



Islamic Republic of Afghanistan

Da Afghanistan Bank

Payment Institutions Regulation

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Chapter 1: General Provisions

Chapter 2: Models, Application and Licensing

Chapter 3: Governance and General Administrative Structure

Chapter 4: Operations, Pricing Mechanism, Agents, and Interoperability, Processing and Settlement of Transactions

Chapter 5: Record Keeping and Reporting, Oversight and Audit, Security and confidentiality, Dispute Resolution, and Consumer Protection

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Chapter 1: General Provisions

Article 1: Basis

This Regulation on Payment Institutions (PIs) is pursuant to the authority granted to DAB by Articles 87, 88, 89, and 91 of the Da Afghanistan Bank law.

Article 2: Objectives

The purpose of this Regulation is to:

1. Register, issue license, regulate and supervise payment institutions;
2. Provide a clear guide on the conditions one must fulfill to be granted the designation status to operate as a payment institution in Afghanistan;
3. Facilitate the provision of services offered by PIs without compromising the safety and efficiency of the national payment systems;
4. Provide standards for consumer protection and risk management to be adhered to by all PIs; and
5. Provide the regulatory framework to create an enabling and competitive environment to cater cost efficient and prompt electronic payment services.

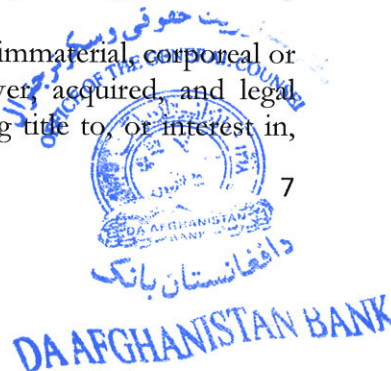
Article 3: Definitions

The terms used in this Regulation shall have the following meanings:

- (1) **Da Afghanistan Bank (DAB):** Means the Central Bank of Afghanistan.
- (2) **National e-Payment Switch:** is the entity which sets the interbank rules, practices and standards necessary for the functioning of the e-payment services across the country including the interoperability among all licensed financial institutions and payment institutions. It also, provide the rules and standards of the National Card scheme of the country including the technical and commercial arrangements.
- (3) **Afghanistan Payment System (APS):** is the National e-Payment Switch of Afghanistan.
- (4) **Financial Institution:** refers to any corporation that provides financial services and act as an intermediary.
- (5) **Acquiring Bank (or Acquirer):** is an entity that holds deposit accounts for card acceptors/merchants and to which the card acceptors/merchants transmit the data relating to the transaction. The acquirer is responsible for the collection of transaction information and settlement with the acceptor/issuer.
- (6) **Issuing Bank (or Issuer):** is an entity that provides payment instruments including debit, credit and prepaid card to customers.
- (7) **Payment Service Provider (PSP):** is a category of business which came into being as a result of the enactment of DAB that facilitates providing of e-payment services in the country, which includes the EMI and PI.
- (8) **Electronic Money Institution (EMI):** is a category of the PSP which is authorized to issue the e-money and provide e-wallet services to the customers.
- (9) **Payment Institution (PI):** is a category of PSP, which came into being as a result of the enactment of DAB that provides agent and acquiring payment services. The Payment Institutions are not allowed to issue e-Money for the customers.
Electronic Payment Services: is type of services that facilitates financial transactions through electronic means, i.e. ATM, POS, Online, Mobile, e-Wallet and etc.
- (10) **Acquiring Instrument:** is the hardware and software that facilitates the execution of the financial transaction for the customer.



- (11) **Payment Instrument:** is any kind of instrument, which can be used for execution of the transaction by the customer.
- (12) **Agent:** is any individual or corporation who is desired to take part in the acquiring services to the customer on behalf of the Payment Institutions upon an arrangement.
- (13) **Card Scheme:** is a payment network linked to the payment card, such as debit or credit cards of which any financial institution can be a member.
- (14) **Wallet Scheme:** is a payment network linked to the wallet and user can store e-money for any future e-transactions.
- (15) **National Card Scheme:** is a category of the card scheme, which is managed and implemented in Afghanistan.
- (16) **Afpay:** is the National Card scheme of Afghanistan which is owned by DAB and implemented by the National e-Payment Switch of the country, which includes the card scheme and wallet scheme.
- (17) **Initial Acceptance Certificate:** It is the certificate which will be issued by APS prior to applying of an applicant for the PI License. APS will assess the technical, business and operation procedures of the applicant to ensure that applicant's relevant IT systems (both hardware and software) have the capacity to integrate and interoperable with the National Switch.
- (18) **Account:** includes any facility or arrangement by which a financial institution accepts deposits of funds or monetary or negotiable instruments or permits withdrawals or transfers; pays the value of checks or payment orders drawn on a financial institution or another person; or collects checks and payment orders, bankers drafts, travelers checks, or electronic money on behalf of a person; or provides facilities or arrangements for the lease of safe deposit boxes or any other form of safe deposit.
- (19) **Board of directors (BOD):** refers to a group of individuals elected to represent shareholders.
- (20) **Customer:** in relation to a transaction or an account includes:
1. the person in whose name a transaction, business relationship, or account is arranged, opened or undertaken;
 2. a signatory to a transaction, business relationship, or account;
 3. any person to whom an account, or rights or obligations under a transaction has been assigned or transferred;
 4. any person who is authorized to conduct a transaction, or to control a business relationship or an account; or
 5. Such other persons as having ties to the account.
- (21) **Authorization:** is a process through which a merchant obtains permission from a customer's card issuing bank to accept the card for payment. Authorization involves assessing the card's transaction risk and, if approved, reserving the sales amount on the cardholder's account.
- (22) **Clearing:** the process of transmitting, reconciling and/or confirming funds or securities transfer instructions prior to Settlement and include the Netting of instructions and the establishment of final positions for Settlement.
- (23) **Settlement:** the act of discharging obligations by transferring funds or securities between two or more parties.
- (24) **Financial Market Infrastructure:** is a multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions.
- (25) **Funds or Property:** means assets of every kind, whether material or immaterial, corporeal or incorporeal, movable or immovable, tangible or intangible, however acquired, and legal documents or instruments, including electronic or digital, evidencing title to, or interest in,



such assets including but not limited to money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets.

- (26) **Proceeds of Crime:** means any funds or property derived from or obtained directly or indirectly through the commission of a predicate offence. This also includes income or benefits derived from such proceeds, proceeds obtained from the investment of such funds or the funds or property that have been transferred into other types of assets, whether partially or in whole.
- (27) **Transaction:** includes any act or agreement made in order to carry out any economic or business activities and the term also means the purchase, sale, distribution, transfer or investment and possession of any assets, which includes but is not limited to:
1. the opening of an account;
 2. any deposit, withdrawal, exchange or transfer of funds in Afghani or any other currency whether in cash or by cheques, payment order or other instrument or by electronic or other non-physical means;
 3. the use of a safety deposit box or any other form of safe deposit;
 4. entering into any fiduciary relationship;
 5. any payment made or received in satisfaction, in whole or in part, of any contractual or other legal obligation;
 6. establishing or creating a legal person or legal arrangement; and
 7. Such other transaction as may be designated by the DAB.

Chapter 2: Models, Application and Licensing

Article 4: Authorized Payment Institutions' Model

A Payment Institution(s), abbreviated as PI(s), is a category of Payment Service Providers (PSPs) which came into being as a result of the enactment of the Da Afghanistan Bank (DAB) that provides agent and the acquiring services. Services include ATM, POS/mPOS, mobile application, online payment gateway and any other payment channels that accept domestic and international card schemes and wallet Schemes. For this purpose, and for the purpose of providing interoperability, the PIs are required to integrate with the National e-Payment Switch of Afghanistan (Afghanistan Payments System 'APS') and make necessary arrangements with any financial institution to provide the agent and acquiring services.

Article 5: Eligible activities

For the purpose of this regulation, the following activities are authorized acquiring activities:

1. Acquiring services, including ATM, POS/mPOS, mobile application, online payment gateway and any other payment channels;
2. Agent services on behalf of banking and non-banking institutions; and
3. Any other relevant activities which is approved by DAB.

Article 6: Prohibited activities:

(1) For the purpose of this regulation, the following activities are prohibited:

1. Keeping fund of the customers;
2. Issuing of the payment cards;
3. Issuing of e-money; and
4. Any other relevant activities which is prohibited by DAB.



- (2) DAB may amend the mentioned limitations from time to time, at its sole discretion by official circular or by further amendments to this regulation.

Article 7 Application and Licensing Process

- (1) A payment institution can be an Independent and/or wholly owned subsidiary or entity of its parent company that may already be in operation inside or outside Afghanistan;
- (2) In case of subsidiary, a payment institution must conduct its operations separate and distinct from the business of its parent company, including a separate Board of Supervisors, Audit Function, Compliance Function, Independent Risk Framework, Board of Management and keeping separate books of account for its acquiring services division; In order to be a Payment Institution, a company registered with Ministry of Industry and Commerce, having license from DAB, whether already established or desiring to establish and operate as a PI, is required to obtain a license from DAB through an application in writing, as per the format presented by DAB along with the required documents and applicable fee mentioned therein and:

No entity shall, in Afghanistan, conduct the business of a Payment Institution except authorized as a payment institution from DAB. DAB may introduce the person or entity engaging in the business of a Payment Institution to the law enforcement authorities, if they operate without obtaining license from DAB.

1. The applicant shall make the application in the prescribed form and shall forward to the Da Afghanistan Bank together with the prescribed fee.
2. In considering an application for the licensing, the DAB may require to be satisfied as to the financial condition and history of the applicant, the character of its management, the adequacy of its capital structure and the convenience and needs of the area to be served and the public interest which will be served by granting of the licensing.
3. The DAB may, subject to the payment of the prescribed fee and to provision of the necessary documents listed under Article 8 of this regulation, grant license to the applicant.
4. The PIs must integrate with APS—The National e-Payment Switch of Afghanistan—for the purposes of providing acquiring services and interoperability to accept all the payment instruments of banking and non-banking institutions (card schemes and wallet schemes) and for this purpose obtain Initial Acceptance Certificate from APS.
5. Where license has been granted under this section, the DAB may add, vary, or substitute conditions attached thereto.
6. Within six months after the issuance of the license, the PIs is obliged to start its operation and provide services to the market.
7. A license issued under this section shall, unless earlier revoked, be valid for three years next following the date of issue: Provided that where an application for its renewal is made under this section, the license shall be deemed to continue in force until the application for renewal is determined.
8. A payment institution shall establish adequate operational arrangements for its acquiring services, which include the following:
 1. Rules and procedures setting out the rights and liabilities of the PI and the agent and the risks they may incur; and
 2. Measures to ensure safety, security and operational reliability of the service including contingency arrangements.



