

ROYAL MONETARY AUTHORITY OF BHUTAN



E-MONEY ISSUER RULES AND REGULATIONS, 2019

Pursuant to the power vested with the Royal Monetary Authority of Bhutan Act 2010 in combination with Section 362 (e) and 11 of the Financial Services Act of Bhutan 2011, all e-Money Institutions shall comply with this Rules and Regulations.

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CHAPTER I: PRELIMINARY

1.1 Short title.

These rules and regulations shall be called the e-Money Issuer Rules and Regulations 2019 and shall be applicable to all e-Money Institutions, Banks, Deposit taking Micro Finance Institutions and Mobile Network Operators licensed by the Authority for issuing e-Money.

1.2 Commencement and extent.

1.2.1 These rules and regulations shall come into effect from July 1, 2019 and shall be applicable to all entities approved and licensed by the Authority for issuing e-Money in Bhutan.

1.3 Rules of construction.

In these rules and regulations unless the context indicates otherwise, the singular shall include plural and the masculine gender shall include the feminine gender hereafter.

1.4 Supersession.

These rules and regulations shall supersede the provisions of the existing rules and regulations, circulars, guidelines or notifications that are inconsistent with these rules and regulations.

1.5 Interpretation.

The authority to interpret these rules and regulations shall vest with the Authority, which, if warranted, may issue such instruction and clarification from time to time as may be necessary to give effect and implement these rules and regulations

1.6 Amendment.

These rules and regulations may be amended in part, or in whole, by the Board/Executive Committee at its own discretion or based on the recommendation made by the Management/Department concerned.

1.7 Objectives.

These rules and regulations set out by the Authority are aimed at achieving the following objectives:

1.7.1 To regulate, supervise and oversee e-Money Issuer for the issuance of e-Money in Bhutan and promote the safety and soundness of e-Money schemes, and therefore enhance users' confidence in the usage of e-Money;

1.7.2 To promote financial inclusion by extending financial services beyond traditional branch-based channels to the domain of every day transactions;

1.7.3 To prevent and mitigate systemic risk;

1.7.4 To promote consumer protection and ensure that customers of e-Money issuers benefit from adequate transparency, fair treatment, and effective recourse; and

1.7.5 Ensure to put in place infrastructure and technological equipment to provide interoperability between e-Money to e-Money.

In the exercise of its powers under these rules and regulations, the Authority shall be guided by the general policy of the Royal Government of Bhutan and shall take into account international best practices.

CHAPTER II- LICENSING OF E-MONEY INSTITUTION

2.1 Licensing Principle:

2.1.1 Any authorized bank and Deposit Taking Institutions licensed by the RMA, and other entities such as Mobile Network Operators who have the mandate and capacity to promote any of the objectives stipulated in this rules and regulations in Bhutan shall be eligible to issue e-Money in Bhutan;

2.1.2 Notwithstanding 2.1.1, an authorized bank and Deposit Taking Institutions licensed by the RMA shall apply and obtain a prior written approval of the Authority, and other entities shall apply for license from the RMA before conducting any business of issuance of e-Money.

2.2 Licensing Criteria:

2.2.1 The Authority shall not grant a license if the following requirements are not met:

2.2.1.1 The entity is a company incorporated under the Companies Act 2016;

2.2.1.2 All essential activities of the e-Money Issuer are to be carried out in the Kingdom of Bhutan;

2.2.1.3 The directors and management of the proposed e-Money Issuer are fit and proper;

2.2.1.4 Entities other than authorized bank and deposit taking institutions wishing to facilitate e-Money as a licensed e-Money issuer should inject additional paid up capital of Nu. 2,000,000.00 (Ngultrum two million only) or such other amount as may be required by the Authority to the existing paid up capital.

2.2.1.5 The overall organization and structure, security policies of the proposed e-Money Institution are adequate to safeguard the integrity, authenticity, and confidentiality of data and there is adequate business continuity, disaster recovery plan;

2.2.1.6 The Board of directors adequately reflects the balance of interest represented by the e-Money Institution, in particular that the company will hold funds in trust on behalf of e-Money holders.

2.2.3 Authority shall reject the application for an e-Money Issuers license on any of the following grounds:

2.2.3.1 The applicant or any of its significant owners have been convicted of an offence involving a financial transaction in any jurisdiction within the past ten (10) years;

2.2.3.2 The applicant fails to respond to a request from the Authority for additional information within ten (10) days of a third request for the same information;

2.2.3.3 The documents submitted are false, incomplete, deceptive or misleading;

2.2.3.4 Any applicant for an e-Money Issuers license whose application has been refused or suspended, restricted or revoked may, within thirty (30) days from the date on which the order is communicated to him or her, appeal against the decision;

2.3 Licensing conditions.

The Authority may at any time make the license conditional upon any terms or conditions which the Authority deems appropriate for the safety and efficiency of the e-Money Issuer in issuing an e-Money and the financial system at large.

CHAPTER III APPLICATION PROCESS

3.1 Application procedure and documents for e- Money Institution

3.1.1 Any Mobile Network Operator desirous of establishing an e-Money Institution shall apply to Authority for an e-Money Institution's license to issue an e-Money by submitting the signed information contained in **Form A** in full, and shall be accompanied by a non-refundable application and license fee under section 7.1.1 of these rules and regulations.

