



**REGULATIONS FOR
ELECTRONIC MONEY INSTITUTIONS
(EMIs)**

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PAYMENT SYSTEMS POLICY & OVERSIGHT DEPARTMENT
STATE BANK OF PAKISTAN

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1. ACRONYMS

ADC	Alternative Delivery Channel
ANM	Agent Network Management
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism & Countering Proliferation Financing
APIs	Application Programming Interfaces
AOA	Articles of Association
BCP	Business Continuity Planning
BOD	Board of Directors
BPRD	Banking Policy & Regulations Department
BVS	Biometric Verification Service
CEO	Chief Executive Officer
CDD	Customer Due Diligence
CNIC	Computerized National Identity Card
DRP	Disaster Recovery Plan
EMI	Electronic Money Institution
EDD	Enhanced Due Diligence
FMU	Financial Monitoring Unit
FPT	Fit and Proper Test
IBFT	Inter Bank Fund Transfers
IVR	Interactive Voice Response
KYC	Know Your Customer
MFB	Micro Finance Bank
ML/TF	Money Laundering/Terrorist Financing
MOA	Memorandum of Association
NADRA	National Database and Registration Authority
NICOP	National Identity Cards for Overseas Pakistanis
NOC	No Objection Certificate
NTN	National Tax Number
OEB	Outstanding E-Money Balance
PBA	Pakistan Bankers Association
PKR	Pakistani Rupee
PKRV	Pakistan Revaluation Rate
POC	Pakistan Origin Card

PRI	Pakistan Remittance Initiative
PSP&OD	Payment Systems Policy & Oversight Department (formerly Payment Systems Department (PSD))
PS&EFT Act, 2007	Payment Systems and Electronic Fund Transfer Act, 2007
PSOs/PSPs	Payment System Operators/Payment Service Providers
RAS	Regulatory Approval System
SBP	State Bank of Pakistan
SBP-BSC	State Bank of Pakistan-Banking Services Corporation
SECP	Securities and Exchange Commission of Pakistan
SGLA	Subsidiary General Ledger Account
SLA	Service Level Agreement
SOPs	Standard Operating Procedures
STR	Suspicious Transaction Report
TMS	Transaction Monitoring System
TPSPs	Third Party Service Providers
UN	United Nations
2FA	Two Factor Authentication

2. DEFINITIONS

Agent: means a natural or legal person, non-bank and non-EMI outlets, static or movable, who can provide payment services as well as distribute and/or redeem e-money on behalf of an EMI under a valid agency agreement.

Aggregate monthly load limit: means the total amount of e-money transferred/loaded into an e-money account held by an e-money holder over the period of a calendar month.

Average outstanding e-money: is the average amount of balances maintained by an EMI with licensed banks related to e-money in issue, for any given period and in the manner as defined by SBP.

Bank: means a banking company as defined in Section 5 of the Banking Companies Ordinance, 1962.

Customer: For the purpose of these Regulations, the customers shall be any person holding electronic money i.e. e-money holder

Director: includes any individual occupying the position of a director on the Board of an EMI and includes sponsor director, nominee and alternate director or by whatever name called which shall be reviewed by SBP from time to time.

Electronic Money or E-money: means the monetary value as represented by a claim on the issuer which is stored in an electronic including magnetic device or Payment Instrument, issued on receipt of funds of an amount not less in value than the monetary value issued, accepted as means of payment by undertakings other than the issuer and includes electronic store of monetary value on an electronic device that may be used for making payments or as may be prescribed by the State Bank of Pakistan.

Electronic Money Institution or EMI: for the purpose of these Regulations EMIs means non-banking entities duly authorized to issue means of payments in the form of electronic money.

E-money holder: refers to any person to whom the e-money has been issued or any person who uses the e-money to make payments for purchases of goods and services and who has a claim on e-money issuer for the e-money issued by the EMI.

Escrow Services: refers to a service through a financial agreement whereby money is held by a regulated entity on behalf of two other parties that are in the process of completing a transaction.

Executive Director: means a paid employee or executive in the concerned EMI who is also a member of the Board of Directors (BOD).

Family Member: in relation to an individual means his spouse, dependent lineal ascendants and descendants and dependent siblings.

Fintech: refers to as technologically enabled innovation in financial services that could result in new business models, applications, processes or products.

Issuer: for the purpose of these Regulations means the EMI, which issues e-money payment instruments.

Key Executive: means key executives of EMI who are entrusted with the following functional responsibilities:

- a. Any executive, acting as second to CEO including Chief Operating Officer, Deputy Managing Director or by whatever name called.
- b. Chief Financial Officer/Head of Finance/ Head of Accounts
- c. Head of Internal Audit
- d. Head of Compliance
- e. Head of Operations
- f. Head of Human Resource
- g. Head of IT
- h. Head of Risk Management
- i. Any other executive with direct reporting to CEO

Minor: for the purpose of these Regulations minor means an individual below 18 years of age.

Outsourcing: means use of a third party (affiliated entity or un-affiliated) to perform activities, functions or processes normally to save money, time and/or use the skills/technology of another entity on a continuing basis that would normally be undertaken by EMIs, now or in the future. However, it will not cover consultancy services, purchase contracts for tangible/intangible items, for example, contracts to purchase standardized products such as furniture, Software/IT solutions, Automated Teller Machines (ATM) etc.

Payment Instrument: means instrument as defined in Section 2(1)(zc) of PS&EFT Act, 2007.

Payment Services: for the purpose of these Regulations mean the services that enable the customers to make payments for goods and services, bill payments, fund transfers, cash deposit and withdrawal from e-money accounts and any other service defined by SBP from time to time.

Payment System: means the same as defined in PS&EFT Act, 2007.

PSOs/PSPs: mean the same as defined in the Rules for PSOs/PSPs issued by SBP vide PSD Circular No. 3 dated October 23, 2014 as amended from time to time.

SBP: means the State Bank of Pakistan established under Section-3 of the State Bank of Pakistan Act, 1956.

Sponsor Director: means the member of the Board of Directors of an EMI holding sponsor shares.

Sponsor Shares: of an EMI mean 10% or more share capital of the EMI acquired by a person(s) either individually or in concert with family members (including his spouse, lineal ascendants and descendants and dependent brothers and sisters), group companies, subsidiaries, and affiliates/associates.

Sponsor Shareholder: means all those shareholders of an EMI holding sponsor shares.

Trust Account: means an account maintained by an EMI with a licensed bank in Pakistan in which the EMI is required to place all funds collected from its customers against the issuance of e-money and is segregated from EMI's own funds.

3. INTRODUCTION

Payment Systems and Electronic Funds Transfer (PS&EFT) Act, 2007 defines e-money as monetary value stored on an electronic device or payment instrument issued on receipt of funds and accepted as a means of payment by entities other than issuer. E-money globally is widely used for making retail payments in an economy and has played a crucial role in digitizing different types of payments in various countries.

Electronic Money Institutions (EMIs) are entities that offer innovative, user-friendly and cost effective low value digital payment prepaid instruments like wallets, prepaid cards, and contactless payment instruments including wearables. Globally, these innovative payment instruments have been instrumental in promoting cashless payments like merchant checkouts, e-commerce, transportation and toll payments etc.

Traditionally, payment instruments in Pakistan are issued by banks without participation of non-banking entities. New technological innovations are now enabling non-banking sector to deliver innovative and efficient payment services to consumers at much lower cost. State Bank of Pakistan (SBP), with the objective to remove the entry barriers for non-banking entities, issued Regulations for EMIs in April 2019 to provide an enabling regulatory framework for the establishment and operations of EMIs in Pakistan. These Regulations address potential risks in order to ensure consumer protection in line with legal framework of the country while promoting digital payments and financial inclusion.

Since issuance of these Regulations, SBP has received an encouraging response from the market participants and a number of entities have been licensed to provide e-money services in the market. SBP's Regulations for EMIs have also received positive response and acceptance from the foreign investors and the institutions alike. In order to increase the uptake of e-money services, encourage the new as well as already established EMIs to come up with new business models, use cases and technological solutions, SBP has revised the Regulations for EMIs in light of the indigenous experiences and international best practices. These Regulations shall come into effect with date of issuance.

4. OBJECTIVES OF THE REGULATIONS

These Regulations are being issued with the following objectives:

- I. To provide regulatory framework for EMIs desirous of offering innovative payment services to the general public.
- II. To provide licensing procedure for entities desirous for establishing an EMI.
- III. To prescribe minimum service standards and requirements for EMIs to ensure delivery of payment services in a safe, sound and cost effective manner.
- IV. To set minimum corporate governance benchmarks for EMIs.
- V. To outline the permissible activities that can be carried out by an EMI and its agents' network.
- VI. To provide a baseline for protection of EMI's customers.

VII. To achieve the SBP's objective of digital payments and financial inclusion.

5. AUTHORITY

The Regulations are being issued in exercise of the powers conferred upon the SBP under PS&EFT Act, 2007.

6. APPLICABILITY

These Regulations are applicable to the EMIs as mentioned in sections 1 and 64 of PS&EFT Act 2007.