Article 8: Required Documents to Obtain PI License:

- (1) The shareholder of a PI as natural person and PI as a legal person must provide the following documents and information:
1. Business License from Ministry of Industry and Commerce.
 2. Shareholder's bio data, valid passport or national identity card and shareholding structure.
 3. Personal net worth/property documents.
 4. Proposed standard contract with:
 - a. Agent, and
 - b. System participants.
 5. Submit the set of policies stated in Article 19 (Ensuring Appropriate Policies and Procedures).
 6. Initial Acceptance Certificate from APS for the purposes of integration with APS—The National e-Payment Switch of Afghanistan and to provide acquiring services and interoperability to accept all the payment instruments of banking and non-banking institutions (card schemes and wallet schemes). In this regard, submit all required documents to the APS as per APS guideline to obtain Initial Acceptance Certificate.
 7. A Comprehensive business plan (for 3 Years), that should include but not limited to:
 - a. Description of the nature, scope of the business,
 - b. Fees and commission structures,
 - c. Financial strategy,
 - d. Marketing strategy,
 - e. Technical Strategy, and
 - f. Operational strategy.
 8. AOA (Article of association).
 9. Governance structure (including agents, & outsourcing arrangements).
 10. Agreement with APS.
 11. Risk management framework.
 12. Disaster recovery plan.
 13. Internal control mechanism.
 14. AML and CFT Obligation.
 15. Details of the internal audit function including structure, scope, audit charter, reporting lines and the frequency of reporting.
 16. Biography of the proposed Board of Supervisors/Directors.
 17. Biography of the proposed Board of Management.
 18. Educational degrees and professional certificates of the Board of Supervisors and Board of Management.
- (2) In case the shareholder is a legal person, the following documents should be submitted in addition to the above documents:
1. Business license from Ministry of Industry and Commerce of Afghanistan and its charter;
 2. Copies of national identity cards, biography of shareholders, and their shareholding structure;
 3. Audited financial statements of the previous three years;
 4. Biography of the Board of Supervisors/Directors;
 5. Biography of the Board of Management;



6. A three-year business plan; and
- (3) Any other information and documents if deemed necessary by DAB.

Article 9: Criteria for Assessing Suitability

- (1) After receipt of an application, the DAB may make a preliminary investigation on the genuineness of the documents submitted by the applicant and completion of the information provided;
- (2) The DAB shall either open a full procedure under sub article (1) of this Article or request the applicant to provide additional information. The DAB shall indicate to the applicant any deadlines to provide such information and the applicant will make all reasonable efforts to comply;
- (3) The DAB, if satisfied after the investigation under sub article (1 and 2) of this Article that the application is complete in all respects, shall open a main procedure to evaluate whether it conforms to the provisions of this Regulation or related measures issued or will be issued by the DAB;
- (4) The DAB shall respond within thirty (30) working days of submission of a complete application. Where the DAB considers that the application should be refused, it shall give the applicant a written notice to that effect stating the reasons for the refusal. However, no such application shall be refused unless the applicant is given opportunity of being heard.
- (5) Unless the application is refused, DAB may grant a license to a payment institution, provided the PI meets all the required terms and conditions mentioned in the Articles 7 and 8 of this regulation within sixty (60) working days.

Article 9: Approval of the Company and Product Name

- (1) An entity who makes an application to be a PI shall have a business license with an approved name by the Ministry of Industry and Commerce of Afghanistan.
- (2) An applicant shall not use the license issued under this regulation for any other purpose, unless the DAB grants the applicant a license.
- (3) An entity who makes an application for a new product or service shall apply to the DAB for approval of the name of the proposed product (or products) subject to any intellectual property rights that may be in existence.
- (4) An applicant shall function within the domain of activities that is permitted under this regulation.

Article 10: License Renewal

- (1) An authorization (license obtained) made under Article 7 (Application and Licensing Process) under this regulation, may be for three years and may be renewed each three years.
- (2) An application for the renewal of a license shall:
 1. Be made in the prescribed form and forwarded to DAB together with the prescribed fee;
 2. Be lodged with the DAB at least two months prior to the expiry of the license.
- (3) An application for renewal of a license shall be considered in accordance with the provisions of the Article 7 (Application and Licensing Process) under this regulation.

Article 11: Minimum capital requirement

- (1) PIs are subject to a minimum core capital requirement of AFN 5 million.



- (2) PIs will maintain at all times 10 percent of the minimum core capital requirement specified in sub article (1) of this Article as security deposit at DAB, in which half of the amount will be kept in a non-remunerative current account with DAB and the other half in the form of investment in the DAB's Capital Note to be kept under lien at DAB.
- (3) A PI shall at all times maintain minimum core capital specified in sub article (1) of this Article. The DAB may amend the minimum capital requirement from time to time.

Article 12: Revocation and Suspension

- (1) DAB may, by notice to a Payment Institution, suspend a license for such period as DAB may specify or revoke a license, if the license payment institution:
 1. Fails to meet relevant provisions of Da Afghanistan Bank Law.
 2. Fails to commence business within six months from the date the license was issued.
 3. Ceases or fails to continue operations.
 4. Obtains license on the premise of wrong, false, misleading information or conceals material information which, if known at any stage of revaluation and monitoring the granted license would be suspended.
 5. Applies to DAB for the revocation or suspension of the license where reasonable cause has been shown and where the rights of the third parties are not affected.
 6. Fails to comply with standards, guidelines, manuals and procedures of APS regarding interoperability.
 7. Fails to comply with provisions of this regulation.
 8. Becomes insolvent or is unable to effectively conduct its operations.
 9. Through its activities, the public trust is compromised.
 10. Engages in activities either restricted or not permitted under this Regulation.
 11. Is unable or fails to protect the confidentiality of data or information it collects.
 12. Without the consent of DAB, amalgamates with another entity or sells or otherwise transfers its business of a PI to another entity.
 13. Fails to pay a monetary penalty imposed by the DAB.
 14. Fails to comply with this Regulation and Counter Financing of Terrorism Act, and other relevant Regulations and Guidelines.
 15. Fails to manage its agents in a manner consistent with these Regulations.
 16. Fails to ensure that the trust account is managed in a manner consistent with this regulation.
 17. Fails to ensure that the trustees act in the interests of the beneficiaries. or
 18. Fails to produce books of accounts, records, documents, correspondence, statements or other specified information without any reason after fourteen working days' notice has been issued and has not given sufficient cause why the license should not be revoked.
 19. Engages in criminal activities, or that there are grounds to suspect that PI engages in criminal activities.
- (2) DAB shall, before revoking or suspending a license under sub article (1) of this article, give the PIs an opportunity to make representations to DAB on why the license should not be revoked or suspended.
- (3) DAB shall take into account the representations made by the PI under sub article (2), in its decision on the matter.



- (4) DAB may require the PIs to take such corrective measures as the DAB may specify and may impose such monetary penalty or other sanctions as DAB may decide.
- (5) DAB shall, upon revoking or suspending a license under this regulation:
 1. immediately inform the PI of the revocation or suspension; and
 2. Take over control of the business of the PIs to safeguard and facilitate distribution of the money in the Security deposit.
- (6) A PI shall, where its license has been revoked or suspended:
 1. hand over the entire database, electronic records in a readable format and other relevant information to DAB;
 2. within seven days from the date of service of the notice of revocation, surrender the license to DAB; and
 3. Cease immediately from carrying out of all related domain of activities which is granted under this regulation.
- (7) Where the DAB has revoked or suspended a license of a PI, DAB shall:
 1. Notify the public of the revocation or suspension in at least two newspapers or TV channels of wide circulation; cease immediately, any further dealings of the PI with other entities for the purposes of this Regulation.
 2. Where the DAB has revoked or suspended a license of a PI, DAB may distribute the balances held in the security deposit of the revoked PI at the time of revocation.

Chapter 3: Governance and General Administrative Structure

Article 13: Governance Structure

- (1) Each PI shall have the following governance structure:
 1. General Meeting of Shareholders;
 2. Board of Supervisors;
 3. Audit Committee; and
 4. Board of Management.

Article 14: General Meeting of Shareholders

- (1) The General Meeting of Shareholders of a PI shall have the following duties and powers:
 1. To adopt amendments to the charter of the PI;
 2. To adopt the by-laws of the PI and amendments thereto, provided that the General Meeting of Shareholders may delegate authority to the Board of Supervisors to perform these functions, and may require that any adoption, amendment or repeal of a bylaw be subject to approval of the General Meeting of Shareholders;
 3. To appoint and to dismiss the members of the Board of Supervisors and determine remuneration of its members;
 4. To adopt increases in the authorized capital of the PI and to determine the terms and conditions on which shares of the PI may be issued;
 5. To approve the annual reports and financial statements of the PI, upon the recommendation of the Board of Supervisors of the PI;
 6. To decide on the sale, merger, amalgamation, dissolution and closure of the PI;
 7. To appoint PI's external audit firm which is authorized by DAB, taking into account the recommendation of the Board of Supervisors; and
 8. To establish and dissolve PI's and its agent.



