

**Collateral Instructions for the Electronic Payment and Money
Transfer Companies No. (1 /2018)
Issued Based on the Provisions of Article (50/f) of the Central Bank
Law No. (23) of 1971 as amended and the Provisions of Articles (14),
(19/b/1) and (20/b/1) of the bylaw of Electronic payment and money
transfer No. (111) of 2017**

Article (1):

These Instructions are called “Collateral Instructions for the Electronic Payment and Money Transfer Companies” and shall enter into force as of 18/03/2018.

Article (2):

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

Payment Service Provider	A payment service provider authorized by the Central Bank to provide and manage electronic money issuance services, including the issuance of prepaid payment instruments.
Electronic Money Issuer	A payment service provider authorized by the Central Bank to provide and manage electronic money issuance services, including the issuance of prepaid payment instruments
Electronic money Transfer Service Provider	A payment service provider licensed by the Central Bank to provide electronic money transfer services. The account that the electronic money issuer shall open with the bank and deposits the money in advance to enable it to provide electronic money issuance services, including the issuance of prepaid payment instruments.
Manager and Operator of the Electronic Payment System	The company licensed by the Central Bank to practice any activities of managing and operating the electronic payment systems.

B) The collateral shall mean, for the purposes of this Instructions, both of:

1. "Customers' Account/ Electronic Money" according to its definition contained in paragraph (a) of this Article.
2. Unconditional bank guarantees issued by a bank operating in the Kingdom to the order of the Central Bank Governor, that must be submitted according to this Instructions.

C) The definitions contained in the bylaw of Electronic Payment and Money Transfer in force shall be adopted wherever it is provided in these instructions, unless the context provides otherwise.

Instructions Scope of Application

Article (3):

The provisions of these Instructions shall apply towards the following entities:

- A) Companies including foreign companies' branches authorized by the Central Bank to practice any activity of payment services or management and operation of electronic payment systems.
- B) Exchange companies which are licensed to practice any activity of management and operation of electronic payment systems or payment services except the activity of electronic money transfer in consistence with the provisions Money Exchange Business Law, Regulations and instructions issued pursuant thereto.

Collateral versus Providing the Activity of Issuing the Electronic Money

Article (4):

The electronic money issuer shall, for the purposes of separating its funds and customers' funds, open bank accounts in consistence with the payment services that it provides as follows:

- A) Private account or accounts of the electronic money issuer in which its own funds shall be deposited and from which the necessary funds to cover its expenses and transactions shall be withdrawn.
- B) A separate account under the name of "Customers' Account/ Electronic Money".

Conditions of “Customers’ Account/ Electronic Money”

Article (5):

- A) With the observance of the relevant legislations in force, the “Customers’ Account/ Electronic Money” shall be subject to credit interest and the electronic money issuer is allowed to transfer this interest to its private accounts.
- B) The electronic money issuer may invest part of the balance of “Customers’ Account/ Electronic Money” in financial assets with low risk and high liquidity according to the principles and ratios specified by the Central Bank.
- C) The Central Bank shall be entitled, according to its principles, to impose a maximum limit for the balance of “Customers’ Account/ Electronic Money”. In any case, the balance of this account shall not be less than the value of the issued electronic money, including the value of the issued prepaid payment instruments.
- D) The “Customers’ Account/ Electronic Money” may be the account appropriated to settle the net values of inward and outward financial transactions through the electronic money issuer, in consistence with the specific purposes of this account contained in these instructions.

Article (6):

The “Customers’ Account/ Electronic Money” may not be used, whether for the benefit of the electronic money issuer or for the others in any credit transactions or to meet any other obligations of the electronic money issuer or the others or to use this account as a fixed deposit, or for the purposes of lending or borrowing, or to obtain credit facilities with the guarantee of this account or to carry out any transfers from the “Customers’ Account/ Electronic Money” to the accounts of the electronic money issuer, except as permitted by these Instructions. Generally, no action may be taken on this account contrary to the purposes specified in these Instructions.

Bank Obligations towards “Customers’ Account/ Electronic Money”

Article (7):

- A) The bank shall ensure that there is a prior written approval of the Central Bank under which the electronic money issuer is permitted to open “Customers’ Account/ Electronic Money” with the necessity to indicate the purpose of opening the account.
- B) The bank shall adopt special agreements forms of the “Customers’ Account/ Electronic Money” include them with special terms and conditions contained in Article (50) of the Central Bank of Jordan Law and any special conditions stated in these Instructions.
- C) The bank shall be prevented to deduct any commissions or expenses for the management of “Customers’ Account/ Electronic Money” from this account, and the bank and the electronic money issuer shall be committed to make the necessary arrangements within the agreements of opening the “Customers’ Account/ Electronic Money” concluded between them to transfer the commissions and expenses value of management of the “Customers’ Account/ Electronic Money” from the private accounts of the electronic money issuer.
- D) The bank shall classify the “Customers’ Account/ Electronic Money” within its budget as trust account and shall be in the off balance sheet items.