7. SCOPE OF ACTIVITIES OF EMIS

- I. E-money providers can offer following activities/services:
 - a) Issue e-money payment instruments.
 - b) Distribute e-money payment instruments.
 - c) Redeem e-money payment instruments.
 - d) Acquire payment instruments of other EMIs and banks/MFBs.
 - e) Multilateral routing, switching and/or processing of payment transactions.
 - f) Services relating to payment aggregation, bill/invoice aggregation, payment initiation, as well as account information etc. However, the funds which are to be remitted abroad for aggregation of funds by an aggregator on behalf of a foreign counterpart, the aggregator must obtain prior approval of SBP.
 - g) Offer escrow services for facilitating domestic e-commerce transactions. However, EMIs shall obtain separate approval from SBP.
 - h) Offer services via secured Application Programming Interfaces (APIs) and other secure methods to other Financial Institutions, Third Party Service Providers (TPSPs) and other Fintech. In this regard, the EMIs have to intimate SBP 30 days prior to offering these services.
 - i) Any other activity permitted by SBP.
- II. E-money shall be used to make payment services i.e. payments for goods and services, bill payments, fund transfers, cash deposits and withdrawals from e-money wallets.
- III. EMIs shall not conduct the business of banking including the acceptance of funds from public for the purpose of lending, investments (other than that required under Para 16 of these Regulations). Moreover, EMIs shall refrain from processing, using, trading, holding, transferring value, promoting and investing in virtual currencies or any other prohibited speculative activity as and when prohibited by SBP from time to time.
- IV. EMIs desirous of offering cross-border e-money products/services shall follow instructions mentioned in para 13 of these Regulations.
- V. EMIs shall neither pay interest/returns to customers nor offer anything that adds to the monetary value of e-money, however, EMI may offer discounts etc. on goods and services provided such discounts are not linked to the amount or length of time e-money is held by the customer.

- VI. EMIs shall not issue e-money payment instruments at a discount i.e. issue e-money payment instruments that has a monetary value greater than the funds received from customers.
- VII. The existing PSOs/PSPs authorized under the Rules for PSOs/PSPs who intend to function as an EMI may upgrade their PSO/PSP authorizations to EMI license after fulfilling necessary conditions laid down in these Regulations.
- VIII. SBP may require the applicant to establish a separate subsidiary/entity for the purpose of EMI business.

8. LICENSING PROCEDURE

I. LICENSING STAGES

- a) Subject to the fulfilment of conditions mentioned above, SBP under Section 24 of PS&EFT Act, 2007, may grant EMI license in the following four stages:
 - i. **“Initiation Phase”** approval shall be granted to only those prospective entities that decides to follow the licensing procedure mentioned in Para 8.III(a)(i) of the Regulations.
 - ii. An **“In-Principle”** approval shall be granted to the applicant to operate as EMI which will contain conditions required to be fulfilled prior to the commencement of pilot operations.
 - iii. EMI shall be allowed to commence **“Pilot Operations”** (limited-scale real transactions), once they attain operational readiness, fulfil minimum capital and security deposit requirements and any other requirements as mentioned in In-Principle approval. SBP may also conduct off-site evaluations/onsite inspections of the EMIs at any stage of the licensing procedure.
 - iv. Licence to commence **“Commercial Operations/Go Live”** shall be granted subject to satisfactory completion of pilot operations and fulfilment of SBP’s all requirements. Further, SBP may at its discretion designate any licensed EMI as a designated payment system under PS&EFT Act, 2007.
- b) For each stage of licensing process, the applicant EMI shall ensure to submit the documents/information as per Annexure-A
- c) The application to obtain In-Principle approval shall be considered to be complete if it contains all the relevant information/documents required at the stage of In-Principle approval as per Annexure C and Annexure G of these Regulations.

II. CONDITIONS FOR LICENSING APPLICATION

The applicant company shall fulfil the following licensing requirements:

- a) The applicant company (public/private) shall be registered with SECP having its head office or registered office in Pakistan.

- b) The applicant shall have necessary financial resources, policies, procedures, systems & controls, IT systems etc. to effectively and efficiently discharge its responsibilities as an EMI.
- c) SBP reserves the right to reject any application without giving any reason thereof.
- d) Moreover, approvals granted by SBP as part of licensing of EMIs are based on the information/documentation submitted by applicant EMIs and a review of their application under Regulations for EMIs. At any stage, SBP approvals shall not be construed as an endorsement of an applicant EMI's proposed business model, financial viability, etc. by SBP. Accordingly, SBP shall not be responsible for any financial, legal and reputational loss to any entity or individual who has established a business relationship with prospective EMIs based on SBP's approval letter.
- e) At the time of application for "Initiation Phase" or "In Principle Approval", details of registration and related documents (i.e. Article and Memorandum) of parent/holding company shall be shared with SBP. No changes shall be made in shareholding or ownership/company structure without SBP's prior approval.
- f) SBP reserves the right to suspend/revoke the approval at any stage, if the applicant EMI fails to comply with the conditions of SBP Approval(s) in a timely manner.

III. APPLICATION SUBMISSION FOR LICENSE

- a) Entities desirous of applying for a license as an EMI may follow the following procedure:
 - i. Entities intending to initiate discussions prior to submission of formal application, may approach SBP by emailing at psdpolicy@sbp.org.pk. In this regard, EMIs shall have to fulfil the following criteria:
 - 1. The applicant entity shall fulfil all the application requirements as mentioned in Annexure "B".
 - 2. The applicant shall demonstrate the capability of fulfilling its obligations as an EMI as per the relevant Laws, Rules and Regulations including PS&EFT Act, 2007 and these Regulations prior to applying for the EMI license.
 - 3. The applicant shall demonstrate that they have necessary financial resources and technical skills to implement policies, procedures, systems & controls and IT systems to effectively and efficiently discharge their responsibilities as an EMI.
 - 4. After successful demonstration, SBP may issue time-bound NOC for **Permission to apply through Regulatory Approval System (RAS)**, having a validity of 60 days. In case of failure to comply with the SBP's requirements, the said application shall be cancelled.
 - ii. Further, the entity may directly submit the application for EMI license electronically through SBP's RAS for which the applicant entity shall comply with the instructions contained in PSP&OD Circular No. 02 of 2022 and as per the format attached at Annexure "C".
 - iii. In case of non-availability of RAS, the entity may send its application through surface mail, addressed to "The Director, Payment Systems Policy & Oversight Department, State Bank of Pakistan, 4th Floor, Main Building, I. I. Chundrigar Road, Karachi-74000

- b) SBP will decide on the fate of an application within sixty days for an In-Principle Approval subject to submission of all required information/documentation and fulfillment of all regulatory requirements in a satisfactory manner by applicant EMI. In case of an application being rejected by SBP, the applicant may apply again after one year of such rejection.

9. SUSPENSION AND REVOCATION OF EMI'S LICENSE

- I. SBP may revoke or suspend the license of an EMI if:
 - a) EMI is found to be involved in illegal or prohibited activities;
 - b) EMI fails to comply with conditions of the license; regulations, rules, guidelines, instructions, directions and circulars issued by SBP from time to time and/or any other applicable laws;
 - c) Any information provided by the EMI is found to be misreported to SBP;
 - d) EMI is not able to safeguard the customers' funds as mentioned in Para 16 of these Regulations;
 - e) EMI is not able to carry out its day to day operations safely and efficiently;
 - f) The provision of e-money issuance by the EMI endangers the stability of the payment systems of Pakistan;
 - g) Revocation or suspension is in public interest;
 - h) The EMI enters into insolvency proceedings;
 - i) Any other reason substantiating the need for suspension or revocation of license granted to EMI.
- II. Subject to Para 9 (I), before suspending or revoking the license granted under Para 8 of these Regulations and Section 24 of PS&EFT Act 2007, SBP shall give to the EMI notice in writing of its intention to do so, specifying the ground(s) upon which it proposes to suspend or revoke the license and shall require the EMI to submit to it within 30 days a written statement of objections to the suspension or revocation of the license.
- III. Upon consideration of the written statement of objections referred to in Para 9 (II), SBP shall give the EMI written notice of its decision to suspend, revoke or continue the business operations.
- IV. Notwithstanding Para 9-II, where the SBP is of the opinion that safety, soundness, reliability or efficiency of an EMI is or may be threatened, it may, without prior notice, suspend or revoke the permission of EMI.

10. GOVERNANCE ARRANGEMENTS

EMI shall ensure to implement an effective corporate governance framework that must include, but not limited to, clear organizational structure with well-defined, transparent and consistent lines of responsibility and control mechanism to ensure integrity of its e-money business. EMI shall follow the Code of Corporate Governance issued by SECP as far as the provisions thereof

do not conflict with any provisions of the PS&EFT Act, 2007 and other relevant regulations issued by SBP.

I. FIT AND PROPER TEST

- a) FPT will be applicable to sponsor shareholder(s), Directors, CEO and Key Executives of the prospective EMI. The fitness and propriety will be assessed as per the requirements mentioned at Annexure D-4.
- b) The Directors and CEO would require prior clearance from SBP before assuming their responsibilities. The compliance of FPT for Key Executives would be the responsibility of EMI and the relevant record shall be made available to SBP as and when required.
- c) As FPT is an ongoing process, any changes in the information pertaining to the individual's subject to FPT, shall immediately be submitted to PSP&OD. Any violations, misreporting, circumvention, concealment and delay in submission of information to SBP may result in withdrawal of SBP's approval/license or penal action or both under PS&EFT Act, 2007.
- d) Further, any major structural change in shareholding or any other material development which could impact future ownership/shareholding shall be subject to prior approval from SBP.
- e) The appointment, compensation package, promotion/demotion and renewal of the employment contracts of Key Executives shall be duly approved by the Board of Directors (BOD) of the EMI.
- f) EMI shall also develop and implement appropriate screening procedures to ensure high standards and integrity at the time of hiring all employees whether contractual or permanent. In case it is found at any stage or during the course of inspection by SBP that FPT guidelines have not been followed or the incumbent is not a fit and proper person, strict action shall be taken under the relevant provisions of PS&EFT Act, 2007. In addition, EMI may be directed to dispense with services of concerned officer if recruited afresh and in case of existing employee the same may be transferred from the post immediately.

II. RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND MANAGEMENT

- a) The BOD shall clearly define the authorities and key roles and responsibilities of both the directors and senior management.
- b) The BOD shall approve and monitor the objectives, strategies and the business plans of the EMI and shall oversee that the affairs of the institutions are performed prudently within the framework of applicable laws and regulations.
- c) Further, the BOD should focus on policy-making and general direction, oversight, supervision of the affairs and business of the EMI, however, the Board shall not play any role in the day-to-day operations of the EMIs.
- d) The BOD shall determine, review, approve and ensure implementation of internal policies including but not limited to risk management, internal control systems, audit, IT security, human resource etc. Moreover, the BOD shall also be responsible to review and update existing policies periodically and whenever circumstances warrant.

- e) A separate department for internal audit duly approved by the BOD shall be created.
- f) BOD can remove CEO with a prior notice of 2 months issued where the BOD, acting reasonably, are of the opinion that the CEO has acted fraudulently, negligently, or in material breach of the EMI's policies, procedures or his/her employment agreement. Acting CEO appointed pursuant to resignation/removal of the CEO is required to meet FPT criteria prescribed for CEO and the EMI shall duly submit FPT documents to SBP before assumption of the charge.
- g) In case of temporary vacation (not exceeding one month) of the office of CEO, EMI shall ensure to entrust charge of the office of CEO to such an officer who meets the FPT Criteria prescribed for Key Executives and whose FPT documents have already been submitted to SBP.
- h) Where office of any Director/CEO falls vacant, such position can only be filled with prior approval of SBP. However, any new appointment / placement of Key Executives other than Directors or CEO shall be intimated to SBP within seven days of appointment / placement.
- i) The business conditions and markets are ever changing and so are their requirements. The BOD, therefore, is required to ensure existence of an effective 'Management Information System' to remain fully informed of the activities, operating performance and financial condition of the institution, the environment in which it operates, the various risks it is exposed to and to evaluate performance of the Management at regular intervals.
- j) The BOD should meet frequently (preferably on monthly basis, but in any event, not less than once every quarter) and the individual directors of an institution should attend at least half of the meetings held in a financial year. The BOD should ensure that it receives sufficient information from Management on the agenda items well in advance of each meeting to enable it to effectively participate in and contribute to each meeting.
- k) EMIs shall submit certified copies of the minutes of meeting of their BOD and the General Meetings /Extra Ordinary General Meetings (AGMs/EOGMs), within twenty-one days of the date of the meeting to Payment Systems Policy & Oversight Department, State Bank of Pakistan, Karachi. In case there is any change in the approved minutes from the draft minutes submitted earlier, the EMI shall also submit certified copies of the minutes within ten days of the approval. Further, any change from the draft minutes must be separately highlighted to SBP.
- l) The BOD should ensure that it receives management letter from the external auditors without delay. It should also be ensured that appropriate action is taken in consultation with the Audit Committee of the BOD to deal with control or other weaknesses identified in the management letter.
- m) The BOD should carry out its responsibilities in such a way that the external auditors and supervisors can see and form judgment on the quality of BOD's work and its contributions through proper and detailed minutes of the deliberations held and decisions taken during the BOD meetings.
- n) To share the load of activities, the BOD may form specialized committees with well-defined objectives, authorities and tenure. These committees, comprising of at least one non-executive Board member, shall oversee areas like Audit, Risk

Management & Compliance (mandatory) and Human Resources (optional). The Chairman of the BOD shall not be member of the aforementioned committees. Further, the Audit Committee of the BOD shall invariably be chaired by an Independent Director. These committees of the BOD should not indulge in day-to-day affairs/operations.

- o) The EMIs during a calendar year may pay a reasonable and appropriate remuneration for attending the Board or its committee(s) meeting(s), to their non-executive directors and chairman. The scale of remuneration to be paid to the non-executive directors and chairman for attending the BOD and/or committee meetings shall be approved by the shareholders on a pre or post facto basis. The EMI should have BOD approved related party policy.
- p) The BOD shall collectively have adequate knowledge, expertise and skill-mix commensurate with the business model, overall size, complexity and risk profile of the EMIs. Further, the BOD should collectively have a reasonable understanding of local, regional and, if appropriate, global economic and market forces and of the legal and regulatory environment.
- q) The BOD shall comprise of at least 5 members including Chairman, Directors and Independent Directors. Moreover, out of the total board members at least one (01) shall be Independent Director and one (01) shall be a Woman Director.
- r) No member of the BOD of an EMI, holding 10% or more of paid-up capital either individually or in concert with family members shall be appointed in the EMI in any capacity except as CEO of the EMI. Further, maximum two members of the BOD of the EMI including its CEO can be the Executive Directors.
- s) The number of directors who are family members shall not exceed 25% of total board members.
- t) The BOD of EMI shall appoint a qualified and experienced person as Compliance Officer. The Compliance Officer shall report directly to the CEO and shall be responsible for effective compliance of all the relevant rules, regulations, laws and timely submission of required accurate data, returns and other information, as required by SBP from time to time.
- u) No Executive other than the CEO and Head of Internal Audit shall directly report to BOD and sub-committees of Board.

11. CAPITAL REQUIREMENTS

- I. An entity desirous of becoming an EMI is required to fulfill initial/startup capital requirement of PKR 200 million and the minimum ongoing capital to be maintained at all times shall be as follows:

Slabs	Average Daily Outstanding E-Money Balance (OEB)	On-Going Capital Required
1.	Up to PKR 4 Billion	PKR 200 million
2.	Between PKR 4 Billion and PKR 10 Billion	PKR 200 million plus 5% of Outstanding E-Money Balances (OEB) in excess of PKR 4 Billion

3.	Between PKR 10 Billion and PKR 20 Billion	PKR 500 Million plus 7.5% of Outstanding E-Money Balances (OEB) in excess of PKR 10 Billion
4.	Above PKR 20 Billion	PKR 1.25 Billion plus 10 % of Outstanding E-Money Balances (OEB) in excess of PKR 20 Billion *

*The EMI is required to inform SBP as soon as the OEB exceeds PKR 20 Billion.

- II. The items qualified for calculating initial as well as ongoing capital are given in Annexure “E”.
- III. EMIs shall 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 and five percent (5%) in the form of Government securities to be kept under lien at SBP BSC. In this regard, EMIs shall submit the undertaking as per the format attached at Annexure - H at the time of applying for In-Principle Approval. The EMIs, currently at any stage of SBP licensing shall within one month of issuance of these Regulations, submit their undertaking to PSP&OD, SBP.
- IV. Moreover, the SOPs for EMIs account opening and its maintenance with SBP BSC are attached at Annexure - I of these Regulations.

12. CUSTOMER DUE DILIGENCE

In order to provide the better user experience, EMIs shall make their customer on boarding process digital keeping in view the risk management and AML/CFT considerations. EMIs shall fulfill the following requirements while issuing e-money payment instruments:

- I. EMI shall ensure to collect at least the following customer information while issuing e-money payment instruments:
 - a) Name
 - b) Father/spouse’s name
 - c) CNIC, NICOP, POC, Passport, Alien Registration Card and POR Card for Afghan Refugees
 - d) Mobile Number
 - e) Residential Address
 - f) Any other two field information which is not present on CNIC such as place of birth, mother’s name etc.
 - g) Live original CNIC and live digital photo (where applicable).
- II. The EMI shall use at least Two-Factor Authentication for customer verification.
- III. EMI shall activate e-money payment instruments only after verification of customers’ particulars as mentioned in Para 12 (I & II) above as well as after pre-screening for designated and proscribed persons before initiation of customer relationships or allowing use of payment services.

- IV. EMI may allow their customers one credit/fund transfer transaction before verification of customers' credentials. In case, the customer's credentials are not verified then e-money payment instrument/account shall be closed and EMI shall file an STR accordingly.
- V. EMI shall conduct enhanced due diligence of those customers who are categorized as high risk as per AML/CFT regulations and risk based guidelines of SBP.
- VI. EMI shall take consent of customers on the terms and conditions of e-money payment instruments including the charges/fee associated with such instruments. The copy of terms and conditions shall also be made available to customers through various channels like email, website, brochures, mobile phones, IVR etc.
- VII. EMIs shall ensure that a CNIC holder can obtain/open only one e-money payment instrument with an EMI.
- VIII. EMI shall send transaction alerts in real time to their customers for all transactions.
- IX. EMI, during issuance of e-money payment instruments or during transaction processing, shall identify any suspicious activity and report such transactions to FMU in the form of STRs.
- X. EMIs shall ensure compliance of domestic and international sanctions obligations i.e. freezing of assets and non-provision of services to individuals/entities designated/proscribed by the UN Security Council or by the Government of Pakistan under the Anti-Terrorism Act, 1997.

13. CROSS BORDER E-MONEY PAYMENTS

- I. EMIs shall obtain prior approval from SBP for offering cross-border e-money products/services, including inter alia for inward remittances or payment through cards, involving outflow of foreign exchange. For this purpose, EMIs may approach Exchange Policy Department, SBP, through an Authorized Dealer, through which such products/services shall be offered/settled, along with the underlying proposal, after obtaining In-Principle approval from PSP&OD.
- II. While applying to SBP for approval for offering cross-border e-money products/services at any stage of licensing process, the EMIs through its Authorized Dealer shall submit business proposal, draft agreements, detailed terms and conditions and value proposition regarding arrangements of EMIs with Authorized Dealer.
- III. Inward Remittances (Received through Home Remittance/PRI Channel)
 - a. EMIs are allowed to disburse inward remittances in PKR to their wallet holders, mobilized by Authorized Dealers (under home remittance arrangement), through IBFT functionality or SBP operated systems via their Trust/Settlement Bank.

- b. EMIs shall approach the Authorized Dealer, through which such products/services shall be offered/settled, to request Exchange Policy Department, SBP for the permission to disburse inward remittances as prescribed in Para 13 (III)(a) above. This is subject to the condition that EMIs have all the necessary arrangements/resources and infrastructure in place to receive such funds in PKR.

