

CODE

050.0053 N. 27.04.21

April 27, 2021, No 53-N

**ON APPROVAL OF REGULATION 19.1 “RULES OF COOPERATION BETWEEN ARMENIAN AND FOREIGN MONEY TRANSFER PAYMENT AND SETTLEMENT SYSTEMS” AND REPEAL OF REPUBLIC OF ARMENIA CENTRAL BANK BOARD RESOLUTION No 105-N OF APRIL 29, 2014**

**With the view** to regulating terms and conditions of cooperation between Armenian and foreign money transfer payment and settlement systems, preventing and mitigating possible risks of cooperation, which may endanger sustainability of the Republic of Armenia financial system, as well as mitigating negative consequences for the Armenian financial organizations resulting from money transfer;

**based on** Article 5.2 of Law on Payment and Settlement Systems and Payment and Settlement Organizations and Article 41 of Law on Banks and Banking Activities;

**pursuant to** Article 2.3 and Article 20 "e" of the Republic of Armenia Law on the Central Bank of the Republic of Armenia, Article 37 of the Republic of Armenia Law on Normative Legal Acts, Republic of Armenia Central Bank Board, herewith

**Resolves:**

1. Approve Regulation 19.1 “Rules of Cooperation between Armenian and Foreign Money Transfer Payment and Settlement Organizations” in accordance with Annex to this Resolution:
2. This Resolution shall enter into force on the tenth day following promulgation.
3. From the moment of entry into force of this Resolution, repeal Republic of Armenia Central Bank Board Resolution No 105-N “On Participation of Republic of Armenia Commercial Banks in Foreign Payment and Settlement Systems Without Opening a Bank Account” of April 29, 2014.
4. Within nine months from the entry into force of this decision, the Armenian participants authorized to participate in the foreign payment and settlement systems shall carry out cooperation with foreign payment and settlement systems through the Armenian payment and settlement system. After the nine-month period defined hereof, permits issued to the Armenian Participants to participate in the foreign money transfer payment and settlement systems shall be invalidated.

Republic of Armenia  
Central Bank Governor  
April 30, 2021  
Yerevan

Martin Galstyan

## REGULATION 19.1

### RULES OF COOPERATION BETWEEN ARMENIAN AND FOREIGN MONEY TRANSFER PAYMENT AND SETTLEMENT SYSTEMS

#### CHAPTER 1. GENERAL PROVISIONS

1. This Regulation defines requirements for terms and conditions of cooperation between the Armenian and foreign payment and settlement systems (hereinafter, Armenian system and Foreign System, respectively) in case of providing payment and settlement service defined by Article 17.1 “c” of the Law on Payment and Settlement Systems and Payment and Settlement Organizations (hereinafter, Law) and requirements for carrying out cooperation.
2. This Regulation shall apply to those Armenian System Operators operating in the Republic of Armenia which cooperate with Foreign System Operators or have applied to the Central Bank for a cooperation permit established by this Regulation.
3. This Regulation does not apply to payment systems for accepting and making payments via payment card and/or electronic money, in which money transfer is defined exclusively by the rules of the system defining the terms of issuance and service of the given payment card and (or) electronic money.
4. All documents specified in this Regulation, as well as changes thereto, shall be submitted electronically through the CBA-Net network, and if this is not possible, by electronic medium, registered mail or by manual deposit at the Central Bank. The documents shall be presented in Unicode font, "PDF" format (except for documents provided in Excel format).
5. For the purposes of this Regulation:
  - 1) **Transfer of funds** is a process aimed at the full implementation of the payment and settlement service defined by Article 17.1 "c" of the Law, which provides for the acceptance of funds and the relevant order from the payer in cash or from its bank or electronic money account (hereinafter, account) and provision of those funds to the beneficiary in cash or to its relevant account by the organization authorized to provide payment and settlement services (hereinafter, financial organization). The exception is depositing by payer funds to the beneficiary’s account and/or withdrawing from the Account (cashing) in case when at the moment of depositing and/or withdrawing (cashing) funds it is possible to identify that the payer and/or the recipient of the funds and the beneficiary are the same person;

- 2) **money transfer system** is a set of rules, procedures and hardware and software that support the money transfer process, which is developed and operated by the system operator and which, in accordance with an agreement with the financial institution, is accessible to a client that is non-party to the agreement.
6. Other concepts used in this Regulation have the meaning defined by the Law and normative legal acts of the Central Bank.

