

ROYAL MONETARY AUTHORITY OF BHUTAN



THE PAYMENT AND SETTLEMENT SYSTEMS RULES AND REGULATIONS

2018.

In exercise of the powers conferred by Section 184 of the Royal Monetary Authority of Bhutan Act, 2010 read with Section 8(c) and Section 9(c), (h) and (l) thereof, the Royal Monetary Authority of Bhutan hereby makes the following regulations for regulating and supervising Payment Systems and Payment Services in the Kingdom of Bhutan.

[amended in March 2023]

Table of contents

CHAPTER I: PRELIMINARY	3
1.1 Short title.....	3
1.2 Commencement and extent	3
1.3 Rules of construction	3
1.4 Supersession	3
1.5 Interpretation.....	4
1.6 Amendment.....	4
1.7 Objectives and guiding principles.....	4
1.8 Scope of regulations	5
CHAPTER II: LICENSING	6
2.1 Licensing principle	6
2.2 Licensing criteria	7
2.3 Application procedure and documents.....	8
2.4 Determination of an application.....	8
2.5 Licensing conditions.....	9
2.6 Withdrawal and suspension of a license	9
2.7 Authorization and issuance of new payment instruments and payment services	10
2.8 Prohibition of issuance of payment instruments.....	11
2.9 Power to approve changes in a system	12
2.10 Term of licenses and authorizations	12
2.11 Settlement and finality.....	12
CHAPTER III: SUPERVISION AND OVERSIGHT	13
3.1 Oversight and supervision	13
3.2 Obligation of Confidentiality of Information	15
3.3 Power to determine minimum standards and controls	15
3.4 Power to issue warnings and directions.....	16
3.5 Power to call for returns, documents or other information.....	17
3.6 Power to enter and inspect	17
3.7 Specific duties of payment system operators and payment service providers ..	18
3.8 Duties of a system participant – suspension of participation on prudential grounds.....	19
CHAPTER IV: GRIEVANCE ADDRESSAL	20
4 Reporting of Grievance	20
CHAPTER V: ADMINISTRATIVE FEES AND CHARGES	20
5. Application and licensing fees.....	20
CHAPTER VI: PENALTIES	21
6 Power of the Authority to impose penalties.....	21
DEFINITIONS.....	22
ANNEXES.....	28

CHAPTER I: PRELIMINARY

1.1 Short title

These rules and regulations shall be called the Payment and Settlement Systems Rules and Regulations (2018) and shall be applicable to all participants in the National Payment System as prescribed herein and, in the extension, and conditions as prescribed by the Authority.

1.2 Commencement and extent

1.2.1 These rules and regulations shall come into effect from 1st February 2018 and shall be applicable to the entire National Payment System and its participant entities, as defined below.

1.2.2 Without prejudice to the previous subsection, Chapters II and V of these rules and regulations shall not apply to systems operated by the Authority. The Authority shall use its best endeavor to ensure that a system it operates complies with the same oversight norms and standards as are imposed on any similar system on the condition that, in the reasoned opinion of the Authority, application of such norms and standards does not-

1.2.2.1. Disable the Authority to comply with any provision of the Royal Monetary Authority of Bhutan Act 2010 and the Financial Services Act of Bhutan 2011.

1.2.2.2 Reduce the autonomy of the Authority;

1.2.2.3 Undermine the operational effectiveness of the Authority; or

1.2.2.4 Impair the fulfillment of any relevant goals or objectives of public policy pursued by the Authority under its powers and competences granted by law.

1.3 Rules of construction

In these rules and regulations unless the context indicates otherwise, the singular shall include plural and the masculine gender shall include the feminine gender hereafter.

1.4 Supersession

These rules and regulations shall supersede the provisions of the existing rules and regulations, circulars, guidelines or notifications that are inconsistent with these rules and regulations.

1.5 Interpretation

The authority to interpret these rules and regulations shall vest with the Authority, which, if warranted, may issue such instruction and clarification from time to time as may be necessary to give effect and implement these rules and regulations.

1.6 Amendment

These rules and regulations may be amended in part, or in whole, by the Board/Executive Committee at its own discretion or based on the recommendation made by the Management/Department concerned.

1.7 Objectives and guiding principles

1.7.1 These rules and regulations set out by the Authority are aimed at achieving the following objectives-

1.7.1.1 Effectively regulating, supervising and overseeing the National Payment System and its participants, in promoting their safety and efficiency, thus facilitating the overall stability of the financial system in Bhutan;

1.7.1.2 Preventing and mitigating systemic risk;

1.7.1.3 Promoting financial inclusion and consumer protection;

1.7.1.4 In establishing effective regulation and supervision on the provision of payment services and in the issuance and use of payment instruments;

1.7.1.5. In regulating the establishment and operations of payment systems and schemes and payment services in Bhutan, setting forth the rights and obligations of the relevant providers and participants;

1.7.1.6. In defining the standards under which payment systems may be operated and payment services be provided;

1.7.1.7. In defining the means and procedures under which the Authority shall exercise its oversight, supervisory and regulatory powers; and

1.7.1.8. In providing rules and guidance on the co-operation and coordination among all participants of the National Payment System and the Authority, including between the Authority and other relevant national and foreign authorities, in what concerns the operation of payment systems and the provision of payment services.

1.7.2 In the exercise of its powers under these rules and regulations, the Authority shall be guided by the general policy of the Royal Government of Bhutan and shall take into account international best practices.

1.8 Scope of regulations

1.8.1 These rules and regulations shall define-

1.8.1.1 The conditions, requirements and procedures under which payment systems and schemes can be operated, payment services provided, and the licensing of payment system operators and payment service providers;

1.8.1.2 The terms and standards under which payment systems can be operated; and

1.8.1.3 The means and procedures under which the Authority shall exercise its oversight, supervisory and regulatory powers.

1.8.2 The Authority is entitled to and shall cooperate with other relevant authorities, either national or foreign, engaged in the regulation and supervision of any of the participants and/or activities of the National Payment System.

1.8.3 Under these rules and regulations and any other legal and regulatory provisions applicable, the Authority shall be entitled to carry out inspections, either on-site or off-site, of any of the entities participating in the National Payment System, as well as request any relevant information to said entities. These powers include the inspection and demand for information regarding any entities carrying out foreign exchange transactions including international card-based transactions, as provided for in Chapter IX of the Foreign Exchange Rules and Regulations 2022.

1.8.4 Further to what is laid down in the provisions of these rules and regulations, the Authority, when deeming it necessary and adequate and with observance of the applicable laws and international best practices and standards, may issue rules or lay down policies and guidelines concerning-

- i. regulation of payment systems and payment schemes, including the rules governing such systems and schemes;
- ii. the provision of payment services, including rights and obligations of payment service providers and payment service users and any relevant consumer protection measures;
- iii. operation or provision in the Kingdom of Bhutan of any specific or new services, such as crypto-assets related services, online payment gateways and international card schemes;
- iv. obligation of licensing or authorization on any participants of the National Payment System not subject to licensing requirements under these rules

- and regulations, such as payment scheme operators and processing entities;
 - v. rules on agents and outsourcing of services and activities related with the operation of payment systems and the provision of payment services; and
 - vi. overall payment ecosystem in the Kingdom of Bhutan, including open banking and innovative developments and solutions.
- 1.8.5 The rules, guidelines or instructions referred to in the previous subsection can be issued by the Authority from time to time as and when the Authority deems fit.