3.1.2 Licensed bank and deposit taking institutions shall apply to the Authority for authorization to issue an e-Money by submitting the signed information contained in **Form B** in full, under these rules and regulations.

3.1.3 On receipt of an application and before a license is issued, the Authority may make such inquiries as it may consider necessary for the purpose of satisfying itself about the genuineness of the particulars furnished by the applicant, its capacity to establish e-Money Institution and issue e-Money, its credentials or any other matter which it may consider necessary or expedient for the purpose.

3.2 Determination of an application.

3.2.1 Within ninety (90) days after receipt of an application under section 3.1.1 or of all additional information required by the Authority under section 3.1.3, the Authority shall notify to the applicant its decision to:

3.2.1.1 Grant the license, with or without conditions, pursuant to Section 2.3; or

3.2.1.2 Refuse to grant the license.

3.2.2 A license shall be granted using **Form A** and shall -

3.2.2.1 State the date on which it takes effect;

3.2.2.2 State the conditions, if any subject to which it shall remain in force;

3.2.3 In deciding whether to grant or refuse a license, the Authority shall have regard to the safety and efficiency of the prospective e-Money Issuer and the financial system at large.

3.2.4 In case of refusal to grant the license, the applicant may, within thirty (30) days after the notification under subsection 3.2.1.2, by making representations, invite the Authority to reconsider its decision.

3.2.5 Within thirty (30) days after representations are made under section 3.2.4, the Authority shall notify the applicant whether it confirms, modifies or sets aside its decision.

3.2.5 The license granted by the authority under these rules and regulations shall be non-transferable.

3.3 Authorization and issuance of e-Money.

3.3.1 Where the Authority is of the opinion that:

3.3.1.1 An e-Money Issuers e-Money is of widespread use as a means of making payment and plays significant role in development of Bhutan's payment system;

3.3.1.2 It is necessary to protect the interest of the public by ensuring the integrity, security and reliability of the e-Money as a designated payment service/ instrument;

3.3.2 Where the e-Money Issuers e-Money is recognized as a payment service/ instrument, the issuer of such e-Money shall be subject to subsection 3.4.3 and 3.4.5 below.

3.3.3 No e-Money Issuer shall introduce any new services without prior written approval of the Authority.

3.3.4 The Authority may set out standards for e-Money and stipulate transition time frame for the existing e-Money or services, if necessary.

3.3.5 The design, security and operational risk management features of e-Money, if necessary, shall be decided by the Authority.

3.3.6 No e-Money Issuer shall issue any new service to a person unless the issuer has:

3.3.6.1 Complied with the requirements set in these rules and regulations;

3.3.6.2 Submitted to the Authority information contained in **Form B** in full as specified;

3.3.7 The Authority may in granting authorization:

3.4.7.1 Require all or any of the documents submitted to be modified and altered as it may deem necessary;

3.4.7.2 Impose such restriction, limitations or conditions as it may deem fit.

3.4 Withdrawal and suspension of a license, authorization and issuance of e-Money.

3.4.1 The Authority may, by order, withdraw or suspend the license and authorization for the issuance of e-Money granted to an e-Money Issuer at any time, if:

3.4.1.1 Violated or contravened any law, rules and regulation or order of the Authority;

3.4.1.2 Not commenced the operation of issuance of e-Money within six (6) months after the license was granted;

3.4.1.3 Ceased operating the issuance of e-Money for more than thirty (30) days;

3.4.1.4 Obtained the license through incomplete, misleading or false information or any other irregular or illegal means;

3.4.1.5 One or more of the licensing criteria under section 3.2 or the conditions pursuant to section 3.3 are not or no longer met;

3.4.1.6 Committed an act of bankruptcy; or

3.4.1.7 In the reasoned opinion of the Authority is no longer to the public interest; no longer represents the interests of the participants; endangers the stability of the financial system in the Kingdom of Bhutan.

3.4.1.8 There exists any other ground which in the opinion of the Authority warrants variation or revocation.

3.4.2 No order of withdrawal or suspension under these rules and regulations shall be made without giving the e-Money Issuer a reasonable opportunity of a prior hearing.

3.4.3 The Authority shall, immediately after its decision on the withdrawal or suspension of the license, notify the order to the e-Money Issuer and publish a notice in such manner as it deems appropriate.

3.4.4 The order of withdrawal or suspension shall, as far as possible, include provisions to safeguard the interests of persons affected by it.

3.5 Power to approve changes in a system.

3.5.1 No e-Money Issuer shall cause any change in the system it operates which would substantially affect the structure or the operation of the e-Money without:

3.5.1.1 The prior written approval of the Authority; and

3.5.1.2 Giving notice of not less than thirty (30) days to the system participants after obtaining approval of the Authority:

3.5.2 Notwithstanding section 3.5.1, the Authority may permit a e-Money Issuer to make any quick change in a system without giving notice system participants or require a system to give notice for a period longer than thirty (30) days, if it deems this is the interest of the users.

3.5.2 Where the Authority has any objection to the proposed change for any reason, it shall notify such objection to the e-Money Issuer within ten (10) working days of receipt of the intimation for the proposed changes. In technically complex cases, the Authority may extend this deadline by ten (10) additional working days, by reasoned decision.

