



**RULES FOR
PAYMENT SYSTEM OPERATORS
AND PAYMENT SERVICE PROVIDERS**

**PAYMENT SYSTEMS DEPARTMENT
STATE BANK OF PAKISTAN**

1. Rules for Payment System Operators (PSOs) and Payment Service Providers (PSPs)

In exercise of the powers conferred upon the State Bank of Pakistan by Section 3 of the Payment Systems & Electronic Fund Transfers (PS&EFT) Act, 2007, the State Bank, for regulating the Payment System Operators and Payment Service Providers, hereby makes following rules, namely

1. Short Title and Commencement:
 - i. These rules may be called “Rules for Payment System Operators (PSOs) and Payment Service Providers (PSPs)”;
 - ii. They shall come into force at once;
 - iii. These rules are subject to review by SBP at any stage.
2. Scope and applicability: These Rules are applicable with immediate effect to all entities currently operating or desirous to operate as PSOs and PSPs.

2. Definitions

Whenever the words used in these rules are not defined, definitions given in SBP Act, 1956; Banking Companies Ordinance (BCO), 1962; Companies Ordinance 1984, PS&EFT Act 2007, Electronic Transactions Ordinance, 2002, Foreign Exchange Regulations Act (FERA) 1947, Anti-Money Laundering (AML) Act, 2010 and Rules, Regulations, Guidelines and Circulars issued by SBP from time to time will be applicable.

- a. **Acquiring Bank** (or acquirer) is the entity that holds deposit accounts for card acceptors/merchants and to which the card acceptors/merchants transmit the data relating to the transaction. The acquirer is responsible for the collection of transaction information and settlement with the acceptor/issuer.
- b. **Authorized Party** means the same as defined in PS&EFT Act, 2007.
- c. **Chief Executive Officer** means the same as defined in the Companies Ordinance 1984
- d. **Clearing** is the process of transmitting, reconciling and, in some cases, confirming transfer orders prior to settlement, potentially including the netting of orders and the establishment of final positions for settlement.
- e. **Company or Companies** means the same as defined in the Companies Ordinance 1984.
- f. **Consumer** means the same as defined in PS&EFT Act, 2007.
- g. **Director** includes any natural person occupying the position of a Director on the Board of Directors of PSOs and PSPs that includes sponsor or nominee or by whatever name called.
- h. **Electronic** means the same as defined in Electronic Transactions Ordinance, 2002 (LI of 2002).
- i. **Financial Institution** means the same as defined in PS&EFT, Act 2007.

- j. **Financial Market Infrastructure** is a multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.
- k. **Issuing Bank (Issuer)** is the bank which issues payment cards (debit/credit/prepaid cards etc) to accountholders/ customers.
- l. **Key Executives** include, Chief Operating Officer, Heads of Internal Audit, IT, Finance, Human Resources and other core Department (s), Company Secretary or any Executive/Officer directly reporting to the CEO.
- m. **Participant(s)** means the same as defined under PS&EFT Act, 2007.
- n. **Payment Schemes** are a set of interbank rules, practices and standards necessary for the functioning of payment services and may include card schemes comprising technical and commercial arrangements, setups to serve one or more brands of card which provides the organizational, legal and operational framework necessary for the functioning of the services marketed by those brands or internet based E-Commerce schemes.
- o. **Payment Systems** means the same as defined in PS&EFT Act, 2007.
- p. **Payment System Operator and Payment Service Provider (PSO and PSP)** means such Authorized Party that is a company registered under Companies Ordinance 1984 and is engaged in operating and/or providing Payment Systems related services like electronic payment gateway, payment scheme, clearing house, ATM Switch, POS Gateway, E-Commerce Gateway etc. acting as an intermediary for multilateral routing, switching and processing of payment transactions.
- q. **Point of Sale (POS)** refers to the use of payment cards or electronic payment instrument at a retail location (point of sale) to facilitate payments using an electronic device. The payment information is either captured manually on paper vouchers or by electronic means.
- r. **POS Terminal** is a device which enables payments at a POS location.
- s. **SBP BSC** means the SBP Banking Services Corporation established under SBP Banking Services Corporation Ordinance, 2001.
- t. **State Bank of Pakistan** or SBP means the State Bank of Pakistan established under Section-3 of the State Bank of Pakistan Act, 1956 (XXXIII of 1956).