CHAPTER II: LICENSING

2.1 Licensing principle

In pursuant to chapter II section 8 (c) of Royal Monetary Authority of Bhutan Act 2010, or the regulation under it-

- 2.1.1 No person, other than the Authority, shall set up and operate a payment system or provide payment services in Bhutan except under and in accordance with the terms of a license issued by the Authority to that effect under these rules and regulations or as otherwise prescribed by the Authority.
- 2.1.2 Any person or entity desiring to operate a payment system or provide payment services, shall apply to the Authority, prior to the commencement of its operations, for a license, respectively as a payment system operator or a payment institution, under the provisions of this Chapter.
- 2.1.3 The Authority may, as prescribed in subsection 1.8.4 above, subject any other participants of the National Payment System to the licensing requirements herein, considering the size, complexity, systemic importance and risks posed by such participants. The Authority may, considering the specificities mentioned, establish authorization or registry requirements in lieu of licensing requirements if and in the extension appropriate.
- 2.1.4 This chapter shall not apply to-
 - 2.1.4.1 A person acting as the duly appointed agent of another person to whom the payment is due;
 - 2.1.4.2 A company exclusively accepting payments from its subsidiaries, its holding company or other subsidiaries of its holding company;

2.1.4.3 The operation of payment systems or the offering of payment services by a bank or a DMFI, provided that such bank or DMFI shall seek the authorization of the Authority for any new payment service it intends to offer and shall abide to the rules applicable to the operation of systems and provision of payment services.

2.1.5 The entities referred to in subsection 2.1.3. are, together with payment institutions, considered as payment service providers, and shall be subject to any rules or guidelines concerning the provision of payment services as enacted by the Authority.

2.2 Licensing criteria

2.2.1 Entities seeking to be licensed under these rules and regulations shall be apply for a license as a payment system operator or a payment institution, for, respectively, the operation of payment systems and the provision of payment services. The Authority may, in addition to the requirements provided for hereunder, establish specific requirements and conditions applicable to each type of entity.

2.2.2 The Authority shall not grant a license if the following requirements are not met-

2.2.2.1 The entity is a company incorporated under the Companies Act 2016;

2.2.2.2 Relevant and essential activities of the payment system operator or the payment institution are to be carried out in the Kingdom of Bhutan;

2.2.2.3 The directors and management of the proposed entity are fit and proper;

2.2.2.4 The capital of the proposed entity is adequate for its operations and no less than Ngultrum 20,000,000.00 (Ngultrum Twenty Million) or prescribed in the specific regulation issued by the Authority on the licensing and prudential requirements applicable to payment system operators and payment institutions; and; and

2.2.2.5 The overall organization and structure of the proposed entity is adequate for its operations and includes robust procedures for the management of its liquidity and credit risk; other relevant risks such as ICT and cybersecurity risks, data protection; contingency and disaster recovery.

2.2.3 The Authority shall reject the application for license on any of the following grounds-

2.2.3.1 The applicant or any of its significant owners have been convicted of an offence involving a financial transaction in any jurisdiction within the past ten (10) years;

2.2.3.2 The applicant fails to respond to request from the Authority for additional information within ten (10) working days of a third request for the same information;

2.2.3.3 The documents submitted are false, incomplete, deceptive or misleading.

2.2.4 Any applicant for a license, whose application has been refused, may within thirty (30) days from the date on which the order is communicated to it, appeal against the decision.

2.2.5 A license issued under these rules and regulations shall be subjected to annual fee under section 5.1.2.

2.3 Application procedure and documents

2.3.1 Any legal person desirous of operating a payment system or providing payment services shall apply for a payment system operator license or a payment institution license under these rules and regulations.

2.3.2 An application under subsection 2.3.1 shall be made by submitting the signed information contained in Form A in full and shall be accompanied by a non-refundable application fee under section 5.1.1 of these rules and regulations.

2.3.3 On receipt of an application and before a license is issued, the Authority may make such inquiries as it may consider necessary for the purpose of satisfying itself about the genuineness of the particulars furnished by the applicant, its capacity to operate payment systems or provide payment services, its credentials or any other matter which it may consider necessary or expedient for the purpose.

2.4 Determination of an application

2.4.1 Within three (3) months after receipt of an application under subsection 2.3.1 or of all additional information required by the Authority under subsection 2.3.3, the Authority shall notify to the applicant its decision to-

2.4.1.1 Grant the license, with or without conditions, pursuant to section 2.5; or

2.4.1.2 Refuse to grant the license.

2.4.2 A license shall be granted using Form B and shall-

2.4.2.1 State the date on which it takes effect;

2.4.2.2 State the conditions, if any subject to which it shall remain in force;

2.4.3 In deciding whether to grant or refuse a license, the Authority shall have regard to the safety and efficiency of the prospective payment system operator or payment institution and the financial system at large.

2.4.4 In case of refusal to grant the license, the applicant may, within one (1) month after the notification under subsection 2.4.1.2, by making representations, invite the Authority to reconsider its decision.

2.4.5 Within one (1) month after representations are made under subsection 2.4.4, the Authority shall notify the applicant whether it confirms, modifies or sets aside its decision.

2.4.6 The license granted by the authority under these rules and regulations shall be non-transferable.

2.5 Licensing conditions

The Authority may at any time make the license conditional upon any terms or conditions which the Authority deems appropriate for the safety and efficiency of the National Payment System and the financial system at large.

2.6 Withdrawal and suspension of a license

2.6.1 The Authority may, by order, withdraw or suspend the license granted to a payment service operator or payment institution at any time, if such payment service operator or payment institution-

2.6.1.1 Violated or contravened any law, regulation, or order of the Authority;

2.6.1.2 Not commenced the operation of the payment system or provision of payment services within six (6) months after the license was granted;

2.6.1.3 Ceased operating the payment system or the provision of payment services for more than one (1) month;

2.6.1.4 Obtained the license through incomplete, misleading, or false information or any other irregular or illegal means;

2.6.1.5 One or more of the licensing criteria under section 2.2 or the conditions pursuant to section 2.5 are not or no longer met;

2.6.1.6 Committed an act of bankruptcy; or

2.6.1.7 In the reasoned opinion of the Authority is no longer to the public interest; no longer represents the interests of the participants; or endangers the stability of the financial system in the Kingdom of Bhutan.

2.6.2 No order of withdrawal or suspension under these rules and regulations shall be made without giving the payment system operator or payment institution a reasonable opportunity of a prior hearing.

2.6.3 The Authority shall, immediately after its decision on the withdrawal or suspension of the license, notify the order to the payment system operator or payment institution and publish a notice in such manner as it deems appropriate.

2.6.4 The order of withdrawal or suspension shall, as far as possible, include provisions to safeguard the interests of persons affected by it.

2.7 Authorization and issuance of new payment instruments and payment services

2.7.1 Where the Authority is of the opinion that-

2.7.1.1 The payment service provider's new payment instrument or payment service may be of widespread use as a means of making payments and is able to play a significant role in the development of the National Payment System;

2.7.1.2 It is necessary to protect the interest of the public by ensuring the integrity, security and reliability of the payment instrument or service as a designated payment instrument or service.