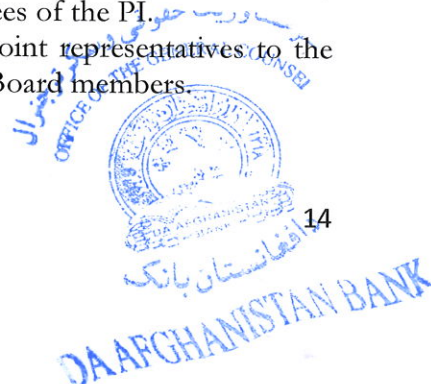
- (2) Shareholders shall have voting rights corresponding to their holding of shares of capital stock of the PI. Each shareholder may exercise his or her voting rights at the General Meeting of Shareholders personally or through official agent which is introduced in writing.
- (3) At least one regular session of the General Meeting of Shareholders shall be held each year after the completion of the external audit of the balance sheet and financial statements of the PI for the preceding financial year, no later than 3 months after the end of that financial year.
- (4) Extraordinary sessions of the General Meeting of Shareholders may be convened at the request of the Board of Supervisors, the Board of Management, a shareholder or shareholders individually or together holding 20 percent or more of total voting rights, or DAB.
- (5) Written notice of the date, place and time of each session of the General Meeting of Shareholders, together with the agenda for that session, shall be sent to the shareholders at least one month in advance. In urgent cases such notice may be given seven days in advance. However, no decisions shall be made on issues that are not on the agenda. In case of urgent matters, notice can be sent by electronic mode and voting can also take place through electronic mode. However, in the subsequent session of the General Meeting of Shareholders the decisions taken by electronic mode should be confirmed.
- (6) Decisions of the General Meeting of Shareholders should be written and signed by shareholders and secretary only. However, in case of urgent matters voting can take place through postal ballot or electronic mode.
- (7) Shareholders should ensure that effective and appropriate secretarial functions exist.

Article 15: Board of Supervisor's Structure

- (1) The Board of Supervisors should define appropriate governance structures and practices for its own work, and put in place the means for such practices to be followed and periodically reviewed for ongoing effectiveness.
- (2) The Board of Supervisors should structure itself in terms of leadership, size and the use of committees so as to effectively carry out its oversight role and other responsibilities. This includes ensuring that the Board has the time and means to cover all necessary subjects in sufficient depth and have a robust discussion of issues.
- (3) The chair of the Board of Supervisors plays a crucial role in the proper functioning of the Board of Supervisors. The chair provides leadership to the board and is responsible for its effective overall functioning, including maintaining a relationship of trust with board members. The chair should possess the requisite experience, competencies and personal qualities in order to fulfill these responsibilities. The chair should ensure that board decisions are taken on a sound and well-informed basis. The chair should encourage and promote critical discussion and ensure that dissenting views can be freely expressed and discussed within the decision-making process. The chair should dedicate sufficient time to the exercise of his or her responsibilities.
- (4) To promote checks and balances, the chair of the Board of Supervisors should be an independent or non-executive board member.

Article 16: Board of Supervisors' Appointment and Composition.

- (1) Board of Supervisors is elected by the General Meeting of Shareholders of the PI, and majority of its members shall not be shareholders, management or employees of the PI.
- (2) Shareholders, whether legal entities or natural persons, may appoint representatives to the Board but these representatives shall not constitute a majority of Board members.



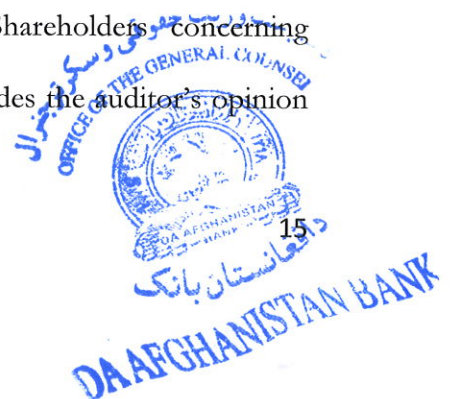
- (3) The Board of Supervisors consists of minimum of three and maximum of nine members, elected by the General Meeting of Shareholders for the period of four years and they can be reappointed Board of Supervisors elects one of its members as the chairman.
- (4) At least two-third members along with chairman of Board of Supervisors should be independent members. PI shareholders, their representatives and close relatives cannot constitute majority of the Board of Supervisors.
- (5) If a seat of Board of Supervisors becomes vacant, the remaining members should fill the vacant position by designating a temporary member until the next General Meeting of Shareholders of shareholders.

Article 17: Qualification of Board of Supervisors

- (1) A person shall be eligible to serve as a member of the Board of Supervisors of a PI if:
 1. He/she is a Fit and Proper Person and meets conditions stipulated under Article 9 of Fit and Proper Regulation.
 2. He/she is not a public (government) employee other than in a teaching capacity.
- (2) In addition to above requirements, every member of Board of Supervisors of a PI must have a suitable professional background via previous work in business, accounting, law, academia or supervision of financial institutions. At least one member of the Board of Supervisors shall have experience in payment institution, payment systems, accounting or financial management in order to facilitate that person's membership on the Audit Committee;
- (3) Other requirements and details of the qualification of Board of Supervisors will be provided through circulars of DAB from time to time.

Article 18: Board of Supervisors' Role and Responsibilities

- (1) The Board of Supervisors of a PI shall have the following duties and powers:
 1. Convene each session of the General Meeting of Shareholders and adopt the agenda for each session;
 2. Approve the PI's organizational structure;
 3. Make decisions regarding the establishment and dissolving of agents of the PI;
 4. Appoint, dismiss and determine the remuneration of the members of Board of Management of the PI;
 5. Oversee the performance of the PI's Board of Management;
 6. Approve the PI's business strategy and annual budget;
 7. Approve policies for the conduct of operation performance, including the PI's risk management policy, dealing with conflict of interest and issuance of guidance to Board of Management for implementation of those policies;
 8. Ensure the establishment, functionality, appropriateness, adherence of DAB law(s) and regulations and adequacy of internal controls and risk management for the PI;
 9. Ensure the integrity of the PI's financial reporting, including financial reporting to DAB;
 10. Ensure that appropriate Internal Audit function is established;
 11. Make recommendations to the General Meeting of Shareholders on matters requiring shareholder approval;
 12. Make recommendations to the General Meeting of Shareholders concerning appointment of the external audit firm for the PI;
 13. Ensure execution of PI's annual external audit, which includes the auditor's opinion of the truth and accuracy of the PI's financial statements;



14. Immediately inform DAB in writing, or require the Board of Management to do so, of any deterioration in the financial situation of the PI, or danger of such deterioration, and any other facts that may materially affect the financial situation of the PI.
 15. Ensure implementations of directives and instructions of DAB;
 16. Decide on other matters placed in the competence of the Board of Supervisors by the PI's charter or by-laws.
 17. The chairperson of Board of Supervisors is responsible to introduce members of Board of Management to DAB for approval in no more than three months after the positions becomes vacant.
- (2) The Board of Supervisors is ultimately responsible, and is accountable to all stakeholders (including the General Meeting of Shareholders, other stakeholders, and DAB) for the conduct of the PI's affairs and condition. In meeting its overall commitment to the PI's General Meeting of Shareholders, stakeholders, and community, the Board of Supervisors must:
1. Ensure competent management;
 2. Ensure that appropriate plans and policies are in place;
 3. Monitor operations, ensure adequate internal controls and compliance with laws, regulations and decisions;
 4. Oversee financial performance of the PI; and
 5. Prevent Conflicts of Interest.

Article 19: Ensuring Appropriate Policies and Procedures

- (1) The Board of Supervisors must adopt and approve written policies and procedures that direct management on all significant PI activities and the management of risk, including what PI and payment systems practices and levels and types of risk are acceptable. Each PI should have additional written guidelines and policies as listed below:
1. Code of Ethics Guideline;
 2. Compliance Policy;
 3. Risk Management Policy;
 4. Conflicts of Interest Policy;
 5. Operation Policy;
 6. Procurement Policy;
 7. Human Resources Policy;
 8. Corporate Governance Guideline;
 9. Internal Audit Guideline;
 10. Information Technology Policy;
 11. Accounting, reporting and finance Policy;
 12. Liquidity Management Policy.
- (2) The policies should establish clear standards and responsiveness to changing business conditions. Associated procedures should detail how the policies will be implemented and include steps for getting appropriate approval of Board of Supervisors for exceptions.

Article 20: Meetings of Board of Supervisors

- (1) Board of Supervisors shall meet regularly, at least once a month. Special meetings may be held as necessary. A special meeting shall be called if:

1. The PI's financial situation deteriorates;



2. It is requested by the Audit Committee or external auditor of the PI; or
3. It is instructed by DAB.
- (2) Board of Supervisors may hold its meetings online (web conference); however, at least one meeting should be held face-to-face in a quarter;
- (3) The quorum of Board of Supervisors completes by presence of its two-third members.
- (4) Any member of Board of Supervisors who fails to attend three consecutive meetings or five meetings in a calendar year without an acceptable excuse, will lose his or her membership.
- (5) The Board of Supervisors should maintain appropriate records (e.g. meeting's minutes or summaries of matters reviewed, recommendations made, decisions taken and dissenting opinions) of its deliberations and decisions.
- (6) The Board of Supervisors shall designate an employee of the PI who is not a member of the Board of Supervisors as secretary. Minutes of each meeting of the Board of Supervisors shall be signed by members of Board of Supervisors, its chairman and secretary.

Article 21: Relationships between Shareholders and Board of Supervisors

- (1) Member of Board of Supervisors shall be appointed by the General Meeting of Shareholders or in any extraordinary meeting of the General Meeting of Shareholders.
- (2) The General Meeting of Shareholders shall be chaired by the chairperson of the Board of Supervisors. The chair is responsible for the proper conduct of business at such meetings so as to facilitate discussion during those meetings.

Article 22: Board of Supervisors' Relevant Committees

- (1) A number of specialized board committees may be established by the Board of Supervisors. The full board should establish and authorize board committees. A number of factors shall be considered while establishing the number and nature of committees such as size of the PI and its board, business nature, and risk profile of the PI.
- (2) PIs should establish a separate charter or other document that must establish different committees mandate, scope of work- and work-related procedures. At least it should address the reporting mechanism to the full Board, duties and responsibilities of the members of the committee and duration of services at the committee as a member. Board of Supervisors should set the mechanism for the rotation of the members and chairperson of the committee.