3. Application for permission

1. Company registered with SECP, whether existing or desiring to establish and operate as Payment System Operator or Payment Service Provider, is required to obtain In Principle approval from SBP through an application in writing, as per the format given at Annexure-A along with required documents and applicable fee mentioned therein and addressed to:

“The Director Payment System Department, State Bank of Pakistan, 4th Floor, Main Building, I. I. Chundrigar Road, Karachi-74000”

2. Fit and Proper Test (FPT) will be applicable to Sponsor(s) and Shareholder(s) - holding 10% or more shares, directly and/or indirectly, Directors, CEO and Key Executives of the prospective PSO and PSP. Directors and CEO would require prior clearance from SBP before assuming their responsibilities, while compliance with FPT for Key Executives would be the responsibility of PSO and PSP who will furnish FPT related information as mentioned at Annexure C. Before submitting the case for FPT clearance or for information to SBP, the PSO and PSP shall perform assessment of fitness and propriety at its own end and ensure that the person fulfills the criteria mentioned in the Annexure-C;
3. Where a prospective company is already engaged in any non PSO or non PSP related business activities, SBP may require establishment and registration of a separate subsidiary/entity for the purpose of PSO or PSP business.
4. Existing entities performing function(s) of PSO or PSP must apply for permission from PSD, SBP within ninety (90) days from the date of issuance of these Rules.
5. Subject to fulfillment of above requirements and to the satisfaction of SBP, the applicant PSO and PSP shall be granted In Principle approval.
6. Subsequent to the issuance of In Principle approval and fulfillment of conditions mentioned therein, attaining operational readiness and deposit of security amount, the PSO or PSP shall apply for commencement of Pilot operations along with proof that Minimum Initial Capital Requirement has been fulfilled.
7. The PSO or PSP shall be required to run Pilot operations for a period to be prescribed by SBP in the approval letter for Pilot operation. SBP may grant final approval subject to satisfactory assessment of Pilot operations.
8. The permission granted under these rules, to PSO and PSP shall not be considered as ‘Designation’ as provided under PS&EFT Act, 2007. However, keeping in view the systemic importance of the system, SBP, upon its own discretion may ‘Designate’ a PSO and PSP as ‘Designated Payment System’ under Section 4 of PS&EFT Act, 2007.

4. Minimum Capital Requirements

1. PSOs and PSPs are subject to an Initial Capital Requirement and an On-Going requirement of Minimum Paid-Up Capital (where applicable free of losses) of PKR 200 million (Rupees Two Hundred Million Only) or any other amount as may be prescribed by SBP from time to time;
2. For each PSO or PSP related business application, an additional 25% of the Capital requirement as mentioned in sub rule (I) would be applicable;
3. PSOs and PSPs will maintain at all times at least ten percent (10%) of the required capital or any other amount prescribed by SBP from time to time, as security deposit at SBP-BSC Office. Five percent (5%) of the security deposit will be kept in a non remunerative current account with the SBP-BSC Office and five percent (5%) in the form of Government security to be kept under lien at SBP-BSC Office.

5. Powers of SBP

Pursuant to Section 3 of PS&EFT Act, 2007, i.e. “Powers of SBP”:

1. If SBP decides to establish a National Payment Gateway, it would be mandatory for all authorized PSOs and PSPs to integrate with that National Payment Gateway.
2. PSOs and PSPs shall be subject to regulatory supervision and oversight of SBP under the PS&EFT Act 2007, Rules for PSOs and PSPs and all related guidelines, rules and regulations, circulars issued by SBP and other applicable laws of the land, issued from time to time.
3. SBP may reject any application or cancel permission to operate as PSO and PSP, if it is in the public interest, or if it is found that:
 - a. Any of the requirements of the application have not been fulfilled;
 - b. Any information provided by the PSO and PSP is found to be misreported or misrepresented to SBP, or there is any contravention with the relevant laws, rules, guidelines and regulations by the PSO and PSP;
 - c. Any of the provisions of the PS&EFT Act, 2007 have not been fulfilled;
 - d. PSO and PSP fails to comply with these or any other regulations, rules, guidelines, directions, circulars by SBP issued from time to time and/or other applicable law(s).
4. SBP itself or through its assigned auditor may conduct regular and special on-site inspections of PSOs and PSPs, who shall be provided full, timely and unrestricted access to systems (including those outsourced or hosted with third parties), documents, reports, records and officials of PSOs and PSPs.
5. In case PSO or PSP does not comply with any of the provisions of these rules, SBP may take any appropriate action under PS&EFT Act 2007, which may include:
 - a. Imposition of monetary penalty;

- b. Suspension of operations;
 - c. The cancellation of the permission given to PSO or PSP;
 - d. Any other action.
6. SBP reserves the right to directly debit the penalty amount from the security deposit of PSO and PSP. The PSOs and PSPs shall, however, be required to maintain the minimum level of Security Deposit at all times.
 7. Termination of any service and, or withdrawal of permission for whatever reason shall not discharge the PSO and PSP from any liability or obligation which at the time of termination or cancellation has accrued against it or which thereafter may accrue in respect of any act or omission prior to such termination or cancellation.