Supervision and Control of “Customers’ Account/ Electronic Money”

Article (8):

- A) The electronic money issuer shall perform the following procedures related to the “Customers’ Account/ Electronic Money” as the following:
 - 1. Carry out a daily reconciliation/ audit of the “Customers’ Account/ Electronic Money” by the end of each business day.
 - 2. Separating its private accounts and the “Customers’ Account/ Electronic Money” when showing banks balances in their financial statements and complementary clarifications thereto, according to the approved accounting standards.
 - 3. Matching the total customer credit and debit transactions in the books of the electronic money issuer with the total balance of the

“Customers’ Account/ Electronic Money” with the bank and provide the Central Bank with a duly organized periodic report that clarifies matching results accompanied with a detailed statement of the bank account “Customers’ Account/ Electronic Money”.

B) In no case shall the “Customers’ Account/ Electronic Money” be withdrawn, unless by a prior written approval of the Central Bank.

Collateral versus Providing the Activity of Electronic money Transfer

Article (9):

- A) Before being granted the final license, the service provider of electronic money transfer shall provide a bank guarantee, according to the form specified by the Central Bank for this purpose, with the amount of 30% of the minimum paid-up capital as a guarantee for the compliance of the service provider of electronic money transfer with the provisions of the Regulation and the Instructions issued thereunder.
- B) The service provider of electronic money transfer shall be committed to modify the bank guarantee value provided for in paragraph (A) of this Article, taking into consideration the amount of capital increase resulted from its recalculation process according to the Instructions for Capital Requirements for Payment Services and Electronic money Transfer Companies in force.
- C) Notwithstanding the provisions of paragraph (A) of this Article and in case that the electronic money issuer has used the issued electronic money to perform electronic money transfer, it will only be sufficient therefor to open “Customers’ Account/ Electronic Money” and it shall be excluded from providing the bank guarantee stipulated in the above paragraph.

Collateral versus Providing other Payment Services Activities

Article (10):

- A) The payment service provider who is practicing any activity of other payment services except those provided for in both articles (4) and (9) of these Instructions and engaged in the electronic payment system, shall provide a bank guarantee according to the form specified by the Central Bank for this purpose. The manager and operator of the electronic payment system shall be committed not to allow the value of financial

transactions performed by the payment service provider to exceed the value of this guarantee, taking into consideration the net values of the financial transactions in the event that the electronic payment system perform a clearing process of the financial transactions for its participants.

- B) The payment service provider who is practicing any activity of payment services outside the scope of participation in the electronic payment system shall provide a bank guarantee according to the form specified by the Central Bank for this purpose. In no case, the values of the financial transactions performed by the payment service provider shall be permitted to exceed the value of this guarantee.

Collateral versus Ensuring Compliance with the Relevant Legislation

Article (11):

- A) The company that is practicing any activity of management and operation of electronic payment systems or any activity of payment services except those provided for in Article (9) of these Instructions shall provide, before being granted the final license, a bank guarantee according to the form specified by the Central Bank with the amount of 2% of the minimum paid-up capital as a guarantee for the Company's compliance with the relevant legislations.
- B) The company shall be committed to amend the bank guarantee value provided for in paragraph (A) of this Article, taking into consideration the amount of capital increase resulted from its recalculation process according to the effective Instructions for Capital Requirements for the companies of electronic Payment and money Transfer.

General Provisions

Article (12):

- A) The Central Bank may replace the request for bank guarantees provided for in both articles (9) and (10) of these Instructions by the commitment and authorization submitted to the Central Bank by the settlement bank of the payment service provider according to the form specified for this purpose in the event that the financial transactions of the payment service provider are settled by the real-time gross settlement systems (RTGS-JO).

The manager and operator of the electronic payment system shall be committed not to allow the value of financial transactions performed by the payment service provider to exceed the value of this commitment and authorization.

B) With due observance of what has been provided in paragraph (a) of this article, the service provider of electronic money transfer shall be committed to provide, before being granted the final license, a bank guarantee according to the form specified by the Central Bank with the amount of 2% of the minimum paid-up capital as a guarantee for the payment service provider compliance with the relevant legislations..

C) The company shall be committed to amend the value of the bank's guarantee provided for in paragraph (B) of this Article, taking into consideration the amount of capital increase resulted from its recalculation process according to the effective Instructions for Capital Requirements for the electronic Payment and money Transfer companies.

Article (13):

The manager and operator of the electronic payment system, authorized by the Central Bank to practice any activity of payment services shall be committed to provide collateral stipulated in these Instructions to be provided by the payment service providers, including the electronic money issuers and the service providers of electronic money transfer.

Article (14):

The manager and operator of the electronic payment system shall provide the procedures, mechanisms and standards of internal controls for the collateral management of payment service providers participating in the electronic payment system, so that these procedures, mechanisms and standards are appropriately designed with high flexibility, speed and efficiency to deal with these collaterals continuously.

Article (15):

Before being granted the final license to practice any activity of management and operation of electronic payment systems or activity of payment services including the issuance and management of electronic money except electronic money transfer, the exchange company shall provide a bank guarantee according to the form specified by the Central Bank with an amount of 5% of the minimum paid-up capital of the exchange company provided that the value of this guarantee shall not be less than (20,000) twenty thousand dinars to

"This document has been translated for knowledge, but for legal purposes the Arabic version is adopted"

guarantee the compliance with the provisions of the bylaw and the Instructions issued pursuant thereto.

**Governor
Dr. Ziad Fareez**