

**Opening branches and offices Instructions for the Electronic Payment and Money Transfer Companies No. (1 /2020) Issued Based on the Provisions of Article (24/b) and Article (55) of the bylaw of Electronic payment and money transfer No. (111) of 2017**

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**Article (1):**

- A) These instructions are called (instructions for opening branches and offices for electronic payment and money transfer and they are in force from the date of their approval.
- B) The provisions of these instructions apply to all companies operating in the Kingdom licensed by the Central Bank to practices any of the activities of payment services and / or managing and operating electronic payment systems.
- C) Both banks and exchange firms are excluded from the provisions of these instructions.

**Conditions for opening branches and offices inside and outside the Kingdom**

**Article (2):**

- A) The company willing to open branches or offices within the kingdom must meet, as a minimum, the following conditions:
  - 1) the company has been in business for at least one year in the kingdom.
  - 2) The company should have the financial solvency that qualifies it to open a branch or office, and in this regard the company must increase its capital by (7.5%) of the minimum paid-up capital specified in the instructions in

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force for each branch or office and in the event that the central bank agrees to open a branch or an office for the company.

- 3) The company has adequate internal control and control systems
  - 4) Systems to link the branch and / or office to the company's head office in a manner that reflects the operations of that branch or office on the records, statistical data and financial statements of the company which sent to the central bank.
  - 5) central bank records do not show any fundamental breaches of the company to the provisions of the legislation governing it, including the provisions of the electronic payment and fund transfer of in force and the instructions issued pursuant to it.
- B) The company willing to open branches or offices outside the Kingdom must meet, as a minimum, the following conditions:
- 1) The company has been in business for at least (3) years
  - 2) The company should have the financial solvency that qualifies it to open a branch or office, and in this regard the company must increase its capital by 15% of the minimum paid-up capital specified in the instructions in force for each branch or office in the event that the central bank agrees to open a branch or an office for the company.
  - 3) the company has a written policy approved by the Board of Directors that regulates the relationship of the company's management with its branches and offices located outside the Kingdom, including a minimum of the following:

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- A) system of internal audit and inspection and compliance monitoring by the management of branches or offices
  - B) The authorities of the management to oversee the management of the funds sources of the branches or offices and the use of it.
  - C) roles and responsibilities of those in charge of managing the branches or offices
  - D) Applying anti-money laundering and terrorist financing programs in accordance with the legislation in force, so that those programs include policies and procedures for exchanging the information required for customer due diligence and managing the risks of money laundering and terrorist financing, and providing information related to clients, accounts and operations from branches or offices to the compliance and audit oversight function and / Or to combat money laundering and terrorist financing at the company level if necessary, and to provide adequate guarantees regarding confidentiality and the use of mutual information
- 4) Meet the conditions mentioned in (3) and (5) of paragraph (a) of this article with regard to the branches or offices located outside the Kingdom.
  - 5) The approval of the regulatory authority in the host country (if any) to open the branch or office, and taking into account the requirements and conditions required by the regulatory authority in the host country (if any).
  - 6) Providing the central bank with an official letter from the supervisory authority in the host country (if any) that includes its willingness to cooperate with the central bank in the supervisory aspects and exchange of information,

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including the right of the central bank or any party assigned by it to carry out inspections of the branch or office work in the host country.

- c) Meeting the conditions mentioned in Paragraph (A) and Paragraph (B) of this Article is considered a basis for considering the company's request to open a branch or office within or outside the Kingdom, and does not necessarily means the central bank approval to open a branch or office for the company inside or outside the Kingdom, And the central bank may request any documents, information or financial data or specify other conditions it.

### **Requirements for opening branches and offices inside or outside the Kingdom**

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

- A) The company willing to open a branch or office inside or outside the kingdom shall submit a written request to the central bank signed by the chairman of the board of directors or the general manager of the company or duly authorized to sign on behalf of the company supported by the following:
- 1) Board of director's approval.
  - 2) Study the economic feasibility of opening a branch or office, including estimated budgets for the financial position of that branch or office and for at least the first three years.
  - 3) Determine the country and / or geographical region in which the branch or office is intended to open.
  - 4) Indicate the expected opening date.
  - 5) The nature of the work to be submitted.

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- 6) Any additional requirements or documents required by the Central Bank.
- B) The company is obligated to start work in the approved branches or offices within a maximum period of (6) months from the date of approval.
- C) The company may, in the event that the branch or office does not start its activities within the period specified by the provisions of paragraph (B) of this article, submit a written request to the Central Bank to extend this period, including the reasons and justifications prevented that, and the request shall be submitted at least one month in advance From the date of the end of the specified period, the extension shall be for two times and for a period not exceeding (3) months as a maximum for each time.
- D) The Approval of opening the branch or office is considered cancelled in the event that the branch or office does not start its activities during the periods mentioned in paragraphs (B) and (C) of this article and if the company continues to need this branch or office, it must submit to the Central Bank a new application
- E) The company must inform the Central Bank in writing of the date of the branch or office start its work and at least one week in advance, and this includes the name of the branch or office manager and the address and telephone and fax numbers of the branch or office.

**Requirements for closing branches or offices located inside or outside the Kingdom**

**Article (4):**

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- A) The company willing to close any of its branches or offices located inside or outside the Kingdom temporarily must obtain the prior approval of the central bank by submitting a written request to the central bank signed by the chairman of the board of directors or the general manager of the company or authorized to sign duly for the company including the following:
- 1) The approval of the company's board of directors.
  - 2) The reasons and justifications for that and the required closing period.
  - 3) The company's plan related to the closing process, including how to deal with electronic payment accounts or their related payment tools that are related to clients, as well as the activities and services provided by the company or any obligations that may arise towards customers or any other parties or regulatory authorities (if any) with respect to branches or offices located outside the Kingdom.
- B) The company shall, upon obtaining the approval of the Central Bank of the temporary closing, inform the clients of the branch or office concerned and the other related parties at least two weeks before the date of the start of the closing process, provided that this notification is done by various appropriate means including text messages (SMS) and the company's website, Publishing in a widely circulated local newspaper and advertising in a prominent place in the relevant branch or office until the end of the closing, and the announcement must include the period specified for the closure.
- C) The company shall inform the Central Bank of the date of the branch or office resuming its activities and this shall be

reported to each of the clients and other related parties by various and appropriate means, including the means mentioned in the provisions of paragraph (B) of this article.

**Article (5):**

- A) The company willing to permanent close any of its branches or offices must obtain the prior approval of the central bank by submitting a written request to the central bank signed by the chairman of the board of directors or the senior executive manager of the company or Authorized signatory for the company, including the following:
- 1) The approval of the company's board of directors.
  - 2) Causes and justifications for closure.
  - 3) The company's plan related to the closure process, including how to deal with electronic payment accounts or associated payment instruments for customers. as well as the activities and services provided by the company through the relevant branch or office, the date of closing and any obligations or rights that may arise towards customers or Any other parties or regulatory authorities (if any) in relative to the branches or offices located outside the Kingdom.
- B) The company shall, upon obtaining the approval of the Central Bank for the permanent closure, announce this at least two weeks before the date of the start of the closing process, provided that such announcement shall be made by multiple and appropriate means, including the means mentioned in the provisions of paragraph (B) of Article (4) of These instructions.

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- C) The company must complete the closing process according to the dated and arrangements specified in the plan submitted form the company to the Central Bank.
- D) The company is obligated to inform the Central Bank of its completion of the closing procedures, including the completion of the settlement of all obligations and rights arising from it for the others parties (if any).