6. Operations of PSOs and PSPs

1. PSOs and PSPs shall provide an electronic platform for clearing, processing, routing and switching of electronic transactions. It can make agreements with Banks, FIs and other PSOs and PSPs Merchants, e-commerce service providers and any other company for the provision of services mandated to the PSO and PSP under these rules.
2. PSOs and PSPs are required to commence their pilot run within a maximum period of six (6) months from the grant of In Principle approval. After the lapse of this period the prospective PSOs and PSPs will have to submit a fresh application for the required permission or extension to be granted by SBP on case to case basis.
3. PSOs and PSPs must have:
 - a. Policies, procedures and controls approved by their Board of Directors;
 - b. Organizational structure approved by its Board of Director with appropriate segregation of organizational functions;
 - c. Adequate staffing and resourcing arrangements technically qualified and experienced in the relevant field of business;
 - d. Proper documented contracts and agreements pertaining to the critical functions to run the business;
 - e. Properly equipped and maintained facilities to house Technology and Processing Systems within Pakistan.
4. PSOs and PSPs are required to take prior approval from PSD, SBP:
 - a. for their products, schemes and services offering.
 - b. about any change in Memorandum or Article of Association, Ownership, CEO, Board of Directors, Technological platforms, Information Security implementations
 - c. any other significant change.
5. PSOs and PSPs will not act as custodian of consumer's money or perform any banking function(s) as defined in BCO, 1962.
6. PSOs and PSPs will make agreements with the Financial Institutions licensed by SBP for this purpose.

7. PSOs and PSPs shall conduct all activities in a professional, ethical and orderly manner and shall ensure provision of quality services at all times with an objective to satisfy its customers.
8. Where applicable, Functions/Operations of PSOs and PSPs are subject to relevant provisions of AML Act 2010, Foreign Exchange Regulations Act (FERA) 1947, and related instructions issued by SBP from time to time.
9. PSOs and PSPs shall not outsource any of their function(s) without prior approval from SBP.
10. Where applicable the contract between the concerned parties should have necessary provisions, including but not limited to, the following:
 - a. definition of the rights, expectations, roles and responsibilities of each party;
 - b. set the scope of work to be performed by the concerned parties;
 - c. optimal performance level to be agreed between the parties;
 - d. fee/revenue sharing structure for the work to be performed by the concerned parties;
 - e. concerned parties must ensure safe-keeping of all relevant records, data and documents /files;
 - f. SBP will be allowed to inspect data, records, facilities and infrastructure of PSO and PSP;
 - g. concerned parties shall ensure secrecy of all transactions in accordance with all applicable laws, rules and regulations;
 - h. establish a protocol for changing the terms of the service contract and stipulations for default and termination of the contract;
 - i. standard and updated documentation of IT setup & architecture, integration, operations and technical controls for appropriate risks mitigation measures to ensure Data Security & Integrity with Standard Operations and Procedures for IT Services;
 - j. the ability to meet disaster recovery and business continuity requirements;
 - k. Process Integrity – that system processing is complete, accurate, timely, and authorized;
 - l. fidelity and Secrecy – that personal information obtained during the course of operations is used, disclosed, retained and protected as committed or agreed;
 - m. the customer complaint redressal procedures are in place which clearly define the roles & responsibilities of all concerned parties in handling the customers' complaints;
 - n. termination of Service Level Agreement for any systemic breach;
 - o. penal action in case of breach of any clause(s) of the agreement and arbitration in case of any dispute between or among the parties;
 - p. obligations of concerned parties subject to Force Majeure;
 - q. any other condition mentioned by SBP from time to time.

7. Processing and Settlement of Transactions

1. The roles and responsibilities of the concerned parties (such as financial institutions, issuers, acquirers, PSOs and PSPs etc.) pertaining to the processing, clearing and settlement of transactions must be governed under the relevant contracts/agreements.
2. Transactions processed by PSOs and PSPs will be settled amongst the participants at any commercial bank licensed by SBP or as per the instructions by SBP. At no point in time should the PSO and PSP have access to or hold the consumer's or participant's funds.

