

**Instructions for Dealing with the Agents of the Companies of Electronic
Payment and Money Transfer Services No. (4 /2018)
Issued based on the provisions of article (55) of the bylaw of electronic
payment and money transfer No. (111) of 2017**

Article (1):

These Instructions will be called “Instructions for Dealing with the Agents of the Companies of electronic Payment and money Transfer Services” and shall enter into force from the date of 18/03/2018.

Article (2):

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

Payment Service Provider: The company licensed by the Central Bank to practice any activity of payment services.

Agent: The entity empowered by the payment service provider to offer all or part of the authorized operations to be conducted through the payment service provider instruments or operating systems.

Agency Contract: a contract concluded between the payment service provider and the agent that determines duties and responsibilities of each one, and by which the agent committed to practice part or all of the authorized operations to be conducted on behalf of the payment service provider

B)The definitions provided in the Bylaw of Electronic Payment and Money Transfer in force shall rely on wherever it is provided in the provisions of these instructions, unless the context provides otherwise.

Scope of Application

Article (3):

A) The provisions of these Instructions shall apply on all payment service providers operating in the Kingdom, including the foreign companies’ branches licensed by the Central Bank to practice any of the payment service activities. These instructions shall regulate the minimum of the conditions, requirements

and standards with which the payment service provider must comply when dealing with the agent.

- B) The provisions of these Instructions are not applied to banks and money exchange companies practicing the activities of payment services, and apply the provisions of the legislation governing them as appropriate.
- C) The payment service provider shall be entitled to empower the agent to provide all or part of the services that it is licensed to practice through the payment service provider instruments and operating systems.
- D) With due observance of what has been provided in paragraph (C) the payment service provider shall be prevented to assign the electronic money transfer service to any third party, unless the third party is a company licensed by the Central Bank to practice the activity of providing electronic money transfer services.

Selection Criteria of the Agents

Article (4):

- A) The payment service provider shall be entitled to appoint an agent to provide all or part of the services that it is licensed to practice under an agency contract which is officially organized and duly certified with a trade register attached thereto indicating that the agent is duly registered either as a company under the Companies Law in force, an individual institution according to the provisions of the Trade Registry law, or a small trader providing all the necessary documents to identify the agent and the commercial activity that he practices and the location where he practices his activity. It shall also attach to the agency contract a registration certificate of the commercial name, if any, and a valid profession license.
- B) The agent is required not to have been condemned by a judicial judgment for a crime or an offense involving honor or honesty, has a good reputation and be able to practice the tasks entrusted to him efficiently.
- C) With due observance of what has been provided in paragraphs (A) and (B) of this Article, the payment service provider is committed to appoint an agent according to appropriate selection criteria depending on the nature of the tasks entrusted to the agent, their degree of risk and the ability of the agent to carry out the tasks entrusted to him, including at the minimum to ensure the following:
 - 1. The appropriate financial solvency and the ability to meet its obligations continuously and in the case of halting

2. The ability to deal with cash transactions and manage them efficiently, and the ability to review the registers and the necessary reconciliation of the financial processes implemented thereby.
 3. The ability to deal with technology based activities.
 4. The ability to maintain security and protection of information, data and records of customers and the ability to tackle customer complaints.
 5. The efficiency in performing due diligence procedures towards customers.
 6. The ability to meet the security and safety requirements at the workplace.
 7. The compliance with the legislation in force in the Kingdom, in particular the legislation related to anti-money laundering and terrorism financing.
- D) The payment service provider shall be committed to take adequate due diligence measures to recognize the identity, legal position and activity of the agent and the purpose and nature of the work relationship, verify all of that with appropriate methods and continuous follow up of the transactions performed in the context of an ongoing relationship. In addition to identify the nature of the future relationship between the payment service provider and the agent and the purpose thereof.