Article 23: Audit Committee

- (1) Audit Committee could be established as a separate committee from the Board of Supervisors or as its subcommittee with essential expertise serving independently.
- (2) PI's Board of Supervisors should obtain DAB approval before Audit Committee's establishment and subsequently it may create Audit Committee from its majority independent members or such other eligible persons who are composed of odd numbers.
- (3) Audit Committee may not have less than 3 and more than 9 members and at least one member of the committee should have knowledge and skill of PI, payment systems, accounting or financial management.
- (4) In case the Audit Committee is separate from Board of Supervisors, before a PI appoints a person to serve on its Audit Committee, the PI must propose the issue to DAB as well as submit documents necessary as per DAB relevant guidelines, during an application for a PI license and/or during subsequent reappointment, and shall obtain DAB's authorization.
- (5) The Board of Supervisors of PI must nominate chairman and members of the Audit Committee to DAB for approval.



- (6) None of the members of the Audit Committee may be members of the Management Board or employees of the PI or an enterprise in the same group as the PI.
- (7) The Audit Committee of a PI shall:
 1. Review the annual financial statements of the PI before the statements are approved by the Board of Supervisors;
 2. Review such other financial reports of the PI as the Audit Committee deems necessary;
 3. Review and evaluate the PI's policies regarding internal controls, and make recommendations to the Board of Supervisors regarding their approval;
 4. Oversee the implementation and maintenance of the PI's internal controls by the PI's Board of Management;
 5. Periodically review the effectiveness of the PI's internal controls with the head of the PI's internal audit function and Board of Management;
 6. Periodically evaluate the effectiveness of the PI's internal control systems report, its findings to the Board of Supervisors, and recommend any changes it deems necessary;
 7. Recommend to the Board of Supervisors an audit firm to conduct the PI's external audit;
 8. Meet with the PI's external auditors to discuss the annual audit of the PI's financial statements; and
 9. Perform other tasks, related or incidental to the above, as determined by the Board of Supervisors.
- (8) Audit Committee must convene at least once every three months. Audit committee quorum completes by presence of two-third of all members and, valid decisions are taken by majority of present members. Members cannot abstain from voting except in case of Conflict of Interest.
- (9) Audit Committee can request Board of Supervisors meeting only to consider any matter of disquiet to the committee.
- (10) Audit Committee can hire its legal specialists and auditors related to its field.
- (11) In addition, Audit Committee should:
 1. Supervise the work of internal auditors and oversee their relationship with external auditors;
 2. Ensure independence, objectivity and qualifications of internal and external auditors;
 3. Review periodically the remuneration and performance of the external auditors and ensure a periodic change of senior audit partner;

Article 24: Risk Management Committee

- (1) The Board of Supervisors of each PI shall establish a risk management committee, the majority of which shall consist of independent members of the Board of Supervisors. At least one member of the risk management committee shall have expertise in risk management and PIs.
- (2) The Risk Management Committee commonly focuses on:
 1. Operational and Systemic Risk
 2. Market Risk
 3. Liquidity Risk
 4. Any other risk specific to the PI business
- (3) The Risk Management Committee assists the Board of Supervisors in developing, approving, and monitoring the implementation of the PI's risk management policies. In particular, the Committee shall:



1. Review and evaluate the PI's proposed policies, strategies, limits and procedures for risk management, and make recommendations to the Board of Supervisors regarding their approval;
2. Ensure that PI's risk management policies, strategies and limits are appropriate for the PI's business strategy as approved by the Board of Supervisors;
3. Assist the Board of Supervisors to ensure that the PI's risk management program is conducted in accordance with the policies, strategies and limits approved by the Board of Supervisors and with relevant laws and regulations of DAB;
4. Monitor the implementation of those policies, strategies and limits through receipt of reports from senior management and/or the PI's risk management function;
5. Submit reports to Board of Supervisors on the effectiveness of the PI's risk management process;
6. Periodically review the PI's risk management policies, strategies and limits, and recommend to the Board of Supervisors any changes that the Committee deems necessary; and
7. Perform other tasks assigned to it by the Board of Supervisors relative to the PI's risk management program.
8. The Board of Supervisors of a PI may assign some or all of the functions referred to in this Article to the Audit Committee.

Article 25: Risk Management Unit

- (1) PIs should have an effective independent risk management function, under the direction of a Head of Risk, with sufficient stature, resources and access to the Board of Supervisors.
- (2) The risk management function should be sufficiently independent of the business units and should not be involved in revenue generation.
- (3) The risk management function should have a sufficient number of employees who possess the requisite experience and qualifications, including market and product knowledge as well as command of risk disciplines. Staff should have access to regular training.
- (4) The Head of Risk should report and have direct access to the Board of Supervisors or its risk committee without impediment.
- (5) Risks should be identified, monitored and controlled on an ongoing PI-wide and individual entity basis.
- (6) Risk identification and measurement should include both quantitative and qualitative elements. Risk measurements should also include qualitative, PI-wide views of risk relative to the PI's external operating environment. PIs should also consider and evaluate harder-to-quantify risks, such as reputation risk.
- (7) Risk reporting systems should be dynamic, comprehensive and accurate, and should draw on a range of underlying assumptions.
- (8) All PIs must have approved Enterprise Risk Management framework and policies and procedures to be implemented accordingly.
- (9) All PIs must have a strong monitoring mechanism in place for their merchants and agents.
- (10) All PIs must have approved policies and procedures for information and system security as well as necessary internal controls in place. Further, they must take proactive measures to detect and prevent fraudulent transactions and unwanted intrusions.
- (11) All PIs must have Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) in line with international best practice or adopted standard duly approved by its BOD.



- (12) BCP and DRP drills must be conducted half yearly and results should be recorded in a formal report.
- (13) The abovementioned documents are required to be submitted to Da Afghanistan and will be subject to review through on-site examinations.

Article 26: Exception to Establishing Committees

- (1) In case, Board of Supervisors of a PI is composed of five members or more and performs all tasks of risk management and audit committees, creation of separate Audit Committee and Risk Management Committee is not compulsory.
- (2) PIs must seek DAB's approval for creation of such sub-committee when Board of Supervisors performs all tasks of Risk Management and Audit Committee.

Article 27: Establishment of Other Committees

- (1) The Board of Supervisors may establish other committees as it deems appropriate including Consumer Protection Committee. Minutes of each meeting of each committee of the Board of Supervisors shall be kept and shall be signed by the person chairing the meeting.

Article 28: General Principles – Board of Management

- (1) Under the direction and oversight of the Board of Supervisors, the Board of Management shall carry out and manage the PI's activities in a manner consistent with the business strategy, risk appetite, and other policies approved by the Board of Supervisors.
- (2) Board of Management shall consist of a core group of individuals responsible and accountable to the Board of Supervisors for the sound and prudent day-to-day management of the PI.
- (3) The organization, procedures and decision-making of Board of Management should be clear and transparent and designed to promote effective management of the PI. This includes clarity on the role, authority and responsibility of the various positions within Board of Management, including that of the CEO.

Article 29: Appointment and Membership – Board of Management

- (1) The Board of Management of a PI consists of at least five members, and shall include:
 1. Chief Executive Officer,
 2. Deputy Chief Executive Officer (Optional);
 3. Head of Operations,
 4. Head of Finance, and
 5. Head of IT.
- (2) Such other officials as may be specified in the PIs charter or by-laws or deemed appropriate by the Board of Supervisors.
- (3) Before a PI's appoints a person to serve on its Board of Management, the PI must propose the issue to Da Afghanistan PI's as well as submit required documents specified by DAB, during an application for a PI license or during subsequent appointments, and shall obtain Da Afghanistan PI's approval.
- (4) Members of the Board of Management of a PI are eligible to serve for four consecutive years and shall be eligible for reappointment.
- (5) Members of Board of Management shall be full-time administrators or employees of the PI. Each member of the Board of Management does not necessarily need to have expert knowledge or expertise in every area of PI management, but should be generally familiar with each relevant area, in addition to having detailed knowledge of their own area of responsibility.



so that the members of the Board of Management can work together effectively and professionally.

- (6) Remunerations, stipends, appointment and dismissals of CEO and members of the Board of Management are decided by Board of Supervisors.

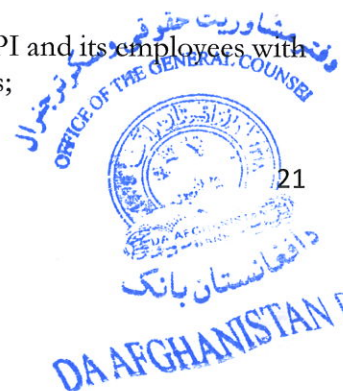
Article 30: Board of Management's Qualifications and Eligibility

- (1) A person shall be eligible to serve as a member of the Board of Management of the PI if he or she:

1. Is a Fit and Proper Person as per the Fit and Proper Regulation of DAB.

Article 31: Board of Management's Roles and Responsibilities

- (1) Board of Management and Board of Supervisors contribute substantially to a PI's sound corporate governance through personal conduct.
- (2) Board of Management is responsible for delegating duties to staff and should establish a management structure that promotes accountability and transparency throughout the PI.
- (3) Board of Management should provide the Board of Supervisors with the information it needs to carry out its responsibilities, supervise Board of Management and assess the quality of senior management's performance. In this regard, Board of Management should keep the Board of Supervisors regularly and adequately informed of material matters, including:
 1. Preparation and developing of business strategy, risk strategy/risk appetite;
 2. The PI's performance and financial condition;
 3. Breaches of risk limits or compliance rules;
 4. Internal control failures;
 5. Legal or regulatory concerns; and
 6. Issues raised as a result of PI's whistle blowing procedures.
- (4) Board of Management of a PI shall:
 1. Organize the work and direct the day-to-day business operation of the PI, pursuant to the strategies and policies approved by the Board of Supervisors, and monitor the day-to-day activities of the PI's employees;
 2. Implement the business strategy and policies of the PI's approved by the Board of Supervisors. Consistent with the direction given by the Board of Supervisors, senior management should implement business strategies, risk management systems, risk culture, processes and controls for managing the risks both financial and nonfinancial.
 3. Identify and assess regularly all serious risks involved in the activities of the PI and ensure the monitoring and control such risks in accordance with the policies approved by the Board of Supervisors;
 4. Develop the organizational structure of the PI and its branches that is suitable for the PI's overall strategy as determined by the Board of Supervisors, and submit the proposed structure for approval to the Board of Supervisors;
 5. Develop and implement systems for monitoring the activities of the PI, ensure adherence to such systems, assess the sufficiency thereof regularly and improve them if necessary, in accordance with the policies established by the Board of Supervisors;
 6. Ensure that all employees of the PI's are aware of the provisions of legislation relating to their duties of employment and of the principles approved by the Board of Supervisors;
 7. Ensure monitoring of the compliance of the activities of the PI and its employees with legislation and the policies approved by Board of Supervisors;



8. Ensure the existence and functioning of systems to guarantee that information necessary for employees of the PI to perform their duties is communicated to them in a timely manner;
9. Ensure the safety and regular monitoring of information technology systems used by the PI and systems used for the safekeeping of assets of clients;
10. Inform the Board of Supervisors of all discovered violations of legislation, internal rules or other rules established or approved by Board of Supervisors;
11. Present periodic overviews of the activities and financial situation of the PI to the Board of Supervisors.
12. Immediately inform the Board of Supervisors and DAB in writing of any deterioration in the financial situation of the PI, or danger of such deterioration, and any other facts that may materially affect the financial situation of the PI, and in particular if the PI becomes undercapitalized or in severe breach of relevant regulations.