## CHAPTER 2. REJECTION OF PERMIT TO COOPERATE WITH FOREIGN SYSTEM

7. Operator of the Armenian system must obtain permit of the Central Bank for cooperation with a foreign system by submitting the following documents:
  - 1) Application for permit to cooperate with foreign system in accordance with Annex 1 to this Regulation;
  - 2) Note on rationale (economic substantiation) of cooperation with the foreign system, in accordance with Annex 2 to this Regulation;
  - 3) Note with general description of foreign system business activities and money transfer under cooperation with the foreign system and other information related to business activities, in accordance with Annex 3 to this Regulation;
  - 4) Reference on the rights and responsibilities of Armenian and foreign system operators in terms of cooperation with the foreign system, in accordance with Annex 4 to this Regulation;
  - 5) Copy of the contract concluded with the foreign system operator or draft contract to be signed. Moreover, when for obtaining a permit by the Armenian system operator, the draft contract to with the foreign system operator has been submitted, in case of issuance of a permit for cooperation with the foreign system by the Central Bank, , the Armenian system operator shall within two months after the entry into force of that permit submit to the Central Bank a copy of the signed agreement;
  - 6) assessment of possible risks of cooperation with the foreign system, in accordance with Annex 5 to this Regulation;
  - 7) Reference on foreign system operator and its owners, in accordance with Annex 6 to this Regulation;
  - 8) Documents describing terms and conditions of cooperation between Armenian and foreign system operators, in accordance with paragraph 17 of this Regulation;
  - 9) Other documents at the discretion of the Armenian system operator, which are necessary to describe and find out the peculiarities of the Foreign System business activity, as well as cooperation with it.
8. The reference specified paragraph 7.4 of this Regulation may omit the information already included in other documents submitted to the Central Bank. To this end, the reference must refer

to the relevant points in the document defining the relevant rights or responsibilities (e.g. responsibilities and rights of the Armenian system operator to perform settlement in cooperation with the foreign system, together with penalties for non-compliance see paragraphs 1 to 4 of the cooperation agreement with the Foreign System, dated --.--.----).

9. If the documents specified in paragraph 7 of this Regulation have inaccuracies (incomplete or with errors), the Central Bank shall notify the Armenian System Operator in writing no later than the 30th day of submission of the documents, who is obliged to submit the corrected and (or) missing documents to the Central Bank within ten days following the notification. In case of a failure to correct inaccuracies within the period defined by this paragraph, the permit for cooperation with the Foreign System shall be rejected on the grounds that the documents are incomplete contain errors .
10. Within two months after receiving all the documents specified in paragraph 7 of this Regulation, the Central Bank shall issue a permit for cooperation with the Foreign System or refuse to issue the permit. The two-month period provided for in this paragraph, may be suspended by the decision of the Central Bank for a period of up to one month in order to clarify certain facts. If the Central Bank does not reject the application within two months or does not notify the Armenian system operator of the two-month suspension, the permit shall be deemed to have been issued.
11. The Armenian system operator may submit an application not to process the application for a permit for cooperation with the Foreign System until the permit is received.
12. The Central Bank shall refuse to issue a permit for cooperation with the Foreign System if:
  - 1) false or unreliable information was provided;
  - 2) the submitted documents are inaccurate, incomplete or are contrary to the laws and other legal acts of the Republic of Armenia;
  - 3) terms and conditions of cooperation with the foreign system do not comply with the requirements set forth in this Regulation or such cooperation may jeopardize the stability and/or liquidity and/or solvency of the Republic of Armenia financial system, may worsen financial situation of the Armenian system operator or jeopardize interests of financial system consumers;
  - 4) foreign payment system operator or any of its owners is included in the lists of persons associated with the dissemination of terrorism or weapons of mass destruction as published by or in accordance with United Nations Security Council resolutions;
13. In case of rejection to issue permit to cooperate with the foreign system, the Central Bank shall notify the Armenian system operator, stating the reasons and legal grounds of the rejection. In case of rejection of the Central Bank to issue permit to cooperate with the foreign system, operator of the Armenian system may submit a new application to the Central Bank for a permit to participate in the System in accordance with the general procedure established by this Regulation.
14. Information required for obtaining permit or for any other process defined by this Regulation that has already been previously submitted to the Central Bank (within the framework of this or another process) shall be submitted to the Central Bank again only if changed and within those

changes. Moreover, in case there are no relevant changes in accordance with this paragraph or only the changes are submitted, the application shall indicate that fact.

