

Procedure on Execution of Transfers by Regular Payment Orders in the Republic of Armenia

This procedure shall establish rules on execution of transfers by regular payment orders by the banks operating in the territory of the Republic of Armenia.

1. General Provisions

- 1.1. Issues pertaining to regular payment orders (hereinafter, referred to as RPO) are regulated by this procedure, Republic of Armenia law "On Transfer of Funds by Regular Payment Order" and other legal normative acts.
- 1.2. RPO is a type of payment order, by which a payer instructs the bank to transfer funds from the payer's account to beneficiary in the amount defined in the order with a, repeatedly, or throughout a certain period of time with a regular frequency.

2. Execution of Transfer of Funds by Regular Payment Orders

- 2.1. Payer shall furnish the servicing bank with RPO (in 2 copies). RPO shall be filled out without strike outs and corrections and contain requisites defined by paragraph 4.1 of this procedure.
- 2.2. Payer's bank shall check accuracy and completeness of the order. Payer's bank shall reject payment orders which are filled out inaccurately, contain strike outs and corrections, indicating reasons for the rejection.
- 2.3. Upon receipt of RPO, payer's bank shall stamp it, indicating the day and month of the received order and return one of the stamped copies to the payer. Orders, which were received after business hours are deemed received at the beginning of the next business day.
- 2.4. Payer's bank shall register the received PRO and store it in payments file (in paper or electronic form), where the date of execution and amount subject to transfer shall be indicated
- 2.5. In order to execute PRO within the period prescribed thereof:
 - a) payer's bank shall fill out the respective memorial order, based on which the amount defined in the PRO shall be withdrawn from the payer's account and transferred to the account of the beneficiary, if the beneficiary is serviced in the payer's bank;
 - b) payer's bank shall issue the respective order (electronically or in paper) for the bank of the beneficiary, if the beneficiary is serviced by a different bank;

- 2.6. If the day of execution is a bank holiday day, payer's bank shall execute the transfer on the next business day;
- 2.7. Based on the regular payment instruction, payer's bank shall after each executed transfer furnish the payer with an excerpt (within period and in accordance with terms and mutually agreed conditions), which verifies execution of the operation.
- 2.8. If the resources available on the payer's account as of the day of the payment are not sufficient for execution of the transfer, payer's bank shall not execute the transaction prescribed by the respective order and notice the payer in a mutually agreed manner.
- 2.9. Provisions of paragraph 2.8 do not apply on cases where the payer's bank and the payer signed an agreement on provision of overdraft, or other credit.
- 2.10. Transfer of cash between banks and their branches based on RPO shall be executed within periods prescribed by the Republic of Armenia Central Bank.

3. Change of Conditions or Annulment of Regular Payment Transfer

- 3.1. A payer may change or annul presented ROP by furnishing the bank with an order on change/annulment of RPO (in 2 copies).
- 3.2. Order on change/annulment of RPO presented by the payer to the bank shall be filled out without strike outs or corrections and contain compulsory requisites defined by paragraph 4.2 of this procedure, whereupon the bank shall check it in manner defined by paragraph 2.2 of this procedure.
- 3.3. Upon receipt of the order on change/annulment of RPO, payer's bank shall stamp it indicating the day and the hour of the receipt and return one copy of the receipt to the payer. Orders, which were received after business hours shall deem received at the beginning of the next business day.
- 3.4. Upon receipt of the order on change/annulment of RPO, subject to the requirements of the order, payer's bank shall either annul the respective PRO, or introduce the prescribed changes in the RPO registration file.
- 3.5. Payer's bank shall not be responsible for execution of its activities defined by the RPO, if the order on change/annulment of RPO was received after the activities defined by the RPO were executed.

4. Compulsory Requisites of Regular Payment Order or Order to Change/Annul Regular Payment Order

- 4.1. RPO presented by payer in paper shall contain the following requisites (reference form is attached):
 - a) RPO number;
 - b) date of RPO submission;
 - c) date till which the RPO shall stay in force;

- d) beginning and frequency of payments, with clear indication of the date of beginning execution of payments by the bank and frequency of making such payments;
- e) name or firm name of the payer;
- f) name of the payer's bank (bank branch);
- g) account number of the payer in payer's bank;
- h) name or firm name of the beneficiary;
- i) name of the bank of the beneficiary;
- j) account number of the beneficiary in the bank of the beneficiary;
- k) amount to be paid in figures and in letters;
- l) currency by words;
- m) purpose of payment;
- n) payer's signature (if the payer is a natural person), or signature and seal of the payer's competent person (if the payer is a legal person);
- o) code of the payer's taxpayer identification number, if payment shall be channeled to the Republic of Armenia state budget.

4.2. Order issued by the payer on RPO change/annulment shall contain the following requisites (reference form is attached):

- a) number of the order on RPO change/annulment,
- b) date of submission of the order on RPO change/annulment;
- c) name of the payer's bank,
- d) name or firm name of the payer;
- e) number of the RPO, which shall be changed or annulled and date of its submission to the bank;
- f) version stating "to annul";
- g) version stating "to change" indicating changed criteria
- h) payer's signature (if the payer is a natural person), or signature and seal of the payer's competent person (if the payer is a legal person).

4.3. Payer may submit RPO and/or order on change/annulment of RPO through electronic payments system at special formats.

5. Other Provisions

5.1. Upon receipt of the RPO from payer, payer's bank shall register it at sub-account "regular payment orders" of post-balance sheet account 8032.

5.2. Immediately upon completion of RPO servicing period, or in case of its annulment, payer's bank shall credit the respective sub-account specified in paragraph 5.1.

5.3. In case of execution of RPO payment, accounting entries of the payer's and beneficiary's banks (excluding cases specified by paragraphs 5.1 and 5.2) shall be made in the same manner as for the transfers by payment orders.

5.4. If payer's bank fails to fully or partially comply with provisions defined by this procedure, provisions stipulated by the Republic of Armenia Civil Code, Republic of Armenia law "On transfer of Funds by Payment Orders", interbank agreements

(contracts), as well as agreements signed between the bank and the customer (if available) shall apply.