3.6 Renewal of license.

3.6.1 License granted under this rules and regulation shall be subjected to annual renewal with a fee under section 7.1.2 of these rules and regulations, and shall be renewed prior to thirty (30) days of expiry using **Form C** for further period of twelve (12) months.

CHAPTER IV PROVISIONS FOR E-MONEY INSTITUTIONS

4.1 Fund Isolation and safeguard requirements:

4.1.1 The e-Money float of every e-Money Issuer other than Banks and DMFI's must:

4.1.1.1 Not be commingled at any time with the funds of any natural or legal person other than the e-Money holders on whose behalf the funds are held; and

4.1.1.2 Be held in an escrow account as defined in the FSA 2011 that secures the preference of the claims of the e-Money holders against the claims of other creditors of the e-Money Issuer, in particular in the event of insolvency of the e-Money Issuer.

4.2 Issuance and Redeemability:

4.2.1 An e-Money Issuer must issue e-Money at par value on the receipt of funds;

4.2.2 An e-Money Issuer must, upon request by the e-Money holder, redeem, at any moment and at par value, the monetary value of e-Money held;

4.2.3 Notwithstanding subsection 4.2.2, redemption may be subjected to a fee only if stated in the contract between the e-Money Issuer and e-Money holder; and

4.2.4 An e-Money Issuer is prohibited from granting of interest or any other benefits (excluding their own services) on the e-Money balance or the length of time during which an e-Money holder maintains the e-Money;

4.3 Permissible Transactions and limits

4.3.1 An e-Money Issuer may facilitate the following transactions:

4.3.1.1 Domestic fund transfer;

4.3.1.2 Cash-in and cash-out transactions;

4.3.1.3 Utility bill payments;

4.3.1.4 Merchant payment as per the terms and conditions prescribed by the Authority; and

4.3.1.5 Any other transactions approved by the Authority from time to time.

4.3.2 An e-Money Issuer shall comply with permissible transactions limits determined by the Authority.

4.3.3 Notwithstanding section 4.3.1, the Authority by notification, restrict the permissible transaction of e-Money Issuer or remove the transactions so imposed as it considers appropriate.

4.4 Cash in and Cash out:

4.4.1 The cash in and cash out functionality to the e-Money holder should be through:

4.4.1.1 licensed e-Money Issuer;

4.4.1.2 An authorized Agent as per Agent Banking Rules and Regulation 2016;

4.4.1.3 Bank/bank branch;

4.4.1.4 DMFIs; and

4.4.1.5 Any other as authorized by the Authority.

4.5 Dormant Accounts

4.5.1 An e-Money account that has registered no transaction for a consecutive period of 12 months shall be treated as dormant account and comply in full with Abandoned Property Rules and Regulations 2018 and amendment thereof, or any other directive or guidelines issued by the Authority from time to time.

4.6 Liquid Assets Requirements

4.6.1 An e-Money Issuer other than banks and DMFIs shall maintain liquid assets equal to the amount of outstanding e-Money issued. The liquid assets must remain unencumbered and may take the form of:

4.6.1.1 Balance held at banks in Bhutan provided that such balances must be held separately from balances relating to any other operations of the e-Money Institution; and

4.6.1.2 any other liquid asset prescribed by the Authority from time to time.

4.6.2 An e-Money Issuer must on a daily basis, by no later than 4.00 p.m. Bhutan Standard Time each day, reconcile the liquid assets held by them for the redemption of e-Money with the e-Money float. Any deficiencies in the amount of liquid assets held shall be rectified by 12.00 pm the next day;

4.6.2 The Authority may, in the interest of protecting e-Money holders, require an e-Money Issuer to keep its liquid assets in more than one bank;

4.6.3 The interest earned by e-Money Issuer on liquid assets under this section may be used at the discretion of the e-Money Issuer, except for paying it to e-Money holders; and

4.6.4 Records pertaining to the above liquid assets as well as reconciliations must be made available to the Authority for verification and inspection at any time.

4.7 Permitted and Prohibited Activities:

4.7.1 An e-Money Issuer may be entitled to engage in any of the following activities:

4.7.1.1 The operation of financial services approved by Authority;

e-Money Issuers Rules and Regulation 2019.

4.7.1.2 The provision of operational services and closely related ancillary services in respect of the issuing of e-Money or to the operation of payment systems referred to in point 4.7.1.1; and

4.7.1.3 Any other activity permitted by the Authority.

4.7.2 An e-Money Issuer shall not engage in any of the following activities:

4.7.2.1 Taking deposits or any other repayable funds from the public within the purview of section 371 of the Financial Services Act of Bhutan 2011;

4.7.2.2 Engage in any lending or investment activity; and

4.7.2.3 Any other activity prohibited by the Authority.

4.8 Powers to issue warnings and directions.

4.8.1 Where the Authority is of the reasoned opinion that:

4.8.1.1 An e-Money Issuer engaging in, or is about to engage in, any act, omission or course of conduct that results, or is likely to result, in systemic risk being inadequately controlled;

4.8.1.2 An e-Money Issuer including its agents are engaging in, or is about to engage in, any act, omission or course of conduct that results, or is likely to result, in harm to users; and

4.8.1.3 External influence to a system or e-Money Issuer may result in either a threat to these latter or in systemic risk being inadequately controlled; or it may issue in writing to such e-Money Issuer and its agents.