8. Risk Management Mechanism

1. All PSOs and PSPs must have approved Enterprise Risk Management framework and policies and procedures to be implemented accordingly.
2. PSOs and PSPs must have approved policies and procedures for information and system security as well as necessary internal controls in place. Further, they must take proactive measures to detect and prevent fraudulent transactions and unwanted intrusions.
3. PSOs and PSPs must have Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) in line with international best practice or adopted standard duly approved by its BOD.
4. BCP and DRP drills must be conducted half yearly and results should be recorded in a formal report.
5. The abovementioned documents are required to be submitted to SBP and will be subject to review through inspection.

9. Security and Confidentiality

1. PSOs and PSPs will ensure the Security, Integrity, Confidentiality and Availability of data and services by adopting prevailing international standard(s) or as may be prescribed by SBP from time to time.
2. PSO and PSP are required to comply with Section 70 of PS&EFT Act, 2007 relating to Secrecy and Privacy of information. PSOs and PSPs must get their systems audited from SBP's approved Audit firms before commencement of their business operations and thereafter on annual basis. The audit reports should be submitted to PSD SBP within ninety (90) days after completion of the financial year.
3. All security breaches should immediately be reported to relevant stakeholders including PSD, SBP. The incident and Analysis Report of security breaches (suspected or compromised) must be furnished on quarterly basis to PSD, SBP as per Annexure-D.

10. Dispute Resolution

1. Dispute Resolution Mechanism with defined turnaround time (TAT) should be part of the Contract Agreements between PSO and PSP and relevant parties.
2. Bank(s) and PSOs and PSPs will mutually co-operate in good faith to resolve disputes. If the parties do not reach an agreement within the stipulated time period for dispute settlement, the matter may be referred to mutually agreed arbitrator in Pakistan under their contract agreement and law of the land.
3. In such cases, the rights, obligations and responsibilities of the concerned parties are subject to the provisions of the PS&EFT Act, 2007.
4. PSOs and PSPs shall be liable to Bank(s) in case it fails to take appropriate measures to process financial transactions, ensure quality of service, security, integrity, and confidentiality in a manner agreed with FIs and in accordance with applicable Laws, Rules, and Regulations.
5. The PSOs and PSPs should have comprehensive Complaint Redressal Mechanism to ensure effective Consumer protection. A report of the outstanding complaints and disputes is required to be submitted to SBP on quarterly basis.
6. The liabilities of PSOs and PSPs and financial institutions are subject to relevant provisions of PS&EFT Act, 2007.

11. Reporting Requirements

1. PSOs and PSPs are required to maintain audited financial statements as per the applicable laws and are required to submit annually (within ninety (90) days after completion of the financial year) to SBP or as required by SBP from time to time.
 - a. In pursuance to Section 69 of PS&EFT Act, 2007, PSOs and PSPs are bound to provide SBP:information regarding commencement of any significant legal proceedings by or against the institution;
 - b. details of any development which impacts or potentially impacts on the PSOs and PSPs to a significant extent; and
 - c. details of fines/penalties imposed on PSOs and PSPs by any other regulator/government department;
 - d. any information, records, documents etc, as prescribed by SBP.

12. Record Retention

1. PSOs and PSPs are required to retain complete record of all transactions in electronic form in a manner as provided under section 7 of PS&EFT Act, 2007 and for a period of at least ten (10) years from transaction date or as may be determined by SBP.
2. PSOs and PSPs are required to maintain detailed system, application, database and network logs for a period up to one (1) year, to enable processing of audit trails required to be reconstructed in the event of any dispute(s) or supervisory concern(s).
3. In pursuance to the PS&EFT Act, 2007, the modus operandi of the provision and production of such data/information or log should be provisioned for in the agreements between the respective parties.

13. Pricing Mechanism

1. All charges/fees structure should be pre-agreed through contractual agreements in a fair and transparent manner among all relevant parties commensurate to the service requirements and standards.
2. All charges / fees structure schedules should be fixed for a minimum period of six (6) months and should be reported to SBP on half yearly basis.

14. Liquidation/Winding Up/Dissolution of Company

1. Liquidation/winding up of the authorized PSOs and PSPs will be carried out as per applicable laws.
2. In case of voluntary dissolution, PSD, SBP must be apprised of at least six (6) months prior to actuating such dissolution. The dissolution will not effectuate unless approved by SBP and only after discharging all the liabilities and obligations especially those pertaining to clearing and settlement of payments and resolution of related disputes.
3. PSOs and PSPs will surrender/submit all the data, record, information to SBP at the time of liquidation, winding up, voluntary or otherwise.
4. Security deposit of PSO and PSP shall be refunded after settlement of all liabilities and obligations herein.

