

1) thresholds set for system participants, taking into account the level of risk;

2) guarantee fund;

3) ability to manage queues;

4) implementation of settlement within the means of guaranteeing the fulfillment of settlement by the System Participants;

5) irrevocable bank guarantee or letter of credit;

6) lending opportunity;

7) other adequate risk management mechanisms related to the settlement defined by the System rules.

35. System Operator meeting the criteria set forth in this Chapter shall have an appropriate entity responsible for:

1) monitoring the System adequacy assessment by conducting inspections in the System management circles, eliminating the identified shortcomings in the System and submitting sound proposals to increase the efficiency of the System management;

- 2) assessing information security of the system in order to increase the level of information security and reduce possible losses from operational risks;
- 3) assessing the System efficiency;
- 4) evaluating the compliance of the System activity with the requirements defined by the legislation of the Republic of Armenia and the rules and procedures developed by the System Operator.

CHAPTER 7. PRINCIPLES OF CONSIDERING SYSTEM AS OF SYSTEMIC OR PUBLIC IMPORTANCE AND RULES OF NOTIFYING THE OPERATOR BY THE CENTRAL BANK

36. The volumetric criteria for considering systems as systemic or public importance payment systems shall be designed on an annual basis. Subsequently:
 - 1) in case of volumetric criteria of domestic gross payments, the calculation shall be carried out on a gross annual basis;
 - 2) in case of volumetric criteria of the same type of payments, the calculation shall be carried out based on the principle of holding the weight defined in at least two of the four quarters of the calendar year.
37. The system shall be considered of systemic or public importance from the date of notification of the System Operator by the Central Bank. The notifications provided for in this paragraph shall be sent by the Central Bank to the Operator. The notification specified in this paragraph shall also be sent to the System Operator in case the system ceases to be of systemic or public importance.
38. In case the system is considered systemic or public, the Central Bank shall notify the operator:
 - 1) based on volumetric criteria until February 15 following the calendar year (in case of a non-working day, the first working day following the latter);
 - 2) in case of non-volumetric criteria:
 - a. at the moment of issuing permit for the newly created Systems;
 - b. for operating systems: within one month following the day when the given fact appears and (or) is noticed by the Central Bank.
39. In 90 calendar days after receiving the notification of the Central Bank on being considered systemic or public by the system operator the relevant requirements set forth in Chapter 6 of this Regulation shall apply to them. Furthermore, in case the System Operator submits substantial facts to the Central Bank, the given period may be extended by the Central Bank for another 90 calendar days.
40. If the System ceases to be considered of systemic or public importance, the relevant requirements set forth in Chapter 6 of this Regulation shall cease to apply upon receipt of the Central Bank's notification by the System Operator.

CHAPTER 8. REGISTER OF PERMITS TO ESTABLISH AND OPERATE SYSTEMS

41. 41. The Central Bank unit responsible for the process of issuing permits shall maintain a register of permits for the establishment and operation of the System, which shall contain the following information:
- 1) System name;
 - 2) the number and date of the relevant decision of the Central Bank Board on the establishment of a system and the approval of its activities;
 - 3) the name and location of the system operator;
 - 4) the name, status, type and residence of each System Participant in the System.
42. In case of suspension or revocation of the System participation permit, the relevant Central Bank Board decision number and date.

CHAPTER 9. PROVISION OF INFORMATION ON CHANGE OF THE SYSTEM OPERATOR, CHANGES IN THE SYSTEM OPERATION REGULATION OR COMPOSITION OF SYSTEM PARTICIPANTS

43. Changes in the System Operator and (or) System Operation Regulations shall be subject to approval by the Central Bank.
44. In case of change of the System Operator, the current System Operator shall submit the following documents to the Central Bank for approval:
- 1) application for change of the System Operator, ratified and signed by the executive body of the current operator;
 - 2) decision of the competent body of the current operator on the change of the System Operator;
 - 3) a new reference on the managers of the new System Operator following the change of the System Operator, as defined in Annex 4 of this Regulation.
45. In case of making changes and (or) additions to the Regulations of the System, the System Operator shall submit the following documents to the Central Bank for approval:
- 1) application for introducing additions and changes in the regulation of the system activity, ratified and signed by the executive body of the operator;
 - 2) decision approved by the competent management body of the System Operator on making changes and (or) additions to the Regulation of the System Operation, and in case another form of approval of the Regulation is defined by the activity contract defined by Article 7.1 “d” of the Law, the regulation approved in the form approved by such rules;

- 3) the amended regulation of the System activity approved by the competent management body of the System Operator, and in case another form of approval of the regulation is defined by the participation agreement concluded between the participants of the System, the regulation amended in the form approved by such rules, presenting at the same time a summary document (reference) describing the changes envisaged in the regulation.
46. The Central Bank shall give its consent or refuse to provide the consent within two months after receiving the documents specified in paragraphs 44 or 45 of this Regulation. In case the Central Bank does not reject the application within two months, the consent shall be considered given.
47. The Central Bank shall reject the amendments if the amendments contradict the requirements of the Law, other laws and other legal acts adopted on the basis thereof, or in accordance with Article 7, Part 5 of the Law, the amendment will endanger the stability or security of the payment and settlement system, or if the requirements set forth in Chapter 5 of this Regulation are not met.
48. In case of refusal to make changes in the regulation of System Operator or System Operator activity, the Central Bank shall notify the System Operator of the grounds for refusal.
49. The System Operator shall notify the Central Bank of any change in the composition or status of System Participants and (or) previously submitted information (including termination of the participation agreement with the System Participant) within five days after the change submitting a new reference set forth in Annex 2 to this Regulation.
50. If, as a result of the change of the System Participants, the System operation regulation is also changed, the System Operator shall submit new System operation regulation for the approval of the Central Bank in accordance with the procedure set forth in paragraph 45 of this Regulation.

**FORM OF APPLICATION FOR RECEIVING PERMIT TO ESTABLISH AND OPERATE
ARMENIAN PAYMENT AND SETTLEMENT SYSTEM**

To: Governor of the Republic of Armenia
Central Bank

Mr./Mrs.: _____

System Operator's Name _____

Type of Incorporation _____

Residence Address _____

Business Address _____

E-mail _____

Registration address in CBA-Net network _____

Name of the System _____

Permit for payment and settlement services specified below

We would kindly request your authorization for the establishment and operation of

(system name)

payment and settlement system in the Republic of Armenia.

Please find attached:

Chief Executive Officer: _____

(name and surname)

(signature)

Founders:

(name and surname)

(signature)

REFERENCE ON PARTICIPANTS OF THE ARMENIAN PAYMENT AND SETTLEMENT SYSTEM, DISTRIBUTION OF RESPONSIBILITIES BETWEEN PARTICIPANTS, ORGANIZATION, MANAGEMENT AND OPERATIONS OF THE PAYMENT AND SETTLEMENT SYSTEM

1. The name and the main purpose of the activity of the System, indicating the type/types of services that will be provided by the System.

1.1 carrying out cash and (or) non-cash (bank) transfers without opening bank accounts through a terminal, payment order, claim, direct debit, etc.;

(specify type of the service)

1.2 carrying out cash and (or) non-cash (bank) transfers to and from bank accounts through a terminal, payment order, claim, direct debit, etc.;

(specify type of the service)

1.3 provision of service through payment card: card issuance (debit, credit, settlement), card service (cash, non-cash, online and (or) via mobile application, etc.);

(specify type of the service)

1.4 provision of service by electronic money: e-money issuance (single, rechargeable, e-wallet, virtual/network money, etc.), service (cash, non-cash, online and (or) via mobile application), etc.

(specify type of the service):

2. System participants, their responsibilities and role in the system, grouped according to each System Participant.

2.1 System Operator _____

(specify the name),

2.2 System Participant Carrying Out Processing in System _____

(specify the name of System Participant),

2.3 System Participant Carrying Out Clearing in System

–
(specify the name of System Participant),

2.4 System Participant Carrying Out Settlement in System

–
(specify the name of System Participant),

2.5 System Participant Having Other Status in System

–
(specify the name of System Participant and the status, e.g. issuer or servicer of payment cards, etc.),

2.6 Type of System Participant

(specify the type of System participant, e.g. bank, payment and settlement organization, etc.),

2.7 Residency of System Participant

2.8 ISO Country Code of Foreign System Participant

2.9 Date of Entry into Force of the Participation Agreement of System Participant

2.10 Date of Repeal of the Participation Agreement of System Participant (the date of expiration of the contract of participation of the System Participant in the System (as available))

2.11 Body Regulating Activities of Foreign System Participant

2.12 List of Related Systems

—
(specify the name of the Related System, the residence, the name of the operator, as well as the date of entry into force of the agreement concluded between the Related System and the System Participant).

3. 3. The highest governing body of the System

(e.g., General Assembly of the System Participants, the highest governing body of the System Operator, etc.).

Chief Executive Officer:

(name and surname)

(signature)

BUSINESS PLAN OF ARMENIAN PAYMENT AND SETTLEMENT SYSTEM

Business plan of the system is a document describing and substantiating business activity and internal organizational structure of the payment system, based on specific calculations, analyzes and baseline data, prepared for three full financial years following presentation of the plan.

I. General Provisions

- 1) system name;
- 2) goals (perspectives) of creating the system.

II. Main directions of activity:

- 1) main directions of activity and their short description;
- 2) services planned for future.

III. Marketing Analysis

- 1) sector analysis (sector participants, main competitors),
- 2) description of the financial markets in which it is going to operate (prospects for development, basic principles of strategy);
- 3) customer group profile and forecast number.

IV. Strategy

- 1) positioning;
- 2) promotion strategy;
- 3) price strategy;
- 4) program of investments.

V. Approximate calculation of income and expenses

- 1) sources of financing;
- 2) calculation of revenues and expenditures for the next 3 years, and the assessment of possible risks relating to calculations in the System, and measures aimed at their prevention.

Chief Executive Officer:

(name and surname)

(signature)

**REFERENCE ON MANAGERS OF ARMENAIN PAYMENT AND SETTLEMENT SYSTEM
OPERATOR**

System Name _____

System Operator's Name _____

1. General Information

- Manager's Name, Middle Name, Surname _____
- List all other previous names, surnames, middle names and periods of bearing them
- Position, and main responsibilities _____
- Citizenship _____
- Passport details, including details of other valid passports (if available) and old passport details (if available)
- Place of registration,
- Address of actual residence
- Phone number
- E-mail address

2. Education, Qualification

Higher education institution, name of the international qualification	Address	Profession	Study period (from ---- till ---)	Academic degrees	Level of international qualification

3. Professional Experience

N	Employer Name	Address	Period of employment	Position, main responsibilities	Grounds for quitting
1.					
2.					
3.					

4. Other information about the manager

4.1 Have you been declared incapacitated or partially incapacitated in accordance with the law?

- No,
- Yes, please provide details

4.2 Have you been convicted of intentional crimes?

- No,
- Yes, (provide details, including whether the conviction was revoked or expunged in accordance with the law)

4.3 Are you deprived of the right to hold positions in the financial, tax, customs, commercial, economic, legal spheres by the court?

- No,
- Yes, please provide details

4.4 Have you been declared bankrupt or have outstanding (unwaived) liabilities?

- No,
- Yes, please provide details

4.5 Are you involved in a criminal case as a suspect, accused or plaintiff by the law enforcement agencies of the Republic of Armenia or other countries?

- No,
- Yes, please provide details

4.6 Have you been prosecuted for a crime under the Republic of Armenia Criminal Code or other countries' criminal law?

- No,
- Yes, please provide details

4.7 Has the financial organization operating in the territory of the Republic of Armenia or in other countries been declared insolvent or bankrupt during your tenure or activity in the financial organization, or performance of the financial organization operating in the territory of the Republic of Armenia has deteriorated in accordance with the criteria approved by the Board of the Central Bank of the Republic of Armenia as a result of your actions or inaction.

- No,
- Yes, please provide details

4.8 Has the financial institution registered in the Republic of Armenia or in a foreign country been declared insolvent or bankrupt as a result of your actions or inaction during your tenure in the financial organization?

- No,
- Yes, please provide details

4.9 Have you been held accountable by the Central Bank or any financial institution during your tenure as head of a financial institution in the past year?

