

**Technical & Technological Outsourcing Instructions for the Electronic Payment and Money Transfer Companies No. (9 /2018) Issued Pursuant to the provisions of articles (43) and (55) of the Electronic Payment and Money Transfer Bylaw No. (111) for 2017**

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**Article (1):**

These Instructions are called "Technical & Technological Outsourcing Instructions for the Electronic Payment and Money Transfer Companies" and shall enter into force as from the date of being approved.

**Article (2):**

A) Wherever they should occur herein, the following words and terms shall have the meanings assigned to each hereunder, unless otherwise connoted by the context:

<b>Board</b>	Board of Directors of the company and equivalent position.
<b>Senior Executive Management</b>	It includes the company's general manager or regional manager, deputy general manager or deputy regional manager, assistant general manager, assistant regional manager, chief financial officer, chief audit executive and compliance manager in addition to any employee having parallel executive power and functionally and directly linked to the general manager.
<b>Third party</b>	The entity to which the company is entrusted to take over the technical and technological works, partially or wholly, to assist it in carrying out its licensed activities.

<b>Outsourcing</b>	using a third party or delegating it or using its resources to conduct all or part of the company's technical and technological works that falls within its responsibility.
<b>Outsourcing arrangements</b>	the set of procedures and steps used by the company for the purposes of outsourcing.
<b>Information Assets</b>	Any information, electronic or none electronic files, devices or storage media, programs or any components of information and communications technology environment's related to the company activities.
<b>Outsourced Tasks</b>	the technical and technological works that the company entrusts to the third party

B) The definitions stated in the electronic payment and money transfer bylaw wherever it is provided in these instructions shall be adopted unless the context provides otherwise.

### **Application Scope**

#### **Article (3):**

A) The provisions of these instructions shall apply on all operating companies in the Kingdom that licensed by the Central Bank to practice any of payment services activities or managing and operating electronic payment systems.

B) The branches of foreign companies licensed by the Central Bank to practice any of payment services activities or managing and operating electronic payment systems, shall comply with these

instructions to the extent applicable thereto. In the event of a conflict arise between these instructions and the legislation in force in the parent country of the foreign branch, whether the conflict existed on the date of entry into force of these instructions or occurred at a later date, the branch shall notify the Central Bank of this and provide the necessary clarifications of the conflicting points within sixty days from the date of granting the license or the occurrence of the conflict, to obtain the approval of the Central Bank on the manner of handling this conflict.

- C) The provisions of these instructions shall apply to operating banks in the Kingdom that are licensed to practice any activities of managing and operating electronic payment systems to the extent that does not conflict with the Banking law in force and the instructions issued pursuant thereto.
- D) The provisions of these instructions shall apply to exchange companies that are licensed to practice any activities of managing and operating electronic payment systems or the activities of payment services other than the electronic money transfer in a manner that does not conflict with the Money Exchange Business law in force and the instructions issued pursuant thereto.

### **Outsourcing governance**

#### **Article (4):**

- A) The Board shall adopt outsourcing policy for the company, follow up its implementation and update, ensure that there are appropriate practices for managing the risks that may arise from the outsourcing, and review the periodic reports related to the outsourcing in a manner that does not contradict the applicable legislation.

B) The senior executive management shall tackle the following responsibilities and tasks, without conflict with the applicable legislation:

- 1) Ensure that the outsourcing policy is applied and it shall be reviewed periodically when needed, as well as ensuring the effectiveness of this policy and the applied procedures and its suitability with the changes in the company's environment and recommend updating it accordingly.
- 2) Ensure the implementation of an effective program to assess and monitor the outsourcing risks management.
- 3) Ensure that business continuity and disaster recovery plans are developed and deal with any material events that occur to the outsourcing arrangements, including appropriate scenarios to deal with that, implement them in a timely manner, and periodically test them.
- 4) Ensure that the concerned parties within the company review all the outsourced tasks to the third party at least annually, and whenever the need arises, and inform the board of any material events that occur on the outsourcing immediately.

