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President of the National Bank of Georgia

Order № 29/04

Tbilisi 28 February, 2017

On the Approval of the Rule of Registration And Regulation of the Payment Service Provider

Pursuant to subparagraph “b” of paragraph 1 of article 25, on the Law of Georgia “On Normative Acts”, subparagraph “g” of paragraph 1 of article 15, article 48² of the Organic Law of Georgia on the “National Bank of Georgia” and paragraph 3 of article 3, article 5¹, paragraph 3 of article 13, paragraph 4 of article 15, paragraph 1 of article 21 and article 42 of the Law of Georgia on “Payment System and Payment Service”, **I order:**

Article 1

Rule of Registration and Regulation of payment service provider in the National Bank of Georgia including annexes to be approved.

Article 2

To be amended the rule 190/04 made on 12 October of 2012 of Registration and Cancellation of Registration of the Payment Service Provider in the National Bank of Georgia.

K. Gvenetadze

Rule of Registration and Regulation of Payment Service Provider

TITLE I. General Provisions

Article 1. Scope of activities

1. This rule, in accordance with provisions of the Law of Georgia on “Payment System and Payment Service”, establishes terms of registration and regulation of payment services provider (hereafter – the Provider) in the National Bank of Georgia (hereafter – the National Bank), in particular:

- a) Conditions and processes for the registration and cancellation of registration of payment service provider in the National Bank;
- b) Payment service providers’ obligations in relation to the provision of payment services;
- c) Additional obligations of the important provider;
- d) Provider’s relationships with its agents and other third party entities;
- e) Requirements related to customer’s funds available at the provider;

2. These Rules shall not apply to commercial banks and microfinancial organizations except article 10 and paragraph 5 of article 15 of this Rule.

Article 2. Definitions

1. The definitions used in this Rule have the following meanings:

a) Low-value payment instrument – a payment instrument, including electronic money instrument, which satisfies one of the following terms:

a.a) It can be used only to execute individual payment transactions, which do not exceed 70 GEL or its equivalent in foreign currency, or in relation to payment transactions executed solely within Georgia by means of this instrument, it should not exceed 140 GEL or its equivalent in foreign currency;

a.b) Total value of daily payment transactions executed by this instrument does not exceed 350 GEL or in relation to payment transactions executed solely within Georgia by means of this instrument, the total value of daily transactions do not exceed 1500 GEL or its equivalent in foreign currency;

a.c) At any period it is impossible to store electronic money on this instrument, which exceeds 1500 GEL or its equivalent in foreign currency.

b) Self-service kiosk – a software-technical device, through which a customer directly makes payment transaction without the intervention of Provider/Agent;

c) Money remittance scheme – the integrity of general rules and standard procedures (including settlement and clearing between agents), which ensures money remittance execution through the electronic system created for this purpose;

d) Money remittance scheme operator – a legal entity, which develops money remittance scheme (including an electron system) and is responsible for its management solely or together with another legal entity;

e) Provider’s Agent (hereafter – the Agent) – an entity, which on the basis of agreement signed with the Provider acts on behalf of the Provider during payment service;

f) Operational functions outsourcing – the delegation of the activities related to payment services by the provider to a third party, on the basis of an agreement signed by them. Such activities shall not constitute payment service provision directly to customers;

g) Intermediary Provider – the provider, which receives funds from a payer’s provider during the payment operation in order to deliver those funds to a payee’s provider.

h) Senior management – the individuals who directly or indirectly are authorized and shall schedule, manage and control the provider’s activities, including, any director of the provider or Member of the provider’s Supervision Board;

i) Incident – an action, which caused or could have caused an unauthorized operation execution, as well as the provider’s financial and/or reputation infringement. The cause of an incident may be:

i.a) Uncontrollable functioning of the provider’s technical facilities;

i.b) Violation/non-observance of the established rules and procedures by the provider;

i.c) Third parties’ unauthorized intrusion into the provider’s system with hardware and/or software facilities;

i.d) Unauthorized impact onto the provider’s hardware and/or software facilities;

i.e) Obtaining unauthorized information about customers (including necessary information to access customers’ funds);

i.f) Any other circumstances determined by the provider.

j) The group – as defined by subparagraph “m” of article 2 of the “Regulation on Interests Conflict Management” approved by the order N26/04 made on 10 March of 2015 by the President of National Bank of Georgia.

k) Beneficiary Owner – the final owner, possessor owning directly or indirectly 10 percent or more of the provider’s share or votes and/or controlling physical person or a physical person, who takes control over an enterprising legal entity management in other ways;

l) Cash not yet registered – cash submitted by the provider to a bank, which is not recorded on the provider’s account and shall be transferred to the provider’s nominal account after calculation;

m) The electronic system for making payment services – hardware and/or software facilities, through which the provider may obtain necessary information while making payment operations, proceeding such information and sharing as well as storing of the information related to payment operations.