15. Acronyms

ADC	Alternative Delivery Channel
AML/ CFT	Anti-money Laundering / Combating the Financing of Terrorism
BCP	Business Continuity Plan
BOD	Board of Directors
CEO	Chief Executive Officer
DRP	Disaster Recovery Plan
FI	Financial Institution
FPT	Fit and Proper Test
PKR	Pakistani Rupee
POS	Point of Sale
PS&EFT Act 2007	Payment Systems & Electronic Fund Transfers Act 2007
PSD	Payment Systems Department
PSO	Payment System Operator
PSP	Payment Service Provider
SBP	State Bank of Pakistan
SBP BSC	State Bank of Pakistan, Banking Services Corporation
SECP	Securities & Exchange Commission of Pakistan

Application Format

The Director
Payment Systems Department
State Bank of Pakistan
Main Building
I.I Chundrigar Road
Karachi

Dear Sir,

<Covering Letter on the Company's Original Letter Head introducing the Company, its Brief Functions and specific Application area of PSO and PSP for which permission is required. >

<List of Documents attached with the Application>

- a. Certified true copy of:
 1. Certificate of Incorporation with SECP,
 2. Memorandum of Association (MOA)
 3. Articles of Association (AOA)
- b. Copy of receipt of PKR Two Hundred Thousand (Rs. 200,000/-) deposited in SBP-BSC Karachi Office as Non-refundable Application Processing Fee.
- c. Undertaking as per Annexure-B
- d. Business feasibility report (consisting of business strategy, plans, viability, financial projections, Return on Investments & Payback period)
- e. Outsourcing arrangements, if any
- f. Proof of Net worth of beneficial owner(s) and sponsor(s) including tax returns and bank statements
- g. Details of beneficial owner(s), sponsor(s) and shareholder(s) (holding 10% or more shares) in the format as given in Annexure - C
- h. Details of list of Associated Companies, Subsidiaries and other related parties of the prospective PSO/PSP
- i. "Fit and Proper Test" of their Directors, CEOs and Key Executives in the format as given in Annexure – C
- j. Audited financial statements of the company for the last three (3) years where applicable.
- k. Any other relevant document (s)

Yours faithfully

()

President/ Chief Executive Officer

Company Seal

Date :

Place :

Format of undertaking to be submitted by PSO and PSP

(To be submitted on Stamp Paper Undertaking in accordance with the Stamp Law in force)

The Director
Payment Systems Department
State Bank of Pakistan
Main Building
I.I Chundrigar Road
Karachi

Dear Sir,

We _____, incorporated / constituted under the _____ and having Registered Office at _____ (hereinafter referred to as “Payment System Operators and Payment Service Providers (PSOs and PSPs)”) hereby execute this Undertaking in favor of the State Bank of Pakistan (hereinafter referred to as “SBP”).

And whereas the “PSO and PSP” has made an application in writing to SBP for grant of approval for starting the business of _____ (Please mention specific line of business).

And whereas the PSO and PSP has extended this Undertaking to abide by the “Rules for PSOs and PSPs”, PS&EFT Act, 2007 and other applicable laws amended from time to time and also by such Rules, Regulations, Circulars, Orders, notifications, instructions, press releases etc. as may be issued by SBP from time to time.

And whereas the PSO and PSP unconditionally and irrevocably undertakes and agrees as follows:

- i) The PSO and PSP undertake to furnish such information / data as SBP may require.
- ii) The PSO and PSP shall follow and comply with such orders or instructions, whether in the form of penalty or otherwise as may be issued by SBP under the “Rules on PSOs and PSPs” or other applicable laws, orders, rules and regulations.
- iii) The PSO and PSP shall abide by and comply with the “Rules on PSOs and PSPs” PS&EFT Act, 2007 and other applicable laws amended from time to time and also such circulars, orders, Notifications, press releases, instructions etc. as may be issued by SBP (hereinafter collectively referred to as “The Regulations”).
- iv) The PSO and PSP agrees that SBP shall have the absolute discretion to part with or disclose or disseminate, such information/data concerning the PSOs and PSPs as deemed necessary by SBP or required under law, to Regulatory Authorities, Government, law enforcing agencies and other appropriate authorities.