Article 32: Fiduciary Duties of BoS and BoM

- (1) Members of the Board of Supervisors and Board of Management must:
 1. Perform their duties honestly and in good faith with a view to the best interests of the PI;
 2. Exercise such care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
 3. Avoid Conflicts of Interest between the PI's interests and their own personal or business interests.
- (2) Members of the Board of Supervisors and Board of Management are liable for any damage caused to the PI for violations of the duties referred to in sub article (1) of this Article.
- (3) In the event of violations of the duties referred to in sub article (1) of this Article by members of the Board of Supervisors and Board of Management resulting in losses to the PI, shareholders of the PI shall have the right to bring legal action on behalf of the PI against such persons seeking compensation for such losses to the PI in accordance with the procedures set forth in Article 48 of the Law on Corporations and Limited Liability Companies.

Article 33: Disclosure of Commercial Interests

- (1) State whether any of the partners, agents, management board members, members of the Board of Supervisors, or a committee designated by the Board of Supervisors, or shareholders have a beneficial interest in any other business licensed to provide payment services.

Article 34: Secrecy Obligations

- (1) Present and past members of the Board of Supervisors and Board of Management and employees of a PI shall be required to keep confidential, not to use for personal gain and not to permit to be examined by others unless required by law, any information that they obtain in the course of their services to the PI. Such information may be disclosed to:
 1. The officers, staff and agents of DAB, including supervisors, inspectors, auditors, conservators and experts appointed by DAB in accordance with the Banking Law of Afghanistan; and
 2. Other state authorities, and judicial and justice departments assigned in accordance with the law or by a court of competent jurisdiction.



Chapter 4: Operations, Pricing Mechanism, Agents, and Interoperability, Processing and Settlement of Transactions

Article 35: Operations of PI

- (1) PIs shall provide an electronic platform for clearing, processing, routing and switching of electronic transactions. They can make necessary arrangements with Banks, FIs and other PIs Merchants, e-commerce service providers and any other company for the provision of services mandated to the PIs under these rules.
- (2) PIs must have:
 1. policies, procedures and controls approved by their Board of Directors;
 2. organizational structure approved by their Board of Director with appropriate segregation of organizational functions;
 3. Adequate staffing and resourcing arrangements technically qualified and experienced in the relevant field of business;
 4. proper documented contracts and agreements pertaining to the critical functions to run the business; and
 5. Properly equipped and maintained facilities to house Technology and Processing Systems (Infrastructure) within Afghanistan.
- (3) PIs are required to take prior approval from DAB:
 1. for their acquiring products and services offering;
 2. about any changes in the Articles of Association, bylaw, ownership, board of directors, board of management, technological platform, information security implementations; and
 3. Any other significant changes.
- (4) PIs shall make agreement and integrate with APS for the purpose of providing acquiring services and interoperability to accept the card schemes and wallet schemes
- (5) PIs shall make necessary arrangements for the acquiring and providing of payment services purpose with other Financial Institutions licensed by DAB.
- (6) PIs shall conduct all activities in a professional, ethical and orderly manner and shall ensure provision of quality services at all times with an objective to satisfy its customers.
- (7) Where applicable, functions/operations of PIs are subject to relevant provisions of Anti Money Laundering and Proceeds of Crime Law, AML/CFT Responsibilities and Preventative Measures Regulation and related instructions issued by DAB from time to time.
- (8) PIs shall not outsource any of their function(s) without prior approval from DAB; and
- (9) Where applicable outsourcing arrangement and the contract with the concerned parties should have necessary provisions, including but not limited to, the following:
 1. definition of the roles, rights and obligations of each party;
 2. provide the Service Level Agreement (SLA), Non-Disclosure Agreement (NDA) and the logical reason for outsourcing the activities;
 3. set the scope of work to be performed by the concerned parties and evidences that prove the capability of the concerned party to perform the outsourced activities;
 4. fee or commission structure for the work to be performed by the concerned parties; and
 5. PIs shall provide the complete contact information of the concerned party to be responsive on any inquiry by DAB.



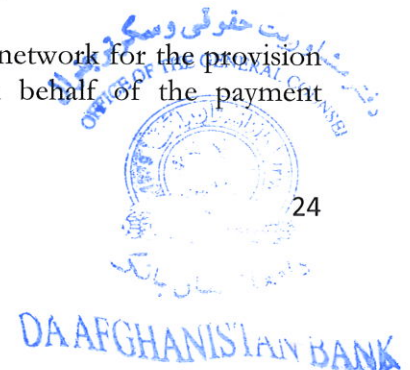
- (10) PIs must maintain accurate and complete records of all transactions. It is required that access to historic data must be readily available online or through any electronic means up to a period of six (6) months by DAB. Additionally, all data must be stored offline for a minimum of ten (10) years for future access by DAB.
- (11) DAB will be allowed to inspect data, records, facilities and infrastructure of PIs;
- (12) PIs and its concerned parties shall ensure secrecy of all transactions in accordance with all applicable laws, rules and regulations;
- (13) standard and updated documentation of IT setup & architecture, integration, operations and technical controls for appropriate risks mitigation measures to ensure data security & integrity with standard operations and procedures for IT services;
- (14) PIs shall have disaster recovery plan (DRP) and business continuity plan (BCP);
- (15) Process Integrity – PIs need to ensure that the system processing is complete, accurate, timely, and authorized;
- (16) fidelity and secrecy – PIs need to ensure that personal information obtained during the course of operations is used, disclosed, retained and protected as committed or agreed;
- (17) PIs need to ensure that the customer complaint redressed mechanism/procedures are in place, which clearly define the roles & responsibilities of all concerned parties in handling the customers' complaints; and
- (18) Any other conditions mentioned by DAB from time to time.

Article 36: Pricing Mechanism

- (1) All charges/fees structure should be pre-agreed through contractual agreements in a fair and transparent manner among all relevant parties commensurate to the service requirements and standards and in accordance with the "Cap on Charges" determined by the National Payment Council time by time.
- (2) All charges/fees structure schedules should be fixed for a minimum period of six (6) months and should be reported to DAB on half-yearly basis.

Article 37: Agents

- (1) A payment institution may appoint an agent to undertake certain services on its behalf.
- (2) A payment institution may enter into an agreement for the provision of certain services with the agent appointed under the Article 4 of this regulation.
- (3) The agreement for provision of acquiring services between PI and agents shall be exclusive and include the following terms and conditions
 1. responsibilities and competencies of each party;
 2. compliance of the agents with all policy and procedures of the PIs;
 3. compliance of the agents with all related rules and regulations;
 4. the fee structure for provision of providing services by agents;
 5. the supervision mechanism of PI on agent activities and supervision power of DAB on agent activities; and
 6. Any other conditions may be defined by DAB from time to time.
- (4) An agent may, on behalf of the payment institutions:
 1. process Straight Through Processing (STP) payments or provide other services in relation to payment services through any electronic system;
 2. own, possess, operate, manage or control a public switched network for the provision of acquiring payment services; process or store data on behalf of the payment institutions or users of such payment services;



3. provide cash withdrawal services; or
4. Provide any other services that the payment institutions are allowed in the provision of this regulation.
5. PIs shall notify DAB on appointment of any new agents and provide the list of their agents with complete contact information for the purposes of supervision by DAB at least 7 working days prior to the commencement of such agency.

Article 38: Interoperability

- (1) A payment institution shall use systems capable of becoming interoperable with other payment systems in the country and internationally through APS.
- (2) All Payment institutions must integrate with APS, the National e-Payment Switch of Afghanistan, for the purposes of providing the acquiring services and interoperability for acceptance of the cards and wallet schemes.

Article 39: Processing and Settlement of Transactions

- (1) The settlement and reconciliation of the PI transactions shall be performed as per the settlement and reconciliation policy of APS.
- (2) All the PIs shall have the settlement account with DAB.
- (3) Transactions processed by PIs will be settled amongst the participants at DAB or as per the instructions issued by DAB. At no point in time should the PI have access to or hold the consumer's or participant's funds.

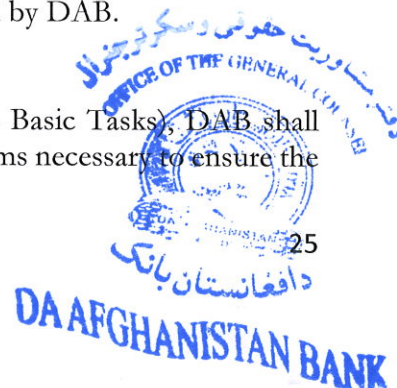
Chapter 5: Record Keeping and Reporting, Oversight and Audit, Security and confidentiality, Dispute Resolution, and Consumer Protection

Article 40: Record Keeping and Reporting

- (1) A Payment Institution shall:
 1. Utilize systems able to provide an accurate and fully accessible audit trail of all transactions from the origin of the transaction to its finality according to the payment messaging standards.
 2. Keep records of every transaction processed by it for a period of at least ten years.
- (2) Every Payment Institution shall, submit monthly reports within 5 days of every next calendar month to DAB through both in hard and through an online-based reporting mechanism. The report shall be provided by PIs include the following information:
 1. The volumes, values and geographic distribution of each electronic payment instrument offered by the PIs;
 2. Incidents of fraud, theft or robbery;
 3. Material service interruptions and major security breaches;
 4. Complaints reported, including remedial measures taken, those resolved and those outstanding
 5. Financial reports such as balance sheet, profit and loss statement, cash flow statement, and any other report(s) from PIs or in the formats specified by DAB.