2. Other terminology used in this rule have the same meanings as defined in the Law of Georgia on “Payment System and Payment Service” and other legislative acts of Georgia.

Article 3. Exclusions from Payment Services

Together with the services defined in paragraph 2 of article 13 in the Law of Georgia on “Payment System and Payment Service”, the payment service does not include:

a) services to withdraw cash by means of automated teller machines acting on behalf of one or more card issuers, which are not a party to the framework contract with the customer withdrawing money,

on condition that these providers do not conduct other payment services as listed in the paragraph 1 of article 13 in the Law of Georgia on “Payment System and Payment Service”.

b) A service provided by a merchant, during provision of which the payee (merchant) gives cash on the basis of payer’s request when she/he purchases an item or service and the amount of cash to be given is a part of the amount of a payment transaction executed for purchasing.

TITLE II. Registration and Cancellation of Registration of the Payment Service Provider in the National Bank of Georgia

Article 4. Registration of the Provider

1. Only the legal entity established according the legislation of Georgia is entitled to make payment services in Georgia after registering in the National Bank. The obligation defined in this article shall not apply to the active commercial banks in Georgia, microfinancial organizations registered by the National Bank and persons providing money remittances as well as the persons defined in paragraph 1 of article 14 of the Law of Georgia on “Payment System and Payment Service”.

2. For the purpose of registration the applicant shall submit the following documentation in the National Bank:

a) Completely filled provider’s registration form (Annex N1);

b) List of payment services to be provided. (Annex N2);

c) Schematic description of payment services provided in accordance with the subparagraph “b” of this paragraph, containing detailed information about funds and information flow during payment service provision from the initiation of payment transaction until the end. In case an applicant intends to make several types of services after registration, a separate scheme shall be represented on each type of service. If a foreign provider, is involved in the execution of payment transaction as an intermediary or receiver provider, the list of such providers shall be presented, including their supervising bodies;

d) The extract from the corresponding register authority of the manufacturer of the electronic system, used during providing payment services along with the following information: the name of the electronic system, the web-site of the electronic system’s manufacturer.

e) Extract from the Register of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities, which includes all amendments made up to the date of submission of the application for registration to the National Bank. If an interested party is a joint-stock company, it shall also submit extract from appropriate securities registration from Securities Registry.

f) Information about the holder (owner) of 10% or more than 10% of provider’s authorized capital or paid-in capital (hereafter “significant share”) (in case of a natural person – copies of identity documents, while for legal entities - Extract from the Register of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities, which includes all amendments made up to the date of submission of the application for registration to the National Bank, and in case of Joint-Stock Company – additionally Extract from Register of Securities of corresponding securities is required).

g) Documentation, through which a beneficiary owner may be identified;

h) Information on the interested party’s authorized representatives, together with the copies of their identity Documents;

i) Certificate (certificates) of previous record of conviction of applicant's (applicants') authorized representatives or owners of significant share, as well as certificates of conviction of beneficiary owner (owners). The period between the date of issuance of this certificate and the date of submission of the application for registration to the National Bank of Georgia shall not exceed 15 calendar days, while the conviction issued by the foreign authorized entity shall not exceed 60 days;

j) The document confirming usage right or ownership of the real estate where the provider's head office will be placed. Appropriate address shall be indicated in the registration application according to this paragraph item "a" as a contact address (hereinafter – the contact address).

k) If an entity is subject to regulation/supervision (except an entity which is under supervision of the National Bank) as well as certificate/permission issued by a relevant regulator/supervisor confirming that an interested party is entitled to execute payment services;

l) Information (strategy, plan, etc.) confirming that an interested party intends to execute payment services within the territory of Georgia.

3. For purposes of this rule documents issued by a foreign country shall be certified properly. Such foreign documents shall be translated into Georgian and certified by a notary.

4. A Person who is convicted for grave or especially grave crime, financing terrorism, or/and illegal income legalization or other economic offense is prohibited to be Provider's authorized representative or/and significant shareholder.

5. If payment services to be made by the provider requires authorization/registration of the payment system and/or scheme and/or accordance with established standards, the National Bank is authorized to request the additional information and documentation to make decision on registration. The National Bank is authorized to request such documents after registration, before executing payment services or at any level of execution.