### **Outsourcing risk management**

#### **Article (5):**

A) The company should include the outsourcing risks within the comprehensive risk assessment framework of the company that approved by the board, taking into the consideration the following:

- 1) Identify the impact of outsourcing on the company's business and achieving its goals.
- 2) Identify the scope, nature and complexity of outsourcing arrangements.

- 3) Identify the risk related to outsourcing and how to manage it, and risk prevention measures.
  - 4) Committing to the legislation in force that governs the company and third party business, including data protection legislation.
  - 5) assess and manage security, financial, legal, operational and reputation risk associated with the tasks to be outsourced to the third party and take the necessary measures to contain or mitigate it, taking into account the following:
    - a. The degree of sensitivity, size and value of the information assets concerned with the outsourcing.
    - b. Physical and Logical access to information assets.
    - c. Risks that may arise from the failure of the outsourcing or failure to fulfill the terms and conditions of the Service Level Agreement (SLA) and the Non-Disclosure Agreement (NDA) or providing services to the company's competitors, which leads to a conflict of interest.
    - d. The applied security controls by the company and the third party.
- B) The Company shall put in place key risk indicators to monitor the level of the risk related to outsourcing, and ensure that acceptable risks and the degree of risk tolerance (the added deviation of acceptable risks) are not exceeded.
- C) The company should periodically evaluate the performance of the third party and constantly monitor it, including ensuring that the third party complies with the terms and conditions of service level agreements.
- D) The company should assess and monitor the concentration risks that arise from outsourcing its tasks to only one third party.

### **Outsourcing policy**

#### **Article (6):**

The company must include the following in the outsourcing policy as a minimum;

- A) The roles, duties, and powers of the responsible persons in the company for managing and monitoring the outsourcing arrangements.
- B) Third party selection criteria
- C) Principles for contracting with the third party and the cases of termination.
- D) Security and operational controls to be met by the third party.
- E) Principles for assessing the outsourcing risks and mechanisms and controls for managing and mitigating that risk.
- F) Appropriate controls and mechanisms for controlling and auditing of the outsourced tasks to the third party.
- G) The tasks allowed to be outsourced and categorizing them according to the assessment of their relative importance and degree of risk related to them, provided that the evaluation is carried out through the following factors as a minimum:
  - 1) The effect of the outsourcing on the company's reputation, financial solvency, goals and plans in case the third party fails in whole or in part to perform the outsourced tasks.
  - 2) The impact of the outsourcing on the company's clients in the event that the third party fails to perform the outsourced task or violates the confidentiality and security of customer data.
  - 3) The degree of difficulty and time required to find an alternative third party or return the outsourced task to the company.
  - 4) The company's ability to provide appropriate internal controls, including meeting organizational and operational requirements in the event that the third party encounters any operational problems.
  - 5) The company's ability to continue to operate if the third party fails to perform the outsourced tasks within the agreed level.

## **Third party selection criteria**

### **Article (7):**

A) The company, when choosing the third party, must take into consideration the following criteria as a minimum:

- 1) Third party solvency and good reputation.
- 2) The technical and technological expertise and competence of the third party and its ability to provide the tasks to be outsourced according to the target, including the ability to implement and support the requirements of outsourcing for the duration of the contract.
- 3) The internal and security controls applied by the third party and their suitability with the nature of the tasks to be outsourced.
- 4) The company's ability to audit and monitor the third party within the scope of the outsourced tasks.
- 5) Third party's operational capabilities needed to resume and recover work after disasters.
- 6) Third party's ability to comply with the effective legislation in the Kingdom.

B) The company is committed to taking adequate due diligence procedures to identify the third party's identity, legal status, activity, purpose and nature of the work relationship, and to verify all this in appropriate ways, and continuously follow up the outsourced tasks that are done within the contractual relationship.