14. E-MONEY PAYMENT INSTRUMENTS' LIMITS

The following e-money payment instrument limits shall be followed:

I. LIMITS DURING PILOT OPERATIONS

- a) The aggregate monthly load limit of an e-money payment instrument during pilot operations shall be PKR 50,000 on CNIC verification (NADRA VeriSys) and PKR 200,000 on biometric verification from NADRA. The transaction limits shall be treated separately for both payments and receipts on EMI instruments only.
- b) Cash withdrawal limit for e-money holders shall be PKR 10,000 per day subject to biometric verification or at least two-factor authentication.

II. LIMITS DURING COMMERCIAL OPERATIONS

- a) The aggregate monthly load limit of an e-money payment instrument shall be PKR 50,000 on CNIC verification (NADRA VeriSys) and PKR 400,000 on biometric verification from NADRA. The transaction limits shall be treated separately for both payments and receipts on EMI instruments only.
- b) Cash withdrawal limit for e-money holders that are verified through NADRA VeriSys shall be PKR 10,000 per day.
- c) For e-money holders verified through biometric verification from NADRA, EMIs shall define cash withdrawal limits keeping in view the risk profile of the respective e-money holder.
- d) Further, EMIs shall ensure that all cash withdrawals through ATMs are subject to 2FA and all cash outs through agents are subject to biometric verification or 2FA where BVS availability is a major challenge. In this regard, EMIs shall make necessary arrangements with PSOs/PSPs and Banks for facilitating their customers.

III. ENHANCED E-MONEY WALLETS

- a) EMIs, after obtaining license for commercial operations, may apply to PSP&OD for enhanced e-money wallet limits. In this regard, the EMIs shall be allowed to offer increased e-money instrument limits up to PKR 1,000,000 to individual customer's subject to fulfilment of the following additional controls:
 - i. Income Proof and Source of funds as prescribed under Annexure-J;
 - ii. CNIC/SIM Pairing of the device on which EMI instrument is opened;
 - iii. EMI should deploy TMS with multiple/robust scenarios to monitor the transactions such as one to many, many to one etc.
 - iv. Detailed customer risk profiling;

- v. Moreover, the function of the aforementioned verification of the controls mentioned in this para from point (i-iv) above shall not be outsourced.

IV. BASIC E-MONEY WALLETS FOR MINORS

- a) EMIs may offer e-money instruments to the minors subject to the following terms and conditions in addition to the requirements prescribed in these Regulations:
 - i. The minors e-money wallets shall be opened in link with parent/guardian's wallet through parent/guardian's wallet application only.
 - ii. The aggregate monthly load limit of these wallets shall be PKR 50,000 on CNIC verification (NADRA VeriSys)
 - iii. Cash withdrawal limit shall be PKR 10,000 daily.
 - iv. The Minor's e-money wallets shall be funded through parent/guardian's wallet only.
 - v. EMIs shall ensure that customer identification verification requirements are in line with Regulations for EMIs and SBP's AML/CFT/CPF regime especially for minors.
 - vi. EMIs shall ensure that parent/guardian shall submit a written/digital undertaking to accept any liability arising out of the action(s) of the minors.
 - vii. EMIs shall deploy the automated transaction monitoring system to proactively monitor the transactions for avoiding the ML/TF risks.
 - viii. EMIs shall set the limits for minor e-money instruments and transactional limits as stipulated in the Regulations. The enhanced limits as mentioned in Para 14.I, 14.II and 14.III above shall not be applicable on minor's e-money instruments.
 - ix. For record retention relating to minor e-money wallets, EMIs shall ensure that instructions as given in Para 24.II of these Regulations are complied with.

V. ENHANCED E-MONEY WALLETS FOR MINORS

- a) EMIs may offer enhanced e-money instruments to the minors working as freelancers subject to the following terms and conditions in addition to the requirements prescribed in these Regulations:
 - i. The minor e-money wallets shall be opened in link with parent/guardian's wallet through parent/guardian's wallet application only.
 - ii. The aggregate monthly load limit of these wallets shall be PKR 400,000 on biometric verification through NADRA.
 - iii. Cash withdrawal limit shall be PKR 10,000 daily.
 - iv. The minor's e-money wallets shall be funded through parent/guardian's wallet or through sources considered appropriate by EMIs. In this regard, the EMIs shall ensure that the source of income is properly verified.
 - v. EMIs shall ensure that customer identification verification requirements are in line with Regulations for EMIs and SBP's AML/CFT/CPF regime especially for minors.
 - vi. EMIs shall ensure that parent/guardian shall submit a written/digital undertaking to accept any liability arising out of the action(s) of the minors.
 - vii. EMIs shall deploy the automated transaction monitoring system to proactively monitor the transactions for avoiding the ML/TF risks.

- viii. EMIs shall set the limits for minor e-money instruments and transactional limits as stipulated in the Regulations. The enhanced limits as mentioned in Para 14.I, 14.II and 14.III above shall not be applicable on minor's e-money instruments.
- ix. For record retention relating to minor e-money wallets, EMIs shall ensure that instructions as given in Para 24.II of these Regulations are complied with.

VI. EXCLUSIONS IN WALLET LIMITS

- a) Fully licensed EMIs with proven track record of successful business operations and regulatory compliance may apply to SBP for exclusion of the following transactions from the e-money wallet limits for biometrically verified wallet holders except for minors:
 - i. Credit from employer for salaried persons against proof of employment through authorized financial institutions (i.e. employer's nominated bank account). In this regard, it shall be the responsibility of the EMI to ensure veracity of the employer;
 - ii. Inward remittances received through Authorized Dealers up to PKR 1,500,000;
 - iii. Utility Bill Payments.

15. ISSUANCE AND REDEMPTION OF E-MONEY PAYMENT INSTRUMENTS

- I. EMIs shall issue an e-money payment instrument without any delay at par value on receipt of funds.
- II. E-money payment instruments can be funded through:
 - a) Interbank Fund Transfer (IBFT) using any ADCs
 - b) Cash in at EMI branches/agent locations/ATMs/bank branches subject to biometric verification.
- III. EMIs shall redeem e-money payment instruments at par value at any time upon the request of e-money holder without any charges. Further, EMI shall ensure to conduct biometric verification of the e-money holder, in case of redemption of e-money in cash.

16. SAFEGUARDING CUSTOMERS' FUNDS

- I. EMI shall not co-mingle its company funds with the funds received from users/customers. For this purpose, EMI shall place the funds received in exchange for e-money payment instruments in a trust account with a licensed bank (Trustee) that at least has 'A' rating from a credit rating agency.
- II. EMIs shall be bound to follow any change regarding establishing alternate fund safeguarding mechanism as and when advised by SBP.
- III. EMIs shall not place more than 50% of e-money balances with one Trustee in case its outstanding e-money balance exceeds PKR 300 Million.
- IV. In case the rating of the trustee is downgraded, then it shall change the trustee within three months and inform SBP accordingly. Further, EMIs shall inform SBP in advance of any material change in funds safeguarding measures i.e. change of trustees etc.

- V. EMIs shall submit for SBP's information a copy of their trust account agreement with the trustees.
- VI. The nature of trust account to be maintained with trustee shall be determined by the EMI, however, EMIs shall not be allowed to pass on any associated cost of Trust Account maintenance to EMI customers.
- VII. EMIs are allowed to invest 75% of the last three months' daily average outstanding e-money balance in government securities with maturity up to one year. In this regard, EMIs shall calculate the average outstanding e-money balance from the date of commencement of pilot operations, on an ongoing basis. For example, if an EMI starts its Pilot operations on 1st July then the EMI after three months i.e. on the first day of October shall be able to invest 75% of average outstanding e-money balance during the period July-September.

17. USE OF AGENTS

- I. EMI intending to engage agents for providing payment services to EMI's customers shall solicit prior one-time approval in writing from SBP.
- II. EMI can use the existing Branchless Banking agent network.
- III. EMI shall develop a central policy on the Agent Network Management (ANM) duly approved by its Board. This policy, at the minimum, should contain agent on-boarding procedures, agent risk management, agent training and development, service level agreement, roles and responsibilities of agents, agent code of conduct, quality of service parameters, fraud prevention and supervision, agent liquidity management, consumer protection and complaint handling, penalty structure, agent monitoring and agent termination etc.
- IV. EMI shall ensure that agents acting on its behalf do not represent themselves as an EMI or an employee/staff of the EMI.
- V. In addition to other powers conferred on SBP, the SBP shall have powers to:
 - a) Advise EMI for such data or information as deemed appropriate.
 - b) Request for any information from any agent directly or through an EMI at any time as SBP may deem necessary.
 - c) Conduct inspection of the books and premises of the agent as and when deemed necessary.
 - d) Direct an EMI to instruct its agent(s) to take such action or desist from such conduct as SBP may deem necessary.
 - e) Direct an EMI to terminate agreement with agent(s);
 - f) Direct an EMI to take such action or measures against or on behalf of the agent as SBP may find appropriate.
 - g) Direct an EMI to take such remedial action arising from the conduct of an agent as it may deem fit.

- VI. EMI shall publish an updated list of all agents and locations on their websites for information of the general public. EMI shall assign transaction limits to agents on the basis of potential business volume to be generated by the agents and risk category of each agent.
- VII. EMI shall not issue e-money payment instruments through its agents.
- VIII. EMI shall sign SLA/ Agency Agreement with agents detailing the functions/activities to be performed by agent, roles, responsibilities and obligations of the EMI and its agents.
- IX. Fees/revenue sharing structure, responsibility for bearing up-front/ running costs of EMI operations shall be defined in the agreement.
- X. The agent(s) shall ensure secrecy of customer data/information and all transactions in accordance with all applicable laws, rules and regulations and safe-keeping of all relevant records, data and documents /files.