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- v) SBP shall have the right at all times to inspect and supervise all computer systems including software, communication networks/systems and other equipment running at the PSOs and PSPs end, all sites including primary, backup, disaster recovery and outsourced sites; and functions, operations, transactions, data and books of accounts of the PSO and PSP. The PSO or PSP agrees to set right deficiencies pointed out by SBP forthwith and take into consideration suggestions of SBP.
- vi) The PSO or PSP agrees that the liabilities, responsibilities / obligations, if any, arising out of various activities under the _____ (Please mention the line of business) shall rest solely on the PSO and PSP.
- vii) The PSO and PSP agree to maintain the infrastructural arrangements as specified by the Bank from time to time in good order.
- viii) The signatory/ies, as under, have the requisite power of attorney / authority (copy enclosed), issued by the relevant and competent authority in our institution/organization to execute this agreement binding our organization/institution thereto.

Yours faithfully
()
Authorised Official
Company Seal

Date :

Place :

PHOTOGRAPH

PROFORMA – FIT & PROPER TEST

Full Name

Father's Name
Mother's Name
Spouse's Name

Date of Birth	Place of Birth (City and Country)
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Nationality (ies):	NTN:
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C.N.I.C. No	
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Passport Number

Present Residential Address in Full

Permanent Residential Address in Full

Residential Telephone Number(s)	Email Address(es)
Mobile Number(s)	

If you have changed your name, state previous name and reason for change
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Academic Education		
Qualification	Name & Address of Degree Awarding Institution	Date of Completion

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Professional Education		
Qualification	Name & Address of Institution/ Professional Body	Date of Completion
Training(s); if any		
Existing Employment		
Present Designation		Present Department
Official Address		
Telephone Number (s)		Email

Please provide complete and true particulars of all business(es), including proprietary concern/partnership firms, companies, _____ in which you have been associated as a proprietor, partner or a director thereof during the last ten years and the accounts maintained by them:

Name of the Proprietary Concern/Partnership Firm/ Company	Name of Bank and/or NBFIs Together with Name of Branches	Account Number(s)

Position held during the last ten years (along with name and address of company / institution / body where appointment held, nature of the company/institution/body and dates of appointment)

Position of the shares held in the Payment Systems Operator and Payment Service Provider	Number of shares held as of _____
As a Sponsor Shareholder <input type="checkbox"/> Own name <input type="checkbox"/> In the name of company <input type="checkbox"/> In name of family member Other than Sponsor Shareholder <input type="checkbox"/> Own name <input type="checkbox"/> In name of company <input type="checkbox"/> In name of family member	

(Signature of concerned official)

Affidavit
(On Non-Judicial Stamp Paper)

I (the deponent), _____ son/daughter/wife of _____ adult,
resident of _____
and holding CNIC/Passport No. _____ do hereby state on oath/solemn
affirmation as under:-

- a. that the deponent hereby confirms that the statement made and the information supplied in the attached questionnaire and the Annexure C-I and the answers thereof are correct and that there are no other facts that are relevant for “Fit and Proper Test”
- b. that the deponent undertakes that the State Bank of Pakistan may seek additional information from any third party as it deems necessary in view of assessing “Fit and Proper Test”
- c. that the deponent undertakes to bring to the attention of the State Bank of Pakistan any matter which may potentially affect my status as being someone fit and proper as and when it crops up; and
- d. that whatever is stated above is correct to the best of my knowledge and belief and nothing has been concealed there from.

DEPONENT

The Deponent is identified by me

Signature _____
ADVOCATE (Name and Seal)

Stated on oath/solemnly affirmed before me on this _____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____
OATH COMMISSIONER FOR TAKING AFFIDAVIT
(Name and Seal)

Annexure-C-1

QUESTIONNAIRE FOR ACCESSING “FIT & PROPER TEST”

Please answer the following questions by entering a tick () in the appropriate box. If answer of any of these questions in YES and need explanation, use a separate sheet with proper reference to the question.

Sr.	Description	Yes	No
1.	Have you ever been convicted/involved in any fraud/forgery, financial crime etc, in Pakistan or elsewhere, are subject to any pending proceedings leading to any conviction?		
2.	Have you ever been associated with any illegal activity concerning banking business, deposit taking, financial dealing and other business?		
3.	Have you ever been subject to any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments, financial/business, misconduct, fraud, formation or management of a corporate body etc by SBP, other regulators, professional bodies or government bodies/agencies?		
4.	Have you ever contravened any of the requirements and standards of regulatory system or the equivalent standards or requirements of other regulatory authorities?		
5.	Have you ever been involved with a company or firm or other organization that has been refused registration/license to carry out trade, business etc?		
6.	Have you ever been involved with a company/firm whose registration/license has been revoked or cancelled or which has gone into liquidation or other similar proceedings?		
7.	Have you ever been debarred for being Chief Executive, Chairman, Director or Sponsor/major Investor of a company, especially financial institutions?		
8.	Have you ever been dismissed/ asked to resign/resigned in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
9.	Have you ever resigned from a professional or regulatory body in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
10.	Have you ever been disqualified/ removed by regulators/Government bodies/agencies?		
11.	Have you ever been in default of payment of dues owed to any financial institution in individual capacity or as proprietary concern or any partnership firm or in any private unlisted/listed company?		
12.	Have you ever been in default of taxes in individual capacity or as proprietary concern or any partnership firm or in any private listed/unlisted company?		
13.	Have you ever been associated as director and/or chief executive with the corporate bodies whose corporate and tax record, including custom duties, central excise and sales tax has been unsatisfactory?		
14.	Have you entered into any agreement with any other person (natural or legal) which will influence the way in which you exercise your voting rights or the way in which you otherwise behave in your relationship with the authorized entity?		
15.	Are you a director on the Board of Directors of any other Financial Institution(s) or Payment Systems Operator and Payment Service Provider?		
16.	Are you a Chairman, Chief Executive, Chief Financial Officer, Chief Internal Auditor, Research Analyst or Trader (by whatever name/designation called) of an Exchange Company (firm or sole proprietorship), member of a Stock Exchange, Corporate Brokerage House?		
17.	Are you owning/controlling any Exchange Company or Corporate Entity?		
18.	Have you been or are you working as consultant or adviser of Payment Systems		

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	Operator and Payment Service Provider or any related business in which you intend to become a director?		
19.	Are you employee of the Payment Systems Operator and Payment Service Provider?		
20.	Are you employee of a company/entity/organization where sponsor shareholders of Payment Systems Operator and Payment Service Provider have substantial interest?		
21.	Are you a member/office bearer of any political party or member of Senate/National/Provincial Assembly/Local Body?		
22.	Any other information that is relevant for the purpose of SBP and needs to be mentioned?		

Signature _____

Name _____

Position _____

Date _____

**PROFORMA – FITNESS & PROPRIETARY OF KEY
EXECUTIVES/DIRECTORS/CEOs**

Position and Grade held by the Executive

Date of assumption of current position (dd/mm/yyyy)

Full Name

Father's Name

Date of Birth

Place of Birth (City and Country)

Nationality (ies)

NTN Number

C.N.I.C. No

Email Address(es)

Telephone Number(s)

Mobile Number(s)

Academic Qualification

Qualification	Name & Address of Degree Awarding Institution	Date of Completion

Professional Qualification

Qualification	Name & Address of Degree Awarding Institution	Date of Completion

Training(s); if any

Previous Employment(s) (date-wise)

Designation

Department

Official Address

Telephone Number (s)

Has ever been convicted of any offence?

Yes

No

If yes, nature of offence and penalty imposed

Has ever been censured or penalized by any financial regulator (local or foreign)?

Yes

No

If yes, reasons for adverse findings and amount of penalty imposed (if any)

Has ever been dismissed from employment?

Yes

No

If yes, name of the employer and reason for dismissal

(Signature of the concerned official)

(Signature and Stamp of Employer)

ASSESSMENT OF FITNESS AND PROPRIETY

1. The fitness & propriety of Sponsor(s), Director(s), CEO and Key Executives will be assessed on the following broad elements:

A. Integrity, Honesty and Reputation

Sponsor(s) of PSO and PSP and any person applying to be appointed as Director, CEO and Key Executives should fulfill the following criteria:

- a) Has not been convicted, involved in any fraud and/or forgery, financial crime etc, in Pakistan or elsewhere, or is not being subject to any pending proceedings that may lead to such a conviction;
- b) Has not been subject to any adverse findings or any settlement in civil and, or criminal proceedings particularly with regard to investments, financial matters, business, misconduct, fraud, formation or management of a corporate body etc by SBP, government bodies or agencies;
- c) Has not contravened any of the requirements and standards of SBP or the equivalent standards, requirements of other regulatory authorities (outside Pakistan as well), professional bodies or government bodies or agencies;
- d) Has not been involved with (management or conduct of the affairs of) a company, firm or any other organization that has been refused registration and, or license to carry out trade, business etc.;
- e) Has not been involved with (management or conduct of the affairs of) a company, firm whose registration and, or license has been revoked or cancelled or gone into liquidation or other similar proceedings due to mismanagement of affairs, financial misconduct or malpractices;
- f) Has not been debarred for being Chief Executive, Chairman, Director, Controlling Shareholder, Sponsor or Key Executive of a company, firm or in similar capacity.