- No,
- Yes, please provide details

4.10 Have you been revoked of your qualification certificate?

- No,
- Yes, please provide details (including the grounds for revoking the qualification certificate)

5. Monetary or Other Liabilities

5.1 Do you have any monetary (or other) liabilities to the financial institution you manage?

- No,
- Yes, please provide details (money, period, other)

5.2 Do your related persons have monetary (or other) liabilities to the financial institution you manage?

- No,
- Yes, please provide details (money, period, other)
- I don't know

5.3 Do you have or have had any overdue liabilities to financial institutions operating in Armenia?

No,

Yes, please provide details (name of financial organization, amount, term, etc.)

5.4. Do your related persons have or have had overdue liabilities to financial institutions operating in the territory of the Republic of Armenia?

No,

Yes, please provide details (money, period, other)

I don't know

6. Other Information

6.1 Please provide:

the following information on your related natural persons:

Name, surname, passport data, type of relation, employer's address, position, residence address, phone number (mobile and any other)

Not applicable if there is no related natural person specified in this paragraph.

6.2 Please provide:

the following data on your related legal persons:

Company Name, Location, Interconnection Form, TIN, Telephone Number.

Not applicable if there is no related legal person specified in this paragraph.

7. Do you think there is any other important information you would like to mention?

No

Yes, please provide details

Statement on the absence of grounds provided by law.

Herewith, I certify that information contained in this reference is reliable and complete. I agree to inform the Central Bank of any significant changes that occur or are expected in my personal, biographical and financial information.

Chief Executive Officer:

(name and surname)

(signature)

(date)

Annex 5

**LIST OF DOCUMENTS THAT MUST BE SUBMITTED TO THE CENTRAL BANK FOR
REVOCATION OF PERMIT TO ESTABLISH AND OPERATE PAYMENT AND
SETTLEMENT SYSTEM**

The following documents that must be submitted to the Central Bank for revocation of permit to establish and operate payment and settlement system:

1. Application on revocation of permit to establish and operate payment and settlement system, specifying the reasons and period of suspension of System's operation;
2. Copy of the decision of the competent body of the System Operator on revocation of permit to establish and operate the System;
3. Financial statement, which must contain at least information on the obligations and (or) claims to the System at the time of filing the application for revocation of permit to establish and operate the System by each System Participant in accordance with Annex 7 of this Regulation.

Chief Executive Officer:

(name and surname)

(signature)

**LIST OF DOCUMENTS TO BE SUBMITTED TO THE CENTRAL BANK FOR TERMINATION
OF SYSTEM OPERATION**

The System Operator shall submit the following documents to the Central Bank for termination of the System operation:

1. Application for termination of the System operation, indicating the reasons for termination;
2. Copy of the decision of the competent body of the System Operator on termination of System operation;
3. Financial statement, which must contain at least information on the obligations and (or) claims to the System at the time of filing the application for termination of System operation by each System Participant in accordance with Annex 7 of this Regulation.

Chief Executive Officer:

(name and surname)

(signature)

**FINANCIAL STATEMENT ON OBLIGATIONS AND (OR) CLAIMS TO THE SYSTEM AT
THE TIME OF FILING THE APPLICATION FOR REVOCATION OF PERMIT TO
ESTABLISH AND OPERATE PAYMENT AND SETTLEMENT SYSTEM OR TERMINATION
OF SYSTEM OPERATION**

Name of the System _____

Name of the System Operator _____

In case of revocation of permit to establish and operate the System, specify the date of entry into force of the decision of the competent body of the operator on the revocation of the System operation permit.

Starting

from: _____

Day/month/year

till: _____

Day/month/year

In case of termination of the System operation, the term of entry into force of the decision of the competent body of the System Operator on the termination of the System Operation.

_____:

The date of entry into force of the decision of the competent body of the operator on the termination of the system (day/month/year)

Liabilities and claims

Name of the System participant	Total amount of liabilities in Armenian drams (at the time of submitting the application)	Total amount of claims in Armenian drams (at the time of submitting the application)
Total		

Chief Executive Officer:

Chief Accountant:

(name and surname)

(signature)

(name and surname)

(signature)