Article 41: Oversight and Supervision

- (1) Based on Article 2 of Da Afghanistan Bank Law (Objectives and Basic Tasks), DAB shall provide oversight and supervision of Payment Institutions, as it deems necessary to ensure the



safety, efficiency and soundness of such institutions. DAB shall conduct onsite supervision, offsite monitoring and special onsite supervision of PIs through its assigned supervision team who shall be provided full, timely and unrestricted access to systems (including those outsourced or hosted with third parties), documents, reports, records and officials of PIs.

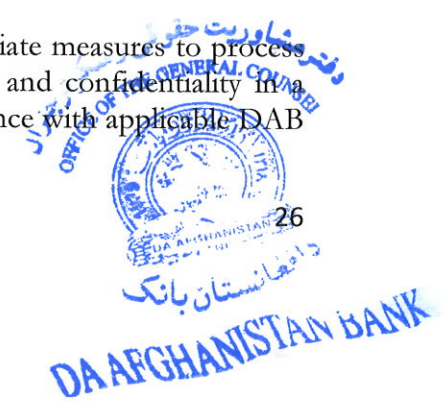
- (2) DAB shall co-operate with other countries regulatory and supervisory bodies for oversight of Payment Institutions and their Services in such manner and form as maybe specified by DAB.
- (3) If DAB discovers facts during its supervision indicating that criminal acts have been committed, it shall notify the relevant body regarding criminal proceedings of this fact without unreasonable delay.
- (4) DAB reserves the right to directly debit the penalty amount from the security deposits of PIs. The PIs shall, however, be required to maintain the minimum level of security deposit at all times.
- (5) Termination of any service and, or withdrawal of permission for whatever reason shall not discharge the PIs from any liability or obligation which at the time of termination or cancellation has accrued against it or which thereafter may accrue in respect of any act or omission prior to such termination or cancellation.

Article 42: Security and confidentiality

- (1) All PIs shall ensure the security, integrity, confidentiality and availability of data and services by adopting prevailing international standard(s) or as may be prescribed by DAB. Hence, PIs need to develop their own internal policy and procedure in line with the prevailing international standard(s) and or DAB instructions and guidelines
- (2) PIs are required to comply with the secrecy and privacy of information.
- (3) All security breaches must immediately be reported to relevant stakeholders including DAB. The incident and analysis report of security breaches (suspected or compromised) must be furnished to DAB from time to time.
- (4) PIs shall have an independent department for the information security in which operate under direct supervision of the CEO. The information security department shall have at least two information security specialist which shall be committed to keep the confidentiality and security of all information. Their capacity and assurance of security clearance shall be monitored from time to time by PIs' management.

Article 43: Dispute Resolution

- (1) Dispute Resolution Mechanism with defined turnaround time (TAT) with the business partners should be part of the Contract Agreement(s) between PIs and relevant parties.
- (2) Dispute resolution mechanism with the customers shall be applicable according to the card scheme (National or International) and wallet scheme.
- (3) PIs and their stakeholders/customers will mutually co-operate in good faith to resolve disputes. If the parties do not reach to the amicable solution within the stipulated time period for dispute settlement, then
- (4) The case shall be referred to the Afghanistan Financial Dispute Resolution Commission.
- (5) In case the disputes are not resolved by Financial Dispute Resolution Commission or the parties are not satisfied by the FDRC decision, then the case shall be referred to relevant law enforcement agencies or to the court of law.
- (6) PIs shall be liable to stakeholder(s) in case they fail to take appropriate measures to process financial transactions, ensure quality of service, security, integrity, and confidentiality in a manner agreed with stakeholder(s) in a contract and also in accordance with applicable DAB Laws and Regulations.



- (7) The PIs shall submit a report of the outstanding complaints and disputes to DAB on a quarterly basis.

Article 44: Consumer Protection

- (1) Within a period of six months after commencing the provision of payment services, PI shall establish a customer care system like but not limited to: Voice call, SMS alerts and social media, within which its customers can make inquiries and complaints concerning its services; prior to establishing a customer care system, PIs need to:
 1. provide adequate means for customers to file complaints; and
 2. Address such complaints within a reasonable period from receipt of the complaint in accordance with the Article 43 (Dispute Resolution) of this regulation.
- (2) PI shall align its customer care system with the Dispute Management Framework of each relevant card schemes and wallet schemes to address consumer complaints due to loss of funds through fraudulent means or any other related complaint(s).
- (3) Provide, at all points of service, easily understood information about their complaint handling procedure.
- (4) File complaints with the payment institutions within the specified period of the time from the date of occurrence in accordance with the Dispute Management Framework of the relevant card schemes and wallet schemes.
- (5) Acknowledge all complaints filed with it.
- (6) advise the complainant-
 1. of the expected actions and timing for investigation and resolution of the complaint; in accordance with Dispute Management Framework of relevant card scheme and wallet scheme; and
 2. If the payment institution regards the complaint as frivolous or vexatious.
- (7) If a customer is dissatisfied with the advice given under sub article [6], the customer shall have further recourse in accordance with the Dispute Management Framework of the relevant card scheme and wallet scheme, this regulation and any other regulation issued by the DAB from time to time on consumer protection.
- (8) Provide reasonable assistance where a customer specifically requests assistance when filing a complaint in accordance with Dispute Management Framework of the relevant card scheme and wallet scheme.
- (9) Make adequate provision to ensure everyone has access to the provided services without discrimination of gender, age, ethic, religion and etc.
- (10) make adequate provision to ensure that people with disabilities:
 1. are able to access the agent and acquiring services without any limitation and discrimination;
 2. are able to access their complaint handling processes; and
 3. Are easily represented by their authorized representatives in making a complaint.
- (11) Provide the complaint handling processes free.
- (12) Have a customer awareness mechanism, so that customers become aware of new changes made to the products or to the company that affect customers directly or indirectly.



Chapter 6: Anti-Money Laundering and Countering Financing of Terrorism

Article 45: Anti-Money Laundering and Counter Financing of Terrorism

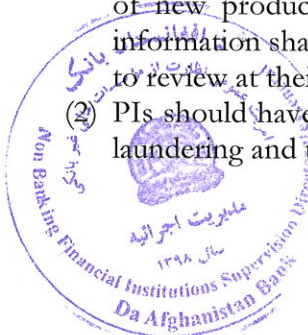
- (1) A PI and its agents shall comply with the Proceeds of AML-PC and CFT Laws, 2016 and the AML-CFT Responsibilities and Preventative Measures Regulation and other associated Regulations, Guidelines and Circulars of DAB issued from time to time.
- (2) A payment institution shall, in identifying, selecting and contracting agents as per the AML/CFT Laws, 2016 and the AML-CFT Responsibilities and Preventative Measures Regulation:
 1. exercise due diligence; and
 2. Carry out suitability assessment of the agents.

Article 46: Policy and Procedures

- (1) A PI should have internal policies, procedures, systems, controls and customer acceptance policy that clearly indicates situations when a customer will be rejected, and must be able to demonstrate to the satisfaction of examiners that the policy has been implanted.
- (2) The internal policies, procedures, systems, and controls to combat money laundering and terrorism financing developed by PIs should address the following requirements:
 1. Risk evaluation of the customer, products, services, geographic
 2. Locations, and delivery channels as well as transactions.
 3. Identification and verification of the customer and beneficial owner, including walk-in/occasional customers, and politically exposed person(s).
 4. Application of customer due diligence measures.
 5. Maintaining records and information obtained in the CDD process and information of transactions.
 6. Monitoring of transactions, including monitoring to identify unusual or suspicious transactions.
 7. Reporting to FINTRACA of threshold transactions.
 8. Reporting to FINTRACA of suspicious transactions.
 9. Ensuring that internal policies, procedures, systems and controls are subject to independent testing and review.
 10. The appointment of a compliance officer at senior management level to ensure compliance with the provisions of the Anti-Money Laundering and Proceeds of Crime Law and this Regulation.
 11. Ensuring high standards as set out in fit and proper requirements of the Fit and Proper Regulation while recruiting employees.
 12. Establishing training programs and providing on-going trainings to all new and existing employees, directors, management and supervisory boards.
 13. Other arrangements as prescribed by DAB or FINTRACA.

Article 47: Conducting Risk Assessments

- (1) PIs shall assess and understand their money laundering and terrorism financing risks, including of new products or technologies. The risk assessment and any underlying analysis and information shall be documented in writing, be kept up-to-date and readily available for DAB to review at their request.
- (2) PIs should have in place processes to identify, assess, monitor, manage and mitigate money laundering and terrorism financing risks.



- (3) PIs shall consider the following factors, among others in accordance with the pertinent information, when preparing their risk assessments:
1. Users (anticipated transaction activity and other related activates);
 2. Products and services (i.e. the risks that arise from the products and services offered).
 3. Geographic location (i.e. countries or domestic geographic areas in which customers operate or the place of origination or destination of transactions).
 4. Delivery channels (i.e. the risks that arise from the channels used to deliver products and services).
 5. Risks associated with transactions, including the size of cash in or transactions undertaken by a customer, the frequency of transactions or duration of the relationship, whether the transactions are outside the scope of normal transactions conducted by the customer or whether the transaction originated or is destined for a high risk jurisdiction.
 6. In designing and implementing customer identification programs.
 7. To obtain additional information on the user, beneficial owner, beneficiary and transaction.
 8. To apply enhanced customer due diligence to high-risk customers.
 9. To update more regularly the information on all customers.
 10. To adopt other measures as may be prescribed by DAB or the FINTRACA.
- (4) Measures should be associated with these payment methods:
1. As per FATF Report published in 2006 the payment institutions must consider the following points to limit the vulnerability to money laundering and terrorist financing.
 2. Linking new payment technology to financial institutions and bank accounts.
 3. Requiring standard documentation and record-keeping procedures for these systems to facilitate their examination.
 4. Allowing for the examination and seizure of relevant records by investigating authorities.
 5. Establishing international standards for these measures.
- (5) Inherent risks of PIs customer.