Such new payment instrument or service shall be deemed as a designated payment instrument or is subject to the provisions of subsection 2.7.2 below.

2.7.2 No Payment Service Providers shall introduce any new designated payment instrument or service without prior written approval of the Authority.

2.7.3 The Authority may set out standards for payment instruments and services and stipulate transition time frame for the existing instruments or services, if necessary.

2.7.4 The design, security and operational risk management features of new payment instruments and services, if necessary, shall be decided by the Authority.

2.7.5 No payment service provider shall issue any new payment instrument or service to the public unless the provider has-

2.7.5.1 Complied with the requirements set in these rules and regulations as well as with any other relevant applicable rules issued by the Authority; and

2.7.5.2 Submitted to the Authority information contained in Form B in full as specified.

2.7.6 The Authority may in granting authorization-

2.7.6.1 Grant the authorization subject to the satisfaction of any necessary requirements under any applicable regulation, guidelines, instructions or circulars as enacted and modified by the Authority from time to time;

2.7.6.2 Impose such restriction, limitations or conditions as it may deem fit.

2.8 Prohibition of issuance of payment instruments

2.8.1 The Authority may, in written order, reject the issuance or provision of any payment instrument by a payment service provider if, in its reasoned opinion-

2.8.1.1 The issuance or use of the payment instrument violates or contravened any law, regulation, or order of the Authority;

2.8.1.2 The payment service provider failed to commence the operation of payment instrument within six (6) months after the authorization was granted;

2.8.1.3 The payment service provider ceased issuing the payment instrument for more than one month;

2.8.1.4 The authorization for the payment instrument has been obtained through incomplete, misleading, or false information or any other irregular or illegal means;

2.8.1.5 The payment service providers commit an act of bankruptcy;

2.8.1.6 Is no longer in the public interest or endangers the stability of the financial system in the Kingdom of Bhutan; or

2.8.1.7 There exists any other ground which in the opinion of the Authority warrants variation or revocation.

2.9 Power to approve changes in a system

2.9.1 No payment system operator shall cause any change in the system it operates which would substantially affect the structure or the operation of the system without-

2.9.1.1 The prior written approval of the Authority; and

2.9.1.2 Giving notice of not less than thirty (30) days to the system participants after obtaining approval of the Authority.

2.9.2 Notwithstanding subsection 2.9.1, the Authority may permit a payment system operator to make any quick change in a system without giving notice to the system participants or require a system to give notice for a period no less than thirty (30) days, if the Authority deems this to be necessary for the proper and sound functioning of the system or for purposes of public interest.

2.9.3 Where the Authority has any objection to the proposed change for any reason, it shall notify such objection to the payment system operator within ten (10) working days of receipt of the intimation for the proposed changes. In technically complex cases, the Authority may extend this deadline by ten (10) additional working days, by reasoned decision.

2.10 Term of licenses and authorizations

2.10.1 The licenses and authorizations issued under this chapter are valid for an undetermined period of time from the date of granting, unless the license is withdrawn earlier or suspended or the payment instrument prohibited under section 2.6 and 2.8 above, and subject to the payment of the relevant annual fee as prescribed in subsection 5.1.2.

2.11 Settlement and finality

2.11.1 Every payment system operator shall open and maintain settlement accounts with banks, including the maintenance of minimum balances, on such terms and conditions as the Authority may specify.

- 2.11.2 The payment obligations and settlement instructions among the participants of the payment system shall be determined in accordance with gross or netting procedure, as the case may be.
- 2.11.3 The payment system operator and the payment system's participants are bound by the settlement rules and procedures established by the Authority.
- 2.11.4 The Authority may make settlement rules to provide the basis on which payment obligations are calculated, netted or settled including rules for taking action in the event that a participant is unable or likely to become unable to meet its obligations to the clearing house or to the other participants.
- 2.11.5 Intraday liquidity facilities may be provided by the Authority to a payment system and its participants for meeting their payment obligations. Such facilities should be subject to the fees and rate of interest decided by the Authority.
- 2.11.6 In the absence of the rules and procedures established by the Authority under subsections 2.11.3 and 2.11.4, the payment system rules, enacted in accordance and as provided for in these rules and regulations, shall apply.
- 2.11.7 The settlement of obligations in a payment system are final and irrevocable, including in cases of bankruptcy or insolvency of a participant, unless special conditions, as determined by the Authority, apply.

CHAPTER III: SUPERVISION AND OVERSIGHT

3.1 Oversight and supervision

In pursuant to chapter 8 of the FSA, the Authority shall have powers to undertake oversight and supervision of payment systems, its operators and participants, payment service providers and any other participants in the National payment System as it deems necessary to ensure the safety and soundness of such systems, entities, services and activities.

- 3.1.1 The authority shall conduct on-site and off-site supervision of the operations of licensed payment service operators, payment system's participants, and payment institutions, including their agents and any third parties to which part of services have been outsourced, and may issue guidelines and regulations regarding such operations, with the view to promote their soundness, safety and efficiency from time to time.

- 3.1.2 The Authority may also conduct inspections and request any relevant information from any other participants in the National Payment System further to those entities referred to in the previous subsection 3.1.1.
- 3.1.3 The Authority may impose on all payment system operators and payment institutions with reporting requirements on their activities from time to time to oversee the operation of payment systems and provision of payment services and for statistical purposes.
- 3.1.4 No suit or other legal proceedings shall lie against the Authority or its officers, employees or agents in respect of anything done in good faith pursuant to these rules and regulations.
- 3.1.5 The payment institutions, payment system operators, participants and other persons who are subjected to oversight shall refrain from acts that could inhibit the proper performance of the Authority's powers and competences and provide all information and cooperation stipulated by these rules and regulation or required for the conduct of the oversight by the Authority or persons authorized by it to oversee payment institutions, payment system operators, participants and other persons.
- 3.1.6 The Authority shall cooperate with other public authorities engaged in the regulation and supervision of financial institutions and other entities directly or indirectly involved in payment services and their operation in Bhutan, the Authority shall have the right to exchange information with such bodies and persons and to notify them regarding deficiencies found during their oversight activities.
- 3.1.7 If the Authority discovers facts during its monitoring indicating that criminal acts have been committed, it shall notify the relevant body regarding criminal proceedings of this fact without unreasonable delay.
- 3.1.8 The Authority may disclose relevant and statistical information, collected under these rules and regulations, in its periodic Payment Systems Report, which are publicly available.

3.2 Obligation of confidentiality of information

- 3.2.1 The Authority, its officers, employees and agents are obligated to respect professional confidentiality regarding facts acquired during any functions carried out under these rules and regulation, unless the disclosure of such information is required by law, for oversight purposes and for information and statistical purposes as provided for in subsections 3.1.6, 3.1.7 and 3.1.8 above.
- 3.2.2 Without prejudice and in addition to the previous subsection, the information acquired during oversight functions may be used by authorized persons in the fulfilment of their job responsibilities and in legal and administrative proceedings regarding an action against a decision issued by the Authority concerning the supervision or oversight of the participants in the National Payment System or in a similar proceeding before a Court of Law.