B. Track Record

- a) The Director/CEO/Key Executives must have an impeccable track record in the companies served either in the capacity of an employee or Director/Chief Executive or as Chairman;
- b) The Director/CEO/Key Executives have not been dismissed from employment or have not been removed or forced to resign by any regulator or government body or court order, in the capacity of employee, director, chairman or key executive of the company/firm or any other position of trust.

C. Solvency & Financial Integrity

- a) Has not been associated with any illegal activity concerning banking business, deposit taking, financial dealing and other business;
- b) Has not been in default of payment of dues owed to any financial institution and/ or default in payment of any taxes in individual capacity or as proprietary concern or any partnership firm or in any private unlisted, listed company;
- c) Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.;

- d) The Sponsor (s) has sufficient means to discharge his/her financial obligations, if any.

D. Qualification & Experience

This section shall apply separately for Directors, CEO and other Key Executives of PSO and PSP as under:

i. Board of Directors

- a) Must have management or business experience preferably pertaining to payment and settlements systems of at least three (3) years at senior level in an active capacity;
- b) Minimum qualification for a person to be appointed as Director on the Board of Directors is graduation.

ii. Chief Executive Officer

- a) Must be having at least five (5) years of experience at senior level. Preference must be given to a person having the said experience in payment and settlement systems;
- b) Must possess expertise and skill set to undertake responsibilities of the position effectively and prudently;
- c) Should have minimum qualification of graduation or equivalent preferably relevant experience in information technology, banking, finance, economics, business administration, commerce or relevant fields.

E. Conflict of Interest

- a) The CEO will not be the Chairman of the Board of Directors of the same PSO and PSP.
- b) The Directors on the Board should avoid conflict of interest in their activities with, and commitments to, other organizations;
- c) Directors and CEO should not be a Director/CEO of any other PSO and PSP;

F. Others

- a) Not more than 50% directors of the same family are permitted to be on the Board of a PSP and PSP;
- b) No member of Senate, National/ Provincial Assembly, Local bodies shall be appointed/ recommended for appointment as Member of Board of Directors and/or Chief_Executive Officer/Key Executive of any PSO and PSP;
2. The Applicant must provide details of governance structure to SBP which should include the following:
- i. Board of Directors**
- a) In case of non-resident Pakistani national, CNIC/NICOP & copy of passport;
- b) In case of foreign sponsor, copy of passport duly attested by Embassy of Pakistan in that country or their respective embassy located in Pakistan;
- c) Share holdings in the Company;
- d) Brief Profile of all Directors.

ii. Committees & their terms of references

- a) Risk Management
- b) Audit
- c) Information Technology
- d) Any other relevant Committee

iii. The PSO and PSP is required to appoint a Compliance Officer reporting directly to the CEO.

3. Where office of any Director/CEO falls vacant, such position can only be filled with the prior approval of SBP. However, any new appointment / placement of Key Executives shall be intimated to SBP within seven days of appointment / placement;
4. Acting CEO appointed pursuant to resignation/removal of the CEO is invariably required to meet the FPT Criteria prescribed for the CEO and the PSO and PSP shall duly submit FPT documents of such person to SBP before assumption of charge. However, in case of temporary vacation (not exceeding one month) of the office of CEO, the PSO and PSP shall ensure to entrust charge of the office of CEO to such an officer who meets the FPT Criteria prescribed for Key Executive and whose FPT documents have already been submitted to SBP.

Annexure-D

**INCIDENT DETAILS OF INFORMATION SECURITY BREACHES
(SUSPECTED AND/OR COMPROMISED)
(ON QUARTERLY BASIS)**

Sr. No.	Source of discovery of breach	Nature of Incident	Incident occurred due to: (Breach of Control; whether Procedures were not followed; Controls were not appropriately implemented etc) Give a brief description	Whether breach was due to: (Technological Gap; Capability Gap; Capacity Gap etc) Give a brief description	Value of Maximum Exposure (in PKR)	Remarks (any further details on the incident)

----- End -----