Article 48: Non-Face-to-Face Relationships and Anonymity

- (1) New payment systems can be used to quickly move funds around the world, to make purchases and access to cash through the ATM network.
- (2) For prepaid cards anonymity can occur when the card is purchased, registered, loaded, reloaded or used.
- (3) Prepaid cards can easily be passed on to third parties that are unknown to the issuer.
- (4) Customers may be established through agents, online or through a mobile payment system.
- (5) Increase the risk of identity fraud or customers providing inaccurate information potentially to disguise illegal activity in non-face-to-face verification.

Article 49: Geographical Reach

- (1) Open-loop prepaid cards usually permit payments at domestic and foreign points of sales through global payment networks.
- (2) Prepaid card providers can be based in one country and sell their product internationally through agents or online.
- (3) The compact size of prepaid cards makes them more vulnerable to misuse than cash in cross-border transportations.



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- (4) Mobile and online payment services can transfer funds globally.

Article 50: Methods of Funding

- (1) Prepaid card risk is increased by allowing cash funding and the possibility of reloading without any limit on the value placed on the card.
- (2) Use of prepaid cards as an alternative to the physical cross-border transportation of cash.
- (3) Mobile and online payment services can be funded using numerous methods such as banks accounts, non-bank methods such as money transmitters, electronic monies, and virtual currencies.

Article 51: Access to Cash

- (1) Use of ATM networks for prepaid cards that allow funding in one country and cash withdrawals in increasing connectivity between mobile and online payment methods with prepaid cards to fund or withdraw in cash if it's not limited to local transactions.

Article 52: Segmentation of Services

- (1) Prepaid cards usually require several parties to execute transactions including the program manager, issuer, acquirer, payment network, distributor and agents.
- (2) Mobile and online services require coordination with numerous interrelated service providers who must partner with international counterparts to provide cross-border transactions.
 1. Use of agents and relying on unaffiliated third parties for customer acquisition.
 2. NPM providers maintain bank accounts and use the banking system for periodic transactions to settle accounts with agents or partners and the banks may not have visibility into the ultimate customer for the transaction.
- (3) The guidance also stated that the risk of money laundering and terrorist financing in NPMs may be mitigated when the following are considered:
 1. Customer due diligence (CDD),
 2. Loading, value and geographical limits,
 3. Source of funding, and
 4. Record-keeping, transaction monitoring and reporting.

Article 53: Customer Identification Requirement

- (1) Payment institutions shall not maintain or open an anonymous account or an account in fictitious names.
- (2) Payment institutions must set up a registration system for the identification of their clients and establish the identity of clients when performing any transaction for them.
- (3) Payment institutions must ensure that they know the true identity of their customers, including beneficial owners. Customer due diligence should be carried out in the following cases:
 1. Before establishing a business relationship with a customer or opening an account except for the situations provided in Article (11) of AML/CFT Responsibilities and Preventative Measures Regulation;
 2. Whenever doubts exist about the veracity or adequacy of previously obtained customer identification data; and
 3. Whenever there is a suspicion of money laundering or terrorist financing.
- (4) Payment institutions shall carry out the following customer due diligence measures:
 1. Identify and verify the identity of the customer and beneficial owner using reliable, independent source documents, data or information.



2. Verify that any person acting on behalf of the customer is authorized to do so and identify and verify the identity of that person
 3. Understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship.
 4. To the extent possible, obtain the customers' tax identification number (TIN) and tax statements and in addition, in the case of legal persons, audited financial statements and details as shall be specified by Da Afghanistan Bank or the regulatory agency.
 5. Monitor the business relationship on an ongoing basis and examine any transactions carried out to ensure they are consistent with their knowledge of the customer, commercial activities and risk profile, and where required, the source of funds.
 6. For legal persons, understanding and documenting the ownership and control structure of the customer.
- (5) For customers who are natural persons, financial institutions must verify the identity required using reliable, independent source documents, data, or information as outlined in Annex II of AML/CFT Responsibilities and Preventative Measures Regulation.
 - (6) For customers who are legal persons or legal arrangements, financial institutions must identify the customer and its beneficial owners, including by understanding the nature of its business, and its ownership and control structure. Financial institutions should obtain and verify the information required using reliable, independent source documents, data, or information as outlined in Annex II of AML/CFT Responsibilities and Preventative Measures Regulation. Where relevant, customer identification requirements for natural persons can be applied to identifying customers who are legal persons and arrangements. Procedures established in this Regulation relating to the identification and verification of natural persons who are individual customers are similarly applicable to beneficial owners of legal persons and arrangements.
 - (7) Financial institutions should verify whether any natural person is purporting to act on behalf of a customer who is legal persons or legal arrangements.
 - (8) For legal persons, the following information should be obtained at a minimum:
 1. Name, legal form and proof of existence of the legal persons.
 2. Location of the principal place of business of the legal person.
 3. Resolution of the Board of Directors to open an account and identification of those individuals who have authority to operate the account and names of relevant persons holding senior management positions.
 4. Mailing and registered address of legal person.
 5. Nature and purpose of the business.
 6. The identity of the beneficial owner.

Article 55: Enhanced CDD ML/TF Risks Measures

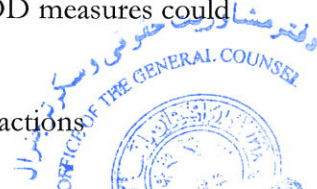
- (1) Financial institutions should examine, including by seeking additional information from the customer, the background and purpose of all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. Such information to be obtained can include information on the nature or reason for the transaction.
- (2) Where the risks of money laundering or terrorism financing are higher, financial institutions should conduct enhanced CDD measures, consistent with the risks identified. In particular, they should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious.



- (3) Enhanced CDD measures that should be applied for higher-risk business relationships include, but are not limited to the following:
1. Obtaining additional information on the customer (e.g. occupation, volume of assets, available information on the customer), and updating more regularly the identification data of customer and beneficial owner.
 2. Obtaining additional information on the intended nature of the business relationship.
 3. Obtaining information on the source of funds or source of assets of the customer.
 4. Obtaining information on the reasons for intended or performed transactions.
 5. Obtaining the approval of senior management to commence or continue the business relationship.
 6. Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.
 7. Carrying out the first payment through an account in the customer's name with a bank subject to similar CDD measures.
 8. Enhanced CDD should be applied to higher risk customers at each stage of the CDD process and on an on-going basis.
- (8) Enhanced CDD procedures for business relationships with natural persons not physically present for the purpose of identification should include:
1. Certification of documents in line with relevant Laws and Regulations; and
 2. Requisition of additional documents and development of independent verification measures and/or contact with the customer.

Article 56: Simplified CDD ML and TF Risks

- (1) Payment institutions may apply simplified customer due diligence procedures upon undertaking a documented risk assessment of the customer relationship
- (2) The general rule is that customers must be subject to the full range of customer due diligence measures as provided in AML/CFT Responsibilities and preventative measure regulation. In certain circumstances where the risk of money laundering or terrorist financing is lower, as determined by a risk assessment undertaken by the Payment institution, where information on the identity of the customer and the beneficial owner of a customer is publicly available, or where adequate checks and controls exist elsewhere in national systems, simplified measures may be employed.
- (3) Payment institutions shall not apply simplified CDD measures whenever there is a suspicion of money laundering or terrorism financing or when the customer has a business relationship with or in countries as mentioned in Annex III of AML/CFT Responsibilities and preventative measure regulation.
- (4) Where requested by DAB, Payment institutions shall submit the underlying risk assessment and basis for the application of simplified customer due diligence and shall make the documents of the assessment processes and procedures related to risk assessment available to Da Afghanistan Bank
 1. The simplified CDD measures should be commensurate with the risk factors.
 2. Where the risks have been identified as low, possible simplified CDD measures could include, but are not limited to the following:
 3. Reducing the frequency of customer identification updates.
 4. Reducing the degree of on-going monitoring and scrutinizing transactions.



Article 57: Politically Exposed Persons

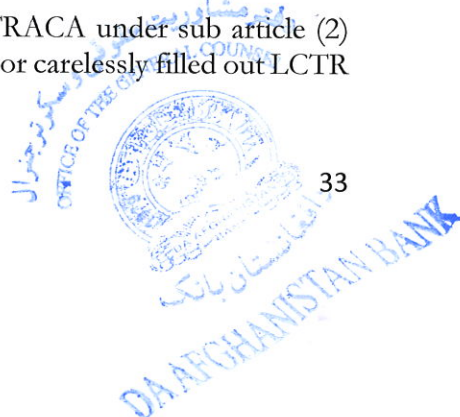
- (1) Payment institutions shall establish appropriate risk management systems to determine whether a customer is a politically exposed person (PEP) and if so, apply the following additional customer due diligence measures:
 1. Obtain approval from senior management before establishing or continuing a business relationship with such a customer;
 2. take all reasonable measures to identify the source of wealth and funds of customers identified as PEPs; and
 3. Apply enhanced ongoing monitoring to the business relationship.
- (2) Procedures for determining whether a customer or beneficial owner is PEP, should include:
 1. Seeking relevant information from the customer;
 2. Accessing and reviewing available information from any reliable source about the;
 3. Accessing and reviewing commercial electronic databases of PEPs, if available; and
 4. Accessing and reviewing the FINTRACA's non-confidential information if available on PEPs which should not be the sole source of information.