Policy of Dealing with Agents

Article (5):

The payment service provider shall develop an appropriate policy to deal with the agents and review it periodically to include at a minimum the following:

- A) The appropriate selection criteria provided for in these Instructions to deal with the agents.
- B) Conditions and requirements of agency contract conclusion and the cases of termination.
- C) Financial guarantees and collateral that the agent undertakes to provide, to ensure his commitment to the agency contract and the legislation in force.
- D) The obligations of the payment service provider towards the agents.
- E) The services that will be provided through the agents.
- F) The payment service provider's plan about the agent's geographic distribution.
- G) Due diligence procedures to identify the agent and verify them.
- H) Specific procedures for the agents to combat money laundering and terrorist financing, including the customer identification procedures.

- I) The operational procedures of the tasks assigned to the agents and the authority determined therefor to provide the work assigned thereto through the payment service provider's instruments and systems. In addition to the policy of information security and protection, and preserving the confidentiality and privacy of customers' data and information, their records and the technical requirements that is needed to be provided by the agents.
- J) Controls that need to be provided to deal with agents, including the requirements of the payment service provider to control agents' tasks, assess the risk associated with the agents and how to manage and re-evaluated, and the procedures used to handle any violations committed by the agents.
- K) The compliance requirements of the agents with the legislation in force and related to the assigned tasks thereto, in addition to the agents' training requirements to enable them carrying out the assigned tasks thereto.
- L) Controls and mechanisms for managing agents tasks, including dispute settlement mechanism, mechanism for dealing with complaints received from the customers and providing the necessary support to enable them to carry out their tasks.
- M) Prohibited actions to be performed by the agents.

Requirements for Dealing with the Agents

Article (6):

- A) The payment service provider shall be committed to inform the Central Bank within maximum fifteen (15) days from the date of contracting with the agent, about its agents' network including details about the owners, signatories, commercial name of the agent, its address and branches- if any. The contact information, type of business entrusted thereto, contracting date therewith and business starting date.
- B) The payment service provider shall be committed to publish a list of their agents' names and addresses at their locations and the owned website.
- C) The payment service provider shall be committed to inform the Bank in written at the occurrence of any change or amendment to the agents' information or in case of termination or expiration of the agency contract within a maximum period of three days from the action date. The payment service provider shall be committed to amend that list indicated in item (B) above as soon as the change has been made.

Conditions of Agency Contract

Article (7):

- A) The Agency contract shall include, as a minimum, the following requirements:
1. Responsibilities, obligations and rights of both parties.
 2. Scope of agent's business, assigned tasks thereto, agency duration, fees agreed upon and income distribution mechanism.
 3. Responsibility of maintaining the customers' records, how to manage them and the responsibility of maintaining the confidentiality of the collected information and data from customers, including the non-disclosure responsibility only to the extent permitted by the relevant legislation in force, taking into account the continuation of this responsibility during and after the business relationship.
 4. Cases of agency termination, procedures to settle disputes that may arise between the payment service provider and the agent, and the penal conditions resulting from non-compliance with the agency contract and the legislation in force.
- B) Taking into account the agreed provisions between the payment service provider and the agent to terminate the agency contract concluded between them; the agency contract shall automatically terminate in any of the following cases:
1. Revoke the payment service provider's license or prevent it from practicing any of the activities licensed thereto.
 2. The agent ceases to provide the tasks entrusted to him, or occurrence of the vulnerability in his financial position.
 3. Any party to the agency contract commits any criminal acts such as fraud, credit misuse, suspicious financial actions, or acts that harm the interests of their customers.
 4. The issuance of a judicial judgment annulling agent's tasks or stop him from work.
 5. The issuance of a judicial judgment against any party to the agency in a felony or a misdemeanor involving honor or honesty.
 6. Bankruptcy or liquidation of any party to the agency contract.
 7. The agent carries out business beyond the agency's limits or provides business in places other than those agreed upon in the agency contract.
 8. The Central Bank shall be entitled at any time to reject the contract made by the payment service provider with the agent or requesting the payment service provider to terminate the agency contract according to the provisions

of Article (46/b) of the bylaw of electronic payment and money transfer in force, and the payment service provider shall comply with the orders of the Central Bank and provide it with supporting documents.