18. INTEROPERABILITY

- I. SBP will mandate interoperability of applicant EMIs with other EMIs, banks/MFBs, PSOs/PSPs at an appropriate time to be decided by SBP using a designated or its own payment gateway/scheme.
- II. SBP at its discretion may provide Raast membership and connectivity to those EMIs who have been granted go live/commercial launch approval to function as an EMI.
- III. For this purpose, EMIs shall have open systems enabling them to become interoperable with other payment systems in Pakistan as and when advised by SBP. However, EMIs are encouraged to enter into interoperability arrangements with other EMIs, banks/MFBs and PSOs/PSPs right from their inception.

19. OUTSOURCING OF FUNCTION(S) TO THE THIRD PARTY (IES)

- I. EMIs shall not outsource, outside Pakistan, any of its function(s) without prior written approval from SBP.
- II. EMIs intending to embrace cloud based services are advised to comply with BPRD's Circular No. 01 of 2023 dated January 16, 2023 regarding "Framework on Outsourcing to Cloud Service Providers".
- III. EMIs shall ensure that any outsourcing arrangement with third parties and group companies shall be at arm's length.
- IV. For the purpose of outsourcing, the EMI shall develop and enforce their board approved policies. For developing their outsourcing policies, EMIs, keeping in view the nature, size, complexity and organizational level risks, shall refer to the Framework for Outsourcing Risk Management issued by SBP from time to time in order to develop their policies.

- V. Outsourcing of any activity/process or systems shall not absolve the EMI from its primary responsibility of security, integrity and confidentiality of data/information.

20. COMPLAINT HANDLING MECHANISM

- I. As the EMIs shall be dealing with a large number of first time customers with low financial literacy level therefore, EMIs need to ensure that adequate measures for customer protection, awareness and dispute resolution are in place.
- II. EMIs shall have appropriate customer protection against risks of fraud, loss of privacy and even loss of service.
- III. EMI, shall have board approved dispute resolution mechanism to settle all disputes between EMI and e-money payment instrument holders.
- IV. EMI shall have a proper and separate complaint management mechanism for resolution of the customer complaints against the agent(s).
- V. EMIs shall have customer awareness programs that at a minimum should cover use of e-money payment instruments, protection against frauds and rights and obligations to use EMIs services etc.

21. SECURITY AND CONFIDENTIALITY

- I. For fidelity and secrecy, the EMI shall ensure that personal information of customers obtained during the course of operations is used, disclosed, retained and protected as committed or agreed.
- II. EMIs shall ensure the Security, Integrity, Confidentiality and Availability of data and services by adopting prevailing international standard(s) as well as those prescribed by SBP from time to time.
- III. EMIs are required to comply with the relevant Section(s) of PS&EFT Act, 2007 relating to Secrecy and Privacy of Information.
- IV. EMIs shall get their systems audited from SBP's approved Panel of Auditors before commencement of their pilot operations and thereafter on annual basis.
- V. All security breaches should immediately be reported to relevant stakeholders including PSP&OD, SBP and detailed report shall be submitted within fifteen days as per Annexure "F".

22. AML/CFT REQUIREMENTS

- I. EMI shall deploy the automated transaction monitoring system to proactively monitor the transactions for avoiding the ML/TF risks.
- II. EMI shall adopt risk based approach to mitigate the ML/TF activities. In this regard, EMI shall comply with all the AML/CFT Laws, Guidelines, regulations issued by SBP or any other authority from time to time.

- III. EMI shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms and the use of new or developing technologies for both new and pre-existing products. EMI shall conduct risk assessments prior to the launch or use of new products, practices and technologies; and take appropriate measures to manage and mitigate the risks.

23. RISK MANAGEMENT MECHANISM

- I. EMI must have overall risk management including enterprise risk management policies and procedures duly approved by the Board. Where applicable, EMI shall ensure compliance with SBP's Enterprise Technology Governance & Risk Management Framework for Financial Institutions as issued vide BPRD Circular No. 05 of 2017 dated May 30, 2017 and as amended from time to time.
- II. Senior management of the EMI shall ensure the implementation of the aforementioned framework at Para 23.I above and Board of Directors shall review the implementation status as per the frequency defined by the EMI itself.
- III. EMI must have approved policies and procedures for information, cyber and overall systems security as well as necessary internal controls in place. Further, they must take proactive measures to detect and prevent fraudulent transactions and unwanted intrusions.
- IV. EMI must have BCP and DRP in line with international best practice. BCP and DRP drills must be conducted half-yearly in first two years of commencement of pilot operations and quarterly thereafter and results of the drills be recorded in a formal report.

24. OVERSIGHT & SUPERVISION OF EMIS

I. REPORTING REQUIREMENTS FOR EMIS

- a) EMI shall submit the annual audited financial statements to SBP within three months of the financial year-end.
- b) EMIs shall submit Capital Returns to SBP on quarterly basis.
- c) EMIs shall calculate the ongoing capital after three months from the commencement of pilot operations. For calculating on-going capital, average daily outstanding e-money over the preceding three months shall be taken into account.
- d) EMI shall submit the following information as per the frequency set by SBP from time to time:
- i. The number of e-money payment instruments issued;
 - ii. The volume and value of e-money transactions;
 - iii. Balances maintained in Trust Accounts;
 - iv. Intimation about opening of trust accounts;
 - v. Incidents of fraud, theft and robbery including at its agents;

- vi. Service interruptions and information security and cyber incidences/breaches as per Annexure F on monthly basis. However, EMI are advised to report any major information security and cyber incidences/breaches within 48 hours to PSP&OD.
- e) Moreover, EMIs are also advised to instruct their trustee for submitting Trust Account information with SBP as and when required.
- f) The SBP may at any time request for any other information from EMI, any of its agents and its associated bank.

II. RECORD RETENTION

- a) EMIs shall maintain all necessary records for at least 10 years or as required by the relevant laws. However, for records of call center data and call recordings shall be retained for a period of one year. Further, these records may be required to maintain in a secure manner.
- b) EMIs shall keep all records obtained through CDD measures, business correspondence, and results of any analysis undertaken, following the termination of the business relationship as required by the relevant laws.
- c) EMIs shall ensure that transaction records should be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.
- d) EMI shall retain those records for longer period of time where transactions/customers/accounts involve litigation or it is required by court or other competent authority.

III. POWER TO CONDUCT ONSITE INSPECTION OF EMIS

- a) SBP itself or through its assigned auditor may conduct regular and special on-site inspections of EMIs. For the same, SBP or any of its assigned auditor, shall be provided full, timely and unrestricted access to systems (including those outsourced or hosted with third parties), documents, reports, records and officials of EMIs.
- b) In case EMI does not comply with any of the provisions of these Regulations, SBP may take any appropriate action under PS&EFT Act 2007, which may include invoking penal or any other regulatory action.

25. EXIT PLAN

- I. The EMIs shall submit their exit plan at the time of applying for an In-Principle approval which may include but not limited to the following:
 - a) The exit plan may cover a minimum time horizon of the business plan addressing different stress scenarios as well as EMI's likely responses.
 - b) The envisaged exit plan may include product portfolio exit, liquidation of the EMI or sale/transfer of shares to a third party. All such options shall be explored with adequate risk assessments.
 - c) The overall exit time estimates shall also be indicated in the plan.

- d) The exit plan shall also provide for adequate protection of customers and relevant stakeholders as well as responsible and effective communications with the concerned stakeholders.
 - e) The exit plan shall remain dynamic to reflect current circumstances and EMIs shall review and update the same regularly.
 - f) The EMIs shall establish alerts or thresholds, which may lead to an evaluation and decision of whether to put in place various contingency measures or to resort to invoking the exit strategy itself.
 - g) During the exit period, the EMI shall ensure full discharge of all its connected obligations and responsibilities to customers, SBP and other stakeholders.
 - h) The EMI should also submit the exit strategy for the outsourcing arrangements including the technology outsourcing
- II. The EMIs shall ensure to allocate sufficient funds within Pakistan for execution of their exit plans.
- III. The EMIs, currently at any stage of SBP licensing shall within two months of issuance of these Regulations, shall submit their exit plan to PSP&OD, SBP in light of the aforementioned Para 25 (I & II).

Annexure A

List of Documents to be provided by EMIs at different stages of Licensing

The EMIs shall submit to SBP the following documents depending on the stage of approval process. However, keeping in view type of business model, information technology and security platform, ownership structure etc. the SBP may ask for additional information from the applicant EMIs as and when required.

Licensing Stages	Details of Documents
Initiation Stage	Address of the EMI's Head office and Registered office
	The name(s) and contact detail(s) of the person(s) in-charge of dealing with the EMI application.
	Certified true copy of: <ol style="list-style-type: none"> Certificate of Incorporation with SECP Memorandum of Association (MoA) Articles of Association (AoA)
	Business Plan as per the format attached at Annexure G.
	Introduction to the Company including shareholder details
	Details of registration and related documents (i.e. Article and memorandum) of parent/holding company, Associated Companies, Subsidiaries and other related parties.
	List of sponsor shareholders, Directors and CEO. An up-to-date curriculum vitae and copy of CNICs/passports of Directors and CEO.
In-Principle Approval	Address of the EMI's Head office and Registered office
	The name(s) and contact detail(s) of the person(s) in-charge of dealing with the EMI application.
	Certified true copy of: <ol style="list-style-type: none"> Certificate of Incorporation with SECP Memorandum of Association (MoA) Articles of Association (AoA)
	Evidence of payment of non-refundable application processing fee i.e. Rupees Two Hundred Thousand (PKR. 200,000/-) deposited in SBP BSC Karachi Office.
	Business Plan as per the format attached at Annexure G.
	Description of the measures to be taken to safeguard the customers' funds in line with Regulations for EMIs. Also provide copy of the draft trust agreement with trustee(s). The trust agreement at minimum should cover the following: <ul style="list-style-type: none"> • Funds safeguarding arrangements as defined in Para 16 of the Regulations for EMIs • Investment policy/arrangements as permitted in the Regulations • Terms and conditions of the trust account(s) including ownership of trust funds • Roles, responsibilities and liabilities of trustee and EMI • Procedure for reconciliation of e-money and funds in trust account • Settlement procedure, where applicable etc.