## **Outsourcing Agreement**

### **Article (8):**

- A) The company must organize the relationship with the third party in accordance with clearly and expressly written contractual agreements and the contractual provisions should not include clauses that may have a negative impact on the company.
- B) The company should review the contractual agreement with the third party periodically and evaluate it, and ensure that the third party complies with the contractual provisions contained therein.
- C) The company should define a mechanism to receive and handle any complaint from customers regarding its outsourced tasks and define the necessary controls to ensure that the complaints are handled by the third party without delay or disruption.

**Article (9):**

The company must ensure that the provisions of the contractual agreement with the third party are in commensurate with the company's outsourcing policy and include, at a minimum, the following items:

- A) The scope of the contractual agreements, which includes the tasks to be outsourced.
- B) The roles, responsibilities and rights of both parties.
- C) Provisions related to service level agreements and performance requirements.
- D) Conditions and requirements for business continuity and disaster recovery.
- E) Joint coordination to respond to emergency security incidents.
- F) The responsibility for confidentiality, privacy and security of information and not to disclose it except to the extent permitted by the relevant legislation, taking into account the continuation of this responsibility during the contract period and after its expiry.
- G) Requirements for auditing, monitoring and reporting to the company.

- H) Penalty clauses and disputes resolution processes, including defining the Jordanian jurisdiction courts to consider any dispute arising between the two parties.
- I) Legal and regulatory arrangements that the third party must adhere to.
- J) Technical support and maintenance requirements and responsibilities.
- K) The controls and responsibilities of the third party, if the third party contracts with sub-third parties to implement the outsourced tasks, including taking the prior approval of the company and informing it of any change in this contract.
- L) The third party informs the company immediately in the event of any control weaknesses, threats or negative events that may affect its continuity in carrying out the tasks outsourced to it such as being subjected to financial insolvency or liquidation or in the event of fundamental changes in the human resources or ownership structure of the third party.
- M) Communication and reporting mechanisms for negative impacts and escalation procedures.
- N) The provisions of the contract termination, taking into account not to put any provisions that may limit the company's ability to immediately terminate the contract in the necessary termination cases, such as what is stated in Paragraph (L) of this article.

**Article (10):**

When contracting with the third party, the company must:

- A) Sign a Non-disclosure Agreement, either as part of the contractual agreement with the third party or under a separate agreement for this purpose.
- B) Sign Service Level Agreement, either as part of a contractual agreement with the third party or under a separate agreement for

this purpose, and this agreement should include at the minimum, the following:

- 1) The nature of the services provided by the third party and the penalties for breaching them.
- 2) The level of services availability and its quality and access controls applied to them.
- 3) Data confidentiality, integrity and availability.
- 4) Change Management.
- 5) Compliance with security standards including penetration and vulnerability management.
- 6) Business Continuity and Disaster Recovery requirements and contingency plans.
- 7) Infrastructure details.
- 8) Reporting mechanism related to outsourced tasks.

### **Data Security and Confidentiality**

#### **Article (11):**

The company is required to put in place appropriate controls and procedures to ensure that the third party maintains confidentiality, integrity and availability of data in a manner consistent with the Central Bank's requirements, which includes, at a minimum, the following:

- A) Ensuring that the data security controls used by the third party meet the minimum controls required by the company.
- B) Determining the data that will be transferred and stored at the third party depending on the data classification that adopted by the company and taking appropriate steps to manage the security risks arising from the data transmission and storing.
- C) Determining the mechanism for taking backup copies of data and their locations.

- D) Ensuring that the company's data is segregated from that of the third party and third party's clients, and provide the company with an evidence for that.
- E) Ensuring that the third party maintains data for the durations specified by the company and in accordance with the provisions of the legislation in force.
- F) Determining the mechanisms for data retrieval and deletion.
- G) Determining the mechanisms and controls for the third party access to the data in an accurate manner and in consistent with the specific purpose of the outsourced tasks to the third party and in accordance with the non-disclosure agreement concluded between the third party and the company.