**Movement requirements for branches or offices located  
inside or outside the Kingdom**

**Article (6):**

- A) The company wishing to move any of its branches or offices located inside or outside the Kingdom from one place to another temporarily. The company must obtain the prior approval of the Central Bank by submitting a written request signed by the chairman of the board of directors or the senior executive manager of the company or Authorized signatory for the company, provided that the request includes the reasons and justifications for movement.
- B) The company shall provide the Central Bank with the date of beginning of work on the new site and information related to its temporary location including the address, phone and fax numbers.
- C) The company upon obtaining the approval of the Central Bank of the temporary movement shall inform the clients of the relevant branch or office and the other related parties at



least two weeks before the date of beginning of the transfer process. Provided that this announcement shall be made by multiple and appropriate means including the means mentioned in the provisions of the paragraph (B) From Article (4) of these instructions until the end of the transfer, and the announcement must include the period specified for the movement.

- D) The company must inform the Central Bank of the date of the relevant branch or office re-starting its activities in the old site, and inform clients and other parties related to this date by multiple and appropriate means including the means mentioned in the provisions of paragraph (B) from Article (4) of these instructions.

**Article (7):**

- A) A company that wishes to move the location any of its branches or offices located inside or outside the Kingdom permanently. Must obtain the prior approval of the Central Bank by submitting a signed written request from the chairman of the board of directors or the senior executive manager of the Company or the authorized signatory for the Company. The request shall include:
- 1) The approval of the company's board of directors.
  - 2) Causes and justification for movement.
  - 3) The Company's plan for the movement process, including the expected period for the movement and any arrangements or effects the relevant branch or office may have on the movement process.
- B) The company upon obtaining the approval of the Central Bank. proceeding with the movement procedures of its relevant branch or office, and to be completed in accordance

with the company's plan and agreed timetable, and to provide the central bank with a start working date for the new site and relevant information, including address, telephone and Fax numbers.

- C) The company should inform the clients of the relevant branch or office and the other related parties at least two weeks before the date of beginning of the movement process. This announcement shall be made by multiple and appropriate means including the means mentioned in the provisions of the paragraph (B) From Article (4) of these instructions until the end of the movement, and the announcement must include the period specified for the movement.

### **General provision**

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

- A) The Company is committed to provide the Central Bank with evidence that it has made the necessary adjustments to its articles of association, charter, and any other official document requesting from the company at the relevant parties (if any), and any other documents that the Central Bank deems necessary.
- B) The company is committed to providing the central bank with reports, information, and data related to its branches or offices located outside the kingdom as follows:
- 1) Any extraordinary losses realized immediately upon their realization and any significant events affecting the financial position of the branch or office.

- 2) Summary of internal audits, inspections and compliance monitoring.
  - 3) Report of the External Auditor and report of the Technical and Technological Auditor (if any).
  - 4) Any direction by the supervisory authorities of the host country, and any correspondence with them that is relevant and directly affecting the business of the branch or office.
  - 5) Audited annual financial statements for branches or offices.
  - 6) Any other data or information requested by the Central Bank.
- C) The Central bank can revoke the approval granted to the company to open any branch or office inside or outside the Kingdom if the company violates its regulations, including the provisions of the electronic payment system and money transfer in force and the instructions and orders issued upon this bylaw, including the provisions of these instructions. Or if it is found that the company, through its branch or office, carries out operations based on improper and unsafe bases, including operations related to money laundering, terrorist financing or proliferation. Or, where such operations result in disruption or obstruction of the business of company, or adversely affect the security of the national payments system or affect the stability and integrity of the financial system as a whole.
- D) The Company shall provide the Central Bank with a statistical information No later than the end of January of the beginning of each year. or according to the periodicity of requesting data from the Central Bank. Indicating the number of its branches and offices located inside and

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outside the Kingdom. including their locations, contact information, and the names of its executive manager, activities and business, as per the form specified by Central Bank in particular.

- E) Each company have branches or offices located inside or outside the Kingdom must reconcile its status according to the provisions of these instructions within a period not exceeding one year from the effective date of these instructions, and the Central Bank maybe extend this period for another year if there are convincing reasons to do so.

**Governor  
Ziad Fariz**