3.3 Power to determine minimum standards and controls

- 3.3.1 The Authority may, from time to time, prescribe to a payment system operator, payment institution and other payment service provider, participant in a payment system and other persons, as applicable-
- 3.3.1.1 Minimum eligibility criteria for system participants, including rejection, continuation, and termination of membership;
 - 3.3.1.2 Conditions for participation by system participants in fund transfers and the rights and obligations of system participants with respect to such transactions and the underlying funds and collateral;
 - 3.3.1.3 The manner of transfer within a system, either through paper, electronic means or in any other manner, between banks or between banks and other system participants;
 - 3.3.1.4 The format of payment and securities transfer instructions and the size and shape of such instructions;
 - 3.3.1.5 The maximum execution time to be observed by system providers and payment services providers;
 - 3.3.1.6 Sound and prudent management, administrative and accounting procedures and adequate internal control systems of payment system operators and payment institutions;
 - 3.3.1.7 Appropriate and tested technology systems;
 - 3.3.1.8 Appropriate ICT and cybersecurity policies and measures intended to safeguard the integrity, authenticity, and confidentiality of data and operating processes;

- 3.3.1.9 An adequate business continuity and disaster recovery plan;
- 3.3.1.10 An effective internal audit function to provide periodic review of the security control environment and critical technology systems; and
- 3.3.1.11 Such other standards to be complied with by payment system operators payment system participants, payment institutions or other payment service providers generally.

3.3.2 Without prejudice to the provisions of subsection 3.3.1, the Authority may, from time to time, issue such guidelines and instructions, as it may consider necessary for the proper and efficient management of payment systems and provision of payment services or with reference to any particular system or provider.

3.4 Power to issue warnings and directions.

3.4.1 Where the Authority is of the reasoned opinion that -

3.4.1.1 A payment system operator, a participant or a payment institution is engaging in, or is about to engage in, any act, omission or course of conduct that results, or is likely to result, in relevant risk, such as systemic risk, being inadequately controlled; or

3.4.1.2 A payment system operator, a participant or a payment institution is engaging in, or is about to engage in, any act, omission or course of conduct that affects or is likely to negatively affect, the monetary policy or the credit policy of the country; or

3.4.1.3 A payment service provider (including its agents) is engaging in, or is about to engage in, any act, omission or course of conduct that results, or is likely to result, in harm to users of payment services; or

3.4.1.4 External influence on a payment system or payment institution may result in either a threat to these latter or in systemic risk being inadequately controlled;

The Authority may issue in writing a warning to such payment system operator, participant, payment institution or other payment service provider, or when applicable, to any other participant in the National Payment System.

3.4.2 The Authority may issue the following writing warnings under the previous subsection-

- 3.4.2.1 Orders to cease and desist from engaging in the act, omission or course of conduct or, in case of system providers, to ensure that system participants cease and desist from the act, omission or course of conduct; or
- 3.4.2.2 Orders to perform such acts as may be necessary, in the reasoned opinion of the Authority, to remedy the situation; or
- 3.4.2.3 Orders of appointment of a person to advise the payment institution, payment system operator, or participant on the proper provision of payment services, operation of and participation in the systems; or
- 3.4.2.4 Orders of removal of a director or senior manager from office.

3.5 Power to call for returns, documents or other information.

- 3.5.1 The Authority may call for, or access, from any payment system operator, participant, or payment institution, such returns or documents or information relating to the systems or services as it may require from time to time.
- 3.5.2 Without prejudice to the generality of subsection 3.5.1, the Authority may require any payment system operator, participant, or payment institution, to provide, whether in the form of a periodic report or otherwise information relating to-
 - 3.5.2.1 The operation of the system or the provision of the payment service; and;
 - 3.5.2.2 The pricing of, or other form of consideration for the participation in the payment system or for the payment services.
- 3.5.3 The request for and access to information provided for in this clause 5 is extensive to any other participants of the National Payment System subject to any applicable laws.

3.6 Power to enter and inspect

- 3.6.1 Any officer of the Authority, or any other person duly authorized by it in writing, for ensuring compliance with the RMA Act, the Financial Services of Bhutan Act, 2011, and these rules and regulations may-
 - 3.6.1.1 Enter at any time, any premises where a system is being operated or a payment service is being provided;

3.6.1.2 Inspect any hardware, make copies of any software applications, minutes, applications, instructions issued and other records relating to the payment system or payment services;

3.6.1.3 Call upon any employee or agent of such system provider or payment institution or any other person present in such premises at the time of such inspection to furnish information or documents as may be required by the Authority.

3.6.2 Prior to exercising the powers of subsection 3.6.1, the Authority shall give due prior notice of no less than one (1) working day to the system provider or the payment institution, unless the Authority reasonably suspects that, due to the facts of the case, such prior notice would put the conduct of the inspection or the collection of evidence at risk.

3.6.3 The Authority may order the external auditor of a payment system operator or a payment institution to examine such matters as may be specified by the Authority at the expense of the audited entity.

3.6.4 The external auditors ordered under subsection 3.6.3 shall cooperate with the Authority and shall not invoke their professional secrecy against it.

3.6.5 The Authority can appoint external independent experts and can attend, through authorized officers, the meetings of the governing and supervisory bodies of the entities subject to oversight. Such authorized officers may give opinions and recommendations which shall be recorded in the minutes of the meetings.

3.7 Specific duties of payment system operators and payment service providers

3.7.1 Every payment system operator and payment service provider shall-

3.7.1.1 Ensure uninterrupted, high-quality performance of the system or the services and shall also promptly inform the participants or users about any disruption or anticipated disruption in the system or services;

3.7.1.2 Validly contract and abide by any standard terms of contract, norms or standards as may be prescribed by the Authority;

3.7.1.3 Adopt the necessary measures to preserve the confidentiality and integrity of the data generated or received by them;

3.7.1.4 Preserve all data and records concerning their operations and provision of payment services for a period of ten (10) years and should make such data

and records available as and when required, for the purpose of inspection by the Authority;

3.7.1.5 Ensure that the servers are placed in a secured location and shall submit an updated business continuity and disaster recovery plan to the Authority every twelve (12) months;

3.7.1.6 Ensure that the background of its staff is verified to ensure integrity and safety of the system or the provision of the payment services and the combating of fraud and theft and any other illegal activities;

3.7.1.7 Be required to obtain such quality certification at its own cost as may be recommended by the Authority;

3.7.1.8 Ensure it complies with the applicable provisions of the Anti-Money Laundering and Combating the Financing of Terrorism Rules and Regulations 2011 and amendment thereof;

3.7.1.9 Get its financial statements audited and submit a copy of the annual audited accounts to the Authority within one (1) month of the close of the financial/calendar year.

3.7.1.10 Provide participants and users respectively adequate and timely redress mechanisms in case of grievances.

3.7.1.11 Guarantee and assure a fair and non-discriminatory access to its systems and services by any person, including other systems and payment service providers.

3.8 Duties of a system participant – suspension of participation on prudential grounds

3.8.1 Each system participant shall ensure-

3.8.1.1 Not to undertake any action which may undermine the objectives of the system or cause its operations to get delayed, halted or malfunction in any deliberate act or omission;

3.8.1.2 To pay the systems fees as per the rules to be approved by the Authority under subsection 5.1.3 of these regulations.

3.8.1.3 To comply with the operating rules of the system in a prompt manner.

3.8.2 The Authority shall have the authority to seek explanation from any system participant and thereafter suspend or order the suspension of its participation in any or all systems for a defined period of time.

CHAPTER IV: GRIEVANCE ADDRESSAL

4 Reporting of Grievance

- 4.1.1 The Authority may receive grievances and complaints from payment services providers, system participants and payment services users and may facilitate their resolution by taking corrective action or apply penalties pursuant to section 3.4, Chapter VI and Consumer Protection for Financial Services (CPFS) Rules and Regulations 2019.
- 4.1.2 Notwithstanding subsection 4.1.1, the Authority may, at its sole discretion, play the role of a mediator with the objective of achieving amicable and quick resolution of disputes between or among payment services providers, system participants, payment services users and other stakeholders.
- 4.1.3 If the parties to the dispute so agree, and the Authority at its discretion is willing, an officer from it designated for this purpose may assume the role of an arbitrator for resolution of the dispute.
- 4.1.4 The rules of procedure relating to the conciliation under the previous section 4.1.3 shall be drawn up by the designated officer.

CHAPTER V: ADMINISTRATIVES, SYSTEM AND TRANSACTION FEES AND CHARGES

5. Application, annual, system and transaction fees.

Payment system operators, payment system participants and other payment service providers are subject to licensing fees, administrative charges, and rules on applicable fees and charges, all of which are subject to change as determined by the Authority from time to time.

5.1.1 Application License fee-

Any person or entity desirous to apply for a license as a payment system operator or as a payment institution shall apply to the Authority for a license as prescribed in these rules and regulations and must pay one time application fee of Ngultrum 30,000.00 (Ngultrum Thirty Thousand only).

5.1.2 Annual Fee-

Licenses issued under this regulation shall be subjected to an annual fee of Ngultrum 25000.00 (Ngultrum Twenty-Five Thousand Only).

5.1.3 System Fees-

The participation in payment system is subject to transaction charges or any other fees as per the rules of the relevant system approved by the Authority.

5.1.4 Transaction fees-

Payment service providers shall apply reasonable fees and charges to the payment service users for the issuance, provision and use of payment instruments and payment services in line with best business practices and considerations. The Authority may, when necessary for consumer protection and/or financial inclusion purposes and with proper reasoning and consideration for the market and the commercial activity of payment service providers, impose limits or caps in the applicable fees and charges applied to payment service users.

CHAPTER VI: PENALTIES

6 Power of the Authority to impose penalties.

The Authority may impose on the person contravening or committing default of any of the provisions of these rules and regulations with the relevant measures or appropriate fines as specified by the Authority in the regulations issued by the Authority.

DEFINITIONS

In these regulations, unless the context otherwise requires-

- 1) “**Account information service**” means an online service to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider.
- 2) “**Acquiring of payment transactions**” shall mean a payment service provided by a payment service provider contracting with a payee to accept and process payment transactions, which results in a transfer of funds to the payee.
- 3) “**Authority**” shall mean the Royal Monetary Authority of Bhutan, constituted under the Royal Monetary Authority of Bhutan Act, 2010 represented by its Board of Directors.
- 4) “**Bank**” shall mean: (a) an entity carrying on the business of ‘banking’ as defined in clause (b) of section 187 of the RMA Act; and (b) such other deposit-taking entity as the Authority may, from time to time, notify for this purpose.
- 5) “**Card-based payment instrument**” shall mean any payment instrument, including a card, mobile phone, computer or any other technological device containing the appropriate payment application which enables the payer to initiate a card-based payment transaction which is not a credit transfer or a direct debit.
- 6) “**Card-based payment transaction**” shall mean a service based on a payment card scheme’s infrastructure and business rules to make a payment transaction by means of any card, telecommunication, digital or IT device or software if this results in a debit or a credit card transaction. Card-based payment transactions exclude transactions based on other kinds of payment services.
- 7) “**Clearing**” shall mean the process of transmitting, reconciling and, when applicable, confirming payment instructions or security transfer instructions prior to settlement, including, where so applicable, the netting of instructions and the establishment of final positions for settlement.
- 8) “**Commission of an act of bankruptcy**” shall be interpreted as in section 10 of the Bankruptcy Act of the Kingdom of Bhutan, 1999.
- 9) “**Company**” shall have the same meaning as in the Companies Act of the Kingdom of Bhutan, 2016.
- 10) “**Credit card**” shall mean a category of payment instrument that enables the payer to initiate a credit card transaction.
- 11) “**Credit card transaction**” shall mean a card-based payment transaction where the amount of the transaction is debited in full or in part at a pre agreed specific

calendar month date to the payer, in line with a prearranged credit facility, with or without interest.

- 12) **“Credit risk”** shall mean the risk that a counterparty to a transaction will not settle an obligation for full value, either when due or at any time thereafter.
- 13) **“Credit transfer”** shall mean a payment service for crediting a payee’s payment account with a payment transaction or a series of payment transactions from a payer’s payment account by the payment service provider which holds the payer’s payment account, based on a payment instruction given by the payer.
- 14) **“Debit card”** means a category of payment instrument that enables the payer to initiate a debit card transaction excluding those with prepaid cards.
- 15) **“Debit card transaction”** shall mean a card-based payment transaction, including those with prepaid cards that is not a credit card transaction.
- 16) **“Deposit-taking Microfinance Institution (DMFI)”** shall mean an institution licensed under the Regulations for Deposit-taking Microfinance Institutions (DMFI) 2016.
- 17) **“Direct debit”** shall mean a payment service for debiting a payer’s payment account, where a payment transaction is initiated by the payee on the basis of the consent given by the payer to the payee, to the payee’s payment service provider or to the payer’s own payment service provider.
- 18) **“Electronic money”** shall mean electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions, and which is accepted by a person other than the electronic money issuer.
- 19) **“Finality”** shall mean the state of a payment instruction having become irrevocable.
- 20) **“Financial statements”** shall mean a balance sheet, profit and loss statement or account and cash-flow statement together with required notes.
- 21) **“Fit and proper”** shall have the meaning attributed in Chapter 4 of the Financial Services Act of Bhutan 2011.
- 22) **“Funds”** means banknotes and coins, scriptural money or electronic money.
- 23) **“Gross settlement”** shall mean the settlement of payments, transfer instructions, or other obligations on a transaction-by-transaction basis.
- 24) **“Issuing of payment instruments”** means a payment service by a payment service provider contracting to provide a payer with a payment instrument to initiate and process the payer’s payment transactions.
- 25) **“ICT”** shall mean information and communications technology.
- 26) **“Liquidity risk”** shall mean the risk that a counterparty (whether a participant or other entity) will have insufficient funds to meet its financial obligations as and when expected, although it may be able to do so in the future.

- 27) **“Money remittance”** shall mean a payment service where funds are received from a payer, without any payment accounts being created in the name of the payer or the payee, for the sole purpose of transferring a corresponding amount to a payee or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee.
- 28) **“National Payment System”** shall mean the whole of the services that are associated to sending, receiving and processing payment transactions, in domestic or foreign currencies, whether executed, or the relevant entities operating, total or partially in the Kingdom of Bhutan, including:
1. payment systems, including those processing and registering securities, as well as arrangements and procedures associated to those systems and services, such processing activities and links;
 2. payment schemes, including payment card schemes;
 3. the participants in the national payment system, including payment service providers, payment system operators, operators of payment schemes, any participants of such systems and schemes, and processing entities, as well as any third party acting on behalf of any of those entities, either as an agent or by way of outsourcing agreements.
- 29) **“Netting”** shall mean the determination by the system provider of the amount of money or securities, due or payable or deliverable, as a result of setting off or adjusting the payment obligations or delivery obligations among the system participants, including the claims and obligations arising out of the termination by the system provider, on the commission of an act of bankruptcy or dissolution or winding up of any system participant or such other circumstances as the system provider may specify in its system rules or bye-laws (by whatever name called), of the transactions admitted for settlement at a future date so that only a net claim be demanded or a net obligation be owned.
- 30) **“Net settlement”** shall mean settlement in a system where final settlement of transfer instructions occurs through netting at one or more discrete, pre-specified time during the processing day.
- 31) **“Notify”** shall refer to a notification published by the Authority.
- 32) **“Participant”** shall mean any participant in a payment system.
- 33) **“Payee”** shall mean a person who is the intended recipient of funds which have been the subject of a payment transaction.
- 34) **“Payer”** shall mean a person who holds a payment account and allows a payment instruction from that payment account, or, where there is no payment account, a person who sends a payment instruction.
- 35) **“Payment account”** shall mean an account held in the name of one or more payment service users which is used for the execution of payment transactions.

- 36) **“Payment application”** shall mean computer software or equivalent loaded on a device enabling card-based payment transactions to be initiated and allowing the payer to issue payment instructions.
- 37) **“Payment card”** shall mean a category of payment instrument that enables the payer to initiate a debit or credit card transaction.
- 38) **“Payment card scheme”** shall mean a payment scheme for the execution of card-based payment transactions.
- 39) **“Payment initiation service”** shall mean a service to initiate a payment instruction at the request of the payment service user with respect to a payment account held at another payment service provider.
- 40) **“Payment institution”** shall mean an entity licensed by the Authority under these rules and regulations to provide payment services.
- 41) **“Payment instruction”** shall mean an instruction sent by a payer - or, in some instances, a payee - requesting the payment service provider for the execution of a payment transaction.
- 42) **“Payment instrument”** shall mean a personalized device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used for the initiation of a payment instruction.
- 43) **“Payment obligation”** shall mean an indebtedness that is owned by one system participant to another system participant as a result of clearing or settlement of one or more payment instructions relating to funds, securities, foreign exchange, derivatives or other transactions.
- 44) **“Payment services”** shall mean any of the following business activities-
1. services enabling cash to be placed on a payment account or enabling cash withdrawals from a payment account and all of the operations required for operating a payment account;
 2. The execution of the following types of payment transactions, including transfers of funds on a payment account with the user’s payment service provider or with another payment service provider-
 - a) execution of direct debits, including one-off direct debits;
 - b) execution of payment transactions through a payment card or a similar device;
 - c) execution of credit transfers, including standing orders.
 3. Execution of payment transactions where the funds are covered by a credit line for a payment service user:
 - a) execution of direct debits, including one-off direct debits;
 - b) execution of payment transactions through a payment card or a similar device;
 - c) execution of credit transfers, including standing orders.
 4. Issuing of payment instruments and/or acquiring of payment transactions.

5. Money remittance.
 6. Issuance of electronic money.
 7. Payment initiation services.
 8. Account information services.
- 45) **“Payment service provider”** shall mean any entity authorized to provide payment services.
 - 46) **“Payment service user”** shall mean a person making use of a payment service in the capacity of payer, payee, or both.
 - 47) **“Payment scheme”** shall mean a single set of rules, practices, standards and/or implementation guidelines for the execution of payment transactions and which is separated from any infrastructure or payment system that supports its operation, and includes any specific decision-making body, organization or entity accountable for the functioning of the scheme.
 - 48) **“Payment system”** shall mean any system or arrangement for the processing, clearing, and or settlement of funds or securities.
 - 49) **“Payment system operator”** shall mean an entity licensed by the Authority under these rules and regulations to operate payment systems.
 - 50) **“Payment transaction”** shall mean an act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee.
 - 51) **“Person”** shall include an individual, sole proprietorship, a partnership, a company unincorporated association, Government agency, a natural person in his or her capacity as a legal representative and anybody recognized as a separate legal entity.
 - 52) **“Prepaid card”** shall mean a category of payment instrument on which electronic money is stored.
 - 53) **“Processing”** means the performance of payment transaction processing services in terms of the actions required for the handling of a payment instruction between the acquirer and the issuer.
 - 54) **“Processing entities”** shall mean a person providing payment transaction processing services.
 - 55) **“RMA Act”** shall mean the Royal Monetary Authority of Bhutan Act, 2010.
 - 56) **“Securities”** shall include shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any financial institution, incorporated company or other body corporate, derivative, government securities, rights or interests in securities, and such other instruments as may be declared by the Authority to be securities from time to time.
 - 57) **“Securities transfer instruction”** shall mean an instruction by a participant to transfer the title to, or interest in, a security or securities.

- 58) **“Settlement”** shall mean the discharge of an obligation related to payment or securities transfer instructions and includes the settlement of securities, foreign exchange or derivatives or other transactions which involve payment obligations.
- 59) **“Settlement account”** shall mean an account in the books of a settlement agent used to hold funds and financial instruments and to settle transfer instructions between participants.
- 60) **“Settlement agent”** shall mean an entity providing to participants, settlement accounts through which transfer orders within payment systems are settled, and, as the case may be, extending credit to those participants for settlement purposes.
- 61) **“Settlement risk”** shall mean the general term used to designate the risk that settlement in a payment system will not take place as expected and may comprise both credit and liquidity risks.
- 62) **“Standing order”** means an instruction given by the payer to the payment service provider which holds the payer’s payment account to execute credit transfers at regular intervals or on predetermined dates.
- 63) **“Systemic risk”** shall mean the risk arising from: (a) the inability of a participant to meet his payment obligations under the payment system as and when they become due; or (b) any disruption in a system, which may cause other participants to fail to meet their obligations when due and is likely to have an impact on the stability of that and/or other systems or the financial markets as a whole; provided that if any doubt or difference arises as to whether a particular risk is likely to be systemic, the determination of the Authority shall be final.
- 64) **“Transfer instruction”** shall mean-
1. any instruction by a participant in a system to place at the disposal of a recipient an amount of money by means of a book entry or electronic transfer on the accounts of a participant, or any instruction which results in the assumption or discharge of a payment obligation as defined by the rules of the system; or
 2. an instruction by a participant to transfer the title to, or interest in, securities by means of a book entry on a register, or otherwise.
- 65) **“Writing”** shall mean recording by paper, electronic means, or any other durable medium.

All other words and expressions used but not expressly defined in these regulations, unless the context otherwise requires, shall have the meanings respectively attributed to them in the Royal Monetary of Bhutan Act, 2010 and the Financial Service Act of Bhutan, 2011.

ANNEXES

APPLICATION FORM FOR LICENSE OF OPERATING A PAYMENT SYSTEM

To

The Director,
Department of Payment & Settlement Systems
Royal Monetary Authority of Bhutan,
Thimphu

Sub: Application for license for setting up a payment system

Dear Sir/ Madam,

We hereby submit an application under subsection (2) of section 6 of the Payment and Settlement Regulations, for authorization to set up a payment system. The required information and documents have been furnished as per instructions.

We declare that to the best of our knowledge and belief the information furnished in the forms and annexure enclosed are true/correct and complete.

An electronic funds transfer transaction No..... datedfor an amount of (Ngultrum only) as non-refundable application fees is enclosed with the application.

Yours faithfully

Signature:

Name:

Designation:

Company Seal:

Date and Place:

INSTRUCTIONS

FORM A

- *Application must be made in the prescribed form only. Wherever space is insufficient, information may be furnished in a separate sheet;*
- *Application along with enclosures duly completed should be page numbered and submitted to the Payment and Settlement System Department, Royal Monetary Authority of Bhutan;*
- *Application must be signed by an official who has the authority to do so such as, Chairman, Managing Director, Chief Executive Officer, or the proprietor;*
- *Application must bear common seal of the firm/company;*

1. Please indicate the payment services the applicant intends to provide:

- i.
- ii.
- iii.

2. Business proposal of the particulars of payment system sought to be set up incorporating all the requirements spelled out below:

- i. Whether other companies/firms/ entities will be associated with the applicant in setting up the payment system.
- ii. If the answer to query 2 is yes, please furnish full particulars of this association.
- iii. Previous experience of applicant and associated companies/firms/entities in the payment systems area.
- iv. Type of payment system proposed to be set up i.e. whether electronic fund transfer or payment card based/ internet based/ mobile phone based.
- v. Will the proposed payment system cover a particular region or the whole country?
- vi. Does the proposed payment system seek to address the needs of any particular social/ economic segment/s of the population?
- vii. Method of settlement of payment claims, namely, whether gross, net or hybrid.
- viii. Name of the settlement agent for the proposed payment system:
- ix. Whether the applicant or settlement agent will act as a central counterparty to provide guaranteed/ secured settlement.
- x. When will be the account credited/funds made available to the beneficiary?

- xi. What will be the risks in operating the payment system sought to be set up and how does the applicant propose to mitigate them.
- xii. Mention the customer grievances redressal machinery proposed for the payment system sought to be set up.
- xiii. The time proposed to be taken to dispose customer complaints.
- xiv. Amount of finance required in executing Payment System project.
- xv. Sources of finances for executing the Payment System project.
 - (a) Amount of own capital proposed to be deployed:
 - (b) Amount of borrowings expected from banks;
 - (c) Amount of borrowing expected from sources other than banks: (Sources may be mentioned)
- xvi. Rate of return on investment expected from the Payment System sought to be set up.
- xvii. How does the applicant propose to recover its investment, and earn an income, that is, whether through cash flows or by levying joining fees, security fees, annual/ operating charges etc. (Please give full details).
- xviii. Internal Control System/ copy of the following manuals/procedures pertaining to the payment services offered:
 - a) Operational manual
 - b) IT security and controls guidelines
 - c) Internal control procedures
 - d) Risk management and risk control procedures
 - e) Customer protection policy
 - f) KYC and CDD procedures
 - g) Agents' due diligence manual
 - h) Any other information the applicant wishes to furnish (Additional information sheets/documents as required may be enclosed)

DECLARATION

I certify that I am aware that it is an offence under the Royal Monetary Authority Act of Bhutan 2010 and the Payment and Settlement Regulations to provide the Authority any information which is false or misleading.

I certify that the information given in the form above and accompanying documents is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Authority should be aware.

I also undertake that as long as I continue to be a Director/CEO/Key post holder, I will notify the Authority of any material changes to, or affecting the completeness or accuracy of, the information given above as soon as possible, but in any event no later than 10 days from the day the changes come to my attention.

Further, I would like to pledge that as long as I continue to be a Director CEO/Key post holder of the company, I will not violate any laws and regulations of the Authority.

Name.....

Position held.....

Signed.....

(Affix legal stamp)

Date.....

Witness

Name.....

Citizenship ID No (please attest a copy).....

Address:

Occupation:

Telephone number:

Email:

Signed.....

Royal Monetary Authority of Bhutan

Thimphu

CERTIFICATE OF LICENSE NO:

In exercise of the powers conferred on the RMA by Section 184 of the Royal Monetary Authority of Bhutan Act, 2010 read with Clause (c) of Section 8 and Clauses (c), (h) and (l) of Section 9 thereof is hereby granted the license to commence /operate a payment system, with effect from, subject to compliance with the terms and conditions given on the reverse of this Certificate.

At Thimphu on this day of.....

(Signature)

RMA Seal

(Designation of the officer)

Terms and Conditions*

- 1. The Certificate of License or a certified copy thereof shall be displayed at the main premises of the Payment System Provider and its other offices.*
- 2. The Payment System Provider shall adhere to the provisions of the Payment and Settlement Regulations, and the directions/guidelines issued by the Royal Monetary Authority of Bhutan from time to time.*
- 3. (Any other conditions as may be specified)*

APPLICATION FOR LICENSE TO SET UP A PAYMENT INSTITUTION

The Director
Payment & Settlement Systems Department
Royal Monetary Authority of Bhutan, Thimphu

Date:

Subject: Application to establish a Payment Institution in Bhutan

Dear Sir/Madam,

In accordance with Financial Services Act of Bhutan and the Payment and Settlement and Payment Services Providers Regulations ..., we would like to apply for a license to establish a payment institution in Bhutan and agree to abide by the Royal Monetary Authority Act of Bhutan 2011 and the abovementioned Regulations as amended from time to time

An electronic funds transfer transaction No..... for an amount of (Ngultrum only) as non-refundable application fees is enclosed with the application.

We also declare that RMA will not be held responsible for any service related issues with regards to the operation of the payment institution.

Sincerely yours,

Signature:

Name:

Address:

Telephone number:

Fax number:

Email:

INSTRUCTIONS

- Application must be made in the prescribed form only. Wherever space is insufficient, information may be furnished in a separate sheet;
- Application along with enclosures duly completed should be page numbered and submitted to the Payment and Settlement System Department, Royal Monetary Authority of Bhutan;
- Application must be signed by an official who has the authority to do so such as, Chairman, Managing Director, Chief Executive Officer, or the proprietor;
- Application must bear common seal of the firm/company;

3. Name of the applicant
- i. Name of the company:.....
 - ii. Head Office:.....
 - iii. Address:.....
 - iv. Phone No:.....
 - v. Fax No:.....
 - vi. Email:.....
4. Please indicate the payment services the applicant intends to provide:
- iv.
 - v.
 - vi.
 - vii.
5. Internal Control System

Please provide us each copy of the following manuals/procedures pertaining to the payment services offered:

- i. Operational manual
 - ii. IT security and controls guidelines
 - iii. Internal control procedures
 - iv. Risk management and risk control procedures
 - v. Customer protection policy
 - vi. KYC and CDD procedures
 - vii. Agents' due diligence manual
6. Plans for appointing agents for the payments services, including the services to be provided by each agent.
-
-
7. The proposed capital structure of the Payment Institution

- i. Authorized capital.....
- ii. Issued capital.....
- iii. Paid-up capital.....
- iv. Source of capital.....