### **CHAPTER 3. REGISTER OF PERMITS ISSUED FOR COOPERATION WITH FOREIGN SYSTEM**

15. The Central Bank shall maintain a register of permits issued for cooperation with foreign system operators with the following information:
  - 1) name of Foreign System;
  - 2) number and date of the relevant decision of the Central Bank Board on issuing permit for cooperation with the Foreign System;
  - 3) name of Armenian System;
  - 4) in case of suspension or revocation of the cooperation permit with Foreign System, the relevant number and date of the Central Bank Board decision.
16. Permit Register shall be open to the public.

### **CHAPTER 4. REQUIREMENTS TO DOCUMENTS DESCRIBING TERMS AND CONDITIONS OF COOPERATION WITH FOREIGN SYSTEM, SUSPENSION OR REVOCATION OF COOPERATION PERMIT**

17. Documents describing terms and conditions of cooperation with the foreign system shall include:
  - 1) Scheme describing the cooperation, including rules for providing the service, time schedule, monetary, quantitative restrictions related to the services, maximum deadlines, terms and conditions of revocation of funds transfer, as well as mandatory requisites/information to be completed and transferred;
  - 2) terms and conditions for processing, clearing and/or settlement, requirements for their implementation, including irrevocability and finality moments' definition;
  - 3) provision, according to which, in order to ensure transfers and settlement within the framework of cooperation, Foreign System Operator shall be obliged to have an account in the settlement bank of the Armenian System and appropriate security, in the amount of which it intends to make transfers;
  - 4) in case of restriction on having an account with the Armenian settlement system in accordance with the legislation or policy of the country of registration of the Foreign System Operator, the Republic of Armenia legislation, or policies of the Armenian system operator, provision, according

to which to ensure implementation of transfers and settlement within the framework of cooperation, Foreign System Operator shall:

- a. select a participant from the Armenian system, who will perform as settlement agent of the Foreign System Operator (hereinafter, Armenian settlement system participant), have a contract concluded with it, and have appropriate security in the bank account of the settlement agent opened in the settlement bank of the Armenian system, in the amount of which it plans to make transfers; or
  - b. with the consent of the Armenian settlement system participant, to have appropriate security at the account the Armenian settlement system participant in a foreign bank, in the amount of which it plans to make transfers;
- 5) provision according to which the Armenian System Operator shall refuse money transfer in case of not having adequate security for the Foreign System Operator in the Armenian settlement system in order to initiate the transfer of funds through the Foreign System;
  - 6) provision according to which the Armenian System Operator shall assess the risks arising from the existing relations between the Armenian settlement system participant and Foreign System Operator and description of the efforts of the Armenian settlement system participant to address them;
  - 7) rules on suspension and/or termination of cooperation;
  - 8) in case of providing services through the Armenian System and in the opposite direction through the integrated (adjacent) system within the framework of cooperation with the Foreign System, terms and conditions of services (as available). For the purposes of this Regulation, payment systems integrated with within the framework of cooperation with the Foreign System shall be the payment and settlement systems with which the Foreign System Operator has concluded a contract as a result of which transfer of funds initiated by the Armenian system or directed to the Armenian system can be paid or initiated, inter alia, through that integrated system;
  - 9) the extent of rights, responsibilities and liabilities of Armenian and foreign system operators;
  - 10) tariff policy, applicable commissions with substantiation and relevant calculations;
  - 11) procedure for notification of counterpart operators about the planned changes, including provisions related to the change of the rights, duties or responsibilities of the operators set forth in the cooperation agreement or other document;
  - 12) transfer of funds through one of the foreign systems (including, when there is cooperation with the Foreign System, in case of non-receipt by the customer with integrated (adjacent) systems, terms and conditions of operation of the Armenian and Foreign System Operators and maximum response times;
  - 13) terms and conditions for the customer to file a complaint regarding the services provided, including in case of providing it through an integrated (adjacent) system in cooperation with the Foreign System;
  - 14) rules for electronic exchange of payment documents and orders under the cooperation of Armenian and Foreign systems;

- 15) criteria for ensuring smooth operation of the Armenian and foreign systems, information processing, storage, presentation, receipt, transfer and timely processing of transactions and rules of their provision;
- 16) requirements for information storage in Armenian and Foreign systems;
- 17) terms and conditions of Armenian and Foreign System Operators actions in emergency situations, recovery measures and timelines;
- 18) terms and conditions of informing Armenian and Foreign System Operators about failures in the Armenian and Foreign Systems affecting the cooperation;
18. websites of the Armenian and Foreign Systems shall contain information on their cooperation, as well as a link to the cooperating website of Armenian and/or Foreign System, through which information about service points of the cooperating system can be obtained;
19. Armenian money transfer beneficiary must be able to receive the transfer sent through any cooperating foreign system through any Armenian system participant;
20. Central Bank Board may suspend or revoke permit or foreign system cooperation, if:
  - 1) Armenian system operator has violated requirements of the Republic of Armenia laws and legal acts adopted on its basis; as well as
  - 2) Armenian system operator failed to comply with the requirement to submit the signed contract to the Central Bank within the period defined by paragraph 7.5 of this Regulation;
  - 3) based on the cooperation permit received in accordance with the procedure established by this Regulation, Armenian system operator has not provided relevant services for more than a year, for which no reasonable substantiation was presented. The aforementioned one-year period can be extended for a maximum period of 6 months, subject to reasonable substantiation;
  - 4) activity of the Foreign System and (or) the Operator of the Foreign System has ceased and (or) interim administration, manager or other similar body has been appointed by the competent body of their country;
  - 5) foreign system operator or settlement bank has changed
  - 6) stability and/or liquidity and/or solvency of the Republic of Armenia financial system was endangered;
  - 7) the requirements set forth in this Chapter have not been complied with;
  - 8) interests of consumers of the financial system are endangered;
21. as a result of cooperation with the foreign system, the stability and/or liquidity and/or solvency of the Republic of Armenia financial system may be endangered in cases when:
  - 1) business activities of a foreign payment system operator are regulated by the legislation of a country which, in accordance with the lists published by the authorized body, is a foreign country or territory that does not apply or improperly applies international requirements for combating money laundering and terrorist financing;
  - 2) 2) foreign payment system operator or any of its owners is included in the lists of persons associated with the dissemination of terrorism or weapons of mass destruction as published by or in accordance with United Nations Security Council Resolutions;



- 3) Foreign System Operator sets (creates) unequal conditions for the participation of Armenian participants in the system compared to other countries; or Foreign System Operator imposes unequal conditions of participation for different Armenian participants; or Foreign System Operator's performance leads or may lead to the restriction of free economic competition. In case of existence of any of the grounds defined hereof, the Armenian participant or System Operator requesting permission to participate in the foreign payment and settlement system or participating in the system may submit a relevant substantiation on the inevitability or necessity of the grounds defined hereof. If these substantiations are accepted by the Central Bank, the grounds provided for hereof, shall not be deemed as grounds endangering the stability and/or liquidity and/or solvency of the Republic of Armenia financial system as a result of participation of the Armenian participant in a foreign payment system;
  - 4) rules of operation of the system adopted by a foreign payment system Operator and/or contract concluded between the Armenian participant and the Operator and/or another document, which regulates relations between the Armenian participant and the Operator:
    - a. define to deprive the Armenian participant of the right to participate in a foreign payment and settlement system, and at the same time the conditions (reasons, grounds) and procedures (including notification) of deprivation are not defined, or they are not clearly defined (may be interpreted ambiguously); or
    - b. Armenian participant is prohibited from participating in other similar payment systems;
    - c. there is a lack of mechanisms to curb or limit liquidity, credit, settlement or operational risks, in the absence or inadequacy of which the Armenian participant may incur financial losses that could adversely affect other participants in the Armenian financial market or discredit its reputation;
    - d. terms and conditions of cooperation with the foreign system contain a requirement to impose certain restrictions on the Armenian system operator's participants,
    - e. grounds (conditions) for less than one month notification on canceling participation in the payment and settlement system or unilateral termination of the contract are defined, except for the following cases:
      - e1. failure to comply with its obligations by the Armenian participant;
      - e2. adoption of a decision by the competent authority of the country of Operator, which directly or indirectly obligates or otherwise obliges the Operator to deprive the Armenian participant of participation before one month period; or
      - e3. change of owners (shareholders) of the Armenian participant with more than 10% of the voting rights; or
      - e4. applying to a court with a request to declare an Armenian participant insolvent or bankrupt, or revoking the license (permit) to conduct financial activities.
22. In case of identification/emergence of any of the grounds specified in paragraph 20 of this Regulation, as a result of changes in terms and conditions of exercising control over the operator of the Armenian system or cooperation with the foreign system as defined in Chapter 5 of this

Regulation, the Board of the Central Bank may refuse to issue a permit for cooperation with the Foreign System or revoke or suspend the cooperation permit issued by the Central Bank.