Article 58: Suspicious Transaction Reporting Requirement

- (1) Payment institutions must, as soon as possible but no later than 3 working days, after forming a suspicion that any transaction or attempted transaction, regardless of value, involves proceeds of crime or funds related or linked to or to be used for money laundering or terrorism financing, report to the FINTRACA;
- (2) Payment institutions should report details of suspicious transactions to the FINTRACA in the prescribed form of FINTRACA;
- (3) Suspicious transaction report should be submitted to FINTRACA in any of official languages of Afghanistan together with all necessary supporting documents and other relevant documents support the reasons for forming suspicion about the customer;
- (4) While forming suspicion about a user, the Payment institution should conduct preliminary analysis on its user based on all information available to it including the records of its previous transactions, and other documents provided to its buyers since the establishment of its relationship with Payment Institution, and include the result of such analysis in its report to FINTRACA.
- (5) If FINTRACA determines that the STR quality is not at a level satisfactory to work on it, or missing necessary supporting documents set out in sub article (4) of this Article, FINTRACA may reject the receipt of the STR and notify the Payment institution of reasons of such rejection, and the Payment institution should rectify the deficiencies and inform the FINTRACA.

Article 59: Threshold Reporting Requirements

- (1) Payment Institutions shall report the particulars of transactions (cash in, withdrawals or transfers) in excess of AFS# or its equivalent to other currencies to the FINTRACA no earlier than the first business day of the month and no later than the fifth business day of a month following to the month during which the transaction occurred.
- (2) Payment institutions should report details of transactions to the FINTRACA in the prescribed form of FINTRACA;
- (3) Payment institutions should include all details required by FINTRACA under sub article (2) of this Article in a precise manner. In case of submitting, deficient or carelessly filled out LCTR



forms to FINTRACA, FINTRACA can apply the sanctions provided for in article 24 of AML&PC Law on the financial institution.

Article 60: Ongoing Monitoring of Customer Transactions

- (1) Payment institutions should implement systems, for example automated systems, to monitor on an ongoing basis user transactions and the relationship with the user. Monitoring must include the scrutiny of customer transactions to ensure that they are being conducted in line with the financial institution's knowledge of the customer and the customer risk profile and, where necessary, the source of funds and wealth, and may include predetermined limits on the amount and volume of transactions and type of transactions.
- (2) Financial institutions must monitor customers' account activity, on a regular, reasonable schedule, to be able to establish patterns, the deviation from which may indicate suspicious activity.

Article 61: Termination of business relationship

- (1) If a payment institution is unable to comply with the CDD required for a customer, including, on the basis of materiality and risk, on existing customer relationships established prior to the enactment of AML/CFT Responsibilities and preventative measure regulation, they should terminate the customer relationship and consider filing a report with the FINTRACA.
- (2) Where a payment institution is unable to verify the identity of the customer and beneficial owner(s), it shall refrain from opening the account or commencing the business relationship or carrying out the transaction. In such cases, the payment institution shall consider filing a suspicious transaction report to the FINTRACA.

Article 62: Tipping-Off

- (1) Payment institutions, their directors and employees are prohibited from disclosing to a customer or any other person the fact that a report under Article (18) AML & PC law and Article (18) of AML/CFT Responsibilities and preventative measure regulation or any information related to the FINTRACA or to any money laundering or terrorism financing investigation. This shall not preclude disclosures or communications between and among directors and employees of the bank or payment institution, in addition to lawyers, competent authorities, and the public prosecution.
- (2) No criminal, civil, disciplinary or administrative proceedings for breach of banking or professional secrecy or contract shall lie against banks or payment institutions or their respective directors, principals, officers, partners, professionals or employees who in good faith submit reports or provide information in accordance with the provisions of this regulation and the AML & PC Law.

Article 63: New Products and Services

- (1) Before launching new products and business practices or using new technologies, payment institutions should identify, assess and, take appropriate measures to manage and mitigate the money laundering or terrorism financing risks that may arise in relation to:
 1. the development of new products and new business practices including new delivery mechanisms for products and services; and
 2. The use of new or developing technologies for both new and pre-existing products.



Article 64: Recordkeeping

(1) Payment institutions shall maintain records of the following information:

1. Copies of all records obtained through the customer due diligence process under including documents evidencing the identities of customers and beneficial owners, account files and business correspondence, for at least five years after the business relationship has ended or a transaction with a customer who does not have an established business relationship with the bank has been carried out;
2. All records of transactions, domestic and international, attempted or executed for at least five years:
 - a. After the attempt or execution of the transaction;
 - b. After the business relationship has ended; and
 - c. After a transaction with a customer who does not have an established business relationship with the payment institutions has been carried out, which is the longest.
3. Such records must be sufficiently detailed to permit the reconstruction of each individual transaction;
4. Copies of suspicious transactions reports sent and related documents for at least Ten years and for other reports and its related documents at least five years after the date the report was made to the FINTRACA; and
5. The risk assessment and any underlying information for a period of five years from the date the assessment was carried out or updated.

Article 65: Staff Training

- (1) Payment institutions are responsible for training their staff in the requirements of AML/CFT Responsibilities and preventative measure regulation and continually updating the skills of their staff as requirements and situations change. This training should include real-world examples of transactions that constituted money laundering and terrorist financing, and an awareness of the role that staff play in the overall process of detecting and punishing money launderers and terrorist financiers.

Chapter 7: Fees, General Penalties, and Administrative Sanctions/Penalties

Article 66: Fees

Application and License Fees:

1. Application Fee: all entities applying for a Payment Institution license to Da Afghanistan Bank must pay a onetime application fee of AFN 10,000.
1. License Fee: all entities that have successfully attained an approved PI license from Da Afghanistan Bank must pay a licensing fee of AFN 500,000. This PI license is valid over a period of three (3) years and the above licensing fee will be payable over three (3) years with the following payment schedule:
 - a. Year 1: 50,000 AFN
 - b. Year 2: 200,000 AFN
 - c. Year 3: 250,000 AFN



Article 67: Recurring Fee:

- (1) After the 3rd year of operating PI services, all PIs will pay a recurring fee of AFN 450,000. This license fee will be valid from one (1) day after the 3rd year. This will be payable every year with a minimum payment of AFN 150,000.
- (2) After the 6th year of operating PI services, the PI will pay annual license fee of AFN 200,000 every year. This license fee is payable after the issuance of the license and shall be paid to DAB before the end of first month of the next year. In addition, the first year license fee must be paid after the approval of the application.

Article 68: Assessment Fee

- (1) The PI shall pay an annual assessment fee of AFN 50,000. This assessment fee is payable one (1) day after the end of each Fiscal Year of the Payment Institution.

Article 69: Reporting Penalties

- (1) AFN 2,500 – Penalty per day for late reporting;
- (2) AFN 100,000 – For one (1) month non-reporting in lieu of the daily rate; PI will also receive a warning letter from DAB;
- (3) AFN 250,000 – For two (2) months non-reporting; PI will also receive a warning letter from DAB and replacement of Compliance officer by the PI;
- (4) AFN 500,000 – For three (3) months non-reporting; PI will also receive a warning letter from DAB and termination of compliance officer by the PI;
- (5) If the PI fails to send the appropriate reports to DAB beyond three (3) months period, DAB reserves the right to revoke the PI license and charge a flat monthly fee of AFN 100,000 per month plus the initial three (3) months of non-reporting penalty stated in point (4) above.

Article 70: Non – Compliance Penalties

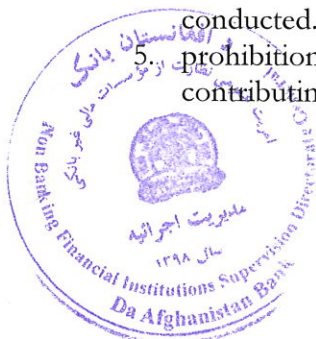
- (1) All PIs holding a valid license are subject to strict compliance measures as outlined in the AML/CFT Law and AML/CFT Responsibilities and Preventative Measures Regulation of DAB, violation of which can lead directly to penalties outlined in AML/CFT law and related regulation.
- (2) Additionally, the PI management may be subject to criminal liability and/or prosecution depending on the severity of violation as per the relevant laws and regulations.

Article 71: Fraud and Falsification of Documents Penalties

- (1) All PIs holding a valid license are obliged to ensure all documents and information provided to any DAB representative are genuine and accurate. Any intent to defraud DAB or non-reporting of any specific transaction is subject to penalties stated in Article 70 sub article (4) and (5) of reporting penalties of this regulation.

Article 72: Sanctions and Penalties

- (1) DAB may impose the following sanctions:
 1. prohibition from offering acquiring services;
 2. termination of employment contract of an employee of the payment institutions;
 3. prohibition from appointing new agents or introduction of new products;
 4. Limit the range of activities and the locations in which such activities can be conducted.
 5. prohibition or suspension from any other activity that DAB perceives to be contributing to violation of this regulation;



- (2) Before imposing a penalty on any PI under this regulation, DAB shall give not less than seven days' notice in writing requiring the PI to show cause as to why the penalty prescribed should not be imposed;
- (3) DAB's decision shall be considered as final with regard to the imposition of penalties.
- (4) Where a monetary penalty is prescribed under this regulation, such penalty shall:
 1. be paid to DAB;
 2. be paid within 15 days unless otherwise stated;
 3. Where a Payment Institution fails to pay the penalty, DAB may take such other action or make such decision as permitted under this regulation and/or any other relevant laws and regulations.

Article 73: Winding Up/Liquidation and Dissolution

- (1) Liquidation/winding up of the authorized PIs will be carried out as per applicable the Limited Liability Company and other related laws.
- (2) In case of voluntary dissolution, DAB must be informed at least three (3) months prior to starting the actual dissolution. The dissolution will not be effective unless approved by DAB and only after discharging all the liabilities and obligations, especially license fee for the issued period and those pertaining to clearing and settlement of payments and resolution of related disputes.
- (3) PIs shall submit all the data, record, information to DAB at the time of liquidation, winding up, and voluntary dissolution or otherwise.
- (4) Security deposit of PSO and PSP shall be refunded after settlement of all liabilities and obligations herein.
- (5) Shall notify the public of the winding up/liquidation and dissolution through at least two national newspapers or TV channels of wide circulation.

Article 74: Enforcement

- (1) This Regulation will become effective immediately after its adoption by the High Council of DAB.