4.8.2 Warnings:

4.8.2.1 Orders to cease and desist from engaging in the act, omission or course of conduct or, in case of e-Money Issuers and its system providers to ensure that system participants cease and desist from the act, omission or course of conduct; or

4.8.2.2 Orders to perform such acts as may be necessary, in the reasoned opinion of the Authority, to remedy the situation; or

4.8.2.3 Orders of appointment of a person to advise the e-Money Issuer, system provider, participant on the proper operation of the e-Money and the proper provision of services; or

4.8.2.4 Orders of removal of a director or senior manager from office.

4.9 Powers to call for returns, documents or other information.

4.9.1 The Authority may call for, or access, from any e-Money Issuer, its agents and distributors, such returns or documents or information relating to the issuance of e-Money as it may require from time to time.

4.9.2 Without prejudice to the generality of section 4.9.1, the Authority may require any e-Money Issuer and agents to provide, whether in the form of a periodic report or otherwise information relating to:

4.9.2.1 The operation of the e-Money Issuer; and

4.9.2.2 The pricing of, or other form of consideration for the participation in the issuance of e-Money.

4.10 Powers to enter and inspect.

4.10.1 Any officer of the Authority, or any other person duly authorized by it in writing, for ensuring compliance with the RMA Act 2010, the Financial Services Act of Bhutan 2011, and these rules and regulations may:

4.10.1.1 Enter at any time, any premises where a system is being operated and a e-Money is being issued,

4.10.1.2 Inspect and seize any hardware, make copies of any software applications, minutes, applications, instructions issued and other records relating to the system/ e-Money;

4.10.1.3 Call upon any employee; agent or distributor of e-Money Issuer, or any other person present in such premises at the time of such inspection to furnish information or documents as may be required by employee, agent/ distributor or other person, as the case may be.

4.10.2 Prior to exercising the powers of section 14.1.1, the Authority shall give due prior notice of no less than one (1) working day to the e-Money Issuer, its agents and distributor, unless the Authority reasonably suspects that, due to the facts of the case, such prior notice would put the conduct of the inspection or the collection of evidence at risk.

4.10.3 The Authority may order the external auditor of a e-Money Issuer to examine such matters as may be specified by the Authority at the expense of the audited entity.

14.1.4 The external auditor ordered under section 4.10.3 shall cooperate with the Authority and shall not invoke their professional secrecy against it.

4.11 Consumer Protection:

4.11.1 Every e-Money Issuer and its agents shall comply with rules and regulations on consumer protection issued by the Authority and ensure to put in place effective and efficient complaint handling process.

CHAPER V AGENCY

5.1 Approval of agency business

5.1.1 An e-Money Issuer may utilize agents to provide services other than e-Money issuance to its customers, subject to its willingness to take the responsibility for the actions of the agent to the extent that they relate to the conducting of the business of an e-Money Issuer through agents and matters connected therewith.

5.1.2 Every e-Money Issuer seeking to use agents must apply and obtain a prior written approval from the Authority before commencing agency business using **Form D** and furnish the details of agents to the Authority

5.1.3 Every e-Money Issuer seeking to engage in agency business must, on a one-off basis, submit the following information to the Authority:

5.1.3.1 The proposed number of agents;

5.1.3.2 The adoption of internal controls performed in readiness for agency business;

5.1.3.3 Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) policies and procedures as they relate to agency business; and

5.1.3.4 Agent operational policies and procedures.

5.1.4 Agents may not charge directly any fee to the e-Money holders for services rendered by them on behalf of the e-Money Issuer.

5.1.5 The e-Money Issuer shall notify the Authority about any change of the information mentioned in subsection within one weeks of such a change occurring;

5.1.6 The agents that has been already approved under Agent Banking Rules and Regulations 2016 and wish to issue e-Money, are not required to get approval from Authority. The e-Money Issuer needs to submit the list of the names and details of the agents to the Authority for the information as **Form D**;

5.1.7 Agent must on a daily basis, by no later than 4.00 p.m. Bhutan Standard Time each day, reconcile the liquid assets held by him/her by depositing in bank account. Any deficiencies in the amount of liquid assets held shall be rectified by 12.00 pm the next day.

CHAPTER VI SUPERVISION AND OVERSIGHT.

6.1. Oversight and supervision.

The Authority shall have powers to provide oversight and supervision of licensed e-Money Issuer, and participants, as it deems necessary to ensure the safety and soundness of such e-Money scheme.

6.1.1 The Authority shall conduct onsite and offsite supervision of the operations of licensed e-Money Issuer and its agents, and any third parties to which part of services have been outsourced and may issue guidelines, rules and regulations regarding such issuance and use, with the view to promote their soundness, safety and efficiency from time to time.

6.1.2 The Authority may require all e-Money Issuer with reporting requirements on their activities from time to time to oversee and for statistical purposes.

6.1.3 Every e-Money Issuer shall get its books of accounts audited and submit a copy of the annual audited accounts to the Authority within one month of the close of the financial/calendar year.

6.1.3 Notwithstanding anything contained in section 119 to 140 of the FSA, the Authority shall be allowed access to review the IT system and database of the e-Money issuer. Whenever the circumstances warrant, such access must extend to the agents, partners, service providers or outsourced entities of the e-Money Issuer in view of their participation in the business of issuing e-Money.

