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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1612/32 - 2009 ජූලි 31 වැනි සිකුරාදා - 2009.07.31

No. 1612/32 - FRIDAY, JULY 31, 2009

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

L.D.-B. 13/2008

PAYMENT AND SETTLEMENT SYSTEMS ACT, No. 28 OF 2005

REGULATIONS made by the President under section 43 of the Payment and Settlement Systems Act, No. 28 of 2005, read with sections 11, 17 and 20 (2) of the aforesaid Act and paragraph (2) of Article 44 of the Constitution.

The President

Colombo
30 July, 2009

Regulations

1. These regulations may be cited as the Service Providers of Payment Cards Regulations, No. 1 of 2009.

2. (a) The Central Bank of Sri Lanka shall function as the Supervisory Authority (hereinafter referred to as the “Authority”) and shall be responsible for regulating and monitoring of service providers of payment cards.

(b) No persons shall engage in or function or cause another person to be engaged in or function as a service provider of payment cards except under the authority and in accordance with the terms and conditions of a licence issued by the Authority.

3. Every application for a licence shall be made in the form set out in the First Schedule to these regulations.

4. The Director, Payments and Settlements Department of the Central Bank of Sri Lanka (hereinafter referred to as “the Director”) shall be authorized in writing by the Authority to carry out the functions of the Authority in accordance with the provisions of these regulations.

5. (a) The following persons shall be eligible to apply for a licence to be engaged in or function as a service provider of payment cards:-

- (i) any licensed commercial bank;
- (ii) any licensed specialized bank;
- (iii) any registered finance company;
- (iv) any public company having an unimpaired capital of at least rupees seventy five (75) million.

(b) Any eligible person who functions or engages in providing a service as a service provider of payment cards or any eligible person who intends to carry on any business in the capacity of a service provider of payment cards on or after the date of coming into operation of these regulations, shall make an application for a licence to the Director, within a period of six (06) months from the date of coming into operation of these regulations or within sixty days before commencing its operation as the case may be, in the form specified in the First Schedule hereto and such application shall be accompanied with documents, information or other particulars as required by the Director.

(c) Every application for a licence shall be accompanied with the annual licence fee specified in the Second Schedule hereto, such documents as shall be required to be annexed to such application and any other information which the Director may require.

6. The Director may issue a licence in the form specified in the Third Schedule hereto on being satisfied of the following :-

- (a) the payment of the annual licence fee specified in the Second Schedule hereto;
- (b) such documents as may be required by the Director on a case by case basis;
- (c) any further information required by the Director.

7. (a) The Director may either issue a licence or refuse to issue a licence for reasons to be recorded by him.

(b) Licence issued under paragraph (a) of the regulation shall be-

- (i) valid for a period of one year from the date of issue of such licence;
- (ii) in the form specified in the Third Schedule hereto;
- (iii) subject to such conditions as may be specified on the reverse of the licence.

8. Every service provider of payment cards shall pay to the Authority an annual licence fee calculated in the manner set out in the Second Schedule to these regulations, from time to time, having regard to the different types of business conducted by such service provider.

9. Every licence issued under paragraph (a) of regulation 7 shall be valid for a period of one year from the date of issuance of such licence and two months prior to the expiration of the validity of such licence, service provider of payment cards may apply for renewal in the form set out in the Fourth Schedule hereto, to the Director subject to the conditions set out on the reverse of the licence.

10. The Director may:-

- (a) refuse to issue licence to any person; or
- (b) cancel and revoke the licence already issued to a service provider of payment cards; or
- (c) levy a non-compliance charge as specified under regulation 26,

if it is proved to the satisfaction of the Director that such service provider;

- (i) has furnished false or incorrect information or omitted any material information; or
- (ii) is experiencing instability in his financial commitments which may hinder the business ; or
- (iii) is subject to weak risk management, which in the opinion of the Director and has the potential to be detrimental to the cardholders, merchants or to the payment card industry in Sri Lanka; or
- (iv) has failed to take corrective measures as required by the Director within the period specified by the Director; or
- (v) has failed to commence its business relating to payment cards within six months from the date of issuance of licence; or
- (vi) has failed to comply with any provision of the Act, any regulation, direction, directive, rule, condition, circular and guideline issued under the Act; or
- (vii) has been convicted of any offence by a court of law.

11. The Director shall communicate his decision made under regulation 10 in writing to the service provider of payment cards giving reasons for such decision.

12. (a) Any person or service provider of payment cards aggrieved by the decision of the Director under Regulation 10, may, before the expiry of thirty days from the date of receipt of such communication made under regulation 11, make an appeal to the Authority or any person authorized in writing by the Authority for that purpose, giving reasons why such decision of the Director should be varied, altered or amended by him.

(b) The Authority or such person authorized in writing, shall take into consideration the provisions of the Act or any regulation, direction, directive, guideline, rule, condition and circular issued under the Act when making the decision and shall communicate the decision to the Director within sixty days from the date of receipt of the appeal.

(c) The Director shall comply with the decision given by the Authority or such person authorized in writing, in accordance with the provisions of the Act or any regulation, directive, guideline, rule, condition and circular issued under the Act and shall communicate the decision within fourteen days from the date of receipt of such decision made under paragraph (b), to such person or service provider.

13. Where a licence has been revoked or cancelled, the Director shall direct such service provider to forthwith cease and refrain from conducting business. The Director shall take any action necessary to carry out such decision of the Authority or any person authorized in writing by the Authority, in accordance with the provisions of the Act or these regulations.

14. The Director may carry out on-site and off-site inspection, and supervision of any service provider of payment cards. The Director may, issue from time to time, directions, directives, guidelines, rules, conditions, instructions and circulars in relation to the procedure and the manner of carrying out such inspection, frequency of supervision, information that may be required from the service provider of payment cards during such supervision of any relevant criteria.

15. If it is revealed during supervision or subsequent to an inspection conducted on any information received, that,

- (a) any service provider of payment cards is insolvent or likely to be insolvent; or
- (b) any service provider of payment cards is unable to carry out business relating to payment cards; or
- (c) the continuance in business of a service provider of payment cards is likely to affect the financial system stability; or
- (d) continuance of the business of a service provider of payment cards in such manner may be detrimental to the protection of customers and to the integrity and development of payment systems in Sri Lanka;

the Director shall direct such service provider of payment cards to forthwith suspend its business relating to payment cards and take corrective measures in such manner and subject to conditions as may be determined by the Authority.

Voluntary Termination of Business

16. Where the Board of Directors of any service provider of payment cards resolves to terminate the business of such service provider of payment cards during the pendency of the licence issued under paragraph (a) of regulation 7, such service provider of payment cards shall within seven days from the date of such resolution notify the Director of:-

- (a) the reasons for termination of business or inability to continue the payment card business; and
- (b) a detailed proposal of the manner of handling of existing customers' rights and obligations and alternative method for providing the agreed services.

17. The voluntary termination shall be conducted by a service provider of payment cards only upon the approval of the Authority and in conformity with any directions issued or conditions set out by the Director.

18. Upon intimation of the decision to terminate the services of a service provider of payment cards, the Director, shall issue directions as to the manner of termination and conditions subject to which such termination shall take place.

19. Any person who at the time of coming into operation of these regulations is engaged in any business relating to payment cards and continues to carry on such business without obtaining a licence according to these regulations, such person shall cease to carry out such business and shall proceed to voluntarily terminate such business within such time period and in such manner and subject to conditions as may be determined by the Director.

20. Upon receipt of any information regarding a business of a service provider of payment cards, being carried out by such person contrary to provisions of regulation 19, the Director shall conduct an inquiry giving an opportunity to be heard, to any person engaged in or functions as a service provider of payment cards and shall take necessary steps as provided by these regulations or by the Act.

General Provisions

21. The Authority may issue from time to time, directions, directives, guidelines, conditions, circulars, rules and instructions through the Director, in relation to the following:

- (a) the administration of any payment card and credit limits, and services that may be provided by the service provider of payment cards;
- (b) the business operations relating to credit card or charge card;
- (c) the business operations relating to debit card or stored-value card;
- (d) the business operations relating to any payment card other than the payment cards specified in paragraphs (b) and (c);
- (e) the enhancement of security features or technology relating to payment cards;
- (f) provision of education and information to the card holders, merchants and to the general public regarding payment cards;
- (g) prudential requirements relating to service providers of payment cards;
- (h) agents, subsidiaries, and any outsourcing arrangements in respect of business of payment cards;
- (i) requirements, standards and guidelines on corporate matters, governance, risk management and control, capital adequacy and other capital requirements, business and investment powers regarding service providers of payment cards; and
- (j) measures necessary for protection of customers and service providers of payment cards.

22. Any service provider of payment cards that intends to carry out any business relating to payment cards other than the type of business specified in the application for a licence, shall obtain prior approval of the Authority. Such service provider shall apply for prior approval in the form set out in the Fifth Schedule hereto and such service provider may be subject to an additional licence fee or an increase of licence fee and any condition as may be determined by the Authority depending on the service to be provided.

23. Where a service provider of payment cards desires to establish a branch office, such service provider shall obtain prior written approval of the Authority.

24. An application to obtain a licence or for the renewal of a licence or any request for prior approval as specified herein shall be submitted to the Director, in the form specified in the First, Fourth and Fifth Schedules respectively, to these regulations for such purpose.

25. Any service provider of payment cards shall, at all times, comply with these regulations and directions, directives, guidelines, rules, instructions, conditions and circulars issued under the Act.

26. (a) Where any person fails to comply with these regulations or any directions, directives, guidelines, rules, instructions, conditions and circulars issued under the Act, such service provider of payment cards shall be subject to a non-compliance charge levied by the Authority, subject to the provisions of regulation 29. The following steps shall be taken in this regard –

- (i) for the 1st instance of non-compliance — letter of reprimand
- (ii) for the 2nd instance of non-compliance — a non-compliance charge of Rs. 50,000/=
- (iii) for the 3rd instance of non-compliance — a non-compliance charge of Rs. 100,000/=
- (iv) in the event of continued non-compliance or further non-compliance after the 3rd instance, the Authority may charge a continuing non-compliance charge as may be determined by the Authority not exceeding Rs. 500,000/=;

or

the authority may suspend forthwith the licence issued to the service provider of payment cards for a period of time determined by the Authority and such suspension shall be notified by the Director to the general public by publication of a notice at least in one sinhala and Tamil newspaper.

(b) The amounts charged under paragraph (a) of this regulation shall be credited to the Fund of the Central Bank.

27. No advertisement shall be published, transmitted, broadcast or displayed by any service provider of payment cards in contravention of the provisions of the Act or any regulation made there under or directions, directives, guidelines, rules, instructions, conditions or circulars issued under the Act.

28. Where the Director is of the opinion that any advertisement published, transmitted, broadcast or displayed is in contravention of the provisions of regulation 27 or is likely to mislead the public, the Director, shall require the service provider of payment cards to remove such advertisement from the publication, transmission, broadcast or display or to amend such advertisement within a reasonable period of time.

29. Any service provider of payment cards that fails to comply with the provisions of regulation 27 or 28 shall be liable to a charge of non-compliance in accordance with the provisions of regulation 26 and the Director may publish notification regarding such non-compliance at least in one Sinhala and Tamil newspaper.

30. In this regulation unless the context otherwise require:

“Act” means the Payment and Settlement Systems Act, No. 28 of 2005;

“Cardholder” means any person authorized to use a payment card issued by an Issuer;

“Central Bank of Sri Lanka” means the Central Bank of Sri Lanka established under the Monetary Law Act, No. 58 of 1949 (Chapter 422);

“Charge Card” means a payment card which involves a line of credit granted by the issuer to the cardholder where the credit utilized by the cardholder must be settled fully on or before a date specified by the issuer, without any extended credit;

“Credit Card” means a payment card which indicates a line of credit granted by the issuer to the cardholder and where the card holder may settle the credit utilized in full or in part, before a specified date. Any amount of the credit utilized by the card holder and not settled in full on or before a specified date, may be subject to interest, profit or other charges ;

“Day” means a calendar day;.

“Debit Card” means a payment card that may be used to execute payment of an obligation incurred with an arranged third party, including purchase of goods and service and/or cash withdrawal, in which the obligation of the cardholder is directly debited from the credit balance of the cardholder’s account maintained with such issuer;

“Financial Acquirer” shall mean any person that makes arrangements with merchants to accept payment cards of cardholders as a means of payment and reimburses the merchants for the value of the goods or services purchased by the cardholder, or that advances payments for cash withdrawals by the cardholders;

“Issuer” means an institution which issues a payment card and thereby enters into a contractual relationship with the card holder;

“Licensed Commercial Bank” means a company or a body corporate licensed under Part I of the Banking Act, No. 30 of 1988 to carry on banking business in Sri Lanka;

“Licensed Specialized Bank” means any company or a body corporate which has been issued with licence under Part IX_A of the Banking Act, No. 30 of 1988 to carry on the business of accepting deposit money and investing and lending such money;

“Merchant” means a person who has entered into an agreement with a financial acquirer to sell goods and services or disburse cash on the acceptance of a payment card or sell or redeem stored value;

“Monetary Value” has the same meaning as in Section 18 of Payment and Settlement Systems Act, No. 28 of 2005;

“Operator” means a person, who operates any system relating to or arising out of payment cards ;

“Payment Card” means any card, plate, coupon book or other device, including a code or any other means of access to an account, stored value or credit that may be used from time to time to obtain money or to make payment and includes a debit, charge, credit and stored value card;

“Prepaid card” means a payment card that is acquired by the cardholder by paying a certain amount of funds in advance to the issuer, whether directly or through agents of issuer, and the value of the funds is installed in the payment card as the stored value, that is used to deduct from the value of the funds in the payment card, and to execute payment obligations incurred in a single type of transactions or various types of transactions;

“Public Company” means any company incorporated under the Companies Act, No. 17 of 1982 or Companies Act, No. 07 of 2007.

“Registered Finance Company” shall mean a company registered under the Finance companies act, No. 78 of 1988 as a Finance Company;

“Service Provider of Payment Cards” means any person who operates as an issuer of a payment card or as a financial acquirer of a payment card or acts as an operator of a payment system, clearing system or a settlement system in relation to a payment card or operates in any combination of such services;

“Stored-Value Card” shall mean:

- (i) a single-purpose prepaid card, whose issuer is a merchant and that may be used at more than one merchant for specific goods and/or services (single-purpose multi-merchant);
- (ii) a multi-purpose prepaid card, whose issuer is a merchant and that may be used to make payments at more than one merchant for various types of goods and/or services (multi purpose multi merchants); or
- (iii) single purpose or multi-purpose prepaid card whose issuer is not a merchant of goods and/or services (non merchant)

“Stored Value” has the same meaning as in section 18 of the Payment and Settlement System Act, No. 28 of 2005;

“Unimpaired capital” shall mean capital on which there is no lien or other charges.

8A

FIRST SCHEDULE

Application No:

Confidential

**APPLICATION FOR LICENCE TO OPERATE AS A SERVICE PROVIDER OF PAYMENT CARDS
IN TERMS OF THE REGULATIONS OF THE SERVICE PROVIDERS OF PAYMENT CARDS No. 1 OF 2009
ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT No. 28 OF 2005**

For Office Use

Date of issue of Application:

Issued to:

Date of receipt of Application:

Remarks:

Important

Every person who makes any declaration or furnishes any information in this application knowing the same to be false shall be guilty of an offence under the Payment and Settlement Systems Act No.28 of 2005. Section 39 of the said Act, reads as follows:-

“(1) Every person who contravenes or fails to comply with any provision of this Act or any regulations made thereunder; or directive, direction, instruction or rule issued by the Central Bank in connection with any matter under those provisions, or a lawful request for information, records or documents, directed under this Act, shall be guilty of an offence, and-

(i) in the case of a natural person, be liable on conviction after summary trial to a fine not exceeding one million rupees or to imprisonment of either description for a term not less than one year and not more than three years, or to both such fine and imprisonment; or

(ii) in the case of any other entity, be liable on conviction after summary trial to a fine not exceeding seven hundred and fifty thousand rupees.

(2) Where a corporation or any other legal entity other than an individual, or an unincorporated body or organization contravenes any provisions of this Act or any regulation made thereunder or any directives, directions, instructions or rules issued by the Central Bank, then, every director and member shall be liable for the contravention in the same manner and to the same extent as the corporation, legal entity or the unincorporated body or organization as the case may be.”

Instructions:

- (1) All applications should be typewritten or written in block capital letters.
- (2) If the space provided to give full details pertaining to the relevant item of the application is not adequate, please use a separate sheet of paper wherever necessary. Such sheets of information should carry the cross reference to the relevant item.
- (3) (i) Every page of the completed application and every additional sheets of information as explained in (2) above should be initialled by at least two Directors of the applying institution that intends to obtain a licence to operate as a Service Provider of Payment Cards (hereinafter referred to as the “applicant”).
(ii) All documents and statements (except audited balance sheets) sent along with the application should be certified as true and accurate by at least two Directors of the applicant.
- (4) The following should be forwarded with the application : (as applicable)
 - (i) A copy of the Articles of Association of the company or the Constitution or any other document associated with the formation of the company together with the proposed amendments, if any.
 - (ii) A copy of the incorporation of the applicant company.
(Items (i) & (ii) above have to be certified by the Registrar of Companies)

- (iii) A copy of the draft Articles of Association of the company to be formed to carry on business of payment cards, or the draft Constitution or any other document associated with the formation of such a company.
 - (iv) A copy of the licence issued by the Central Bank of Sri Lanka (CBSL) certified by the Company Secretary of the applicant, if applicable.
 - (v) Copies of the audited balance sheets and profit and loss accounts of the applicant for the preceding three years. An applicant who has commenced business of payment cards, prior to the effective date of the Regulations of the Service Providers of Payment Cards, No.1 of 2009 but not completed three years in operation, copies of the audited balance sheets and profit and loss accounts for the service period should be provided.
 - (vi) An applicant, who has commenced its business as a service provider of payment cards, but not completed a financial year, is required to submit its audited accounts as at the end of the immediately preceding month in which the application is made.
 - (vii) A copy of the brand user agreement.
 - (viii) A detailed business plan for the next three years from the date of application.
 - (ix) An undertaking by shareholders to provide additional capital, if required, and their investments in the applicant company, which represent a long-term commitment.
 - (x) An outline of the proposed organization's structure and names of the senior management, their responsibilities and curriculum vitae.
 - (xi) Report on readiness for risk management including system controls.
 - (xii) External auditor's certificate verifying the level of capital of the applicant stated in item (ii) of Part I of the application.
 - (xiii) Latest Forms 13, 36, 48 & 63 certified by the Registrar of Companies.
 - (xiv) Any other particulars or documents that may be required by the Supervisory Authority.
- (5) The business plan referred to in 4 (viii) above should describe:
- (i) Strategic plan with vision, mission and objectives.
 - (ii) An outline of the current and proposed activities and the scale of operations.
 - (iii) Marketing plan and the competitive position of the applicant.
 - (iv) For Card Issuers: current and targeted cardholders and the demographic composition.
 - (v) For Financial Acquirers: a list of existing merchants and details of the targeted client base.
 - (vi) The location of the head office and any envisaged network of other offices or operation centres and the timeframe over which the network will be established.
 - (vii) A detailed description of operations, payment flows and settlement arrangements.
 - (viii) Technological status
 - (ix) The manual of business operations including;
 - rules and procedures setting out the rights and liabilities of the Issuer/Operator and the user.
 - the risks that the user may face including the terms and conditions for the user
 - the procedure for dispute resolution.

- (x) For issuers of Stored Value Cards: the arrangement for the management of funds collected from the users and to ensure that such funds are available for users, any time.
 - (xi) Fees and charges imposed by the Issuer/Operator.
 - (xii) Fees and charges imposed by the Financial Acquirer.
 - (xiii) Outsourcing arrangements, if any.
 - (xiv) An estimate of total staff requirements and recruitment plan.
 - (xv) Descriptions of any marketing or similar alliances with third parties.
 - (xvi) The proposed date for commencement of operations.
 - (xvii) Detailed balance sheet, cash flow and earnings (please provide the underlying assumptions) for the first three years.
- (6) Details of the risk management systems and procedures to be used to control and monitor risks in relation to the operations of the applicant as a service provider of payment cards (and its subsidiaries), should include:
- (i) Credit underwriting policies;
 - (ii) Credit policy on loans to shareholders, directors and associated interests;
 - (iii) Policy on measuring, reporting and monitoring credit quality across credit card accounts and provisioning policy for non performing loans;
 - (iv) Merchant screening policy (including subsequent ongoing review procedures);
 - (v) Liquidity management policy;
 - (vi) Policies and procedures for control of operational risk (e.g.– system failures and fraud monitoring);
 - (vii) Description of information and accounting systems (including a list of internal reports generated for risk management purposes);
 - (viii) Description of information security policies, procedures and system controls;
 - (ix) Description of any existing or proposed material outsourcing arrangements;
 - (x) Description of business continuity (including disaster recovery and system availability) arrangements;
 - (xi) Description of the audit program covering internal controls and systems;
- (7) Every application for obtaining a licence should be made in duplicate in 'Form 1' annexed hereto which is obtainable from:
- The Director,
Payments and Settlements Department,
Central Bank of Sri Lanka,
P. O. Box 590,
Colombo 01.
- (8) Application Fee: Rs.5,000/-

**APPLICATION FOR A LICENCE TO OPERATE AS A SERVICE PROVIDER OF PAYMENT CARDS
IN TERMS OF THE THE REGULATIONS OF THE SERVICE PROVIDERS OF PAYMENT CARDS No. 1
OF 2009 ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT, No. 28 OF 2005**

To: Director,
Payments and Settlements Department,
Central Bank of Sri Lanka,
Colombo 1.

.....
(Name of the applicant)
of
(Address)
.....

do hereby apply to the Monetary Board of the Central Bank of Sri Lanka to obtain a licence in terms of the Regulation 3 of the Service Providers of Payment Cards Regulations, No. 1 of 2009, made by the President under the Payment and Settlement Systems Act, No. 28 of 2005.

The following information and documents are furnished in support of the application.

Part I

1. General Information of the applicant

- 1.1 Date of incorporation: _____ .
- 1.2 Date/proposed date of commencement of business: _____ .
- 1.3 Address of : _____ .
 - 1.3.1 Registered Office : _____ .
 - 1.3.2 Head/Administrative Office : _____ .
 - 1.3.3 Branch Office(s) : _____ .(If space provided is not adequate please use additional papers)
- 1.4 Financial year of the applicant company: _____ .
- 1.5 Description of the business for which the licence is required: _____ .
(Card Issuer/Financial Acquirer/Operator of Payment System/ Operator of Clearing System/ Operator of Settlement System).

- 1.6 Whether the applicant is a quoted company. If so, since when? _____ .
- 1.7 Whether the applicant is a subsidiary or an associate of another company and a member of a group of companies? Please give details. If it is a subsidiary, state the name of the holding company : _____ .
- 1.8 Staff strength of the applicant company (numbers and positions etc.) : _____ .
- 1.9 Any plans to transfer assets from subsidiaries and associates to the proposed business of the applicant.
- 1.10 Names of the other subsidiaries and associates of the applicant (if any) : _____ .
- 1.11 Names of first ten major shareholders and the par value of their shares :

<i>Name of Shareholder</i>	<i>No. of Shares</i>	<i>Par Value of Shares held (Rs.)</i>	<i>% of Issued Share Capital</i>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

- 1.12 Name/s and address/es of the applicant's banker/s: _____ .
- 1.13 Name and address of the Secretary of the applicant : _____ .
- 1.14 External Auditors :
- 1.14.1 Name of the external auditor : _____ .
- 1.14.2 Since which financial year have they audited the applicant? _____ .
- 1.14.3 Whether any of the partners/directors of the audit firm is a shareholder of the applicant. (please give details) : _____ .
- 1.14.4 Audit fees paid for the last three financial years : _____ .
- 1.14.5 Any financial accommodation granted to the audit firm or a partner/director of the audit firm : _____ .
- 1.15 Internal Auditors :
- 1.15.1 Name of the authority to which the internal auditor is responsible for reporting : _____ .
- 1.15.2 If internal audit is supposed to be outsourced, the name of the audit firm : _____ .
- 1.15.3 If it is not supposed to be outsourced, provide the following details:
- 1.15.3.1 Name of the internal auditor : _____ .
- 1.15.3.2 Qualifications and experience : _____ .
- 1.15.3.3 Number of years of service with the applicant : _____ .
- 1.15.3.4 Total staff available to the internal auditor and their qualifications : _____ .

<i>Name</i>	<i>Qualifications</i>	<i>No. of years in service</i>
1.		
2.		
3.		

2. Capital

2.1 Unimpaired capital (authorised paid up capital and the sources of funds)

Rs. million

Source:

(A Public company is eligible to apply for a licence to operate as a service provider of payment cards only if, it has unimpaired capital of at least Rupees seventy five (75) million.)

2.2 In the case of an applicant who has commenced business of payment cards prior to the date of application, following details for the period of last three financial years should be provided.

Capital Status as at end of the last three financial years

	20.....	20.....	20.....
2.2.1 Issued & Paid Up Capital			
2.2.1.1 Ordinary Shares (voting)			
2.2.1.2 Ordinary Shares (non - voting)			
2.2.1.3 Preference Shares			
2.2.2 Unimpaired Capital			
2.2.3 Reserve Fund			
2.2.4 Revaluation Reserve			
2.2.5 Share Premium			
2.2.6 General Reserve			
2.2.7 Other Capital Reserves			
2.2.8 Other Revenue Reserves			
2.2.9 Retained profit or loss			
2.2.10 Total Shareholders Funds			
2.2.11 If the company has revalued its assets and built up the reserves, indicate the following by using additional papers.			
2.2.11.1 Cost of the lands and buildings revalued and their locations			
2.2.11.2 Dates on which properties were revalued			
2.2.11.3 Surplus generated from revaluation of each property			
2.2.11.4 Certified copy of each Valuation Report			

3. **Board of Directors and the CEO of the Applicant**
 (if the given space is not adequate for any of the items, please use additional papers)

Full Name and Address of Director (please begin with the name of the Chairperson)	Date of Birth	Qualifications	Experience	NIC No.	Passport No.	How long has he/she been a Director	No. of shares held by Director and his/her family or by any other Company where the Director or any family member has a share holding
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.							

* Note – Each Director is required to comply with requirements of Appendix to this application

Part II

4. If the applicant is engaged in Credit Card/Charge Card business, provide the details as at the end of last financial year, as per the format below:

	<i>No. of A/cs</i>	<i>Total Value¹ (Rs.)</i>	<i>Interest & other Charges Accrued (Rs.)</i>	<i>Interest & other charges held in Suspense as at end of last financial year (Rs.)</i>	<i>Provisioning</i>
(i) Fully performing loan accounts					
(ii) Non-performing loan accounts (The minimum payment is in arrears for 90 days from the due date)					
(iii) Special mention loan accounts. (The minimum payment is in arrears in 90 days or more but less than 120 days)					
(iv) Substandard loan accounts (The minimum payment is in arrears for 120 days or more but less than 180 days from the due date)					
(v) Doubtful loan accounts (The minimum payment is in arrears for 180 or more but less than 240 days)					
(vi) Loss accounts (The minimum payment is in arrears for 240 days or more)					
(vii) Credit granted to Directors					
(viii) Credit granted to corporate clients					
(ix) Total value of the credit granted under Credit and Charge Cards					
(x) Total value of unsecured credit granted under Credit and Charge Cards					

¹ Exclude amounts in suspense.

5. Borrowings by the applicant as at the end of the last financial year.

<i>Source</i>	<i>Date of Receipt of the Loan/ Overdraft</i>	<i>Rate of Interest</i>	<i>Amount (Rs.)</i>	<i>Nature of Security</i>	<i>Amount Outstanding (as at the date of application)</i>
(i) From Banks					
(ii) From Directors					
(iii) From other parties <i>(please specify)</i>					
Total					

6. Accommodation by the applicant to related entities (a company which is the holding company, subsidiaries or associates of the holding company, subsidiaries or associates of the holding company's holding company, subsidiaries or associates of the applicant). Provide the following details for each entity separately.

- 6.1 Details of loans, advances or any financial accommodation given (amount, interest rate, security, amount outstanding etc.).
- 6.2 Details of shares held by the applicant in related companies.
- 6.3 Audited accounts of the related companies for the last three financial years.

7. Off-Balance Sheet Items of the applicant as at the end of the last financial year.

<i>Liabilities</i>	<i>Date</i>	<i>Value (Rs.)</i>
Guarantees given on behalf of Directors.		
Guarantees given on behalf of subsidiaries and associates.		
Guarantees given on behalf of others. <i>(please specify)</i>		
Any other off-balance sheet liabilities.		

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.3 Finance charges					
8.3.1 Purchases	Classic/ Standard				
	Gold				
	Platinum/ Premier				
	Other				

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.3 Finance charges					
8.3.2 Cash Advances	Classic/ Standard				
a. Local	Gold				
	Platinum/ Premier				
	Other				

Description of the Item	Fees and Charges (Rs) or the formula which is used to determine Fees and Charges					
	Brand Name	Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.3 Finance charges						
8.3.2 Cash Advances						
b. Overseas						
	Classic/Standard					
	Gold					
	Platinum/Premier					
	Other					

Description of the Item	Fees and Charges (Rs) or the formula which is used to determine Fees and Charges					
	Brand Name	Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.3 Finance charges						
8.3.3 Balance transfer						
	Classic/Standard					
	Gold					
	Platinum/Premier					
	Other					

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.4 Minimum monthly Payment	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)
8.5 Late Payment Charges	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	Number of Days				
	Brand Name	Visa Card	Master Card	Amex	Other (Specify)
8.6 Interest free period	Card Type				
	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	The Formula which is used to determine the conversion rates				
	Brand Name	Visa Card	Master Card	Amex	Other (Specify)
8.7 Formula (Please Provide Currency-wise information)	Card Type				
	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Part III

9. Subsidiary and associate companies of the applicant (as at end of the last financial year). Use separate papers.

9.1 Names of subsidiary and associate companies

9.2 Number and value of shares held by the applicant

9.3 Nature of business

9.4 Names of the Board of Directors and quantum of shares held by them in respective companies

9.5 Last audited accounts of the company/companies

We declare that we have taken note of the contents of Section 39 of the Payment and Settlement Systems Act, No. 28 of 2005 and that the information furnished in this application for obtaining a licence to operate as a service provider of payment cards has been verified and is complete in all respects, and that the information is to the best of our knowledge and belief, true and accurate. We undertake to provide the Central Bank of Sri Lanka with any information which it may require for the supervision and oversight of all business relating to service provider of payment cards.

For and on behalf of

(Name of applicant)

Name of Directors	Signatures
1.
2.
3.
4.
5.

Date:

(Common Seal of the Applicant/Company)

Appendix to the Application for licence

1. Each member of the Board of Directors of the applicant should make a declaration (in the form of Affidavit) in respect of the following and those declarations/affidavits should be submitted along with the Application.

Previous Position	
A1	(a) Name of companies or institutions (whether the company/institution is functioning or defunct), where he/she was a Director/Chief Executive Officer;
	(b) Duration of office or employment in each company/institution;
	(c) Reasons for leaving the company/institution.
Relationship with other companies	
A2	(a) Directorships held at present by the Director or any one of his/her relatives in other companies;
	(b) Number of shares held in and the total issued share capital of each company in which the directorships are held as indicated at A2(a);
	(c) Direct liabilities of each of these companies to the company seeking licence as at the end of last three financial years.
Relationship with the Applicant Company	
A3	(a) Position held in the company;
	(b) Annual remuneration (with details)
	(c) Annual value of benefits derived by Director and his/her family from company assets. (example, by use of company land, building, vehicles etc.);
	(d) Expenses borne by the company on account of the maintenance of assets referred to in A3(c);
	(e) Purchased value and book value of such assets and the location of immovable assets.

2. Each member of the Board of Directors, Chief Executive Officer, and Secretary of the applicant should make a declaration (in the form of Affidavit) in respect of the following and those declarations/affidavits should be submitted along with the application.

A1	Whether he/she has been declared insolvent in his/her personal capacity by any Court of Law. (If so, please give details).
A2	Whether he/she has been convicted of an offence by a Court of Law, (If so, please give details).
A3	Whether he/she has defaulted payment of any of his/her debt. (If so, please give details).

SECOND SCHEDULE

Annual Licence Fee

As per Regulation No. 5(c) of Service Providers of Payment Cards Regulations No. 1 of 2009, every service provider shall pay an annual licence fee of Rs.100,000 in favour of the Central Bank of Sri Lanka as per Regulation 5(b) of the Service Providers of Payment Cards Regulations No.1 of 2009.

Any service provider that intends to carry out any business relating to payment cards other than the types of business specified in the application for a licence shall obtain approval from the Central Bank prior to the commencement of such operations. Any such business is subject to an additional licence fee of Rs.50,000 per product.

In the case of forwarding application for obtaining the licence for the first time or the prior approval for a new type of business, the annual licence fee shall be paid when such application is submitted to the Director Payments and Settlements of the Central Bank of Sri Lanka.

In the case of renewal of the licence, the annual licence fee shall be paid when the request is made for the renewal of the existing licence as per Regulation 9 of the Service Providers of Payment Cards Regulations No.1 of 2009.

If any application is rejected by the Supervisory Authority, the annual licence fee accompanied with such application will be refunded to the applicant within one month of notifying such decision to the applicant.

THIRD SCHEDULE



Payment and Settlement Systems Act No.28 of 2005

LICENCE

Service Provider of Payment Cards

Payment and Settlement Systems Act, No. 28 of 2005



LICENCE

SERVICE PROVIDER OF PAYMENT CARDS

.....of
.....
a service provider of payment cards, licensed by the Monetary Board of the Central Bank of Sri Lanka in terms of the Service Providers of Payment Cards Regulations No.1 of 2009, made by the President under the Payment and Settlement Systems Act No.28 of 2005, is permitted in terms of Regulation 2(b) of the said Regulations to carry on business/es relating to a Service Provider of Payment Cards atand such other branches approved by the Central Bank of Sri Lanka.

The common seal of the Monetary Board of the Central Bank of Sri Lanka was affixed hereto at Colombo on thisday of Two Thousand in the presence of Secretary, Monetary Board of the Central Bank of Sri Lanka who does hereby attest the affixing of the seal hereto.

*Signature of the Secretary to the
Monetary Board*

Terms and Conditions

1. This licence is valid only for one year from the date of issuance subject to review from time to time by the Central Bank of Sri Lanka.
2. The service provider may apply for renewal of the licence from the Central Bank of Sri Lanka two months prior to the expiration date of the licence.
3. The licence shall be exhibited at all times at the head office or at the place of business of the service provider, in a conspicuous place.
4. If the service provider intends to carry out any business relating to payment cards other than the business/es stated in this licence, such service provider shall obtain prior approval from the Central Bank of Sri Lanka.

FOURTH SCHEDULE

Application No:

Confidential

APPLICATION FOR RENEWAL OF LICENCE TO OPERATE AS A SERVICE PROVIDER OF PAYMENT CARDS

IN TERMS OF THE REGULATIONS OF THE SERVICE PROVIDERS OF PAYMENT CARDS No. 1 OF 2009

ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT No. 28 OF 2005

For Office Use

Date of issue of Application:

Issued to:

Date of receipt of Application:

Remarks:

Important

Every person who makes any declaration or furnishes any information in this application knowing the same to be false shall be guilty of an offence under the Payment and Settlement Systems Act No.28 of 2005. Section 39 of the said Act, reads as follows:-

“(1) *Every person who contravenes or fails to comply with any provision of this Act or any regulations made thereunder, or directive, direction, instruction or rule issued by the Central Bank in connection with any matter under those provisions, or a lawful request for information, records or documents, directed under this Act, shall be guilty of an offence, and-*

(i) in the case of a natural person, be liable on conviction after summary trial to a fine not exceeding one million rupees or to imprisonment of either description for a term not less than one year and not more than three years, or to both such fine and imprisonment; or

(ii) in the case of any other entity, be liable on conviction after summary trial to a fine not exceeding seven hundred and fifty thousand rupees.

(2) *Where a corporation or any other legal entity other than an individual, or an unincorporated body or organization contravenes any provisions of this Act or any regulation made thereunder or any directives, directions, instructions or rules issued by the Central Bank, then, every director and member shall be liable for the contravention in the same manner and to the same extent as the corporation, legal entity or the unincorporated body or organization as the case may be.”*

Instructions:

- (1) All applications should be typewritten or written in block capital letters.
- (2) If the space provided to give full details pertaining to the relevant item of the application is not adequate, please use a separate sheet of paper wherever necessary. Such sheets of information should carry the cross reference to the relevant item.
- (3)
 - (i) Every page of the completed application and every additional sheets of information as explained in (2) above should be initialled by at least two Directors of the Service Provider of Payment Cards (hereinafter referred to as the “service provider”).
 - (ii) All documents and statements (except audited balance sheets) sent along with the application should be certified as true and accurate by at least two Directors of the service provider.
- (4) The following should be forwarded with the application : (as applicable)
 - (i) Copies of the audited balance sheets and profit and loss accounts of the service provider for the preceding year.
 - (ii) Report on readiness for risk management including system controls
 - (iii) External auditor’s certificate verifying the level of capital of the service provider stated in item 2 of the part I of the application.
 - (iv) Marketing plan and the competitive position of the service provider.
 - (v) Outsourcing arrangements, if any.
 - (vi) Descriptions of any marketing or similar alliances with third parties.
- (5) Details of the risk management systems and procedures to be used to control and monitor risks in relation to the operations of the service provider (and its subsidiaries), referred to in 4(ii) above should include:
 - (i) Liquidity management policy;
 - (ii) Policies and procedures for control of operational risk (e.g.- system failures and fraud monitoring);
 - (iii) Description of information security policies, procedures and system controls;
 - (iv) Description of revised business continuity (including disaster recovery and system availability) arrangements;
 - (v) Description of any revision, which took place during the year immediately prior to the year of applying.
- (6) Every application for renewal of a licence by a service provider should be made in duplicate in ‘Form 2’ annexed hereto which is obtainable from:

**The Director,
Payments and Settlements Department,
Central Bank of Sri Lanka,
P. O. Box 590,
Colombo 01.**

**APPLICATION FOR RENEWAL OF A LICENCE TO OPERATE ASA SERVICE PROVIDER OF PAYMENT CARDS
IN TERMS OF REGULATIONS OF THE PAYMENT CARDS No. 1 OF 2009
ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT No. 28 OF 2005**

To: Director

Payments and Settlements Department
Central Bank of Sri Lanka
Colombo 1.

.....
(Name of service provider)
of
(Address)
.....

do hereby apply to the Monetary Board of the Central Bank of Sri Lanka to renew the licence in terms of the Regulation 9 of the Service Providers of Payment Cards Regulations, No.1 of 2009, made by the President under the Payment and Settlement Systems Act No. 28 of 2005.

The following information and documents are furnished in support of the application.

Part I

1. General Information of the Service Provider

- 1.1 Date of existing licence:-
- 1.2 Address of :
 - 1.2.1 Registered Office
 - 1.2.2 Head/Administrative Office
 - 1.2.3 Branch Office(s)(If space provided is not adequate please use additional papers)
- 1.3 If the address provided in 1.2.1 is different from the address given in the application made on the first occasion, please provide reasons to such change.
- 1.4 Description of the business for which the licence is required:- (Card Issuer/Financial Acquirer/Operator of Payment System/ Operator of Clearing System/ Operator of Settlement System)
- 1.5 Any plans to transfer assets from subsidiaries and associates to the service provider.
- 1.6 Names of the other subsidiaries and associates of the service provider (if any).

1.7 Names of first ten major shareholders and the par value of their shares.

<i>Name of Shareholder</i>	<i>No. of Shares</i>	<i>Par Value of Shares held (Rs.)</i>	<i>% of Issued Share Capital</i>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

1.8 Names and addresses of the service provider's bankers:

1.9 Name and address of the secretary of the service provider.

2. Capital

Capital Status as at end of the last three financial years

	20.....	20.....	20.....
2.2.1 Issued & Paid Up Capital			
2.2.1.1 Ordinary Shares (voting)			
2.2.1.2 Ordinary Shares (non - voting)			
2.2.1.3 Preference Shares			
2.2.2 Unimpaired Capital			
2.2.3 Reserve Fund			
2.2.4 Revaluation Reserve			
2.2.5 Share Premium			
2.2.6 General Reserve			
2.2.7 Other Capital Reserves			
2.2.8 Other Revenue Reserves			
2.2.9 Retained profit or loss			
2.2.10 Total Shareholders Funds			
2.2.11 If the company has revalued its assets and built up the reserves, indicate the following by using additional papers.			
2.2.11.1 Cost of the lands and buildings revalued and their locations			
2.2.11.2 Dates on which properties were revalued			
2.2.11.3 Surplus generated from revaluation of each property			
2.2.11.4 Certified copy of each Valuation Report			

3. Board of Directors and the CEO of the service provider

(if the given space is not adequate for any of the items, please use additional papers)

Full Name and Address of Director (please begin with the name of the Chairperson)	Date of Birth	Qualifications	Experience	NIC No.	Passport No.	How long has he/she been a Director	No. of shares held by Director and his/her family or by any other Company where the Director or any family member has a share holding
1. 2. 3. 4. 5. 6. 7. 8. 9. 10.							

Part II

4. If the Service Provider is engaged in Credit Card/Charge Card business, provide the details as at the end of last financial year, as per the format below:

	<i>No. of A/cs</i>	<i>Total Value¹ (Rs.)</i>	<i>Interest & other Charges Accrued (Rs.)</i>	<i>Interest & other charges held in Suspense as at end of last financial year (Rs.)</i>	<i>Provisioning</i>
(i) Fully performing loan accounts					
(ii) Non-performing loan accounts (The minimum payment is in arrears for 90 days from the due date)					
(iii) Special mention loan accounts. (The minimum payment is in arrears in 90 days or more but less than 120 days)					
(iv) Substandard loan accounts (The minimum payment is in arrears for 120 days or more but less than 180 days from the due date)					
(v) Doubtful loan accounts (The minimum payment is in arrears for 180 or more but less than 240 days)					
(vi) Loss accounts (The minimum payment is in arrears for 240 days or more)					
(vii) Credit granted to Directors					
(viii) Credit granted to corporate clients					
(ix) Total value of the credit granted under Credit and Charge Cards					
(x) Total value of unsecured credit granted under Credit and Charge Cards					

¹ Exclude amounts in suspense.

5. Borrowings by the service provider as at the end of the last financial year.

<i>Source</i>	<i>Date of Receipt of the Loan/ Overdraft</i>	<i>Rate of Interest</i>	<i>Amount (Rs.)</i>	<i>Nature of Security</i>	<i>Amount Outstanding (as at the date of application)</i>
(i) From Banks					
(ii) From Directors					
(iii) From other parties <i>(please specify)</i>					
Total					

6. Accommodation by the service provider to related entities (a company which is the holding company, subsidiaries or associates of the holding company, subsidiaries or associates of the holding company's holding company, subsidiaries or associates of the service provider). Provide the following details for each entity separately.

- 6.1 Details of loans, advances or any financial accommodation given (amount, interest rate, security, amount outstanding etc.).
- 6.2 Details of shares held by the Service Provider in related companies.
- 6.3 Audited accounts of the related companies for the last financial years.

7. Off-Balance Sheet Items of the applicant Service Provider as at the end of the last financial year.

<i>Liabilities</i>	<i>Date</i>	<i>Value (Rs.)</i>
Guarantees given on behalf of Directors.		
Guarantees given on behalf of subsidiaries and associates.		
Guarantees given on behalf of others. <i>(please specify)</i>		
Any other off-balance sheet liabilities.		

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges					Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)	
8.3 Finance charges						
8.3.1 Purchases	Classic/ Standard					
	Gold					
	Platinum/ Premier					
	Other					
Total receipts (as at end of the last year)						

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges					Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)	
8.3 Finance charges						
8.3.2 Cash Advances	Classic/ Standard					
a. Local	Gold					
	Platinum/ Premier					
	Other					
Total receipts (as at end of the last year)						

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex Other (Specify)	
8.3 Finance charges	Classic/ Standard				
8.3.2 Cash Advances b. Overseas	Gold				
	Platinum/ Premier				
	Other				
Total receipts (as at end of the last year)					

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex Other (Specify)	
8.3 Finance charges	Classic/ Standard				
8.3.3 Balance transfer	Gold				
	Platinum/ Premier				
	Other				
Total receipts (as at end of the last year)					

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges					Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)	
8.4 Minimum monthly Payment	Classic/ Standard					
	Gold					
	Platinum/ Premier					
	Other					
	Total receipts (as at end of the last year)					

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charge					Grand Total
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)	
8.5 Late Payment Charges	Classic/ Standard					
	Gold					
	Platinum/ Premier					
	Other					
	Total receipts (as at end of the last year)					

Description of the Item	Number of Days				
	Brand Name	Visa Card	Master Card	Amex	Other (Specify)
8.6 Interest free period	Card Type				
	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	The Formula which is used to determine the conversion rates				
	Brand Name	Visa Card	Master Card	Amex	Other (Specify)
8.7 Formula (Please Provide Currency-wise information)	Card Type				
	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Part III

9. Subsidiary and associate companies of the service provider (as at end of the last financial year). Use separate papers.

9.1 Names of subsidiary and associate companies

9.2 Number and value of shares held by the applicant service provider

9.3 Nature of business

9.4 Names of the Board of Directors and quantum of shares held by them in respective companies

9.5 Last audited accounts of the company/companies

We declare that we have taken note of the contents of Section 39 of the Payment and Settlement Systems Act, No. 28 of 2005 and that the information furnished in this application for obtaining a licence has been verified and is complete in all respects, and that the information is to the best of our knowledge and belief, true and accurate. We undertake to provide the Central Bank with any information which it may require for the supervision and oversight.

For and on behalf of
(Name of service provider)

Name of Director	Signature
1.
2.
3.
4.
5.

Date:

(Common seal of the service provider)

FIFTH SCHEDULE

Application No:

Confidential

APPLICATION TO OBTAIN PRIOR APPROVAL FORBUSINESS

IN TERMS OF THE SERVICE PROVIDERS OF PAYMENT CARDS REGULATIONS No. 1 OF 2009

ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT, No. 28 OF 2005

For Office Use

Date of issue of Application:

Issued to:

Date of receipt of Application:

Remarks:

Important

Every person who makes any declaration or furnishes any information in this application knowing the same to be false shall be guilty of an offence under the Payment and Settlement Systems Act, No.28 of 2005. Section 39 of the said Act, reads as follows:-

“(1) *Every person who contravenes or fails to comply with any provision of this Act or any regulations made thereunder; or directive, direction, instruction or rule issued by the Central Bank in connection with any matter under those provisions, or a lawful request for information, records or documents, directed under this Act, shall be guilty of an offence, and,—*

(i) *in the case of a natural person, be liable on conviction after summary trial to a fine not exceeding one million rupees or to imprisonment of either description for a term not less than one year and not more than three years, or to both such fine and imprisonment; or*

(ii) *in the case of any other entity, be liable on conviction after summary trial to a fine not exceeding seven hundred and fifty thousand rupees.*

(2) *Where a corporation or any other legal entity other than an individual, or an unincorporated body or organization contravenes any provisions of this Act or any regulation made thereunder or any directives, directions, instructions or rules issued by the Central Bank, then, every director and member shall be liable for the contravention in the same manner and to the same extent as the corporation, legal entity or the unincorporated body or organization as the case may be.”*

Instructions:

- (1) All applications should be typewritten or written in block capital letters.
- (2) If the space provided to give full details pertaining to the relevant item of the application is not adequate, please use a separate sheet of paper wherever necessary. Such sheets of information should carry the cross reference to the relevant item.
- (3)
 - (i) Every page of the completed application and every additional sheets of information as explained in(2) above should be initialled by at least two Directors of the Service Provider of Payment Cards (hereinafter referred to as the “Service Provider”).
 - (ii) All documents and statements sent along with the application should be certified as true and accurate by at least two Directors of the service provider .
- (4) The following should be forwarded with the application : (as applicable)
 - (i) A copy of the brand user agreement.
 - (ii) A three year business plan.
 - (iii) An undertaking by shareholders to provide additional capital, if required, and their investments in the service provider, which, represent a long-term commitment.
 - (iv) An outline of the proposed business
 - (v) Report on readiness for risk management including system controls
- (5) The business plan referred to in 4 (ii) above should describe:
 - (i) An outline of the activities of the proposed business.
 - (ii) Marketing plan and the competitive position of the service provider
 - (iii) For Card Issuers: targeted client base and the demographic composition.
 - (iv) For Financial Acquirers: a list of merchants and details of the targeted client base.
 - (v) A detailed description of operations, payment flows and settlement arrangements.
 - (vi) Technological status
 - (vii) The manual of business operations including;
 - rules and procedures setting out the rights and liabilities of the issuer and the user
 - the risks that the user may face including the terms and conditions for the user
 - the procedure for dispute resolution.
 - (viii) For issuers of Stored Value Cards, the arrangement for the management of funds collected from the users and to ensure that such funds are available for users at any time.
 - (ix) Fees and charges imposed by the Issuer.
 - (x) Fees and charges imposed by the Financial Acquirer.
 - (xi) Outsourcing arrangements, if any.
 - (xii) Descriptions of any marketing or similar alliances with third parties.
 - (xiii) The proposed date for commencement of operations.

- (6) Details of the risk management systems and procedures to be used to control and monitor risks in relation to the proposed business of the service provider should include:
- (i) Credit underwriting policies;
 - (ii) Credit policy on loans to shareholders, directors and associated interests;
 - (iii) Policy on measuring, reporting and monitoring credit quality across credit card accounts and provisioning policy for non performing loans;
 - (iv) Merchant screening policy (including subsequent ongoing review procedures);
 - (v) Liquidity management policy;
 - (vi) Policies and procedures for control of operational risk (e.g. system failures and fraud monitoring);
 - (vii) Description of information and accounting systems (including a list of internal reports generated for risk management purposes);
 - (viii) Description of information security policies, procedures and system controls;
 - (ix) Description of any proposed material outsourcing arrangements;
 - (x) Description of business continuity (including disaster recovery and system availability) arrangements;
 - (xi) Description of the audit programme covering internal controls and systems;
- (7) Every application for obtaining prior approval for a payment card service should be made in duplicate in 'Form 3' annexed hereto which is obtainable from:

**The Director,
Payments and Settlements Department,
Central Bank of Sri Lanka
P.O.Box 590,
Colombo 01.**

- (8) Application Fee: Rs.5,000/-

APPLICATION TO OBTAIN PRIOR APPROVAL FORBUSINESS

IN TERMS OF THE SERVICE PROVIDERS OF PAYMENT CARDS REGULATIONS No. 1 OF 2009

ISSUED UNDER THE PAYMENT AND SETTLEMENT SYSTEMS ACT, No. 28 OF 2005

To: Director
Payments and Settlements Department
Central Bank of Sri Lanka,
Colombo 1.

.....
(Name of service provider)

of
(Address)

do hereby apply to the Monetary Board of the Central Bank of Sri Lanka to obtain prior approval for carrying on business in terms of the Regulation 22 of the Service Providers of Payment Cards Regulations, No. 01 of 2009, made by the President under the Payment and Settlement Systems Act No. 28 of 2005.

The following information and documents are furnished in support of the application.

Part I

1. General Information of the Service Provider

- 1.1 Date of licence:-
- 1.2 Date for commencement of the proposed business:-
- 1.3 Address of :
 - 1.3.1 Registered Office
 - 1.3.2 Head/Administrative Office
 - 1.3.3 Branch Office(s)(If space provided is not adequate please use additional papers)
- 1.4 Financial year of the company:-
- 1.5 Description of the business for which the approval is required:- (Card Issuer/Financial Acquirer/Operator of Payment System/ Operator of Clearing System/ Operator of Settlement System)

2. Capital

- 2.1 Initial Capital allocated for the proposed business:
Rs. million
- 2.2 Sources of funds:

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges			
	Brand Name Card Type	Visa Card	Master Card	Amex Other
3.3 Finance charges	Classic/ Standard			
3.3.1 Purchases	Gold			
	Platinum/ Premier			
	Other			

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges			
	Brand Name Card Type	Visa Card	Master Card	Amex Other
3.3 Finance charges	Classic/ Standard			
3.3.2 Cash Advances	Gold			
a. Local	Platinum/ Premier			
	Other			

Description of the Item	Fees and Charges or the formula which is used to determine Fees and Charges (Rs.)			
	Brand Name Card Type	Visa Card	Master Card	Amex Other
3.3 Finance charges	Classic/ Standard			
3.3.2 Cash Advances b. Overseas	Gold			
	Platinum/ Premier			
	Other			

Description of the Item	Fees and Charges (Rs) or the formula which is used to determine Fees and Charges			
	Brand Name Card Type	Visa Card	Master Card	Amex Other
3.3 Finance charges	Classic/ Standard			
3.3.3 Balance transfer	Gold			
	Platinum/ Premier			
	Other			

Description of the Item	Fees and Charges (Rs.) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other
3.4 Minimum monthly Payment	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	Fees and Charges (Rs) or the formula which is used to determine Fees and Charges				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other
3.5 Late Payment Charges	Classic/Standard				
	Gold				
	Platinum/Premier				
	Other				

Description of the Item	Number of Days				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other
3.6 Interest free period	Classic/ Standard				
	Gold				
	Platinum/ Premier				
	Other				

Description of the Item	The Formula which is used to determine the conversion rates				
	Brand Name Card Type	Visa Card	Master Card	Amex	Other (Specify)
3.7 Formula (Please Provide Currency-wise information)	Classic/ Standard				
	Gold				
	Platinum/ Premier				
	Other				

We declare that we have taken note of the contents of Section 39 of the Payment and Settlement Systems Act, No. 28 of 2005 and that the information furnished in this application for obtaining a licence has been verified and is complete in all respects, and that the information is to the best of our knowledge and belief, true and accurate. We undertake to provide the Central Bank with any information which it may require for the supervision and oversight.

For and on behalf of

(Name of service provider)

Name of Director	Signature
1.
2.
3.
4.
5.

Date:

(Common seal of the service provider)

SIXTH SCHEDULE



Payment and Settlement Systems Act, No. 28 of 2005

SERVICE PROVIDER OF PAYMENT CARDS

PRIOR APPROVAL FOR CARRYING ON BUSINESS

.....of
.....
a service provider of payment cards licensed by the Monetary Board of the Central Bank of Sri Lanka in terms of the Service Providers of Payment Cards Regulations No.1 of 2009 made by the President under the Payment and Settlement Systems Act No.28 of 2005 is approved in terms of Regulation 22 of the said Regulations to carry on business/es relating to a Service Provider of Payment Cards atand such other branches approved by the Central Bank of Sri Lanka.

This document should be treated as an extension to the original licence of the service provider of payment card and shall be kept together with the original licence at any time.

The common seal of the Monetary Board of the Central Bank of Sri Lanka was affixed hereto at Colombo on thisday of Two Thousand in the presence of Secretary, Monetary Board of the Central Bank of Sri Lanka who does hereby attest the affixing of the seal hereto.

Signature of the Secretary to the Monetary Board.