	<p>Details of the internal control mechanisms established to comply with AML/CFT Regulations and Guidelines issued by SBP from time to time.</p> <p>Details about outsourcing arrangements by EMI and copy of draft agreements, where applicable.</p> <p>List of sponsor shareholders, FPT in the format as given in Annexure – D, D-1, D-3 and D-5. An up-to-date curriculum vitae and copy of CNICs/passports of all sponsor shareholders.</p> <p>FPT of Directors, CEOs and Key Executives in the format as given in Annexure – D-1, D-2, D-3 and D-5. An up-to-date curriculum vitae and copy of CNICs/passports of Directors and CEO.</p> <p>Details of registration and related documents (i.e. Article and memorandum) of parent/holding company, Associated Companies, Subsidiaries and other related parties.</p> <p>Audited financial statements of the company for the last three (3) years, where applicable.</p> <p>Technology Roadmap with detailed infrastructure implementation plan</p>
Approval for Pilot Operations	<p>Compliance status of the conditions mentioned in the In-Principle Approval Letter.</p> <p>Proof of Security Deposit in the manner as prescribed in Para 11 of the Regulations for EMIs.</p> <p>Proof of fulfilment of initial capital requirement in line with Regulations for EMIs: (i) An audited financial statement certifying the amount of capital of the EMI. (ii) Duly attested Form A, 3A and 29 issued by SCP reflecting the share capital of the EMI</p> <p>Final Trust Agreement with trustee(s).</p> <p>Policy on the Agent Network Management (ANM) duly approved by its Board, in case EMI intends to engage agents for providing payment services.</p> <p>Board approved Risk Management Framework that should contain mapping of the risks identified by the EMI including the type of risks and the procedures the applicant will put in place to assess and prevent such risks in relation to e-money businesses and payment services.</p> <p>Board approved Dispute Resolution Mechanism. It shall also include a description of the procedures to monitor, handle and follow up on security incidents and fraud-related customer complaints.</p> <p>Board approved Information Security Policy that shall include a detailed risk assessment of the e-money businesses, the security of the e-money and payment processes, description of IT systems and security of these systems etc.</p> <p>Business continuity arrangements that shall include the details about how the applicant will deal with significant continuity events and disruptions, such as the failure of key systems, the loss of key data, the inaccessibility of the premises etc. and the frequency with which the applicant intends to test the business continuity and disaster recovery plans.</p>
Final Approval	<p>Compliance status of the conditions mentioned in pilot operation’s approval letter.</p> <p>External Auditor’s Report on results of the pilot operations conducted by EMI with stakeholders including the gaps identified and corrective measures taken by the applicants.</p>

	Proof of fulfilment of initial capital requirement - An audited financial statement certifying the amount of capital of the EMI.
	Clearing and settlement arrangements by EMI.

Application Format for Initiation Phase

The Director
Payment Systems Policy & Oversight 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 program of operations setting out in particular the type of business for which the license is required >

List of Documents/information to be attached with application:

- a. Certified true copy of:
 1. Certificate of Incorporation with SECP,
 2. MOA
 3. AOA
- b. Business feasibility/plan as per the format attached at **Annexure- G**
- c. List of sponsor shareholders, Directors and CEO along with submission of following information:
 1. **In case of Individuals**
 - i. An up-to-date curriculum vitae,
 - ii. Duly verified copy of CNICs/passports,
 - iii. 3 recent passport size photos (not older than 3 months)
 - iv. Certified copies of income tax and wealth tax statements filed during the last three years
 - v. In cases where sponsors or sponsor directors are residents of countries where filing of wealth statement is not a requirement, two certificates of latest personal net worth and general reputation issued by a reputable chartered account/international bank(s); or Any other latest authenticated/ verifiable source of net worth (such as, bank statement(s) or bank guarantee etc.)
 2. **In case of Legal Entity**
 - i. Last three years audited financial statements, where applicable.
 - ii. In case audited financials are not available or insufficient, latest authenticated/ verifiable net-worth of the sponsor duly confirmed by a reputable Chartered Accountancy firm and two certificates of general reputation issued by international banks of repute; or
 - iii. Any other latest authenticated/ verifiable source of net worth (such as bank statement(s) or bank guarantee etc.)
- d. Details of list of Associated Companies, Subsidiaries and other related parties.
- e. SBP may request the applicant for any further information it requires for the purposes of considering the application.
- f. Address of the EMI's Head office and Registered office.

- g. The name(s) and contact detail(s) of the person(s) in-charge of dealing with the EMI application.

Yours faithfully,

()

President / Chief Executive Officer

Company Seal

Application Format for In-Principle Stage

The Director
Payment Systems Policy & Oversight 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 program of operations setting out in particular the type of business for which the license is required >

List of Documents/information to be attached with application:

- a. Certified true copy of:
 1. Certificate of Incorporation with SECP,
 2. MOA
 3. 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. Business feasibility/plan as per the format attached at **Annexure- G**
- d. Description of the measures to be taken to safeguard the customers' funds in line with these regulations. Also provide the copy of the trust agreement with trustee (s). The trust agreement at minimum should cover the following:
 1. Funds safeguarding arrangements as defined in Para 16 of the Regulations for EMIs
 2. Investment policy/plan/arrangements for trust account as permitted in the Regulations
 3. Terms and conditions of the trust account(s) including ownership of trust funds
 4. Roles, responsibilities and liabilities of trustee and EMI
 5. Procedure for reconciliation of e-money and funds in trust account Settlement procedure, where applicable etc.
 6. Signed by at least two signatories each from EMI and trust bank.
- e. Details of the internal control mechanisms established to comply with AML/CFT Regulations and Guidelines issued by SBP from time to time.
- f. Details about the use of agents and outsourcing arrangements, if any.
- g. List of sponsor shareholders, FPT in the format as given in Annexure – D, D-1, D-3 and D-5.
- h. Submission of following information of all sponsor shareholders, Directors and CEO:
 - 1. In case of Individuals**
 - i. An up-to-date curriculum vitae,
 - ii. Duly verified copy of CNICs/passports,
 - iii. 3 recent passport size photos (not older than 3 months)
 - iv. Certified copies of income tax and wealth tax statements filed during the last three years

- v. In cases where sponsors or sponsor directors are residents of countries where filing of wealth statement is not a requirement, two certificates of latest personal net worth and general reputation issued by a reputable chartered account/ international bank(s); or Any other latest authenticated/ verifiable source of net worth (such as, bank statement(s) or bank guarantee etc.)

2. In case of Legal Entity

- i. Last three years audited financial statements, where applicable.
 - ii. In case audited financials are not available or insufficient, latest authenticated/ verifiable net-worth of the sponsor duly confirmed by a reputable Chartered Accountancy firm and two certificates of general reputation issued by international banks of repute; or
 - iii. Any other latest authenticated/ verifiable source of net worth (such as bank statement(s) or bank guarantee etc.)
- i. FPT of Directors, CEOs and Key Executives in the format as given in Annexure – D-1, D-2, D-3 and D-5.
 - j. Additional FPT requirements for foreign nationals shall be communicated to applicant EMI on case to case basis.
 - k. Details of list of Associated Companies, Subsidiaries and other related parties.
 - l. SBP may request the applicant for any further information it requires for the purposes of considering the application.
 - m. Address of the EMI's Head office and Registered office.
 - n. The name(s) and contact detail(s) of the person(s) in-charge of dealing with the EMI application.

Yours faithfully,

()

President / Chief Executive Officer

Company Seal

Annexure D**Performa – Fitness and Proprietary of Sponsor Shareholders**

1. Full Name:		
2. Father's Name:		
3. Mother's Name:		
4. Spouse's Name:		
5. Date of Birth:		6. Place of Birth
7. Nationality (ies):		8. NTN:
9. CNIC:		
10. Passport Number:		
11. Recent Residential Address in Full:		
12. Permanent Residential Address in Full:		
13. Residential Telephone Number (s):		14. Mobile Number:
15. Email Address:		
16. If you have changed your name, state previous name and reasons for change:		
17. Academic Education		
Qualification	Name and Address of Degree Awarding Institution	Date of Completion
18. Professional Education		
Qualification	Name and Address of Institution/Professional Body	Date of Completion
19. Training (s), if any:		
20. Existing Employment:		
21. Present Designation:		22. Present Department:
23. Official Address:		
24. Telephone Number (s):		25. Email:
26. 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 Numbers
27. 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 shares held in EMI		Number of shares held as of
As a Sponsor Shareholder Own name In the name of the company In the name of family member Other than Sponsor Shareholder Own name In the name of the company In the name of family member		

(Signature of concerned official)

Annexure D-1

Questionnaire for Assessing Fit and Proper Test

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

S. No	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.	Are you a dual national? If yes, please specify nationality other than Pakistani.		
3.	Have you ever been associated with any illegal activity concerning banking business, deposit taking, financial dealing and other business?		
4.	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?		
5.	Have you ever contravened any of the requirements and standards of regulatory system or the equivalent standards or requirements of other regulatory authorities?		
6.	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.?		
7.	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?		
8.	Have you ever been debarred for being Chief Executive, Chairman, Director or Sponsor Shareholder of a company, especially financial institutions?		
9.	Have you ever been dismissed/ asked to resign/resigned in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
10.	Have you ever resigned from a professional or regulatory body in Pakistan or elsewhere in order to avoid legal or disciplinary action?		
11.	Have you ever been disqualified/ removed by regulators/Government bodies/ agencies?		
12.	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?		
13.	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?		
14.	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?		
15.	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?		
16.	Are you a director on the Board of Directors of any other Financial Institution(s) or EMI/PSO/PSP?		
17.	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?		
18.	Are you owning/controlling any Exchange Company or Corporate Entity?		
19.	Have you been or are you working as consultant or adviser of EMI/PSO/PSP or any related business in which you intend to become a director?		
20.	Are you employee of an EMI/PSO/PSP?		
21.	Are you employee of a company/entity/organization where sponsor shareholders of EMI have substantial interest?		
22.	Are you a member/office bearer of any political party or member of Senate/National/Provincial Assembly/Local Body?		
23.	Are you directly or indirectly associated with designated/proscribed entities and/or persons under United Nations Security Council Resolution or Anti-Terrorism Act 1997?		
24.	If independent director, have you enclosed declaration in this behalf?		
25.	Any other information that is relevant for the purpose of SBP and needs to be mentioned?		