CHAPTER VII: ADMINISTRATIVE FEES, CHARGES AND PENALTIES

7.1. Application and license fee:

7.1.1 Mobile Network Operators desirous of establishing a e-Money Issuer in issuing e-Money, shall apply to the Authority for a license and must pay one-time application and license fee of Ngultrum. 25,000.00 (Ngultrum Twenty-Five Thousand only).

7.1.2 License renewal fee:

License issued under this rules and regulation shall be subjected to annual renewal with a fee of Ngultrum 25,000.00 (Ngultrum Twenty-Five Thousand Only).

7.1.3 Transaction fees:

To pay the transaction charges or bear cost as per the scheme to be approved by the Authority;

7.2 Powers of the Authority to impose penalties.

18.1.1 The Authority may impose on the person contravening or committing default of any of the provisions of these rules and regulations with an appropriate fine specified by the Authority as per the Penalty Rules and Regulations 2019 and amendment thereof.

8. Definitions.

In these regulations, unless the context otherwise requires,

- 1) “**Agent**” means an entity that has executed a valid contract with an e-Money issuer consenting to provide services to the customers of an e-Money issuer on behalf of the e-Money issuer under a valid agency contract;
- 2) “**Cash-in**” means accepting banknotes or coins and performing the necessary steps to initiate the crediting of that monetary value to the customer’s e-Money account;
- 3) “**Cash-out**” means giving out banknotes or coins and performing the necessary steps to initiate the debiting of that monetary value from the customer’s e-Money account;
- 4) “**DMFI**” means a deposit-taking microfinance institution licensed under the Rules and Regulations for Deposit-taking Microfinance Institutions 2016;
- 5) “**Electronic money**” or “**e-Money**” means Electronic money (e-money) is a payment instrument that contains monetary value that is paid in advance by the user to the e-money issuer. The user of e-money can make payments for purchases of goods and services to merchants who accept the e-money as payment;
- 6) “**e-Money account**” means the account held by an e-Money holder with an e-Money issuer for conducting e-Money transactions;
- 7) “**e-Money float**” means the total outstanding e-Money liabilities of the e-Money issuer to its customers at any point in time;
- 8) “**e-Money Holder**” means a person who has a claim on an e-Money issuer for e-Money issued by the same;
- 9) “**e-Money Issuer**” means a legal entity issuing e-Money and could be either an e-Money Institution licensed under these regulations or a bank or DTMFI licensed by the Authority;
- 10) “**Escrow account**” means a form of account held by a bank into which e-money is deposited and for proper accounting of the funds as agreed by the

parties. This includes trust and banking services accounts all managed by the same trustees;

- 11) **“FSA”** means the Financial Services Act of Bhutan 2011;
- 12) **“Interoperability”**: shall mean the technical or legal compatibility that enables a system or mechanism to be used in conjunction with other systems or mechanisms. Interoperability allows participants in different systems to conduct clear and settle payments or financial transactions across systems without participating in multiple systems
- 13) **“Merchant”** refers to any person that accepts the e-money as payment for their goods and services;
- 14) **“User”** refers to any person to whom the e-money has been issued or any person who uses the e-money to make payments for purchases of goods and services;
- 15) **“Purse limit”** means the maximum monetary value that can be stored in an e-money instrument;
- 16) **“Oversight”** shall mean a central bank function whereby the objectives of safety and efficiency are promoted by monitoring existing and planned payment, clearing, settlement and related arrangements, assessing them against these objectives and, where necessary, inducing change. These arrangements include financial market infrastructures and other payment, clearing, settlement and reporting arrangements and activities, both within and across jurisdictions (encompassing systems and activities involving large-value and retail payments, foreign exchange settlement, securities and derivatives clearing and settlement, multilateral netting and collateral management) as well as retail payment instruments or schemes. The scope of oversight differs between central banks but usually includes FMIs, with oversight being conducted domestically and through cross-border cooperation.
- 17) **“Wallet”** means a user’s holding in an escrow account;

All other words and expressions used but not defined in these Regulations shall have the same meanings assigned to them in the FSA 2011, unless the context otherwise requires.

Form A

APPLICATION FOR LICENSE TO SET UP A e-MONEY ISSUER

The Director
Department of Payment & Settlement Systems
Royal Monetary Authority of Bhutan,
Thimphu

Date:

Subject: Application to establish a e-Money Issuer in Bhutan

Dear Sir/Madam,

In accordance with Financial Services Act of Bhutan, 2011 and the e-Money Institutions Rules and Regulations 2019, we would like to apply for a license to establish a e-Money Issuers in Bhutan and agree to abide by the Royal Monetary Authority of Bhutan Act, 2010 and the above mentioned Rules and Regulations as amended from time to time.

An electronic funds transfer transaction (Reference) No..... for an amount of (Ngultrum only) as non-refundable application fees is enclosed with the application.

We also declare that RMA will not be held responsible for any service-related issues with regards to the operation of the e-Money Issuer.