Article (8):

The payment service provider shall be committed, in case of expiration of the agency contract with the agent, to the following:

- A) Take all the necessary procedures to ensure the interests of agent's customers.
- B) Ensure that the agent has completely stopped from carrying out business assigned to him and specified under the agency contract.
- C) Settlement of all existing arrangements and obligations with the agent, including all authorities granted to the agent concerning the payment service provider's systems and receipt of all records related to the customers.
- D) Ensure that the agent does not use any trademarks of the payment service provider.
- E) Announcement by the payment services provider to its customers in appropriate ways for terminating the relationship with the agent.

Payment Services Provider Obligations

Article (9):

The payment services provider shall be committed to the following:

- A) Ensure that the agent carries out the business assigned to him by the instruments and systems operated by the payment services provider, which fit with the nature of the assigned business.
- B) Ensure that the agent does not practice the business assigned to him prior signing the agency contract with the payment services provider.
- C) Provide the agent with operational procedures indicating the details of carrying out the business assigned to him and provide a telephone line for receiving the agent's notes and complaints at any time and developing a mechanism to tackle them.
- D) Ensure that the agent does not engage in any payment service that is outside the scope of the agency contract.
- E) Ensure that the agent does not charge the customers any additional commissions or fees other than those specified by the payment services provider under the agency contract and in accordance with the commissions policy specified by the Central Bank, if any.

- F) Ensure that the agent does not perform any financial or non-financial transactions for the customers in the cases that the payment services provider is unable to provide the service such as failure of the payment service provider's systems or interruption of the existing network connection between the agent and the payment service provider. In addition to take into consideration that the payment service provider has developed an emergency plan of action to deal with the agent in cases of system failure or interruption of communication.
- G) Ensure that the agent performs the procedures of the information security and protection specified by the payment service provider that guarantee the preservation of confidentiality and privacy of customers' information and data, records and in any way, do not disclose them to third parties.

Article (10):

- A) The payment service provider shall be committed to take the necessary measures to train the agents prior starting their business, so that training includes, as a minimum, the following:
1. Nature of the work to be performed by the agent and how to provide it.
 2. Procedures for dealing with the payment service provider instruments or systems used by the agent in the performance of the business assigned to him.
 3. Preservation procedures of confidentiality and privacy of customers' information, data and records.
 4. Detection procedures of fraud transactions including counterfeit money detection.
 5. Combating procedures of money laundering and terrorism financing including recognizing the customer's identity and recognizing the methods of money laundering and terrorism financing, methods to detect and deal with and reporting suspicious operations.
 6. Methods to deal with the customers complaints and report them.
- B) Subject to the provisions of paragraph (A) of this Article, the payment service provider shall continuously develop appropriate training plans and programs for the agents in accordance with the nature of the business assigned to them.

Supervision and Control

Article (11):

- A. The payment service provider shall be committed to supervise and control the business assigned to the agent for the duration of the agent business, and to

ascertain the compliance of the agent with the provisions of the agency contract and related legislation.

- B. Without prejudice to the responsibility of the agent, the payment service provider shall be fully responsible to the Central Bank for all acts of the Agent within the agency contract limits, including compliance with the legislation in force and any specific requirements of the Central Bank in this regard.

Article (12):

The agent shall be subject to the supervision and control of the Central Bank, including the inspection by authorized employees from the Central Bank, to auditors or technical auditors appointed by the Central Bank at the expense of the payment service provider. The agent shall be committed to cooperate with them to enable them to completely perform their work.

General Provisions

Article (13):

The payment service provider shall verify that the agent has announced clearly and in a prominent place to customers about the following:

- A) The proof that he is an approved agent with the payment service provider.
- B) Detailed information about the nature of the provided services.
- C) Means of complaints submission including the phone number through which the customer can communicate with the payment service provider or the agent, clear announcement to the customers about their right to submit a complaint to the payment service provider or the agent in case of dissatisfaction about the provided services and the right of the customer to submit a complaint to the Central Bank in the case that the payment service provider did not reply to the complaint or in the case of customer's dissatisfaction about the response.
- D) The fees and commissions for the provided services by him or according to what is specified in the agency contract and the pricing policy specified by the Central Bank, if any.

**Governor
Dr. Ziad Freiz**