23. During the whole period of suspension of the cooperation permit, the Armenian System Operator may not provide any payment and settlement service through cooperation with the Foreign System Operator, except for certain payment and settlement services specified in the decision of suspension by the Central Bank Board.

## **CHAPTER 5. RULES OF NOTIFYING THE CENTRAL BANK ABOUT CHANGES IN THE TERMS AND CONDITIONS OF COOPERATION WITH FOREIGN SYSTEM**

24. The Armenian System Operator shall inform the Central Bank of the following changes in the documents defining terms and conditions of cooperation with the Foreign System:

- 1) change of the Foreign System Operator, settlement bank, clearing and/or processing organization under cooperation with the foreign system;
- 2) changes in the list of services provided under cooperation between the Armenian and Foreign System Operators and/or change of the payment and settlement scheme (mechanisms) of previously provided services;
- 3) changes in tariff policy or applicable commissions;
- 4) change of final settlement mechanisms or deadlines within the framework of cooperation with foreign system;
- 5) change in the criteria (conditions) of cooperation with the foreign system, terms of suspension or termination of cooperation;
- 6) amendments to the contract concluded within the framework of cooperation with a foreign system;
- 7) suspension, termination or resumption of cooperation with foreign system;
- 8) change of information security mechanisms used within the framework of cooperation with foreign system;
- 9) change of integrated (adjacent) systems and integration schemes within the framework of cooperation with foreign system;
- 10) decision by the competent body regulating activities of foreign system operator to terminate or invalidate activities of the given foreign system operator and/or the system;
- 11) termination (suspension) of operation of foreign system operator and/or foreign system;
- 12) other changes that may result in a change in mutual powers or obligations or expansion of risks assessed by the methodology set out in Annex 5 to this Regulation.

APPLICATION FORM FOR PERMIT TO COOPERATE WITH FOREIGN SYSTEM

Republic of Armenia  
Central Bank Governor:

-----

Armenian System Name \_\_\_\_\_.

Foreign System Name, Website

\_\_\_\_\_.

Name of Foreign System Operator (registration address, country), type (bank, payment and settlement organization), website

\_\_\_\_\_:

Provision of money transfer service by the Armenian system in cooperation with foreign system.

a. money transfer without opening bank accounts shall be indicated by the following breakdown: money transfers to individuals and (or) legal entities; cash and/or non-cash funds to the beneficiary, transfers through terminals, etc.;

\_\_\_\_\_.

(specify)

b. money transfer through bank accounts shall be indicated by the following breakdown: provision of money (payment) including as money transfer to/from card accounts, clearing, processing and/or settlement services.

\_\_\_\_\_:

(specify)

We request your permission to cooperate with \_\_\_\_\_

—

\_\_\_\_\_

(Foreign System Name)

Please find attached:

---

---

---

---

---

---

---

---

Deadline for completion of the preparatory works for the cooperation

---

(day/month/year)

I, the undersigned, certify that I have carefully considered the information contained in each document attached to this application. Herewith, I certify that the information is credible, complete, and I acknowledge that any misrepresentation of any document or information would result in liability under the law.

CEO of Armenian System Operator

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

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

## Note

## Economic Substantiation of Cooperation with the Foreign System

1. Economic substantiation of cooperation with the foreign system must include at least specific calculations, analyzes and evaluations with numerical data and cover three-year horizon following submission of the note. The latter consists of the following sections:

*1) General Provisions*

- a. Foreign System Name;
- b. Objectives (perspectives) of cooperation with the foreign system.

*2) Main directions of business:*

- a. types of operations to be performed by the Armenian system and their brief description;
- b. services planned for future.

*3) Marketing analysis:*

- a. sector analysis (industry participants, main competitors);
- b. description of financial markets where the Armenian system operator is going to carry out its activities (prospective development trends, basic principles of strategy);
- c. customer group profile and projected number.