Signature: -----

Name: -----

Position: -----

Date: -----

Annexure D-2

Performa – Fitness and Proprietary of Key Executives/Directors/CEOs

1. Position and grade held by the Executive:		
2. Date of assumption of current position (dd /mm/ yyyy):		
Full Name:		
Father's Name:		
Date of Birth	Place of Birth (City and Country):	
Nationality:	NTN:	
CNIC Number:	Email Address:	
Telephone Number (s):	Mobile Number (s):	
Academic Qualification:		
Qualification	Name and Address of Degree Awarding Institution	Date of Completion
Professional Qualification		
Qualification	Name and Address of Institution/Professional Body	Date of Completion
Training (s), if any:		
Previous Employment (s)- date wise:		
Designation:	Department:	
Official address:		
Telephone Number (s):		
Has he/she ever been convicted of any offence? Yes <input type="checkbox"/> No <input type="checkbox"/>		
If yes, mention the nature of offence and penalty imposed:		
Has he/she ever been censured or penalized by any financial regulator (local or foreign)?		
Yes <input type="checkbox"/> No <input type="checkbox"/>		
If yes, reasons for adverse findings and amount of penalty imposed:		
Has he/she ever been dismissed from employment? Yes <input type="checkbox"/> No <input type="checkbox"/>		
If yes, name of the employer and reasons for dismissal:		

Annexure D-3

State Bank of Pakistan
Payment Systems Policy & Oversight Department

**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 at Annexure D-1 and Annexure D-2 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)**

Assessment of Fitness and Propriety

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

I. Integrity, Honesty and Reputation

Sponsor Shareholders(s) of EMIs 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, Sponsor Shareholder or Key Executive of a company, firm or in similar capacity.

II. 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.

III. 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 Shareholder(s) has/have sufficient means to discharge his/her financial obligations, if any.

IV. Qualification & Experience This para shall apply separately for Directors, CEO and other Key Executives of EMIs as under:

a) BOD

- i. 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;
- ii. Minimum qualification for a person to be appointed as Director on the Board of Directors is graduation.

b) CEO

- i. 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;
- ii. Must possess expertise and skill set to undertake responsibilities of the position effectively and prudently;
- iii. Should have minimum qualification of graduation or equivalent, preferably relevant experience in information technology, banking, finance, economics, business administration, commerce or relevant fields.

V. Conflict of Interest

- a) The CEO will not be the Chairman of the Board of Directors of the same EMI.
- 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 EMI/PSO/PSP.
- d) EMIs shall not have as a director, President/CEO or key executive who is holding any public office (by whatever designation) or office of any political party, or is a member of Senate, National Assembly, Provincial Assembly or Local bodies.

VI. Others

- a) Not more than 50% directors of the same family are permitted to be on the Board of an EMI;
- 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 EMI.

DECLARATION BY THE PROPOSING EMI

(To be signed either by the President/Chief Executive Officer, Head of Human Resources or the Company Secretary of the incorporated EMI)

After in-depth self-assessment of Mr./Ms. _____ for the proposed position _____, I, _____ on behalf of (name of proposing ("the proposing EMI") declare that:

- a) The EMI has satisfied itself that citizenship of the proposed appointee has been verified from National Database and Registration Authority and has been submitted to State Bank of Pakistan along with the FPT documents.

OR

- In case the proposed appointee is a foreign national, the EMI has satisfied itself that the citizenship of the proposed appointee has been verified from the concerned embassy and has been submitted to State Bank of Pakistan along with FPT documents.
- b) The EMI confirms that the name of proposed appointee is not in the list(s) of designated/proscribed individuals and entities under United Nations Security Council Resolution or Anti-Terrorism Act 1997.
- c) The EMI confirms that the proposed appointee is not directly or indirectly associated with designated/proscribed entities and/or persons under United Nations Security Council Resolution or Anti-Terrorism Act 1997 and other applicable laws, rules and regulations.

<i>Dated</i>	<i>this day of</i>
<i>Name:</i>	<i>Signature:</i>
<i>Position/Designation:</i>	
<i>For and on behalf of (name of EMI):</i>	

Capital Resources

- I. Initial capital shall mean the following, namely:
- a) Paid-up share capital, including balance in share premium account
 - b) Reserves established out of distributable profit
 - c) Credit balance in the Profit & Loss account
 - d) Any other item as may be prescribed by SBP from time to time
- II. Ongoing Capital (own funds) shall include the items mentioned above plus the following:
- a) Non-redeemable preference shares and subordinated debt
 - b) Revaluation reserve arising on listed shares, government securities, and land / building valued by evaluators on the Pakistan Banks Association (PBA) approved panel, and supported by auditor certificate.
- III. Following items shall be deducted from the sum of items listed in para I and II above:
- a) Own shares held by the EMI
 - b) Lending to, and investment in debt or equity securities of, subsidiaries, associated companies, undertaking and as defined in the Companies Act, 2017 and as amended from time to time
 - c) Debit balance in profit and loss account
 - d) Deficit on revaluation of assets
 - e) Intangible assets excluding such software, as may be approved by SBP, and which are solely and exclusively being used by EMI for carrying out its principal operations

Provided that not less than 50% of the initial capital must be subscribed and paid up in cash.

Provided further that any share capital issued and paid up in form of consideration other than cash, such consideration must be in the following form and valued in accordance with methodology prescribed here under:

- i. Debt and equity securities: only listed equity securities are eligible and shall be valued for this purpose based on the value derived by sixty (60) trading days averaging of daily weighted average rate published in the Pakistan Stock Market quotation.
- ii. Government Securities of any description, shall be valued at a PKRV rate (Reuters) of a preceding quarter.
- iii. Land/Property on cost or based on valuation carried by the independent evaluators listed on the panel of evaluators maintained by PBA, and supported by auditor certificate.

Annexure F

**Incident Details of Information Security Breaches
(Suspected and/or Compromised) on Monthly Basis**

Sr. No.	Source of Discovery of Breach	Nature of Incident	Reasons for Incidents Occurred	Value of Maximum Exposure	Remarks, if any

Structure of Business Plan

Business Plan of EMIs shall at least cover the following components:

1. Strategic Plan

- Mission, vision and objectives of the EMI
- Market analysis:
 - Market overview, total size, and growth potential
 - Market trends and market segments
 - Positioning (what needs of the target segments will be met)
- Projected market share for the next 5 years
- Success factors (e.g., agent network, product design, shareholders' commitment, partnerships, technology and infrastructure)
- Analysis of strengths, weaknesses, opportunities and threats (SWOT analysis)

2. Operational Plan

- Step by step description of the e-money businesses and payment services to be offered by EMIs – the description shall include flow diagrams of payment type, payment transmission method, clearing and settlement mechanisms etc.
- Draft contracts including Non-Disclosure Agreement (NDA) with all parties involved in e-money and payment services etc. including copy of agreement with e-money users
- Details about the use of agents that shall include the terms of engagement, agents' selection policy, their monitoring procedures and IT systems/infrastructure that will be used by EMI's agents to perform their activities etc.
- Implementation roadmap (timelines)
- Marketing plan
- Details of ancillary services (if any)
- Description of outsourcing arrangements (if any)
- Governance, organizational structure and staffing (existing as well as for the next three years)
- Systems, controls, and risk management
- Comprehensive Complaint Resolution Mechanism (with defined turnaround time, rights, obligations and responsibilities of all concerned parties)

3. Financial Projections

- Initial capital, investment and capital injection plan, source of funds (Specify how the funding will be arranged)
- Funding Plan to comply with the regulatory capital requirements.
- Amounts proposed to be subscribed by each sponsor.
- Personal net worth of each sponsor, not being lesser than the amount to be subscribed by them personally.
- Basic assumptions (e.g. inflation rate, cost of funds, GDP growth etc.)
- Forecasted revenues, capital expenditures, operating expenses, profit/loss
- Key financial performance indicators like ROE: Return on Equity is net income as % of equity, ROA: Return on Assets is net income as % of assets, CAPEX ratio:

Capital expenditure (CAPEX) as % of gross revenue, OPEX ratio: Operating expenses (OPEX) as % of gross revenue.

- Projected financial statements.

Annexure H

Format of undertaking to be submitted by the Sponsors of EMI Applicant

(To be stamped as an Undertaking in accordance with the Stamp Law in force)

The Director
Payment Systems Policy & Oversight
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 “EMI applicant”) hereby execute this Undertaking in favor of the State Bank of Pakistan (hereinafter referred to as the “the Bank”).

Whereas the EMI is engaged in e-money business as defined in the Regulations for EMIs as amended from time to time, and whereas the EMI has made an application in writing to the Bank for grant of EMI license.