8. Details of the applicant:

a. Provide the following key aspects of the company:

- i. Name:
- ii. Date of Registration:.....
- iii. Registration number:
- iv. Place of registration:
- v. Type of business:
- vi. Number of shares in proposed company:.....

9. To submit the biographical report (details of each applicant, director(s), and key personnel of the proposed Payment Institution) in the form prescribed by RMA (Annexure I Part B).

10. Additional information required to be submitted along with the application:

- i. Trade/Business License issued under Companies Act;
- ii. Feasibility report:
 - a. Macro economic background/environment of Bhutan
 - b. Financial system and structure
 - c. SWOT analysis
 - d. Survival and growth strategies/justification
 - e. Business plan

11. The Payment Institution is required to submit a comprehensive and detailed business plan that consists of at least the following:

- 1. Executive summary;
- 2. Mission statement;
- 3. Company overview – group structure, proposed board of directors, management team, staffing;
- 4. Product strategy- all product lines;
- 5. Marketing plan, strategy, sales strategy, distribution channels and break –even analysis;
- 6. Financial plan
- 7. Latest three year audited and certified financial statements of the applicant in case of a legal entity;

BIOGRAPHICAL REPORT OF CEO/DIRECTOR and KEY POST HOLDERS

1. Personal Details.

a. Name	
b. Date of Birth	
c. Nationality	
d. Citizenship ID No.	
e. Passport No.(Non-Bhutanese)	

2. Contact Information

a. Telephone No	
b. Mobile No.	
c. Fax No.	
d. E-mail	

3. Present Position.

a. Name and Address of the Firm	
b. Nature of Business	
c. Telephone No	

4. Marital Status.

<input type="checkbox"/> Single	<input type="checkbox"/> Married	<input type="checkbox"/> Divorced
If married, Spouse's Name and Citizenship ID No.		

5. Dependents.

Name	Relationship	Date of Birth (dd/mm/yyyy)

6. Family History.

Relationship	Name	Date of Birth	Occupation	Email Address	Mobile No.
Father					
Mother					

7. Education.

Name & Address of University	Years of Attendance	Major Area of Study	Degree/Certificate Granted	Date Awarded

8. Employment Record (Pertaining to previous 5 years). Use additional sheets, if necessary, and account for all gaps in employment.

Position held/ Department	Main responsibilities	Organization	Country	Duration

9. Status of the proposed appointment. Please tick relevant box.

<input type="checkbox"/> Initial Appointment	<input type="checkbox"/> Independent Director	<input type="checkbox"/> Non-Independent Director
<input type="checkbox"/> Re-appointment		

10. Do you have a license to practice any profession? Yes No

If yes, please give details.

a. Nature of License	
b. Date of Issue	
c. License/Registration No.	
d. Licensing Agency and Address	

11. (a) If self-employed, describe each enterprise, including the name, address, license number, your percentage of ownership and the type of business which you own or control. (Control means ownership of 10% or more of the stock or ability to effectively control the management of the corporation or other entity).

(b) List names, addresses and percentage of control and/or ownership of other incorporators, partners, directors, or officers of the entity or corporation referred to above.

<p>Are you employed in any professional capacity, or do you perform any services for or have any business connections with any institution which is subject to the supervision of the Royal Monetary Authority of Bhutan, or any other authority of the Royal Government of Bhutan?</p> <p>If "Yes", indicate the name of the institution, address and nature of your work.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
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12.

<p>Have you had, or do you now have, any financial interest, direct or indirect, in any financial institution in Bhutan</p> <p>If "Yes", give the name of the institution, address and nature of the financial interest.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
--	--

13. Please tick whichever is relevant for the following questions below.

<p>Do you have more than 5 years experience in banking, finance, accounting & information technology.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p>Were you declared insolvent and adjudicated bankrupt</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p>Were you convicted by a court in any criminal offense or has been involved in any fraud/forgery, financial crime or other illegal activities</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

14. Practicing accountants may be appointed as directors provided they are not employed or are not partners in an accounting firm, which has been engaged to conduct audit or consultancy work for that particular financial institution.

15. Are you a practicing accountant/consultant? Yes No

If "yes", in what capacity?

16. Are you affiliated to any political party? Yes No

If "yes", in what capacity?

17. Answer "Yes" or "No" to any of the questions below if they apply to you as an individual, or a partner, director or officer of a corporation except for minor traffic violations.

a. Are any arrests, indictments, criminal information or other criminal proceedings now pending against you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Were you ever convicted for any violations of the law?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Have you or has any partnership of which you were a CEO or a major owner (more than or equal to 10% of the capital of the company) ever been liquidated or judged bankrupt?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Has any business of which you were a director, officer, partner or major shareholder (10% or more of the voting shares) defaulted on his/her loan repayment?	<input type="checkbox"/> Yes <input type="checkbox"/> No
e. Has any enterprise in which you were a partner, director or officer been the subject of criminal indictment or other criminal proceedings?	<input type="checkbox"/> Yes <input type="checkbox"/> No

DECLARATION

I certify that I am aware that it is an offence under the Royal Monetary Authority Act of Bhutan 2010 and the Payment and Settlement Regulations to provide the Authority any information which is false or misleading.

I certify that the information given in the form above and accompanying documents is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Authority should be aware.

I also undertake that as long as I continue to be a Director/CEO/Key post holder, I will notify the Authority of any material changes to, or affecting the completeness or accuracy of, the information given above as soon as possible, but in any event no later than 10 days from the day the changes come to my attention.

Further, I would like to pledge that as long as I continue to be a Director CEO/Key post holder of the company, I will not violate any laws and regulations of the Authority.

Name.....

Position held.....

Signed.....

(Affix legal stamp)

Date.....

Witness

Name.....

Citizenship ID No (please attest a copy).....

Address:

Occupation:

Telephone number:

Email:

Signed.....

Royal Monetary Authority of Bhutan

Thimphu

CERTIFICATE OF LICENSE NO:

In exercise of the powers conferred on the RMA by Section 184 of the Royal Monetary Authority of Bhutan Act, 2010 read with Clause (c) of Section 8 and Clauses (c), (h) and (l) of Section 9 thereof, is hereby granted the Certificate of License to as a payment institution, with effect from subject to compliance with the terms and conditions given on the reverse of this Certificate.

At Thimphu on this..... day of.....

(Signature)

RMA Seal

(Designation of the officer)

Terms and Conditions

- 1. The Certificate of License or a certified copy thereof shall be displayed at the main premises of the Payment System Provider and its other offices.*
- 2. The Payment Institution shall adhere to the provisions of the Payment and Settlement Regulations ... and the directions/guidelines issued by the Royal Monetary Authority of Bhutan from time to time.*
- 3. Any other conditions as may be specified*