*4) Strategy:*

- a. positioning;
- b. promotion strategy;
- c. pricing strategy;
- d. investment program.

*5) Income and expenses estimate:*

- a. financial sources;
- b. projected revenues and expenditures for the next three years.

## NOTE

GENERAL DESCRIPTION OF FOREIGN SYSTEM BUSINESS ACTIVITIES AND MONEY  
TRANSFER UNDER COOPERATION WITH THE FOREIGN SYSTEM AND OTHER  
INFORMATION RELATED TO BUSINESS ACTIVITIES

## PART I

## GENERAL DESCRIPTION OF FOREIGN SYSTEM BUSINESS ACTIVITIES

1. General description of foreign system business activities must at least provide:
  - 1) *Purpose of foreign system business activity* (transfer of remittances without opening bank accounts, money transfer transactions by payment cards, etc.);
  - 2) *Geography of foreign system activity* (countries of activity and/or their number, etc.);
  - 3) *Payment instruments used by the foreign system* (e.g., payment order, payment card, check, e-money, etc.);
  - 4) *General process of operations/ services performed by the participants in the foreign system, including the procedure for processing payment and information flows, conditions, terms, as well as:*
    - a. principles (net, gross, hybrid), mechanisms, terms and periods of settlements between participants of the foreign system;
    - b. software and hardware, telecommunication environment used in the foreign system (describe).
      - b1. Internet,
      - b2. dedicated channel;
      - b3. other.
    - c. systems integrated/associated with foreign system and integration schemes (if available, and in case of absence, confirmation of the Foreign System Operator thereof). Within the meaning of this Regulation, integrated/related systems with Foreign System are the payment and settlement systems with which Foreign System Operator concluded a contract, including for the purpose of transferring funds through them;
    - d. information technology risk management, information security and continuity approaches in the Foreign System;
  - 5) *Information on Foreign System participants, including the operator, which shall at least include:*
    - a. entity that is responsible for processing in the Foreign System (indicating the address/country); regulatory body (if any);
    - b. entity that is responsible for clearing in the Foreign System (indicating the address/country); regulatory body (if any);

c. entity that is responsible for settlement in the Foreign System (indicating the address/country); regulatory body (if any);

d. the address of transfers through the Foreign System, or, if the address is not available, relevant note and transfer currencies.

## PART II

### GENERAL DESCRIPTION OF MONEY TRANSFERS WITHIN THE FRAMEWORK OF COOPERATION WITH FOREIGN SYSTEM

1. general description of cooperation with Foreign System must at least provide:

- 1) *Purpose of cooperation with foreign system* (transfer of remittances without opening bank accounts, money transfer transactions by payment cards, etc.);
- 2) *Geography of cooperation with foreign system* (countries of activity);
- 3) *Payment instruments used within the framework of cooperation with foreign system* (e.g., payment order, payment card, check, e-money, etc.);

*General process of operations/ services performed by Armenian and Foreign System Operators and their participants, including the procedure for processing payment and information flows, conditions, terms, as well as:*

a. principles of settlements (net, gross, hybrid), mechanisms, terms and periods of settlements between participants of the foreign system

b. software and hardware, telecommunication environment used in the foreign system (describe):

b1. Internet,

b2. dedicated channel;

b3. other.

c. systems integrated/associated with foreign system and integration schemes (if available, and in case of absence, confirmation of the Foreign System Operator thereof).

d. scheme (technical description) of integration (connection) of Armenian and Foreign systems (software), including the rights, responsibilities of each party in terms of continuity and security of the process, description of the procedure for informing each other about failures and steps taken;

e. description of the entire money transfer process, which must at least include the following information:

e1 system that is used by the transferor use and system in which the transfer is processed;

e2. system from which remittance is paid to the beneficiary;

e3. system in which remittance code is generated;

e4. any other information as available.

4) *Within the framework of cooperation with foreign system:*

a. processing entity (also indicating registration address/country), regulatory body (if any);

b. clearing entity (also indicating registration address/country), regulatory body (if any);

c. settlement entity (also indicating registration address/country), regulatory body (if any);

d. Criteria for cooperation with other systems established under cooperation with foreign system (if any), in particular in case of special conditions for cooperation with the Armenian system, must clearly describe the policies and standards applied under cooperation with that foreign system;

e. The address of the transfer of funds under cooperation with the foreign system or, if the address is not available, relevant note and transfer currencies.



**REFERENCE ON THE RIGHTS AND RESPONSIBILITIES OF ARMENIAN AND FOREIGN SYSTEM OPERATORS IN TERMS OF COOPERATION WITH FOREIGN SYSTEM**

1. Reference on the rights and responsibilities of Armenian and foreign system operators in terms of cooperation with the foreign system shall at least contain the following information:

- 1) duties and rights of Armenian and Foreign system operators relating to the provision of settlement in cooperation with the foreign system, and penalties in case of non-compliance;
- 2) existence/absence of a requirement related to the restriction of the right of cooperation of Armenian and/or Foreign System Operators in other foreign payment systems within the framework of cooperation with Foreign System (whether there is a restriction on cooperation of Armenian System Operator and/or Foreign System Operators with other foreign payment systems providing similar services);
- 3) cases and grounds for termination of cooperation with the foreign system (whether cases when cooperation between the Armenian system and the Foreign System can be suspended/terminated are defined, if yes, what grounds and deadlines of suspension/termination are established for each case, what are the notification procedures, terms, rules and conditions);
- 4) duty to inform the Armenian System Operator and/or Foreign System Operator about changes made by the Armenian System Operator and/or Foreign System Operator in their procedures (whether there is a process for informing the Armenian System Operator about changes in the business activities of the Foreign System and vice versa, if so, in what cases and in what terms);
- 5) competences and responsibilities of the Armenian System Operator and the Foreign System Operator in connection with ensuring the security procedures established in the Armenian system and (or) in the Foreign System during performance of operations;
- 6) duties of Armenian and Foreign System Operators relating to the terms of providing money transfer service to customers, and penalties applied in case of their violation;
- 7) duties of Armenian and Foreign System Operators relating to providing uninterrupted operation of the Armenian and/or Foreign System, as well as the impossibility of providing money transfer service to customers (including non-performance of money transfer service due to the fault of Armenian and/or Foreign System operators or their other participant, as well as compensation to the customer);
- 8) Obligations, responsibilities and authorities of Armenian and Foreign System Operators in connection with disagreements and appeals by customers regarding the services provided by them,
- 9) Liability of Armenian and foreign system operators for damaging/inflicting loss of funds of customer as a result of fraud or otherwise making confidential data available to third parties;
- 10) responsibilities of the participants in the Armenian and Foreign Systems in combating money laundering and terrorist financing, and the requirements of the participants in this field;
- 11) Competences/obligations of Armenian and Foreign System Operators in case of cancellation of money transfer transaction (indicating terms and conditions),

12) In case of a request, the authority of the Armenian System Operator and/or Foreign System Operator to obtain necessary information for identification of the counterparty (counterparty of the transaction) in connection with the transfer of funds through Armenian and/or foreign systems (there is a provision according to which upon request of the counterparty the Armenian and/or Foreign System Operator is obliged to provide identification data of the counterparty regarding the transfer of funds made/performed through its system).

## ASSESSMENT OF POSSIBLE RISKS OF COOPERATION WITH THE FOREIGN SYSTEM

1. The assessment of possible risks of cooperation with the foreign system must include an analysis of the following risks and a description of procedures, measures and mechanisms for their prevention and management:

1) *liquidity risk*: one of the systems has (may have) temporary liquidity problems and is unable (may be unable) to meet its settlement obligations on time;

2) *credit risk*: one of the systems fails or refuses (may fail or may refuse) to fulfill its settlement obligations;

3) *settlement*: risks related to settlement emerge;

4) *operational risk*: problems arise (may arise) due to technical and software malfunctions related to the implementation of the functions defined within the framework of the cooperation; errors or frauds of the participants;

5) *legal risk*: problems arise (may arise) due to unclear legal grounds and differences in the legislation of the parties to the transaction;

6) *Risks related to the foreign system operator and settlement agent*.

a. insolvency of the foreign system operator;

b. bankruptcy of the settlement agent (including joint settlement agent);

2. The following provisions are taken into account for risk assessment:

1) settlement scheme/mechanism of cooperation (net, gross, other (specify));

2) frequency, timing and order of settlement between the systems;

3) the moment of finality and irreversibility and their clear definition in the procedure and conditions of cooperation, legal clarity (whether it is clearly defined and where it is defined), the supremacy of the legislation of any country during the cooperation or other important terms, and if the priority is given to the legislation of another country, analysis of differences between them or their absence;

4) in case of clearing of calculations, clear description of the process, deadlines and responsibilities of the system operators in the terms and conditions of the systems cooperation;

5) existence of possible applicable limits, size, and possible obstacles/inconveniences arising as a result of their application;

6) existence of non-decreasing balance of account / accounts balance, pre-deposit or deposit application mechanisms to ensure the settlement, application of security means;

7) possible sources of liquidity, means and terms, for performance of smooth settlement within the systems;

8) ability to monitor liquidity (account balance, net position, statement at the end of the day, notification on net position information, etc.) and/or payments made (received, transferred, payable, etc.);

9) lending opportunities by cooperating operators in case of short-term liquidity problems (availability of mechanisms);

10) provision of liquidity in emergency situations or other existing settlement mechanisms;

11) application of collateral mechanisms in case of lending possibility and legal clarity of that process,

12) assessment of the creditworthiness of the settlement agent or each other (operators);

13) procedures, measures and mechanisms aimed at limiting and managing information security risk:

a. mechanisms for ensuring and maintaining the integrity of data related to the payment and settlement service;

b. established safety procedures, standards and other safety mechanisms.

14) existence of alternative mechanisms in case of inoperability of cooperation systems and clarity and sustainability of the process;

15) systems testing and analysis of results before launching cooperation;

16) clear description of the responsibility of party/parties in case of errors (including for fault of the operator);

17) clear separation of liability for possible breaches;

18) in case of significant changes in the system rules, obligation to inform the cooperating party's operator about them, deadlines and the process;

19) clear description of the grounds, terms and process of termination/suspension of works in the rules of cooperation;

20) clear definition in the rules of cooperation, which country's legislation prevails in case of disagreement between the parties;

21) any other information that characterizes peculiarities of the Foreign System or peculiarities of cooperation, and provides an opportunity to assess potential risks.

## REFERENCE ON FOREIGN SYSTEM AND ITS OWNERS

### 1. Information on foreign system operator:

1.1 Foreign System Name \_\_\_\_\_

1.2 Name of foreign system operator \_\_\_\_\_

1.3 Location/address of foreign system operator \_\_\_\_\_

1.4 Date of registration of foreign system operator \_\_\_\_\_

day/month/year

1.5 Type of incorporation of foreign system operator

1) financial \_\_\_\_\_,  
(specify the type)

3) other \_\_\_\_\_:  
(specify)

1.6 Authority regulating/supervising business activities of foreign system operator \_\_\_\_\_

1.7 Legal basis for providing payment and settlement service in accordance with the legislation of the country of residence of foreign system operator:

1) License \_\_\_\_\_,

2) Permit \_\_\_\_\_,

3) Other \_\_\_\_\_:  
(specify)

### 2. Information on owners of foreign system operator:

2.1 Information on legal entities-participants that are owners of a foreign system operator:

Legal Person's Name	Location/Address	Registration Date (place, number) (day/month/year)	Share (%)
1.			
2.			

**2.2 Information on individuals-participants who are owners of a foreign system operator:**

Name, Surname	Residence/Address	Passport Number	Share (%)
1.			
2.			

**3. Information on Related Persons.**

*Relation must be considered in accordance with Article 8 of the RA Law on Banks and Banking.*

**3.1 Information on legal entities related to foreign system operator:**

Name	Location/Address	Type of Relation
1.		
2.		

**3.2 Information on individuals related to foreign system operator**

Name, Surname	Residence/Address	Passport Number	Type of Relation
1.			
2.			

*If there is not enough space for comments, use additional sheets*

**4. Information on Other Related Systems**

System Name	System Operator Name	Location/Address of System Operator	Type of Relation
1.			
2.			

**5. Does the foreign system operator comply with provisions of the Republic of Armenia Law "On Combating Money Laundering and Terrorist Financing" and the requirements arising from the normative legal acts adopted on its basis** “Yes” “No”  
 In case answer is "No", provide the details.

**6. Other important information in your opinion.**

*I certify that the information contained in this document is accurate and complete. I realize that misrepresentation of any document or information will result in criminal and administrative liability under the law.*  
*I agree to notify the Central Bank of any changes to the above information provided by me within at least 10 business days of being notified of any changes.*

Executive Director of the Armenian System Operator

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

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

Date \_\_\_\_\_ day/month/year

Seal