### **Business Continuity Requirements**

#### **Article (12):**

- A) The company must ensure that the third party has appropriate plans to ensure the continuity of its business and in a manner consistent with the business continuity plan of the company and to test and update it periodically.
- B) The company should include business continuity plans with appropriate procedures and measures to ensure the continuity of its business related to the outsourced tasks in the event of any disaster, failure or sudden interruption in providing them or sudden termination of the contract or the third party's inability to fulfil its obligations or any other reason, also these procedures and measures should be tested and reviewed periodically.
- C) The company shall ensure that the third party maintains backup copies of the data related to the outsourced tasks in its alternative location or at the company site and test the restoration of these copies.

### **Supervision & monitoring**

**Article (13):**

- A) The company shall put in place the necessary measures for effective monitoring and supervision of outsourcing arrangements and the risks related thereto, and the controls applied, including, at a minimum, the following:
- 1) Maintain a list of all outsourcing arrangements, and report this list to the board and senior executive management, review and update this list when renewing, extending, terminating or amending the contractual agreement concluded with the third party.
  - 2) Ensuring the commitment of the third party to inform the company immediately when a breach occurred or any negative events affecting the company, including corrective measures followed or specified by the third party in particular.
  - 3) Ensuring that the company has effective organizational and supervisory controls in the case there are outsourcing arrangement with more than one third party to perform the tasks that outsourced by the company.
- B) The company must ensure the commitment of the third party to allow the company to conduct audits on the third party within the scope of the outsourced tasks using another competent, neutral and reliable party that is determined by the company, and provide the company with a report stating his opinion regarding the examination of the internal control environment and the controls applied by the third party and the extent of their adequacy to ensure compliance with the conditions and provisions stated in the contractual agreement, service level agreements and the non-disclosure agreement concluded between the company and the third party.

**Article (14):**

- A) The third party and within the scope of the tasks outsourced to it by the company are subject to the Central Bank oversight and supervision, including inspection from the employees authorized by the Central Bank as well as the technical auditors appointed by the Central Bank at the expense of the company, and the third party and the company are obligated to cooperate with them to fully carry out their works.
- B) Without prejudice to the liability of the third party, the company is the fully responsible to the Central Bank for all the activities of the third party shall be within the scope of the outsourced tasks, including its compliance with the enforced legislation and any requirements determined by the Central Bank in particular.
- C) The company is committed to inform the Central Bank when contracting with the third party, including the outsourced tasks, or when any fundamental change or amendment occurs to the outsourcing arrangements, including the scope of the outsourced tasks to the third party, or in the event of any violations or problems related to the outsourcing, including breach of the outsourcing requirements or in the event of termination of the contractual agreement with the third party, within a maximum period of three days from the date of that procedures, with a clarification of the procedures proposed or taken by the company in particular.
- D) The Central Bank has the right, at any time, to reject the contract with the third party and to request for terminating this contract in whole or in part immediately or according to what it deems appropriate; in the event that central bank sees that this contract has a negative impact on the quality and efficiency of the business or its continuity or on the company, or in the event that the company's customer data is not kept confidential, or the central bank is unable to conduct oversight and supervision, or any other reason the central bank deems necessary.

### **Outsourcing Termination Arrangement**

**Article (15):**

The company should put in place a suitable plan for termination cases of the outsourcing arrangements and examine it and review it periodically to ensure its ability to terminate without disrupting the continuity of its business, provided that the plan should include at the minimum the following:

- A) Requirements and mechanisms for moving to an alternative third party or returning to work on primes.
- B) Mechanisms for retrieving and deleting data and all company records and documents that are available at the third party, including backup copies in the alternative site or data storage medias via the Internet.
- C) The commitment of the third party to cooperate with the alternative third party or the company to complete the transfer of equipment or data, networking, and any other components related to the outsourced tasks.

**Article (16):**

The company is prohibited from outsourcing any of its technical and technological work to a third party outside the Kingdom without the prior written approval of the Central Bank in accordance with the conditions and requirements determined by the Central Bank.

**The Governor  
Dr. Ziad Fareez**