Yours sincerely,

Signature:

Name:

Address:

Telephone number:

Fax number:

Email:

INSTRUCTIONS

- Application must be made in the prescribed **Form A** only. Wherever space is insufficient, information may be furnished in a separate sheet;
- Application along with enclosures duly completed should be page numbered and submitted to the Department of Payment and Settlement Systems, Royal Monetary Authority of Bhutan;
- Application must be signed by an official who has the authority to do so such as, Chairman, Managing Director, Chief Executive Officer, or the proprietor;
- Application must bear common seal of the firm/company;

1. Name of the applicant
 - i. Name of the company:.....
 - ii. Head Office:.....
 - iii. Address:.....
 - iv. Phone No:.....
 - v. Fax No:.....
 - vi. Email:.....
2. Please indicate the payment services the applicant intends to provide:
 - I.
 - II.
 - III.

3. Internal Control System

Please provide us each copy of the following manuals/procedures pertaining to the payment services offered:

- i. Operational manual
 - ii. IT security and controls guidelines
 - iii. Internal control procedures, risk management and risk control procedures, Customer protection policy
 - iv. KYC and CDD procedures
 - v. Agents’ due diligence manual
4. Plans for appointing agents for the e-Money, including the services to be provided by each agent.
.....
.....
.....

5. The proposed capital structure of the e-Money Issuer:
 - i. Authorized capital.....
 - ii. Issued capital.....

- iii. Paid-up capital.....
- iv. Source of capital.....

6. Details of the applicant:

Provide the following key aspects of the company:

- i. Name:
- ii. Date of Registration:.....
- iii. Registration number:
- iv. Place of registration:
- v. Type of business:
- vi. Number of shares in proposed company:.....

7. To submit the biographical report (details of each applicant, director(s), and key personnel of the proposed e-Money Issuer) in the form prescribed by RMA).

8. Additional information required to be submitted along with the application:

- i. Trade/Business License issued under Companies Act, 2016;
- ii. Feasibility report:
 - a. Macro economic background/environment of Bhutan
 - b. Financial system and structure
 - c. SWOT analysis
 - d. Survival and growth strategies/justification
 - e. Business plan

9. The e-Money Issuer is required to submit a comprehensive and detailed business plan that consists of at least the following:

- i. Executive summary;
- ii. Mission statement;
- iii. Company overview – group structure, proposed board of directors, management team, staffing;
- iv. Product strategy- all product lines;
- v. Marketing plan, strategy, sales strategy, distribution channels and break –even analysis;
- vi. Financial plan
- vii. Latest three year audited and certified financial statements of the applicant in case of a legal entity;

BIOGRAPHICAL REPORT OF CEO/DIRECTOR and KEY POST HOLDERS

1. Personal Details.

a. Name	
b. Date of Birth	
c. Nationality	
d. Citizenship ID No.	
e. Passport No. (Non-Bhutanese)	

2. Contact Information

a. Telephone No	
b. Mobile No.	
c. Fax No.	
d. E-mail	

3. Present Position.

a. Name and Address of the Firm	
b. Nature of Business	
c. Telephone No	

4. Marital Status.

<input type="checkbox"/> Single	<input type="checkbox"/> Married	<input type="checkbox"/> Divorced
If married, Spouse's Name and Citizenship ID No.		

5. Dependents.

Name	Relationship	Date of Birth (dd/mm/yyyy)

6. Family History.

Relationship	Name	Date of Birth	Occupation	Email Address	Mobile No.
Father					
Mother					

7. Education.

Name & Address of University	Years of Attendance	Major Area of Study	Degree/Certificate Granted	Date Awarded

8. Employment Record (Pertaining to previous 5 years). Use additional sheets, if necessary, and account for all gaps in employment.

Position held/ Department	Main responsibilities	Organization	Country	Duration

9. Status of the proposed appointment. Please tick relevant box.

Initial Appointment	Independent Director	Non-Independent Director
Re-appointment		

10. Do you have a license to practice any profession? Yes No

If yes, please give details.

a. Nature of License	
b. Date of Issue	
c. License/Registration No.	
d. Licensing Agency and Address	

11. (a) If self-employed, describe each enterprise, including the name, address, license number, your percentage of ownership and the type of business which you own or control. (Control means ownership of 10% or more of the stock or ability to effectively control the management of the corporation or other entity).

(b) List names, addresses and percentage of control and/or ownership of other incorporators, partners, directors, or officers of the entity or corporation referred to above.

<p>Are you employed in any professional capacity, or do you perform any services for or have any business connections with any institution which is subject to the supervision of the Royal Monetary Authority of Bhutan, or any other authority of the Royal Government of Bhutan?</p> <p>If "Yes", indicate the name of the institution, address and nature of your work.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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12.

<p>Have you had, or do you now have, any financial interest, direct or indirect, in any financial institution in Bhutan?</p> <p>If "Yes", give the name of the institution, address and nature of the financial interest.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
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13. Please tick whichever is relevant for the following questions below.

<p>Do you have more than 5 years' experience in banking, finance, accounting & information technology.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>Were you declared insolvent and adjudicated bankrupt</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>
<p>Were you convicted by a court in any criminal offense or has been involved in any fraud/forgery, financial crime or other illegal activities</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</p>

14. Practicing accountants may be appointed as directors provided they are not employed or are not partners in an accounting firm, which has been engaged to conduct audit or consultancy work for that particular financial institution.

15. Are you a practicing accountant/consultant? Yes No

If "yes", in what capacity?

16. Are you affiliated to any political party? Yes No

If "yes", in what capacity?