6. The National Bank is authorized to require from the interested party provision of any other additional information and documents concerning the registration and set the deadline for the submission of this information/documentation. The National Bank is also authorized to require the demonstration of the electronic system for providing payment services from the interested party.

7. Where the documentation submitted by the interested party does not meet the requirements of this Order, the National Bank shall give the concerned person 30 calendar days to correct the mistakes or/and specify the data provided. The above-mentioned period starts from the day when the National Bank submits to the interested party the letter about mistakes existing in their documents.

8. Within the terms determined by paragraphs 6 and 7 of this article, where the interested party fails to meet its obligations in accordance with the above-mentioned paragraphs, as well as existence of invalid information in submitted documentation, is deemed as a reason for rejection of registration.

9. The National Bank makes the decision on registration or rejection of registration of provider within 60 calendar days after the recipient of the provider's application and relevant documentation. The timeframe stops from the day of writing the letter about mistakes or requesting additional information (from the day of the registration of the letter) according to paragraphs 5 and 7 of this article and will be resumed after the interested party represents corrected or additional documentation at the National bank.

10. If the letter, prepared by the National Bank according to the paragraphs 5 and 7 of this article, about mistakes and additional information is not delivered to the interested party, despite two

unsuccessful attempts to its juridical address, the National Bank is authorized to reject the registration after 10 calendar days from the day of second attempt of delivering of the letter.

11. The National Bank will issue an individual administrative legal act on the registration of the Provider, which shall specify provider's name, registration number and the date of registration along with mandatory details stipulated by Georgian legislation. One copy of the individual administrative legal act shall be submitted to the interested party.

11¹. In addition to the data/information prescribed in paragraph 11 of this article, the individual administrative legal act on the registration of the provider issued by the National Bank shall include website at which registered payment service providers are listed, and also the ones that have their registration revoked.

12. In case of registration refusal, the National Bank informs the interested entity in the writing form and indicates the reason for refusal.

13. The National Bank maintains a specialized electronic register of the providers and enter information about the registration of the provider within 2 business days after decision on the registration.

14. Provider, except of the one, which provides payment service by use of low value instruments, is obliged to provide registration form of payment service provider to the Financial Monitoring Service of Georgia during 10 days after the issuance of Registration Order by the National Bank, in accordance with the Rule of Head of the Financial Monitoring Service of Georgia On "Approving the Regulation on Receiving, Systemizing and Processing the Information by Payment Service Provider and Forwarding to the Financial Monitoring Service of Georgia".

15. In exceptional cases, including during a state of emergency/war, as well as during an epidemic/pandemic, the National Bank may temporarily suspend the receipt of an application (for registration as a provider) of registration seeker and relevant documents.

16. In the case provided for in paragraph 15 of this Article, the National Bank shall issue an individual administrative-legal act, which shall indicate the grounds and term of suspension together with the mandatory requisites provided by law. The legal act is published at the official website of the National Bank.

Article 5. Registration of changes

1. The Provider shall submit the following information to the National Bank:

- a) Changes in Provider's name, change of legal form;
- b) Changes of its legal and contact address;
- c) Change and/or addition of authorized representative and/or direct significant shareholder and/or beneficiary owner;
- d) Termination of existing payment service;
- e) The provision of a new type of payment service scheme;
- f) The change of submitted Payment Service scheme or/and replace its component with the new component;

2. The Provider shall submit the information about the changes according to subparagraphs “a” and “b” of this article to the National Bank within 10 calendar days of making these changes. While the provider shall submit about the changes according to sub-paragraphs “c” and “f” of the same article to the National Bank 10 calendar days before making changes except the case defined in paragraph 3 of this article.

3. If gaps existing in the Provider’s system require immediate fulfillment of the amendments provided in subparagraphs “d” and “f” of paragraph 1 of this article the Provider shall immediately notify the National Bank after the amendment.

4. The National Bank is obliged to issue an individual administrative legal act on changes in the Provider’s registration within 10 calendar days after receipt of a notice of changes undertaken according to Paragraph 1 of this Article and renew this information into the specialized electronic register within 2 business days following the issuance of this act.

5. The changes made/to be made by the Provider shall be relevant to the registration requirements.

6. The National Bank is authorized to require the Provider to provide additional information concerning the changes stipulated by Paragraph 1 of this Article and set deadline for the submission of this information.

Article 6. Cancellation of the Provider’s Registration

1. The National Bank is authorized to cancel registration of the provider if:

a) Provider applies to the National Bank for cancellation of the registration;

b) Provider’s liquidation was carried out;

c) Any falsification or incorrect information has been revealed in registration documents;

d) The notification is received from an authorized body on the removal of the provider from the Register of Entrepreneurial and non-entrepreneurial (non-commercial) legal entities;

e) Provider fails for three consecutive times to submit to the National Bank the report in accordance with the format and/or terms prescribed by the National Bank;

f) In case of systematic or/and significant violation of the Law of Georgia on “Payment System and Payment Service”, the NBG rules, requirements and instructions;

g) Provider violates the rules, requirements and instructions of the Law of Georgia on “Facilitating the prevention of Illicit Income Legalization”, as well as the National Bank and the Financial Monitoring service of Georgia;

h) Provider does not allow a staff member of the National Bank to carry out the onsite inspection;

i) Provider fails to meet a staff member of the National Bank during working hours at the contact address indicated in the registration documentation or fails to provide a staff member with the information and/or documentation required for the purpose of inspection that caused the failure of the provider’s inspection ;

j) Provider’s head office is not found at the contact address indicated in the registration documentation according to the subparagraph “a” of paragraph 2 of article 4 of this Rule or the office placed at the contact address does not meet requirements established for a head office;

k) Within 3 months after registration the provider fails to provide payment services, which is confirmed with reports submitted to the National Bank;

l) Provider has terminated activities for a term exceeding 6 months, which is confirmed with non-fulfillment of payment services and/or reports submitted to the National Bank;

m) Provider fails to submit documents and/or information required by the National Bank;

n) Provider fails to provide payment service according to the scheme submitted by the provider;

o) Provider fails to meet registration requirements;

p) Court verdict on depriving activities of the legal entity registered as the provider has come into force.

2. The National Bank is authorized to reject provider's application submitted in accordance with the sub-paragraph "a" of paragraph 1 of this article, if:

a) By the date of application submission, provider has financial obligation towards its customers. The provider is prohibited to take new obligations during the period of application consideration;

b) By the date of application submission, provider has not paid fine imposed by the National Bank, or

c) By the date of application submission, the provider is under National Bank inspection.

3. Cancellation of the registration does not exempt the provider from fulfilling obligations towards its customers and the National Bank.

4. The National Bank issues an individual administrative legal act on the cancellation of the registration of the Provider and renews this information into the specialized electronic register within 2 business days following the issuance of this act.

5. The Provider/ interested party and/or its direct or beneficiary owner is not authorized to submit a re-registration application to the National Bank:

a) Within the following 3 (three) years after acquainting the letter or issuing the relevant individual administrative legal act on cancellation of registration on the basis of the terms specified under subparagraphs "c", from "e" to "j", "m" and "n" of paragraph 1 of this article and in case of refusal to register as a provider for submission of incorrect information by the interested party in accordance with paragraph 8, article 4 of this rule.

b) Within the following 6 (six) months after acquainting the letter or issuing the relevant individual administrative legal act on cancellation of registration on the basis of the terms specified under subparagraphs "k" and "l" of paragraph 1 of article 6 and in case of refusal to register as a provider on the basis of paragraph 10 of article 4 of this rule;

6. The National Bank is authorized to decrease the term defined under paragraph 5 of this article on the bases of well-grounded application of the interested party.

TITLE III. The Provider's Commitments

Article 7. Head Office of the Provider

1. Provider shall place a head office within the territory of Georgia where the provider's senior management will actually manage the provider's activities.

2. Payment operations made by the provider shall be recorded, systematized and stored completely in its system in the way that if necessary, it enables information to be searched and found as soon as possible from the provider's head office.
3. Provider shall ensure to give access to the National Bank's authorized staff member to its inner system at the head office in accordance with its safety measures.
4. One of the authorized representatives of the provider shall stay within the territory of Georgia for at least 14 calendar days during a calendar month. His/her authority shall be verified by the extract from the Register of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities. In case of possible violation of the above-mentioned period, the authorized person shall preliminarily notify the National Bank with the relevant reason and provide the bank with the contact information (phone, e-mail) during the period of absence in Georgia.
5. The National Bank conducts correspondence with the provider at the registered and/or contact address indicated in the provider's registration application.

Article 8. Internal Policy and Risk Management

1. To ensure the sound and prudent management of a payment service, the provider shall have robust governance arrangements for its payment services business, which include a clear organizational structure, business plan and internal policy.
2. Important provider's internal policy shall consider the following issues:
 - a) Organizational structure with well-defined, transparent and consistent lines of responsibility;
 - b) Adequate mechanisms for distribution of duties and internal control;
 - c) Policy against money laundering and terrorism funding;
 - d) Comprehensive and well-documented operational and technical procedures;
 - e) Information security measures;
 - f) Financial reporting and auditing;
 - g) Effective system of collecting and processing of statistical information;
 - h) The proper system for recording incidents;
3. In order to ensure the security and integrity of payment transactions, the provider shall ensure to have in place the adequate risk management procedures for relevant payment transaction scheme.;
4. Provider shall ensure coherent functioning of its equipment, software and other technical means.
5. The Provider shall have proper system for recording incidents.
6. In order to make sure smooth and efficient functioning of payment service, an important provider shall additionally have:
 - a) Rules and procedures, which clearly defines rights and obligations of the provider, outsourcing company, agent, merchants, customers and other parties;

b) Payment services scheme continuity, safety and reliability procedures, which provides procedure control and management activities covering all relevant systems and platforms (both internal and external agent/outsourcing) for special and force majeure situations;

c) Analysis of weak and ineffective sides of payment service aspects and measures to eradicate them;

d) Expected risks identification, management and monitoring procedures in payment services.

7. Provider is not authorized to use a foreign country intermediary or recipient provider while executing payment operation if this recipient or intermediary provider:

a) Fails to fulfill identification and verification of the person in its relation according to the international standards and if the supervision is not carried out on such intermediary or recipient provider by anti-money laundering and terrorism financing. The legislation of intermediary provider's country of residence on anti-money laundering and terrorism financing shall be identical or tougher to the requirements of the legislation of Georgia on anti-money laundering and terrorism financing and to the FATF recommendations;

b) Is not an entity under regulation as payment service provider.

8. The provider is obliged to seek sufficient information before signing the contract with foreign country intermediary or recipient provider and evaluate control quality for eliminating illegal income legalization and terrorism financing by the intermediary or recipient provider.

Article 9. Receiving and reviewing customers complaints

1. Provider shall ensure customers' complaints acceptance in oral, written or electronic form through its relevant structural unit or a specially designated employee/employees or through an outsourcing company.

2. Provider shall have daily updated records on received complaints (except complaints made in the oral form), which shall contain the following mandatory information:

a) Data of the person who makes complaints (name, surname, personal number);

b) The content of the complaint (including the unique identifier of the disputed operation);

c) Content of the provider's response;

d) Measures carried out for the problem solution and outcome.

3. When the complaints made in the oral form without telecommunication facilities may not be solved immediately, the provider shall offer a customer to record a complaint in the material or electronic form.

4. If requested, the records made according to paragraph 2 of this article shall be submitted to the National Bank.

5. The Provider shall keep records related to complaints for at least 6 years except for the records, which are reviewed by the National Bank or there is a court dispute.

6. The Provider shall consider a customer's complaint no later than 7 working days after its submission. If the process of reviewing of the complaint and the decision making takes more time over the period

specified by this paragraph, the provider shall notify the customer about the reasonable time of making decision within 7 working days.

Article 10. Access to the System

1. Provider, as a payment system operator, shall impose access conditions to other providers to its payment system.
2. The rules and conditions of payment system access or system participation:
 - a) Shall be objective, proportional and non-discriminative;
 - b) Shall not inhibit other providers to access more than is necessary to safeguard against specific risks such as settlement risk, operational risk and business risk and to protect the financial and operational stability of the payment system.
3. The provider, as a payment system operator shall not impose on payment service providers, on payment service users or on other payment systems any of the following requirements:
 - a) Restrictive rules on effective participation in other payment systems;
 - b) The requirements which discriminates each involved participant provider in the system;
 - c) Any restriction, which makes providers unequal. The different (preferential) conditions can be set for important providers.
4. Requirements of this article shall not apply to the following payment systems:
 - a) Systemically important payment system;
 - b) Payment systems composed exclusively of payment service providers belonging to a group;
 - c) Payment systems where a sole payment service provider acts as the payment service provider for both the payer and the payee and is exclusively responsible for the management of the system
5. In order to increase the optimization of payments infrastructure and the efficiency of payments in the country, the important provider shall ensure the systems' operational compatibility, which means the existence of such technical interface that enables the exchange of information during execution of payment transactions with other provider's payment system.

TITLE IV. Outsourcing and Agents

Article 11. Outsourcing

1. If an important provider plans to outsource operational functions, it shall preliminarily submit written information to the National Bank (30 calendar days before).
2. It is inadmissible to outsource operational functions in such a way that it may worsen or weaken the internal control mechanisms of the provider or deteriorate the ability of the National Bank to evaluate the compliance of the provider with the requirements of the law.
3. Outsourcing of operational functions shall not cause:
 - a) Delegation of the provider's senior management responsibilities to an outsourcing company;

b) Reducing the provider's commitments and liabilities towards customers;

c) Violation of the provider's registration conditions and requirements.

4. Provider shall have additional control mechanisms, as well as action plan for extreme and force majeure circumstances during such operational functions outsourcing that in case of failure might:

a) Significantly restrict the provider's financial abilities;

b) Endanger the continuity and reliability of payment service provision by the provider;

Cc Cause violation of the provider's registration conditions or non-fulfillment of other requirements related to payment services established by the law.

5. Provider shall ensure the availability of adequate control mechanisms for the operational functions outsourcing activities, in particular, by means of inspection or external audit;

Article 12. Use of Agents by the Provider

1. If the provider intends to provide payment services through agents, the provider shall preliminarily (30 calendar days before) submit the following information to the National Bank:

a) List of the payment services to be provided through agents;

b) Framework contract with an agent.

2. Provider shall sign a framework contract with an agent. The provider's and agent's rights and obligations determined by such contract shall be in compliance with the framework contract submitted on the basis of sub-paragraph "b" of paragraph 1 of this article.

3. Provider shall submit to the National Bank the alterations of the framework contract conditions, which cause change of the provider's and agent's rights and obligations. This paragraph shall not apply to alterations on commissions and other similar payments agreed between the provider and agent.

4. If an important provider executes payment services through an agent the provider shall have appropriate policy and procedures that shall contain at least:

a) Description of applied technologies and communication channels available at the agents;

b) Assessment of operational risks related to the provision of payment services through the agents (in particular, from communication channels and data safety) and description of such risks' reduction measures;

c) Assessment of possible risks and description of the measures to minimize such risks if the agent failures to fulfill financial obligations;

d) Mechanisms for monitoring the fulfillment of agents' obligations under the law and agreement by the provider and agents.

5. The National Bank is authorized to require certain alterations/amendments to the agent's framework contract.

6. An agent is authorized to act as agent for two or more providers. In this case the agent shall sign separate agreements with each provider and ensure separation of payment services provided on behalf of different providers (both electronically and documented).

7. Provider, which intends to sign contract with the agent, which is already providing other providers' payment services, shall evaluate agent's management capability of the transactions executed for other providers. For this purpose, the provider shall verify an agent's service area, technological capabilities and assess the cash flows of the agent.

8. Before assigning the contract with an agent as well as during the validity of such contract the provider shall examine and take into consideration:

a) Negative information about an agent received from credit bureaus or other reliable sources, which is not cancelled (replaced with positive information);

b) Executing such services through an agent, that belongs to high risk services for the purposes of Law of Georgia on "Facilitating the prevention of Illicit Income Legalization", existence of the conviction of an agent's authorized representative (representatives), for severe or extremely severe crimes, terrorism financing and/or money laundering or other economic crime;

c) The legal restriction pursuant from agent's other activities, which prohibits providing payment service by this person.

9. Provider shall on the bases of an agent's assessment, determine the list of payment services and impose limits for a certain separate or/and total transaction limits.

10. Provider is not authorized to sign such exclusive contract with an agent that causes threat to financial stability, efficient and proper functioning of the payment system or limits competition in the country and/or on any other segment of the market. If necessary the National Bank is authorized to require the provider to submit any exclusive contract signed with an agent. If required by the National Bank, the provider shall suspend or terminate the contract or its certain conditions.

11. An agent is not authorized to:

a) Provide such payment service that is not defined by the contract;

b) Establish commission fees for customers that differs from the commission fees established by the provider;

c) Terminate its activities or close and/or remove its head office to another address without giving a prior notice to the provider. The agent shall inform the provider within the terms and in a form defined under a contract.

12. The agent shall make available the following information in a noticeable manner for the customers:

a) Name of the provider on behalf of which it provides services and the provider logo (if any);

b) Provider's contact information (address, telephone, email, etc.);

c) List of payment services offered by an agent;

d) The information determined by "The Rule on Providing Necessary Information to Customers During Providing Payment Service" approved by the National Bank President's order N1/04 of 6 January of 2016.

13. The National Bank keeps the providers' agents registry on the bases of reports submitted by providers and publishes it on the National Bank's website.

Article 13. The Provider's Obligations and Responsibilities on Agent's Activities

1. Provider is fully responsible for all activities or omissions of payment services provided through its agents. Such liability shall apply to the part of payment services provided through an agent, which is not regulated on the bases of a contract signed between the provider and its agent, however, it is regulated with the current legislation.
2. Provider is responsible for its agent to fulfill the requirement of Law of Georgia on "Facilitating the prevention of Illicit Income Legalization" and relevant legislative acts.
3. The provisions of paragraphs 1 and 2 of this article do not decrease, change or cancel agent's responsibility towards provider.
4. The important provider's business continuity plan shall contain the threats arising from provision of payment service through agent.
5. The important provider is obliged to have appropriate management systems and qualified personnel in order to ensure adequate monitoring of agents' current payment services at any time, safety of equipment and software (including a technological platform), their protection and efficiency; as well as to carry out regular and/or single on-site inspection of its agent for above mentioned purposes.
6. Provider is authorized to terminate payment service contract signed with an agent, in case the owner, director or authorized employee of the agent submits incorrect information to the provider.
7. Provider shall ensure confidentiality and safety of the information submitted by an agent. If required the provider shall deliver such information to the National Bank. In addition, such information may be submitted to the Financial Monitoring Service of Georgia as well as to the entities that are authorized to execute legislative acts defined by the Law of Georgia on Executive Enforcement, in the cases provided under the valid legislation of Georgia. Such information may be provided to other entities on the basis of a court decision only.

Article 14. Agent's Agreement

1. The framework contract signed between the provider and an agent shall include at least the following information:
 - a) Name and description of the payment service (services) provided by the agent;
 - b) Provider's and agent's rights, obligations and liabilities;
 - c) The record, that obliges an agent to ensure unlimited, free and timely access to agent's internal system related to payment service provision if required by the National Bank;
 - d) Agent's obligation to fulfill the requirements of the current legislation of anti-money laundering and terrorism financing;
 - e) Measures to minimize risks related with payment services through an agent, including limits of payment operations and payment instruments (including electronic money instruments), customers' funds storage and security measures, etc.
 - f) The cash limit received by an agent from customers;
 - g) The record that any information obtained by an agent through provision of payment services received from customers as well as from provider or from any other source, is the ownership of the

provider and if necessary shall be immediately submitted to the provider or to other authorized entity under the law;

h) Provider's authority to monitor the fulfillment of agent's obligations and on-site inspection according to the agreement;

i) Prohibition for an agent to establish additional or any other fees for the customer, which differ from those fees that are established by the provider;

j) About working days and hours of the agent;

k) The record about the safety of customers' information confidentiality;

l) Technical description of the used technical facilities;

m) The record that all payment operations executed by an agent shall be registered with the provider no later than at the end of the next working day, while the documentation related to payment services (if any) shall be timely submitted to the provider;

n) About separate recording of the payment services provided by an agent to various providers;

o) Compensation of the agent;

p) Conditions on modification or termination of the contract;

q) Recording that the National Bank is authorized to require the provider to change and/or cancel the contractual terms;

r) About the provider's and agent's rights and obligations in case of termination or suspension of the agent's contract.

2. Except the conditions determined by agent's contract, the provider is obliged to terminate the contract if:

a) The agent's liquidation is accomplished;

Bb The agent submits false or incorrect information to the provider;

c) The notification is received from the authorized body to remove an agent from the Entrepreneurial and Non-Entrepreneurial (Non-Commercial) Legal Entities Registry;

d) The agent violates the contractual terms and conditions systematically;

e) The agent does not allow authorized representative of the National Bank or the provider's employee to carry out the inspection;

f) A court verdict enters into force on depriving the rights and obligations from the provider or the agent that are registered as a legal entity;

g) In case of an individual entrepreneur or a physical person, if an agent passes away or becomes a supported person;

h) The agent has replaced or closed the service office without informing the provider preliminarily;

i) There is a request from The National Bank to terminate a contract signed with an agent.

3. In the case of contract termination the provider is obliged to provide the customer about above-mentioned.

Chapter V. Customer Funds and Their Deposition

Article 15. Customer Funds at the Provider

1. Customer fund represents:

a) The total amount of payment orders received by a payer's provider and/or its agent that are initiated by the payer or by the payee or through the payee and when the relevant amount is not transferred to a payee or a payee's provider or to the intermediary provider who is involved in a payment operation. For the purposes of this sub-paragraph it does not matter whether the payment order is fulfilled within the user's own funds or within credit resources;

b) Funds equivalent to the value of the electronic money issued by electron money provider;

c) Funds, received by intermediary provider from the payer's provider and/or from other intermediary provider for the purpose of payment operation execution that is not delivered to a payee, or to a payee's provider or other intermediary provider.

2. The provider shall ensure to register the funds received from customers separately from its own funds.

3. The provider shall deposit funds received from customers separately from its own funds in nominal accounts held in commercial bank/banks licensed by the National Bank. Other funds shall not be deposited on above-mentioned accounts.

4. According to requirements of article 16 of this Rule, the provider shall have the relevant amount of funds in nominal account/accounts as defined under paragraph 3 of this article by cash and/or bank guarantee. The provider shall agree on contents of the warranty with the National Bank, as well as the amount of the warranty and a guarantor bank (a commercial bank licensed by the National Bank).

5. For the purpose of the payment transaction execution, the transfer of customer funds is permitted to the following entities' (intermediary and receiver) nominal accounts:

a) Provider Registered at the National Bank;

b) The commercial bank licensed by the National Bank;

c) The foreign payment service provider, which is involved in the process of payment transaction execution according to the payment scheme submitted under sub-paragraph "c" of paragraph 2 of article 4 of this rule.;

d) The microfinancial organization registered at the National Bank, within the transaction amount executed by its money remittances and through credit cards issued by this organization.

Article 16. Deposition of Customer funds

1. An intermediary provider shall ensure that the value of the funds deposited in a nominal account shall constitute 100% of customer funds at the end of each business day.

2. A payer's provider, shall at the end of each business day deposit customer funds at a nominal account in following way:

- a) With the amount of 100%, whether such funds are not received with cash;
 - b) With the amount of 80% whether such funds are received as cash except from the funds received through the provider's or its agent's self-service kiosk.
3. By the end of each calendar day, the total amount of funds available at a payer's provider's and/or its agent's desk and cash available at a self-service kiosk as well as provider's funds to be calculated in a commercial bank shall not be less than the customer funds, that are not deposited according to sub-paragraph "b" of paragraph 2 of this article.
4. The provider of an electron money is obliged to deposit the amount of 100% of customer funds (issued electronic money) on nominal account by the end of each business day.
5. Provider is not obliged to fulfill the requirements determined by paragraphs 2 to 4 of this article within the amount of guarantee agreed with the National Bank.
6. The National Bank is authorized to require from some providers to submit a bank guarantee on the amount determined by the National Bank.
7. The funds deposited on provider's nominal account is recognized to be the funds that are available on the provider's nominal account by the end of the day.
8. The funds on the account used to ensure provider's liability shall not be considered as customer's funds.
9. It is prohibited to have a negative balance at the provider's nominal account where customer's funds are deposited.

Chapter VI. Final Provisions

Article 17. Transitional Conditions

1. Before entering this rule into force, the providers registered by the National Bank shall ensure:
- a) Fulfillment of the requirements determined by articles 4 and 8 of this Rule within the period of 4 months after this rule comes into force;
 - b) Make the contracts signed with agents conformable to requirements of this Rule within the period of 6 months after this rule comes into force.
2. The applicants, who have submitted an application for registration at the National bank of Georgia before enactment of this rule, shall ensure:
- a) Fulfillment of the requirements determined by sub-paragraphs „b“, „d“, „g“, „k“ and „l“, of paragraph 2 of article 4, as well as requirements defined by the same article about beneficiary owner and foreign payment service providers within the period of 4 months after this rule comes into force;
 - b) Fulfillment of the requirements defined by article 8, within the period of 4 months after this rule comes into force.

Registration form of the payment service provider

1	The name of the payment service provider	
2	Legal Form	
3	The Taxpayer's identification number	
4	Legal address	
5	The address of the head office (contact address)	
6	Contact phones	
7	Email address	
8	Name of serving commercial bank and account number	
	Name of serving commercial bank and account number	
	Name of serving commercial bank and account number	
	Name of serving commercial bank and account number	

The name and last name of the provider's
authorized person

Signature

List of provided Payment Services

Please select the Payment Service/services you intend to provide

Payments Services:		Please specify Yes / No
a)	Services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account.	
b)	Services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account	
c.a)	Execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider	
	Execution of direct debits, including one-off direct debits	
	Execution of payment transactions through a payment card or a similar device	
c.b)	The operations required for operating a payment account by a credit line for a payment service user	
	Execution of direct debits, including one-off direct debits	
	Execution of payment transactions through a payment card or a similar device	
	Execution of credit transfers, including standing orders	
d)	Issuing and/or acquiring of payment instruments, incl. electronic money instruments	
e)	Money remittance	
f)	Issuing of electronic Money, execution of e-money payment operations by the means of mobile phone, internet or other electronic devices	
g)	Execution of payment transactions where the consent of the payer to execute a payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator, acting only as an intermediary between the payment service user and the supplier of the goods and services	

The name and last name of the provider's

authorized person

Signature