And whereas the EMI has made an application in writing to the Bank for EMI license and whereas the Bank has accepted EMI application provided the EMI shall execute an undertaking in its favour to be bound by the Regulations for EMIs as amended from time to time and also by such circulars, orders, notifications, instructions, press releases etc. as may be issued by the Bank in this behalf from time to time.

In consideration of the Bank having agreed to grant In-Principle Approval, the applicant EMI unconditionally and irrevocably undertakes and agrees as follows:

- EMI agrees to maintain the Capital requirements as per the requirements prescribed in the Regulations for EMIs as amended from time to time and any other instructions on the subject from time to time.
- EMI shall maintain at all times, at least ten percent (10%) of the required capital or any other amount prescribed by SBP from time to time. Five percent (5%) of the security deposit will be kept in a non-remunerative current account with the SBP Banking Service Corporation and five percent (5%) in the form of Government securities to be kept under lien at SBP BSC.
- The EMI agrees to reinvest the securities after maturity of the particular security in a timely manner.
- SBP shall have authority to debit the current account and SGLA as and when needed.
- The Pilot Operations would last for minimum 60 days and maximum 180 days and shall consist of limited scale live operations as prescribed by the Bank. EMI agrees

to demonstrate the scope of activities/transactions conducted during the Pilot Operations.

- EMI agrees to finalize the Trust agreement for safeguarding customers' funds as required under para 16 of the Regulations. The final agreement shall be submitted to the Bank before initiation of Pilot Operations.
- EMI undertakes to furnish such information/data as the Bank may desire in respect of its transactions and overall business operations during the Pilot run.
- EMI shall not be allowed to invest 75% of the last three months' daily average outstanding e-money balance during Pilot Operations in government securities.
- EMI agrees that any change in the governance structure shall be submitted to SBP in line with the Regulations of EMIs.
- EMI shall abide by and comply with the Regulations for EMIs as amended from time to time and also such circulars, orders, notifications, press releases, instructions etc. as may be issued by the Bank in this behalf (hereinafter collectively referred to as "The Regulations").
- The Bank shall have the right at all times to inspect and supervise all computer systems including software, telecommunication network and other equipment's both at the Primary Site and the Disaster Recovery Site. The EMI agrees to set right deficiencies pointed out by the Bank forthwith and take into consideration suggestions of the Bank.
- The EMI agrees that the liabilities, responsibilities / obligations, if any, arising during its Operations shall rest solely on the EMI applicant.
- The EMI agrees that the Bank reserves the right to revoke license/approval for In-Principle, Pilot Operations and commercial operations at its discretion for any reason whatsoever.
- SBP reserves the right to suspend/revoke the Approval at any stage, if the applicant EMI fails to comply with the conditions of SBP Approval(s) in a timely manner.
- License to commence commercial operations shall be granted subject to satisfactory completion of pilot operations and fulfilment of all SBP's requirements.
- Our signatory/ies, as under, have the requisite power of attorney / authority (copy enclosed), issued by the relevant and competent authority in our institution to execute such agreements binding our institution thereto.

Yours faithfully

()

Authorized Official
Company Seal

Two Witness (Name, CNIC and signature):

Date:

Place:

Annexure I

SOPs for Electronic Money Institutions (EMIs) for Account Opening and its Maintenance with SBP BSC

1. Accounting Opening Procedure

- 1.1 EMIs, after receiving In-Principle approval, will request SBP BSC Karachi Office electronically at KHI.DAU@sbp.org.pk and mtb.ko@sbp.org.pk under copy to PSP&OD at psdpolicy@sbp.org.pk for opening of Accounts (Current and SGLA) for maintaining Security Deposit as required under Regulations for EMIs.
- 1.2 SBP BSC Karachi Office will provide account opening forms to EMIs along with the list of required documents via email in a timely manner.
- 1.3 EMIs will fill the account opening forms for Current Account and SGLA and submit the same to SBP BSC Karachi Office along-with the following documents attested by company secretary:
 - a. Notarized CNIC copy of CEO/Acting CEO of EMI;
 - b. Account maintenance certificate;
 - c. Certified true copy of Certificate of Incorporation;
 - d. Copy of the Memorandum and Articles of Association duly certified by Chairman/ Secretary / BOD;
 - e. Certified true copy of Certificate of SECP that Company is entitled to commence business (In case of private limited company, this document is not required);
 - f. Certified true copy Form-29;
 - g. Certified copy of PSP&OD's In-Principle approval to operate as EMI;
 - h. Duly attested three specimen signature cards of the authorized officer(s) of EMI on Bank's specimen signature cards for any correspondence with the Bank;
 - i. Undertaking in Form BKG 121;
 - j. List of authorized signatories duly approved by their Board;
 - k. Indemnity form (for SGLA only);
 - l. Power of attorney for operation of SGLAs;
 - m. Any other document required by SBP BSC.
- 1.4 SBP BSC Karachi Office, after ensuring that required documents (as mentioned above) have been submitted by EMIs, signatures have been verified, will open SGLA and Current Account and inform respective EMIs through email under intimation/copy to PSP&OD. However, in case of SGLA, SBP BSC Karachi Office shall take approval before account opening from Domestic Market & Monetary Management Department (DMMD) as per existing process.
- 1.5 All debit transactions in SGLAs and current accounts shall only be allowed upon PSP&OD's written advice. However, payment of coupon/mark-up/profit accrued for investment in Government Securities will be directly credited in respective /EMI's bank account furnished during the account opening process.

2. Account Maintenance

2.1. Current Account

- 2.1.1 EMIs will send the Cheque/Pay Order/Demand Draft (five percent of required capital or as prescribed by PSP&OD SBP) to Chief Manager Karachi Office drawn in favor of their account maintained at SBP titled “SBP Banking Services Corporation, Karachi Office”.
- 2.1.2 EMIs will ensure that the Cheque/Pay Order/Demand Draft amount is five percent of the initial capital as per Clause 10 (III) of the Regulations for EMIs or any other amount as allowed by SBP in their In-Principle/pilot operations’ approval letter.
- 2.1.3 SBP BSC Karachi Office, after realization of payment instrument, will inform the concerned EMI through email under intimation/copy to PSP&OD.
- 2.1.4 EMIs shall provide proof of maintaining security deposit in their current account with SBP BSC Karachi Office in the manner as defined in the Regulations for EMIs to PSP&OD.

2.2. SGLA Account

- 2.2.1 EMIs through their bank will invest five percent of the required capital as per Clause 10 (III) of the Regulations for EMIs or any other amount as allowed by SBP in their In-Principle/pilot operations’ approval letter in Government Securities.
- 2.2.2 After execution of the requisite entries in SGLA maintained with SBP BSC regarding investment in Government Securities, SBP BSC will inform respective EMI through e-mail under intimation /copy to PSP&OD.
- 2.2.3 EMIs after investment will provide necessary investment details to PSP&OD, in writing on their letter head through email.
- 2.2.4 PSP&OD, at its end, will confirm that the applicant EMI has invested the required amount in Government securities.
- 2.2.5 Upon maturity of the investment in Government Securities, EMIs through their bank shall reinvest the security deposit in Government Securities to meet Security deposit requirement at all times as mentioned in the Regulations for EMIs under intimation to PSP&OD.

2.3. Reinvestment Procedure:

- 2.3.1 EMIs will finalize an investment deal through their respective bank(s) and send the request along with details of the new investment deal to SBP BSC through email under intimation/copy to PSP&OD, to make the requisite entries, well before the maturity of their existing investment.
- 2.3.2 EMIs and relevant banks being buyers and sellers of securities shall both send request letters mentioning settlement date to SBP BSC not later than 1:30 pm for deal execution.
- 2.3.3 EMIs shall issue settlement request to SBP BSC for reinvestment on maturity date of their investment.
- 2.3.4 SBP BSC will execute the entries on maturity date of investment so that the requirement of maintaining security deposit at all times under Regulations for EMIs shall be fulfilled.

- 2.3.5 Once the entries are executed, SBP BSC shall inform respective EMI through email under intimation/copy to PSP&OD at psdpolicy@sbp.org.pk.
- 2.3.6 SBP will take strict penal action under the PS&EFT Act and Regulations for EMIs in case of failure of an EMI to timely reinvest in government securities or in case of violation of the Regulations for EMIs.

3. Restrictions on Accounts

- 3.1 SGLA and current accounts should be opened in the specific category of “Electronic Money Institutions” keeping in view the request received from EMIs.
- 3.2 Cheque Books shall not be issued against these accounts.
- 3.2 As these accounts are being opened on the instructions of PSP&OD therefore any debit to these accounts shall be subject to PSP&OD’s prior approval.

Annexure J

Indicative List of Documents to Assess the Source of Income for EMI customers

Self-employed/ Non-Salaried / Unemployed Persons	Employed/ Salaried Persons
Source of Income/ Funds* (Any one of the following documents should suffice)	Source of Income/ Funds* (Any one of the following documents should suffice)
<ul style="list-style-type: none"> • Receipt of Payment against the Work, OR • Account Statement, OR • Particulars of Income/ Funds Providers (e.g. Family Members/ Guardian/ Stipends/ Social Benefits etc.), OR • Tax Statement/ Return/ Certificate, OR • Any other Document evidencing Source of Income 	<ul style="list-style-type: none"> • Latest Salary Slip, OR • Salary Certificate, OR • Payment Slips/ Record, OR • Account Statement, OR • Tax Statement/ Return/ Certificate, OR • For Retired Persons, an evidence of Terminal Benefits/ Pension Book etc., OR • Any other Document evidencing Source of Income
As an alternate to above, customer can provide the following as source of income/ funds:	
<ul style="list-style-type: none"> • Inheritance, OR • Agriculture income, OR • Investment in securities, bonds, shares, etc., OR • Investment in property, OR • Rental Income, OR • Interest income 	