17. Answer "Yes" or "No" to any of the questions below if they apply to you as an individual, or a partner, director or officer of a corporation except for minor traffic violations.

a. Are any arrests, indictments, criminal information or other criminal proceedings now pending against you?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Were you ever convicted for any violations of the law?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Have you or has any partnership of which you were a CEO or a major owner (more than or equal to 10% of the capital of the company) ever been liquidated or judged bankrupt?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Has any business of which you were a director, officer, partner or major shareholder (10% or more of the voting shares) defaulted on his/her loan repayment?	<input type="checkbox"/> Yes <input type="checkbox"/> No
e. Has any enterprise in which you were a partner, director or officer been the subject of criminal indictment or other criminal proceedings?	<input type="checkbox"/> Yes <input type="checkbox"/> No

DECLARATION

I certify and I am aware that, it is an offence under the Royal Monetary Authority Act of Bhutan 2010 and the e-Money Issuers Rules and Regulation 2019 to provide the Authority any information which is false or misleading.

I certify that the information given in the form above and accompanying documents is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Authority should be aware.

I also undertake that as long as I continue to be a Director/CEO/Key post holder, I will notify the Authority of any material changes to, or affecting the completeness or accuracy of, the information given above as soon as possible, but in any event no later than 10 days from the day the changes come to my attention.

Further, I would like to pledge that as long as I continue to be a Director CEO/Key post holder of the company, I will not violate any laws and regulations of the Authority.

Name.....

Position held.....

Signed.....

(Affix legal stamp)

Date.....

Witness

Name.....

Citizenship ID No (please attest a copy)

Address:

Occupation:

Telephone number:

Email:

Signed.....

Royal Monetary Authority of Bhutan

Thimphu

CERTIFICATE OF LICENSE NO:

In exercise of the powers conferred on the RMA by Section 184 of the Royal Monetary Authority of Bhutan Act, 2010 read with Section 362 (e) and 11 of the Financial Services Act of Bhutan 2011, and e-Money Issuers Rules and Regulations 2019 and amendment thereof is hereby issued with License to establish e-Money Issuer and issue e-Money, with effect from, subject to compliance with the terms and conditions given on the reverse of this Certificate.

At Thimphu on this day of.....

(Signature)

RMA Seal

(Designation of the officer)

Terms and Conditions*

1. *The certificate of license or a certified copy thereof shall be displayed at the main premises of the e-Money Issuer and its other offices.*
2. *The e-Money Issuer shall adhere to the provisions of the e-Money Issuers Rules and Regulations 2019, and the directions/guidelines issued by the Royal Monetary Authority of Bhutan from time to time.*
3. *(Any other conditions as may be specified by the authority from time to time)*

APPLICATION FORM FOR AUTHORIZATION OF ISSUANCE OF e-MONEY

The Director,
Department of Payment & Settlement Systems
Royal Monetary Authority of Bhutan,
Thimphu

Date:

Sub: Application for authorization to issue e-Money:

Dear Sir/ Madam,

We hereby submit an application under Chapter 2, subsection 2.7 of the e-Money Issuers Rules and Regulations 2019 for authorization to operate and issue e-Money. The required information and documents have been furnished as per instructions.

We declare that to the best of our knowledge and belief the information furnished in the forms and annexure enclosed are true/correct and complete.

Yours faithfully

Signature:

Name:

Designation:

Company Seal:

Date and Place:

INSTRUCTIONS

- *Application must be made in the prescribed **Form B** only. Wherever space is insufficient, information may be furnished in a separate sheet;*
- *Application along with enclosures duly completed should be page numbered and submitted to the Department of Payment and Settlement Systems, Royal Monetary Authority of Bhutan;*
- *Application must be signed by an official who has the authority to do so such as, Chairman, Managing Director, Chief Executive Officer, or the proprietor;*
- *Application must bear common seal of the firm/company;*

10. Please indicate the payment services the applicant intends to provide:

- i.
- ii.
- iii.

11. Business proposal of the particulars of payment system sought to be set up incorporating all the requirements spelled out below:

- i. Whether other companies/firms/ entities will be associated with the applicant in setting up the payment system.
- ii. If the answer to query 2 is yes, please furnish full particulars of this association.
- iii. Previous experience of applicant and associated companies/firms/entities in the payment systems area.
- iv. Type of payment system proposed to be set up i.e. whether electronic fund transfer or payment card based/ internet based/ mobile phone based.
- v. Will the proposed payment system cover a particular region or the whole country?
- vi. Does the proposed e-Money issuer seek to address the needs of any particular social/ economic segment/s of the population?
- vii. Method of settlement of payment claims, namely, whether gross, net or hybrid.
- viii. Name of the settlement agent for the proposed e-Money Issuer:
- ix. Whether the applicant or settlement agent will act as a central counterparty to provide guaranteed/ secured settlement.

- x. When will be the account credited/funds made available to the beneficiary?
- xi. What will be the risks in issuing e-Money sought to be set up and how does the applicant propose to mitigate them.
- xii. Mention the customer grievances redressal machinery proposed for the e-Money sought to be set up.
- xiii. The time proposed to be taken to dispose customer complaints.
- xiv. Amount of finance required in executing e-Money Issuers project.
- xv. Sources of finances for executing the e-Money Issuers project.
 - (a) Amount of own capital proposed to be deployed:
 - (b) Amount of borrowings expected from banks;
 - (c) Amount of borrowing expected from sources other than banks: (Sources may be mentioned)
- xvi. Rate of return on investment expected from the issuance of e-Money sought to be set up.
- xvii. How does the applicant propose to recover its investment, and earn an income, that is, whether through cash flows or by levying joining fees, security fees, annual/ operating charges etc. (Please give full details).
- xviii. Internal Control System/ copy of the following manuals/procedures pertaining to the e-Money services offered:
 - a) Operational manual
 - b) IT security and controls guidelines,
 - c) Internal control procedures, Risk management and risk control procedures, Customer protection policy
 - d) KYC and CDD procedures
 - e) Agents' due diligence manual
 - f) Any other information the applicant wishes to furnish (Additional information sheets/documents as required may be enclosed)

DECLARATION

I certify and I am aware that, it is an offence under the Royal Monetary Authority Act of Bhutan 2010 and the e-Money Issuers Rules and Regulations 2019 to provide the Authority any information which is false or misleading.

I certify that the information given in the form above and accompanying documents is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Authority should be aware.

I also undertake that as long as I continue to be a Director/CEO/Key post holder, I will notify the Authority of any material changes to, or affecting the completeness or accuracy of, the information given above as soon as possible, but in any event no later than 10 days from the day the changes come to my attention.

Further, I would like to pledge that as long as I continue to be a Director CEO/Key post holder of the company, I will not violate any laws and regulations of the Authority.

Name.....

Position held.....

Signed.....

(Affix legal stamp)

Date.....

Witness

Name.....

Citizenship ID No (please attest a copy)

Address:

Occupation:

Telephone number:

Email:

Signed.....

Royal Monetary Authority of Bhutan

Thimphu

AUTHORIZATION NO:

In exercise of the powers conferred on the RMA by Section 184 of the Royal Monetary Authority of Bhutan Act, 2010 read with Section 362 (e) and 11 of the Financial Services Act of Bhutan 2011, and e-Money Issuers Rules and Regulations 2019 and amendment thereof is hereby granted the authorization to operate and issue e-Money, with effect from, subject to compliance with the terms and conditions given on the reverse of this Certificate.

At Thimphu on this day of.....

(Signature)

RMA Seal

(Designation of the officer)

Terms and Conditions*

- 1. The authorization letter or a certified copy thereof shall be displayed at the main premises of the e-Money Institution and its other offices.*
- 2. The e-Money Institution shall adhere to the provisions of the e-Money Issuers Rules and Regulations 2019, and the directions/guidelines issued by the Royal Monetary Authority of Bhutan from time to time.*
- 3. (Any other conditions as may be specified by the Authority from time to time)*

APPLICATION FOR RENEWAL OF A e-MONEY ISSUER LICENSE

The Director,
Department of Payment & Settlement Systems
Royal Monetary Authority of Bhutan,
Thimphu

Date.....

Subject: Application to renew e-Money Issuers License

Dear Sir/Madam,

In accordance with Financial Services Act of Bhutan, 2011 and the e-Money Issuers Rules and Regulations 2019, we would like to apply to the Authority to renew e-Money Institution's license and agree to abide by the Royal Monetary Authority Act of Bhutan 2010 and the above mentioned Rules and Regulations as amended from time to time.

An electronic funds transfer transaction (Reference) No..... for an amount of (Ngultrum only) as non-refundable renewal fees is enclosed with the application.

We also declare that RMA will not be held responsible for any service-related issues with regards to the operation of the e-Money Issuer.

Yours Sincerely,

Signature:

Name:

Address:

Telephone number:

Fax number:

Email:

Form D

Application for e-Money Issuer Agent

Date:

Hon'ble Governor
Royal Monetary Authority of Bhutan
Thimphu

Subject: Application for approval of e-Money Issuer Agent Business

Hon'ble Dasho,

.....(Name of e-Money Issuer) would like to seek an approval to engage the services of agent(s) to conduct our business under the e-Money Issuers Rules and Regulations 2019. The e-Money Issuer, hereby would like to confirm and declare that all applications made by us are in full compliance with these Rules and Regulations and other applicable laws issued by the Authority.

We further confirm and declare that to the best of our knowledge, it is satisfied that there is no omission that would make our application false or misleading. The e-Money Issuer hereby undertakes to provide to the Authority such information and documents as the Authority may reasonably require in relation to the Agent.

Yours faithfully,

(Chief Executive Officer)

Name:

Address:

Telephone number:

Fax No.:

Email:

Application for the approval of agent business

1. General Information

Name of the e-Money Issuer:.....

Contact Information:

2. Information on Proposed Agents

SI. No.	Name of the Agent	Details of the Agents

3. Types of financial services to be provided by an Agent and the limit to which it will be subjected:

.....
.....
.....

Note: The application must be accompanied by all relevant documents such as:

- i. Agent due diligence policy and procedure;*
- ii. A copy of draft agency contract;*
- iii. Services to be provided through agents;*
- iv. A copy of the draft standard agency contract;*
- v. The policies and procedures applicable to the provision of services through agents, as well as a description of the technology to be used;*
- vi. Anti-money laundering/Counter Financing of Terrorism (AML/CFT) policies and procedures;*
- vii. Agent operational policies and procedures;*
- viii. Feasibility study/report;*
- ix. Business and delivery channels strategies.*

(Chief Executive Officer)

Name:

Signature:

Date: