

# PAYMENT SERVICES PROVIDER REGULATORY GUIDELINES

January- 2020



## Article One

### Interpretation

#### Article 1.1

The following words and phrases have the meanings given below when used in this Guidelines, unless the context requires otherwise.

**Account Information Service** means an online service that consolidates and presents account data relating to one or more Payment Accounts held by a Payment Service User with another Payment Service Provider or with more than one Payment Service Provider, including where the account data is presented:

- (a) in its original form or after processing;
- (b) within an online tool which enables a Payment Service User to modify and present the account information in different ways; or
- (c) only to the Payment Service User that holds the relevant Payment Accounts or to the Payment Service User and any other person(s) in accordance with the Payment Service User's instructions and consent.

**Account Information Service Provider** means a Payment Service Provider which provides Account Information Services.

**Accounting Records** means underlying documents and information (stored electronically or otherwise) used to prepare, verify and/or audit the Payment Service Provider's financial statements including (but not limited to):

- (a) cheques.
- (b) records of electronic fund transfers.
- (c) invoices.
- (d) contracts.
- (e) general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and
- (f) worksheets and spreadsheets supporting cost allocations, computations, reconciliations and disclosures.

**Acquiring of Payment Transactions** means a Payment Service provided by a Payment Service Provider contracting with a Payee to accept and process Payment Transactions, which results in the Payment Service Provider transferring funds to the Payee.

**Agent** means a person that acts on behalf of a Payment Service Provider in the provision of Payment Services.

**Alternative Delivery Channel** means any service which provides a physical, electronic or digital method for the initiation of Payment Transactions, the withdrawal of cash or access to a Payment Service User's Payment Account.

**AML Law** means Saudi Arabia Cabinet Decision No. 80/1439, approving the Anti-Money Laundering Law, together with its implementing regulations.

**Applicant** means a person that intends to or has submitted an application for licensing to SAMA in accordance with Article 6.

**ATM** means automated teller machine.

**Authentication** means a procedure which allows a Payment Service Provider to verify the identity of a Payment Service User or the validity of the use of a specific Payment Instrument, and **Authenticated** shall be construed accordingly.

**SAMA** means the Saudi Arabian Monetary Authority.

**SAMA Charter** means the Charter of the Saudi Arabian Monetary Authority issued by royal decree no. 23 dated 23/5/1377 (H) (15 December 1957).

**Average Monthly Payment Transaction Value** means:

- (a) in relation to a Payment Service Provider that has been licensed by SAMA (or an Applicant licensed by an equivalent regulatory body outside of the Kingdom) for at least 12 calendar months, the monthly average over the period of 12 calendar months preceding the date of calculation of the total amount of Payment Transactions executed by the Payment Service Provider, including Payment Transactions executed by its Agents; and

in relation to an Applicant or a Payment Service Provider that has been licensed for fewer than 12 calendar months, as set out in Articles 6.2(b) and 6.4 (b)

which, in each case, shall exclude the issuance or redemption of Electronic Money by the Payment Service Provider.

**Banking Control Law** means the banking control law issued by royal decree no. M/5 dated 22/2/1386 H (12 June 1966).

**Beneficial Owner** means a natural or legal person that:

- (a) directly or indirectly holds 10% or more of the capital or voting rights of a Payment Service Provider or Applicant, including where it acts jointly or in concert with another person; or
- (b) is party to an arrangement allowing it to exercise significant influence over the management of a Payment Service Provider or Applicant.

**Cash-Out Transaction** means the redemption and withdrawal of Electronic Money at par value in accordance with Article 15.9

**Closed Loop Account** means monetary value stored on a Payment Instrument, which cannot be redeemed in cash or to any other account, which:

- (a) is issued by a single issuer; and
- (b) can only be used to acquire goods or services within a limited network of service providers that:
  - (i) have direct commercial agreements with the issuer; and
  - (ii) are part of the same corporate group or are otherwise affiliated by the same trading name, mark or logo.

**Complaint** means any oral or written expression of dissatisfaction or claim from a person to a Payment Service Provider in connection with the provision of, or failure to provide adequately, a Payment Service to that person.

**Consent** means the authorisation by an Authenticated Payer of a Payment Transaction, recorded in accordance with Article 15.3 (b)

**Credit Transfer** means the crediting of a Payee's Payment Account following a Payment Transaction or a series of Payment Transactions from a Payer's Payment Account executed by the Payer's Payment Service Provider, based on an instruction given by the Payer.

**Customer Data** means any information relating to a customer of a Payment Service Provider, including personally identifiable information and financial data.

**Direct Debit** means the debiting of a Payer's Payment Account where a Payment Transaction is initiated by the Payee on the basis of Consent given by the Payer to the Payee, to the Payee's Payment Service Provider or to the Payer's own Payment Service Provider.

**Domestic Linked Person** means a person established in the Kingdom:

- (a) that is a parent of a Payment Service Provider or Applicant.
- (b) that is a subsidiary of a Payment Service Provider or Applicant.
- (c) that is a parent of a subsidiary of a Payment Service Provider or Applicant.
- (d) that is another subsidiary of a parent of a Payment Service Provider or Applicant.
- (e) that owns or controls, directly or indirectly, 20% or more of the voting rights or capital of a Payment Service Provider or Applicant.
- (f) 20% or more of the voting rights or capital of which is controlled by a Payment Service Provider or Applicant; or
- (g) to whose directions a Payment Service Provider or Applicant is accustomed or obligated to adhere, either formally or informally.

and where a person is established outside the Kingdom but otherwise meets one of the above conditions, it shall be defined as a **Foreign Linked Person**.

**Electronic Money** means monetary value represented by a claim on the issuer which is:

- (a) stored electronically, including magnetically.
- (b) issued on receipt of funds.
- (c) used for the purposes of making Payment Transactions.
- (d) accepted as a means of payment by persons other than the issuer; and
- (e) is not stored on a "Closed Loop Prepaid Account" or a "Restricted Loop Account".

**Electronic Money Distributor** means a person that distributes or sells Electronic Money or redeems Electronic Money on behalf of an EMI, but does not provide any Payment Service (including the issuance of Electronic Money) or, without first obtaining a non-objection letter from SAMA in accordance with Article 0, act as an Agent of the EMI.

**Electronic Money Institution** or **EMI** means a Payment Service Provider that is licensed to issue Electronic Money.

**Eligible Entity** means:

- (a) an entity that has or wishes to obtain a licence as a Major PI, Major EMI or Micro EMI and is:
  - (i) a joint stock company duly incorporated in the KSA; or
  - (ii) in the case of a Qualified Foreign Entity, a branch of such Qualified Foreign Entity duly established in the KSA; and
- (b) an entity that has or wishes to obtain a licence as a Micro PI and is:
  - (i) a joint stock company or limited liability company duly incorporated in the KSA (subject to any further requirements imposed by SAMA in this regard); or
  - (ii) in the case of a Qualified Foreign Entity, a branch of such Qualified Foreign Entity duly established in the KSA.

which in each case satisfies the requirements of this Guidelines.

**Finance Companies Control Law** means the finance companies control law issued by royal decree no. M/10 dated 31/8/1433 (H) (3 July 2012).

**Fit and Proper Requirements** means the “Requirements for Appointments to Senior Positions in Financial Institutions Supervised by the Saudi Arabian Monetary Authority (SAMA) - 2nd Edition 2019”.

**Framework Contract** means a contract for Payment Services which is intended by its parties to govern the subsequent execution of individual and successive Payment Transactions.

**Governing Body** means:

- (a) in respect of a Major PSP, the board of directors including the managing directors, the chief executive officer, the chief financial officer, the partners, and/or individuals carrying out equivalent functions; and
- (b) in respect of a Micro PSP, directors and persons responsible for the management of the Micro PSP.

**Insolvency** means the commencement of any insolvency, winding up, or other liquidation proceedings under applicable insolvency law in the Kingdom or any law having equivalent effect in another jurisdiction.

**Issuing of Payment Instruments** means a Payment Service provided by a Payment Service Provider contracting with a Payer to:

- (a) provide a Payment Instrument which enables the Payer to initiate Payment Orders; and
- (b) process the Payer’s Payment Transactions.

**Key Control Function** means compliance, risk management, internal audit and similar control functions.

**Kingdom** means the Kingdom of Saudi Arabia.

**Licensed Bank** means a bank licensed by SAMA to carry on banking business pursuant to the Banking Control Law.

**Limited Network Payment Transaction** means a Payment Transaction made from or into a Closed Loop Account or a Restricted Loop Account.

**Limited Network Service** means a Payment Service provided in relation to a Closed Loop Account or a Restricted Loop Account.

**Linked Person** means a Domestic Linked Person or a Foreign Linked Person.

**Major EMI** means an EMI satisfying the conditions set out in Article 6.5.

**Major PI** means a PI satisfying the conditions set out in Article 6.3.

**Major PSP** means a Major PI or a Major EMI.

**Micro EMI** means an EMI satisfying the conditions set out in Article 6.4.

**Micro PI** means a PI satisfying the conditions set out in Article 6.2.

**Micro PSP** means a Micro PI or a Micro EMI.

**Money Changing Rules** means the rules governing money changing business issued by decision of the Minister of Finance No. 1357 dated 01/05/1432 (H).

**Money Remittance** means a service for the transmission of money (or any representation of monetary value) within the Kingdom or between the Kingdom and another jurisdiction, without any Payment Accounts being created in the name of the Payer or the Payee, where:

- (a) funds are received from a Payer for the sole purpose of transferring a corresponding amount to a Payee or to another Payment Service Provider acting on behalf of the Payee; or
- (b) funds are received on behalf of, and made available to, the Payee.

**Official ID Number** means a passport number, *iqama* number or national identification number.

**Outsourcing Rules** means the rules on outsourcing issued by SAMA and dated July 2008.

**Payee** means a person who is the intended recipient of funds (including banknotes and coins, scriptural money and Electronic Money) in respect of a Payment Transaction.

**Payer** means:

- (a) a person who holds a Payment Account and initiates, or consents to the initiation of, a Payment Order from that Payment Account; or
- (b) where there is no Payment Account, a person who gives a Payment Order.

**Payment Account** means an account held in the name of one or more Payment Service Users which is used for the execution of Payment Transactions.

**Payment Account Service Provider** means a service provider which provides and maintains a Payment Account for a Payment Service User, including a Licensed Bank that provides and maintains such an account.

**Payment Initiation Service** means an online service to initiate a Payment Order at the request of the Payment Service User with respect to a Payment Account held at another Payment Service Provider, on the basis of a Consent provided by that Payment Service User.

**Payment Institution** or **PI** means a Payment Service Provider that provides one or more Payment Services, except for the issuing of Electronic Money.

**Payment Instrument** means any personalized device or personalized set of procedures agreed between the Payment Service User and the Payment Service Provider, which is used by the Payment Service User to initiate a Payment Order.

**Payment Order** means an instruction by a Payment Service User acting as Payer or Payee to its Payment Service Provider, requesting the execution of a Payment Transaction.

**Payment Service** means any of the activities specified in Article 5.1 when carried on by way of business, other than any of the activities specified in Article 0.

**Payment Service Provider** means any Eligible Entity licensed by SAMA to provide one or more Payment Services in the Kingdom in accordance with this Guidelines.

**Payment Service User** means any person who makes use of a Payment Service in the capacity of Payer, Payee or both.

**Payment System** has the meaning given to such term in the regulations on payment systems issued by SAMA.

**Payment System Operator** has the meaning given to such term in the regulations on payment systems issued by SAMA.

**Payment Transaction** means an act initiated by the Payer or Payee, or on behalf of the Payer, of placing, transferring or withdrawing funds (including banknotes and coins, scriptural money and Electronic Money).

**Personalised Security Credentials** means personalised features provided by a Payment Service Provider to a Payment Service User which can be used for the purposes of Authentication.

**Qualified Foreign Entity** means:

- (a) in relation to an entity that holds or wishes to obtain a licence as a Major PI, Major EMI or Micro EMI, an entity incorporated outside the Kingdom that is, in the opinion of SAMA, of equivalent standing and suitability to that of a joint stock company duly incorporated in the KSA; and
- (b) in relation to an entity that holds or wishes to obtain a licence as a Micro PI, an entity incorporated outside the Kingdom that is, in the opinion of SAMA, of equivalent standing and suitability to that of either a limited liability company or a joint stock company duly incorporated in the KSA.

**Restricted Loop Account** means monetary value stored on a Payment Instrument, which:

- (a) cannot be redeemed in cash or to any other account; and
- (b) can only be used to acquire:
  - (i) goods or services within a clearly defined area.
  - (ii) goods or services within a limited network of service providers which have direct commercial agreements with the issuer; or
  - (iii) a limited range of goods or services.

**Safeguarded Funds** means funds received from a customer by a Payment Service Provider and held for the benefit of that customer for the execution of a Payment Transactions or the issuance of Electronic Money, but excluding any funds representing foreign exchange margin, fees, charges or commissions payable to the Payment Service Provider, in accordance with this Guidelines.

**SAR** means Saudi Arabian Riyal.

**Senior Management** means the persons responsible for the day-to-day management, supervision or control of an entity, typically including the chief executive officer, each person directly reporting to that officer and each such person's immediate delegates.

**Single Payment Contract** means a contract for a single Payment Transaction not made under a Framework Contract.

**Standing Order** means a Payment Order given by a Payer to a Payment Account Service Provider to pay a fixed amount at regular intervals to a nominated Payee.

**Total Average Outstanding Electronic Money** means the arithmetic mean of the total amount of financial liabilities related to Electronic Money issued by the EMI at the end of each calendar day over the last 12 calendar months.

**Total Outstanding Electronic Money** means the total value of Electronic Money issued by an EMI from time to time, calculated on the first calendar day of each calendar month and applied for that calendar month.

## Article 1.2

- (a) In this Guidelines, unless a contrary intention appears, a reference to:
- i. a provision of law, regulation (including this Guidelines), requirement or rule is a reference to such provision as amended, replaced or supplemented from time to time.
  - ii. a person includes any natural or legal person.
  - iii. an obligation to notify or report means an obligation to notify or report in writing, either physically or electronically.
  - iv. a day is, unless stated otherwise, a reference to a calendar day, subject to Article (b).
  - v. a calendar year is a reference to a year of the Gregorian calendar and a calendar month is a reference to a month of the Gregorian calendar.
  - vi. a reference to the masculine gender includes the feminine.
  - vii. a reference to "include", "includes" or "including" does not indicate limitation and is to be construed as meaning "include without limitation", "includes without limitation" and "including without limitation" respectively.
- (b) If an obligation falls on a calendar day which is a Friday or Saturday, other weekend day or an official State holiday in the Kingdom, the obligation shall be deemed to fall on the next calendar day which is a business day in the Kingdom.
- (c) The headings in these Guidelines shall not affect its interpretation.



## Article Two

### General Provisions

#### Article 2.1

SAMA in discharging its powers and functions under this Guidelines, SAMA shall have regard to the following objectives:

- (a) maintaining the integrity and stability of the financial sector;
- (b) enhancing the safety and efficiency of the payment system infrastructure, financial markets and Payment Services in the Kingdom;
- (c) protecting Payment Service Users;
- (d) promoting fair and effective competition in the payments sector; and
- (e) promoting innovation in the Kingdom.

#### Article 2.2

SAMA shall have the following powers and functions:

- (a) licensing entities to engage in one or more Payments Services in accordance with these Guidelines and applicable law.
- (b) issuing, updating, and amending regulations, rules and guidance relating to the provision of Payments Services and the payments sector.
- (c) supervising the compliance of Payment Service Providers with these Guidelines and related regulations, rules and guidance issued by SAMA.
- (d) working to ensure that licensed Payment Service Providers and their Senior Management adhere to high standards of corporate governance and accountability.
- (e) taking enforcement or remedial action in respect of contraventions of the provisions of these Guidelines and related regulations and rules issued by SAMA.
- (f) dealing with Complaints from Payment Service Users in respect of Payment Services in accordance with Article 0.
- (g) overseeing the provision, operation and use of Alternative Delivery Channels, and working to ensure access to Payment Accounts in accordance with Article 0 and other applicable regulations and laws.
- (h) maintaining a public register of Payment Service Providers in accordance with Article **Error! Reference source not found.** .
- (i) suspending or revoking licences of Payment Service Providers in accordance with the powers of SAMA.

### Article 2.3

Without prejudice to SAMA's powers under other applicable laws and regulations, a reference made in these Guidelines to the powers of SAMA includes a reference to its powers pursuant to the Banking Control Law, SAMA Charter, the AML Law, and in accordance with the Council of Ministers' Resolution No. 226 dated 2/5/1440 AH.

### Article 2.4

SAMA may amend, replace or supplement the contents of these Guidelines as it sees fit.

## Part Three

### Application

- (a) These Guidelines applies to all persons that carry on one or more Payment Services in the Kingdom within the meaning of Article 3 (b).
  
- (b) A person is deemed to carry on a Payment Service in the Kingdom when it:
  - i. provides a Payment Service from an establishment in the Kingdom.
  - ii. holds itself out as providing a Payment Service in the Kingdom.
  - iii. invites or induces a person located in the Kingdom to enter into, or offer to enter into, an agreement in relation to a Payment Service.
  - iv. markets or otherwise promotes any Payment Service to one or more persons in the Kingdom; or
  - v. appoints an Agent operating from an establishment in the Kingdom where such Agent:
    - A. has a mandate to provide a Payment Service in the Kingdom on that person's behalf.
    - B. is required or accustomed to act in accordance with the instructions or directions of that person; and
    - C. either:
      - i. provides a Payment Service on its behalf without itself holding a Payment Service Provider licence; or
      - ii. invites or induces a person in the Kingdom to enter into, or offer to enter into, an agreement in relation to a Payment Service.

## Article Four

### Licensing Requirement

- (a) No person is permitted to carry on a Payment Service by way of business unless that person is:
  - i. a Payment Service Provider; or
  - ii. a Licensed Bank, subject to Article (b).
- (b) A Licensed Bank that wishes to carry on a Payment Service:
  - i. must apply to SAMA for prior authorisation to carry on that Payment Service; and
  - ii. shall be subject to:
    - A. this Guidelines, except for the requirement to obtain a licence as a Payment Service Provider; references to "Payment Service Provider" shall be read as references to such Licensed Bank for this purpose; and
    - B. the other laws and regulations issued by SAMA that apply to the provision of Payment Services.
- (c) Where a Licensed Bank applying for authorisation in accordance with Article 4 (b)(i) intends to carry on business activities unrelated to the provision of Payment Services and SAMA considers that the carrying on of such other business activities will impair or is likely to impair its financial soundness or its effective supervision by SAMA, SAMA may require it to establish a separate body corporate in order to apply for a licence under Article 0.
- (d) A Licensed Bank carrying on a Payment Service on the date that these Guidelines comes into effect does not need to obtain an authorisation in accordance with Article i4 (b)(i) in respect of that Payment Service but must, if requested by SAMA, provide evidence satisfactory to SAMA of any prior authorization or licence granted to it by SAMA or equivalent regulatory body outside of the Kingdom.
- (e) A Payment Service Provider that decides to vary the Payment Services that it provides must obtain the prior approval of SAMA in accordance with Article 6.17(c)
- (f) A person that carries on a Payment Service in breach of Article 4 (a) or other provision of these Guidelines is considered to have contravened these Guidelines and will be subject to remedial action or penalties in accordance with Article 18.4 or otherwise in accordance with the powers of SAMA.

## **Article Five**

### **Payment Services**

#### **Article 5.1**

Subject to Article 5.2 the following activities, when carried on by way of business, are Payment Services:

- (a) the execution of Payment Transactions, including (A) transfers of funds on a Payment Account with the Payment Service User's Payment Service Provider or with another Payment Service Provider and (B) where the funds are covered by a credit line, and:
  - i. the execution of Credit Transfers, including Standing Orders.
  - ii. the execution of Direct Debits, including one-off Direct Debits.
  - iii. the execution of Payment Transactions through a payment card or similar physical or digital device.
- (b) issuing Payment Instruments.
- (c) issuing Electronic Money.
- (d) Acquiring Payment Transactions.
- (e) Money Remittance.
- (f) services enabling cash to be placed on or withdrawn from a Payment Account and the operation of a Payment Account.
- (g) Payment Initiation Services.
- (h) Account Information Services.
- (i) any other activity designated by SAMA as a Payment Service from time to time.

#### **Article 5.2**

The following activities do not constitute Payment Services:

- (a) banking business regulated pursuant to the Banking Control Law, the activities of finance companies regulated pursuant to the Finance Companies Control Law, and money changing business regulated pursuant to the Money Changing Rules.
- (b) Payment Transactions executed wholly in cash and directly between the Payer and the Payee, without any intermediary intervention.
- (c) Payment Transactions carried out within a Payment System or securities settlement system between Payment Service Providers and settlement agents, central counterparties, clearing houses, central banks or other participants in such system including central securities depositories.
- (d) Payment Transactions based on cheque, traveller's cheques, bankers' drafts, paper-based vouchers and paper postal orders.

- (e) Payment Transactions and related services between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, without any intermediary intervention by a Payment Service Provider other than an undertaking belonging to the same group.
- (f) the professional physical transport of banknotes and coins, including their collection, processing and delivery.
- (g) services provided by technical service providers which support the provision of Payment Services, where the provider does not at any time have possession or control over the funds of a Payment Service User, including:
  - i. processing and storing data.
  - ii. trust and privacy protection services.
  - iii. data and entity authentication services.
  - iv. provision and maintenance of terminals and devices used for payment services.
  - v. information technology.
  - vi. communication network provision.
- (h) cash withdrawal services provided either through Alternative Delivery Channels, where the provider is acting on behalf of one or more Payment Service Providers.
- (i) the provision of a Limited Network Service.

## **Article Six**

### **Licensing**

#### **Article 6.1**

- (a) SAMA will evaluate each application for a licence to carry on a Payment Service in accordance with these Guidelines and any related guidance issued by SAMA. Such evaluations will take into account both financial and non-financial parameters.
- (b) Nothing in this Article 6 shall exempt Applicants from obtaining such additional approvals from SAMA or other authorities in the Kingdom as required by applicable laws and regulations, including commercial or foreign licensing requirements imposed by the relevant competent authority in the Kingdom.
- (c) In addition to the requirements listed in this Article 6, SAMA may require an Applicant to meet additional requirements on a case-by-case basis, based on the risks posed by the Applicant. Similarly, SAMA may grant exemptions and exclusions to Applicants from requirements specified by SAMA on a case-by-case basis.
- (d) Upon grant of its licence under either of Articles 6.2, 6.3, 6.4, 6.5 a Payment Service Provider must continue to meet the conditions as set out in the relevant Article. A Payment Service Provider must notify SAMA of any relevant changes to their Payment Services which may trigger a notification or approval requirement under Article 6.17.

## Article 6.2

- (a) A Micro PI must:
- i. be an Eligible Entity.
  - ii. carry on one or more Payment Services, except:
    - A. issuing Electronic Money.
    - B. any other excepted Payment Service or activity, as may be determined by SAMA from time to time.
  - iii. not provide Payment Services cross-border to persons outside the Kingdom.
  - iv. not exceed the Average Monthly Payment Transaction Value of SAR10,000,000, subject to Article (b).
  - v. meet the initial capital requirements set out in Article 7.
  - vi. meet the common licensing requirements for all Applicants set out in Article **Error! Reference source not found.** .
- (b) A Micro PI or Applicant for such status that has yet to commence the provision of Payment Services, or has been providing Payment Services for fewer than 12 calendar months, must ensure that its projected Average Monthly Payment Transaction Value (based on the total projected amount of Payment Transactions for its initial 12-month period of operations) does not exceed SAR10,000,000.

## Article 6.3

A Major PI must:

- i. be an Eligible Entity.
- ii. carry on one or more Payment Services.
- iii. not issue Electronic Money.
- iv. meet the initial capital requirements set out in Article 7.
- v. meet the common licensing requirements for all Applicants set out in Article 6.6.

## Article 6.4

- (a) A Micro EMI must:
- i. be an Eligible Entity.
  - ii. issue Electronic Money (and may, if it so chooses, carry on one or more of the Payment Services permitted for a Micro PI, as set out in Article 6)
  - iii. ensure that its Total Average Outstanding Electronic Money does not exceed SAR10,000,000, subject to Article i (b) (i) and Article 6.4 (c).
  - iv. not exceed an Average Monthly Payment Transaction Value of SAR10,000,000, subject to Article i (b) (ii) and Article .

- v. not permit any customer to hold more than SAR20,000 of Electronic Money in aggregate across all accounts held by that customer, subject to Article 6.4(c )
- vi. not permit any customer to execute Payment Transactions of more than SAR20,000 per calendar month in aggregate, including Cash-Out Transactions (but excluding those made in the event of the closure of an Electronic Money account), subject to Article 6.4(c )
- vii. meet the initial capital requirements set out in Article 7.
- viii. meet the common licensing requirements for all Applicants set out in Article **Error! Reference source not found..**

(b) A Micro EMI that:

- i. has yet to start issuing Electronic Money, or has been issuing Electronic Money for fewer than 12 calendar months, must ensure that its projected Total Average Outstanding Electronic Money for its initial 12-month period of operations does not exceed SAR10,000,000.
- ii. has yet to commence the provision of Payment Services, or has been providing Payment Services for fewer than 12 calendar months, must ensure that its projected Average Monthly Payment Transaction Value (based on the total projected amount of Payment Transactions for its initial 12-month period of operations) does not exceed SAR10,000,000.

(c) A Micro EMI that provides an Electronic Money account for or in connection with the business purposes of a customer may apply to SAMA in order to increase one or more of the numerical limits set out in Article 6.4 (a). If SAMA is satisfied that the Micro EMI has adequate cause for making its application and sufficient systems and controls to monitor those limits, it may notify the Micro EMI of its decision to increase the relevant limits and may impose such further conditions as it deems necessary.

## Article 6.5

A Major EMI must:

- (a) be an Eligible Entity;
- (b) issue Electronic Money (and may, if it so chooses, carry on one or more of the Payment Services permitted for a Major PI, as set out in Article 6.3).
- (c) not permit any customer to hold Electronic Money of more than SAR100,000 in aggregate across all accounts held by that customer.
- (d) not permit any customer to execute Payment Transactions of more than SAR100,000 per calendar month in aggregate, including Cash-Out Transactions (but excluding those made in the event of the closure of an Electronic Money account).
- (e) meet the initial capital requirements set out in Article 7.
- (f) meet the common licensing requirements for all Applicants set out in Article **Error! Reference source not found..**

## Article 6.6

Each Applicant must submit the following in such form as is satisfactory to SAMA (subject to Article 6.12:

- (a) a complete application form, accompanied by supporting documents specified by SAMA.

- (b) a policy for setting risk-based customer transaction limits (and, if applicable, any limits on its Total Outstanding Electronic Money) in accordance with Article 15.2.
- (c) evidence that each of its Beneficial Owners, each member of its Governing Body and each member of its Senior Management is a fit and proper person for the carrying on of the relevant Payment Services.
- (d) evidence that it has a registered office in the Kingdom and a valid commercial registration from the relevant authorities in the Kingdom (or, in the case of entities established outside the Kingdom, equivalent documentation satisfactory to SAMA).
- (e) annual financial statements, at the individual and, where applicable, the consolidated and sub-consolidated group levels, for the last three financial years, where the Applicant has been in operation for that period (or, if less than three years, the period for which the Applicant has been in operation and for which financial statements have been prepared), approved by the statutory auditor.
- (f) a business plan, including information in respect of each of the following:
  - i. a summary of the Applicant's strategy and value proposition.
  - ii. draft contracts between all the parties involved in the provision of the Payment Services.
  - iii. a description of the operating model for each Payment Service to be provided.
  - iv. key risks affecting the Applicant and the market it operates in.
  - v. a five-year financial plan (three -year plan, in the case of a Micro PSP), including an income statement and balance-sheet forecast, including projections demonstrating that it will meet the relevant reserve capital requirements specified in Article 7.
- (g) a detailed organisational chart, showing each division or department, including the name of each person responsible, in particular each person undertaking a Key Control Function, accompanied by descriptions of the functions and responsibilities of each division or department.
- (h) a policy and risk management framework demonstrating compliance with the governance arrangements and risk management requirements set out in Articles 08 and 9.
- (i) a chart setting out the shareholder structure of the Applicant, including the name and the percentage holding (of the Applicant's capital or voting rights) of each Beneficial Owner and direct shareholder.
- (j) evidence in the form of a certificate issued by the competent licensing authority in the Kingdom (or in some other form specified by SAMA) that the Applicant meets the relevant initial capital requirements specified in Article 7.
- (k) an undertaking by the Applicant to adhere to the requirements of these Guidelines and other applicable regulations issued by SAMA.
- (l) a description of the Applicant's consumer protection measures, including in relation to:
  - a. Complaints, in accordance with Article 11.7.
  - b. if applicable, safeguarding measures satisfying the requirements of Article 0.
- (m) IT infrastructure and system architecture plans, including applications and systems, data centers, servers, networks and processes to be used by the Applicant (and, if applicable, each of its agents).



## Article 6.7

- (a) SAMA shall accept receipt of an application for licensing provided that the Applicant has submitted all information and documentation necessary to satisfy the requirements stipulated in this Article 6.
- (b) SAMA may require the Applicant to provide additional information or evidence at any stage in the licensing process. The Applicant must provide SAMA with any additional information or evidence that it requests within 30 calendar days from the date of request, unless otherwise indicated by SAMA. SAMA may reject the licence application where an Applicant does not provide such evidence and information to the satisfaction of SAMA within that period.
- (c) SAMA may take such measures as it deems necessary to assess the extent to which the Applicant meets the requirements for licensing under this Article 6. , including conducting on-site inspections, interviews with the Governing Body, Senior Management or other personnel of the Applicant, and reviewing policies, procedures, systems, controls and records relating to the Applicant's proposed activities.
- (d) If SAMA is satisfied that an application for licensing meets the requirements in Article 6.6 and otherwise satisfies the general evaluation criteria in Article 6.8, it shall notify the Applicant that its application is complete.

## Article 6.8

- (a) To obtain a licence, the Applicant must demonstrate to SAMA's satisfaction that:
  - i. it has put in place:
    - (A) robust governance arrangements for its Payment Service business, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility; and
    - (B) effective policies, procedures, systems and controls to identify, manage, monitor and report any risks to which it might be exposed, including sound administrative, risk management and accounting procedures,which are comprehensive and proportionate to the nature, scale and complexity of the Payment Services to be provided;
  - ii. its activities shall:
    - (C) generate economic value for the Kingdom;
    - (D) be in accordance with government policy; and
    - (E) further SAMA's objectives stated in Article 2.1; and
  - iii. it has satisfied the specific licensing requirements set out in these Guidelines and any other criteria deemed relevant and notified to the Applicant by SAMA.
- (b) SAMA may prescribe specific actions to be undertaken by an Applicant before issuing a licence or may grant a licence subject to conditions.
- (c) Where SAMA considers it necessary to preserve the financial soundness of the Applicant or its effective supervision by SAMA (including where the Applicant provides services other than Payment Services), it

may require the Applicant to establish a separate body corporate to carry on one or more the Payment Services.

#### **Article 6.9**

- (a) SAMA shall endeavour to notify Applicants in writing of its decision within 90 calendar days from the date on which it notifies the Applicant that the application is complete in accordance with Article 6.7 (d)
- (b) If, owing to unforeseen circumstances, there is a delay beyond this period of 90 calendar days, SAMA will notify the Applicant of the adjusted timeline (and, if applicable, of any subsequent further adjustments).

#### **Article 6.10**

- (a) If the Applicant has a Linked Person, the Applicant must satisfy SAMA that:
  - i. the relationship with that person will not prevent SAMA's effective supervision of the Applicant.
  - ii. the laws and regulations in the jurisdiction of a Foreign Linked Person will not prevent SAMA from carrying out its effective supervision of the Applicant.
- (b) The Applicant may be required by SAMA to provide additional information or evidence demonstrating to its satisfaction that a Linked Person is capable of providing the relevant services and will not pose a risk or concern to the Kingdom. Such information may include:
  - i. evidence of appropriate licensing, in the case of a Foreign Linked Person.
  - ii. evidence that the Beneficial Owners, Senior Management and persons undertaking Key Control Functions have each satisfied the Fit and Proper Requirements, in the case of a Linked Entity (or equivalent foreign criteria acceptable to SAMA, in the case of a Foreign Linked Person).
  - iii. audited financial statements of the Linked Person.

#### **Article 6.11**

- (a) SAMA may refuse an application when the information and evidence provided to it do not satisfy the requirements stipulated in the regulation (or requested under Article 6.7 (b) In such cases, SAMA will provide the Applicant with a written notice explaining the reason for refusal and allowing the Applicant 30 calendar days to appeal the decision.
- (b) If SAMA chooses to refuse the application following appeal, it will issue a decision notice in writing.

#### **Article 6.12**

- (a) For Applicants that have not yet established a legal vehicle for the provision of Payment Services, SAMA may:
  - i. temporarily waive the requirement for such information and evidence specified in Article 6.6 as it notifies to the Applicant.
  - ii. issue an in-principle approval subject to the conditions in this Article 0.
- (b) The in-principle approval shall enable the Applicant to complete remaining requirements for licensing pursuant to this Guidelines, which may include:

- i. legal incorporation or establishment of a branch within the Kingdom (including the requirement for a commercial registration set out in Article 6.6(d))
  - ii. evidencing satisfaction of the initial capital requirements set out in Article 0.
  - iii. evidencing the policies, procedures, systems and controls set out in these Guidelines to the satisfaction of SAMA.
- (c) The in-principle approval shall not constitute a licence to carry on a Payment Service.
  - (d) The in-principle approval shall apply for a period of 180 calendar days from the date of its issue by SAMA, unless SAMA specifies otherwise. At least 30 calendar days before the expiry of that period, the Applicant may submit a written request to SAMA to extend that period for a maximum of a further 180 calendar days, to which SAMA will endeavour to respond promptly.
  - (e) If the Applicant does not satisfy the outstanding licensing requirements pursuant to these Guidelines within the period (or, where applicable, the extended period) specified in Article (d), the application will be deemed refused. The Applicant may then re-apply for a licence in accordance with this Article 0.
  - (f) SAMA reserves the right to deny an application even after providing an in-principle approval. SAMA may request any further information from the Applicant or take other measures it deems necessary in accordance with Article **Error! Reference source not found.**6.7.

### Article 6.13

Once an entity is licensed, SAMA will enter in an online registry accessible to the public such information relating to the Payment Service Provider as SAMA deems appropriate, including the Payment Services for which it has been licensed.

### Article 6.14

- (a) An entity carrying on a Payment Service in the Kingdom on the date that these Guidelines comes into effect must apply for a licence in accordance with this Article 0 within a period of 180 calendar days from such effective date.
- (b) Without prejudice to SAMA's powers under these Guidelines or other applicable laws and regulations, until that entity is granted a licence as a Payment Service Provider by SAMA, it may only continue to carry on the Payment Services that it is then carrying on for such period as is specified by SAMA and subject to such conditions as are specified by SAMA.

### Article 6.15

- (a) Licenses granted to Payment Service Providers under these Guidelines shall remain valid for a period of three calendar years from the date of issue, subject to SAMA's power to suspend or revoke a licence of a Payment Service Provider that fails to comply with the requirements of these Guidelines or other applicable laws and regulations.
- (b) Without prejudice to SAMA's powers under other applicable laws and regulations, SAMA may revoke or suspend a licence in any one of the following circumstances:
  - i. a Payment Service Provider has not carried out any payments activity in the Kingdom for a period of at least 12 consecutive months.
  - ii. a Payment Service Provider notifies SAMA that it intends to cease carrying on the Payment Services for which it is licensed.

- iii. a Payment Service Provider no longer meets or, in the opinion of SAMA, is unlikely to meet any of the requirements of these Guidelines(including capital requirements).
  - iv. a Payment Service Provider fails to inform SAMA, in accordance with Article 6.17 of a change in circumstances which SAMA considers to be materially relevant to its compliance with any of the requirements of these Guidelines(including capital requirements).
  - v. a Payment Service Provider has, in the opinion of SAMA, committed a material breach of a provision of this Guidelines.
  - vi. a Payment Service Provider constitutes, in the opinion of SAMA, a threat to the stability of or trust in a Payment System.
  - vii. SAMA considers that revocation is otherwise desirable in order to protect the interests of consumers or is in the public interest.
- (c) Depending on the severity of the circumstances, SAMA may determine whether a licence is to be suspended or revoked.
  - (d) Subject to Article 6.15(e), before suspending or revoking a licence, SAMA will notify the Payment Service Provider of the reason for the suspension or revocation and allow it 30 calendar days to appeal the decision.
  - (e) Where SAMA considers that consumers, payment systems or the financial stability of the Kingdom is at risk, particularly in relation to Article iii (b)(iii), 6.15 (b) (v) and vi (b)(vi) above, SAMA may immediately suspend the Payment Service Provider's licence, pending a formal investigation to be carried out by SAMA in accordance with its powers.
  - (f) Where SAMA decides to revoke a licence, it may also require that the Payment Service Provider's presence in the Kingdom be closed or liquidated.
  - (g) Where SAMA decides to suspend a licence, it may prescribe a certain period for the suspension or notify the Payment Service Provider that the suspension will continue indefinitely until it is able to demonstrate compliance with conditions or completion of actions prescribed by SAMA.
  - (h) Entities may choose to dispute SAMA's decisions under this Article 0 in accordance with the procedures set out in Article 0.

#### **Article 6.16**

- (a) Upon approval of the application, before SAMA issues the licence, each Applicant shall pay SAMA the following licence issuance fee:
  - i. twenty thousand Saudi Riyals (SAR20,000) for a Micro PI licence.
  - ii. fifty thousand Saudi Riyals (SAR50,000) for a Major PI licence.
  - iii. twenty thousand Saudi Riyals (SAR20,000) for a Micro EMI licence.
  - iv. fifty thousand Saudi Riyals (SAR50,000) for a Major EMI licence.
- (b) In addition to the licence issuance fee, each Payment Service Provider wishing to renew a licence at the end of the three-year period mentioned in Article (a)15 (a) is required to pay a renewal fee equal to the licence issuance fee applicable to the Payment Service Provider type that the licensee holds.
- (c) SAMA may adjust the fees mentioned in this Article as it deems necessary.

- (d) In the event of a variation to the terms of a licence pursuant to Articles 6.17 (c ) and 6.17 (d) a Payment Service Provider will be subject to re-evaluation and payment of the corresponding licence issuing fee set out at Article 6.17 (c ) . In such circumstances, the period of validity of the licence will re-commence from the revised issuing date of such new licence.

### Article 6.17

- (a) Before making any of the changes set out in Article (b) (b), a Payment Service Provider must:
- i. notify SAMA in writing of its intention to carry out such changes, providing details of the proposed date on which each change is intended to come into effect and the reasons for making the changes, to the satisfaction of SAMA.
  - ii. obtain a letter from SAMA stating that it has no objection to such changes.
- (b) The changes for which a non-objection letter are required by Article 6.17 (a) are any changes to:
- i. details of the Payment Service Provider, including:
    - A. legal name (as shown on the public register).
    - B. trading name (if applicable).
    - C. principal place of business.
    - D. address in the Kingdom of the registered office.
    - E. opening/closure of branches (if any).
    - F. the contact details of the member of the Senior Management that is the primary contact for communications with SAMA.
    - G. its website;.
    - H. details of any commercial registration in the Kingdom (or equivalent registration details, in the case of Payment Service Providers established outside the Kingdom).
  - ii. changes to the operation of the Payment Service Provider's business, including:
    - A. any proposed restructuring, reorganization or business expansion, with a detailed explanation of any foreseeable resulting changes to the Payment Service Provider's risk profile.
    - B. any action that would result in a material change to the Payment Service Provider's financial resources.
    - C. changes to material outsourcing arrangements or material new agreements with service providers for outsourcing.
  - iii. changes to the policy documenting the methods adopted for Safeguarded Funds, in accordance with Article 14.1(d)
  - iv. changes in control, including:
    - A. any changes to the persons listed as Beneficial Owners of a Payment Service Provider.

- B. any changes to the persons making up the Senior Management of a Payment Service Provider.
  - C. changes affecting the fitness and propriety of any Beneficial Owner member of Senior Management, member of the Governing Body or persons undertaking a Key Control Function.
- v. changes to policy for setting transaction or other limits required by Article 15.2
  - vi. any other changes that SAMA specifies for the purposes of this Article 0 from time to time.
- (c) Where a Payment Service Provider wishes to add to or vary any of the Payment Services for which it is licensed (or any of the terms of its licence), it must apply to and obtain the approval of SAMA to amend the terms of its licence before it carries on any Payment Services that are different from those for which it is then licensed or otherwise acts outside the scope of its issued licence, subject to Article (d) (d) .
  - (d) A Micro PSP must immediately notify SAMA if it becomes aware, or has reason to believe, that it is non-compliant with the conditions set out in this Article 6 in relation to thresholds applicable to Micro PSPs. If the Micro PSP anticipates that its activities will breach those conditions for a period of at least three consecutive calendar months, the Micro PSP must immediately notify SAMA. If SAMA considers that the Micro PSP will continue to be in material breach such conditions, it may direct the Micro PSP to apply for a licence as either a Major PI or a Major EMI within 90 calendar days of that notification or such other period specified by SAMA. During the application period, SAMA may restrict the Micro PSP from exceeding the thresholds or breaching the conditions set out in this Article 0 or impose such other requirement as SAMA deems necessary.
  - (e) A Payment Service Provider that intends to list any of its shares on a market licensed in the Kingdom or a market outside the Kingdom may not do so before obtaining the prior written approval of SAMA.
  - (f) For any of the changes set out in this Article 6.17 SAMA reserves the right to request more information from the Payment Service Provider and interview its personnel before communicating a decision or prescribing a course of action.
  - (g) Upon reviewing any notifications and information provided to SAMA in accordance with this Article 0, SAMA may require a Payment Service Provider to vary its licensing category.

### **Article 6.18**

- (a) A Payment Service Provider must notify SAMA as soon as possible, and within 14 calendar days in any event, if it becomes aware that any of the following events have occurred or are likely to occur:
  - i. any event that prevents access to or disrupts the operations of one or more of its Payment Services.
  - ii. any breach of its obligations under these Guidelines or under other applicable laws and regulations.
  - iii. any civil or criminal proceeding against it either in the Kingdom or outside.
  - iv. the commencement of any insolvency, winding up or other liquidation proceedings, or the appointment of any receiver, administrator or provisional liquidator under the law of any country.
  - v. any disciplinary measure or sanction taken against it or imposed on it by a regulatory body other than SAMA, whether in the Kingdom or outside.
  - vi. any change in regulatory requirements to which it is subject beyond those of SAMA, whether in the Kingdom or outside.

- vii. fraud reporting in accordance with the requirements of Article 8 (f).
- viii. any other event specified by SAMA.

unless any other applicable law or regulation specifies a shorter timeframe, in which case the notification must be made within that shorter timeframe.

### **Article 6.19**

- (a) If a Payment Service Provider or Applicant carries on or intends to carry on an activity falling outside the scope of its licence, SAMA may require it to create a stand-alone entity solely to carry on Payment Services when it believes that the carrying on of other business activities could have a detrimental impact on:
  - i. its ability to comply with these Guidelines or other applicable laws or regulations issued by SAMA; or
  - ii. the ability of SAMA to effectively supervise it.
- (b) SAMA will decide on this matter based on the Payment Service Provider's business model and circumstances.

## **Article Seven**

### **Capital Requirements**

#### **Article 7.1**

- (a) A Payment Service Provider, when providing its services, must ensure that it remains in compliance with the capital requirements of these Guidelines and other applicable laws and regulations.
- (b) SAMA reserves the right to amend the capital requirements for Payment Service Providers as it sees fit.

#### **Article 7.2**

- (a) Capital requirements for a Micro PI:
  - i. *Initial* – An Applicant for a Micro PI licence must provide evidence satisfactory to SAMA of at least SR1,000,000 in paid-up equity, and
  - ii. *Reserve* – As a reserve capital requirement, a Micro PI must maintain an amount equal to the initial capital requirement stated in Article 7.2 (a)(i)
- (b) Capital requirements for a Major PI:
  - i. *Initial* – An Applicant for a Major PI licence must provide evidence satisfactory to SAMA of at least SR3,000,000 in paid-up equity; and
  - ii. *Reserve* – As a reserve capital requirement, a Major PI must maintain an amount equal to whichever is the higher of:
    - A. the initial capital requirement stated in Article 7.2 (b)(i) and
    - B. 1% of the Major PI's Average Monthly Payment Transaction Value.
- (c) Capital requirements for a Micro EMI:

- i. *Initial* – An Applicant for a Micro EMI licence must provide evidence satisfactory to SAMA of at least SR2,000,000 in paid-up equity; and
  - ii. *Reserve* – As a reserve capital requirement, a Micro EMI must maintain an amount equal to the initial capital requirement set out in Article 7.2 (c) (i)
- (d) Capital requirements for a Major EMI:
- i. *Initial* – An Applicant for a Major EMI licence must provide evidence satisfactory to SAMA of at least SR10,000,000 in paid-up equity; and
  - ii. *Reserve* – As a reserve capital requirement, a Major EMI must maintain an amount equal to whichever is the higher of:
    - A. the initial capital requirement stated in Article 7.2 (d) (i); and
    - B. 2% of the Total Average Outstanding Electronic Money.

### Article 7.3

The capital requirements set out in this Article 7 can be met by demonstrating the existence of the following to the satisfaction of SAMA:

- i. capital instruments (including paid-up ordinary shares of the Payment Service Provider or Applicant).
- ii. retained earnings; or
- iii. other reserves.

### Article 7.4

- (a) A Payment Service Provider must:
- i. before SAMA issues a licence to it under this Guidelines:
    - A. put in place an amount equal to at least 5% of the capital required on a reserve basis pursuant to this Article 0 as a security deposit at SAMA; or
    - B. obtain and hold investments in secure and liquid assets (of a kind acceptable to SAMA) that are of a value equal to at least 5% of the capital required on a reserve basis pursuant to this Article 7 and are held under lien at SAMA; and
  - ii. maintain such amounts and investments for the whole period during which it holds a licence issued under this Guidelines.
- (b) A Payment Service Provider must recalculate on an annual basis the amounts set out in Article (a) (a) and ensure that the security deposit or investments held are of an adequate amount or value for meeting the requirements of Article (a)(a) (a).



## **Article 7.5**

An Applicant and a Payment Service Provider may evidence its compliance with initial and reserve capital requirements by providing the following in a form satisfactory to SAMA:

- i. a certified copy of a licence issued by the competent licensing authority in the Kingdom showing its paid-up capital.
- ii. audited financial statements by a certified public accountant who is a member of the Saudi Organization for Certified Public Accountants; or
- iii. any other method deemed acceptable by SAMA.

## **Article 7.6**

Except where this Article 0 provides otherwise, whenever a provision in this Article 0 refers to an asset, liability, equity or income statement item, a Payment Service Provider must, for the purpose of that provision, recognise and measure its value in accordance with the relevant accounting standards applicable in the Kingdom.

## **Article 8**

### **Risk Management**

- (a) A Payment Service Provider must put in place risk management policies, procedures, systems and controls for the Payment Services for which it is licensed in accordance with this Article 8.
- (b) A Payment Service Provider must ensure that its risk management policies, procedures, systems and controls are kept up-to-date and must review them at least once per year, submitting copies of the updated procedures to SAMA. SAMA may request additional information or changes to be made.
- (c) The policies, procedures, systems and controls must take into account the types of activities performed by the Payment Service Provider, the nature, scale and complexity of its business model, any operational challenges and the degree of risk associated with its operations.
- (d) The policies, procedures, systems and controls must explain how the Payment Service Provider will identify, monitor, manage and report risks to which it can reasonably expect to be exposed. These risks include:
  - i. operational risk.
  - ii. fraud risk.
  - iii. money laundering, terrorism financing and financial crime risk.
  - iv. cyber security risk.
  - v. reputational and legal risks.
  - vi. liquidity risk.
  - vii. credit risk.
  - viii. counterparty risk.
  - ix. market risk.

- x. foreign exchange risk.
  - xi. business continuity risk.
  - xii. data protection and privacy risk.
  - xiii. any other commercial, financial or business risk relevant to the activities of the Payment Service Provider.
- (e) A Payment Service Provider must demonstrate to SAMA that it has implemented sound risk-management controls, including:
- i. establishment of a risk management function, internal audit function and compliance function, with the heads of such functions being provided with sufficient independence and resources to carry out their duties.
  - ii. establishment of an integrated control framework between the internal audit, risk management, and compliance functions, and external audits.
  - iii. effective procedures for identifying, managing, monitoring and reporting any risks the entity may be exposed to.
  - iv. adequate internal control mechanisms, including sound administrative, risk management and accounting procedures.
- (f) A Payment Service Provider must:
- i. put in place and maintain fraud detection and handling policies, procedures, systems and controls, which may be updated at the direction of SAMA.
  - ii. inform the financial investigation department at the department for state security in the Kingdom, notify SAMA on an on-going basis about the fraud incidents and reports in the frequency and format specified by SAMA.

## **Article 9**

### **Corporate Governance**

- (a) A Payment Service Provider must comply with the following corporate governance requirements, as amended, replaced or supplemented by SAMA from time to time.
- (b) At a minimum, a Payment Service Provider must implement and keep up-to-date the following arrangements:
- i. an organisational structure chart showing each division or department, including the name of each person responsible, in particular the Senior Management and each person undertaking a Key Control Function, accompanied by descriptions of the functions and responsibilities of each division, department and function.
  - ii. policies, procedures and controls to ensure that the roles and responsibilities assigned to its Governing Body and the members of that body, Senior Management and each person undertaking a Key Control Function are clearly defined.
  - iii. policies, procedures and controls for the independence of each function managed by a person undertaking a Key Control Function, as well as segregation of the associated duties and reporting lines.

- iv. policies and procedures on remuneration and compensation.
- v. controls on conflicts of interest.
- vi. controls on the integrity and transparency of the Payment Service Provider's operations.
- vii. controls to ensure compliance with applicable laws and regulations.
- viii. methods for maintaining confidentiality of information.
- ix. controls for ensuring fairness of transactions, including all the requirements in relation to customer protection pursuant to Article 11 .
- x. arrangements for regular monitoring and auditing of all governance policies, procedures, systems and controls.

(c) A Payment Service Provider must:

- i. document the arrangements required by this Article 0, ensure that its Governing Body has approved them and provide SAMA with a copy of such documentation following that approval; and
- ii. ensure that such documentation and arrangements are updated at least on an annual basis and provide evidence of such update to SAMA, which may request additional information or changes to the relevant arrangement.

(c) A Payment Service Provider must:

- i. establish specialised committees in order to ensure its compliance with the requirements of this Article 0, including at least an audit committee and a risk committee.
- ii. grant those committees the necessary powers to perform their work.
- iii. monitor their performance.

(d) SAMA may issue directions to Payment Service Providers to carry out specific actions with regard to its governance arrangements. Failure to address the directions from SAMA may result in SAMA taking remedial or enforcement action in accordance with its powers.

### **Article 10**

#### **AML / CTF**

Payment Service Providers are required to comply with the AML Law and the applicable rules and regulations on anti-money laundering and counter-terrorism financing issued by SAMA.

## Article 11

### Customer Protection

#### Article 11.1

- (a) A Payment Service Provider must supply a document detailing the terms and conditions of the Payment Services it provides to:
- i. each of its new customers, in good time before the commencement of the provision of a Payment Service to that customer, so that the customer may make an informed decision as to whether or not to proceed; and
  - ii. each of its existing customers, at their request.

in writing and delivered in accordance with the customer's preference.

- (b) A Payment Service Provider must communicate any changes in terms and conditions at least 30 calendar days in advance of any such changes being implemented. In the event that a customer does not wish to agree to the revised terms and conditions, the customer must have the right to end the contractual relationship at no charge.
- (c) Information on the terms and conditions may be provided by mail or electronically (including by means of a website, mobile application, or email).
- (d) All terms and conditions should be written in clear and understandable language, in a manner that is not misleading and provided or made available to the customer in Arabic (or other language agreed between the Payment Service Provider and its customer, with a translation available in English, if requested).

#### Article 11.2

- (a) In relation to transactions conducted under a Framework Contract, a Payment Service Provider must have provided or made available to each of its customers the following information before the customer consents to a Payment Transaction (subject to Article 11.2 (c) )and must provide or make available such information at any other time requested by the customer (within 3 business days of such request):
- i. the schedule of fees, charges and commissions, including currency and conversion rates and withdrawal charges, where applicable, that apply to that Payment Transaction under the terms of the Framework Contract.
  - ii. the legal name, registered address and relevant contact details for the Payment Service Provider.
  - iii. the form and procedure for giving consent to the initiation of a Payment Order or execution of a Payment Transaction and for the withdrawal of consent.
  - iv. the agreed methods of communication between the Payment Service Provider and the customer.
  - v. the agreed safeguarding methods, in accordance with Article 0.
  - vi. how and within what period of time the Payment Service User is to notify the Payment Service Provider of any unauthorised or incorrectly initiated or executed Payment Transaction and the Payment Service Provider's liability for unauthorised Payment Transactions.
  - vii. information relating to terms under which a Payment Service User may be deemed to have accepted changes to the terms and conditions, the duration of the contract and the rights of the parties to terminate a Framework Contract; and

- viii. the maximum time in which the Payment Service will be executed.
- (b) In relation to transactions conducted under a Single Payment Contract, a Payment Service Provider must provide each of its customers the information set out at Article (a)2 (a) (except for the information specified at vii) before the customer consents to a transaction (subject to Article (c)(a)2 (c).
- (c) The information required to be provided under Article (a)(a)2 (a) and (b)(a)2 (b) may be provided immediately after the execution of the Payment Transaction, where it is concluded at a Payment Service User's request using a means of distance communication (such as telephone) which does not enable the provision of such information in accordance with those paragraphs.
- (d) Immediately after the receipt of an order for a Payment Transaction, the Payment Service Provider of the Payer must provide each of its customers with:
- i. a confirmation of the successful or unsuccessful initiation and execution of the Payment Transaction.
  - ii. a reference number to track the status of the Payment Transaction, including:
    - A. the date and amount of the Payment Transaction; and
    - B. information relating to the Payee.
  - iii. the amount of the Payment Transaction, any related fees or charges, including the actual currency and conversion rates used, and withdrawal charges, where applicable; and
  - iv. the date on which the Payment Service Provider received the Payment Order.
- (e) The Payee's Payment Service Provider must, immediately after the execution of the Payment Transaction, provide to the Payee the following information:
- i. a reference enabling the Payee to identify the Payment Transaction and, where appropriate, the Payer and any information transferred with the Payment Transaction.
  - ii. the amount of the Payment Transaction in the currency in which the funds are at the Payee's disposal.
  - iii. the amount of any fees or charges for the Payment Transaction payable by the Payee.
  - iv. where applicable, the exchange rate used in the Payment Transaction by the Payee's Payment Service Provider; and
  - v. the date on which the amount of a Payment Transaction is credited to a Payee's Payment Account.
- (f) The Payer's Payment Service Provider must ensure that Payment Orders are accompanied by the following information:
- i. name of the Payer.
  - ii. name of Payer's Payment Account Service Provider, if applicable.
  - iii. Payer's Payment Account number, if applicable.
  - iv. Payer's Official ID Number and customer identification number.
  - v. name of the Payee.

- vi. name of Payee's Payment Account Service Provider, if applicable.
  - vii. Payee's Payment Account number, if applicable.
  - viii. unique identifier for the Payment Transaction.
  - ix. date and time of the Payment Transaction.
  - x. amount of the Payment Transaction; and
  - xi. any other item of information separately required by SAMA.
- (g) The Payee's Payment Service Provider must implement procedures to detect when any information set out in Article (f) (f) is missing or inaccurate for a Payment Transaction (except for the requirement of Article iv(f) (f) (iv) in the case of a Payment Transaction originating outside the Kingdom). If any of the information is missing or inaccurate, the Payee's Payment Service Provider must either:
- i. reject the Payment Order.
  - ii. obtain the missing or corrected information from the Payer's Payment Service Provider before crediting the Payee's Payment Account or making the funds available to the Payee; or
  - iii. on a risk-sensitive basis, request the required information from the Payer's Payment Service Provider after crediting the Payee's account or making the funds available to the Payee.
- (h) A Payment Service Provider must provide each of its customers with a history of the Payment Transactions under a Framework Contract at least once per month free of charge, including details of the amounts, the fees, charges and commissions, the dates and times of execution and the reference numbers for each Payment Transaction.

### **Article 11.3**

- (a) A customer may terminate a Framework Contract at any time, unless the parties have agreed on a notice period for termination. Such notice period must not exceed 30 calendar days.
- (b) The terms of a Framework Contract, including fees and charges, cannot be altered unless conditions for such changes are specified in the Framework Contract.
- (c) A Payment Service Provider must provide each of its customers with at least 30 calendar days of notice for any changes to the terms of a Framework Contract (other than in relation to fees and charges, as specified in Article 11.3 (d))
- (d) Where a Framework Contract permits that the Payment Service Provider's fees or charges may change, the Payment Service Provider must inform the affected customers of any changes in fees and charges, including any imposed by a third party, at least 30 calendar days in advance of any such changes coming into effect and give customers the right to refuse and end the relationship at no cost, unless a termination fee is agreed upon in the Framework Contract.
- (e) Fees and charges that are linked to floating rates, such as exchange rates, may be changed in accordance with Article 11.3 (d), provided that this is stipulated in the Framework Contract and based on a reference rate agreed upon and available to the customer.
- (f) A Payment Service Provider may not charge a customer for the information required to be provided by this Guidelines.

- (g) A customer is not liable to pay any fees and charges for a Payment Transaction if it was not informed of them prior to that Payment Transaction. Where a Payment Service Provider is alleged to have failed to provide information on fees and charges, the Payment Service Provider must provide evidence to the customer that it provided such information prior to the Payment Transaction.
- (h) All information supplied by a Payment Service Provider must be provided or made available in an easily accessible manner (including by physical mail or electronically via email, website or mobile application), in clear and understandable words and in Arabic (or other language agreed to between the Payment Service Provider and its customer, with a translation available in English, if requested).

#### **Article 11.4**

- (a) Where a term of a Framework Contract or Single Payment Contract contravenes any provision of this Guidelines:
  - i. a Payment Service User that is party to that contract has a right to rescind the contract and recover its money or other of its property paid or transferred thereunder; and
  - ii. a Payment Service Provider that is party to that contract is not entitled to enforce the contract against any other party to it.
- (b) Where a person that is not a Payment Service Provider enters into a Framework Contract or Single Payment Contract for the provision of Payment Services, the contract is deemed void. Any Payment Service User that is party to that contract may recover its money or other of its property paid or transferred under the contract.

#### **Article 11.5**

- (a) A Payment Service Provider must ensure that any advertising or promotional material for its Payment Services is not deceptive, misleading or exaggerative. All text and numbers stated in such material should be clearly visible and understandable, with a legible font size used for all text (including footnotes).
- (b) A Payment Service Provider should ensure that advertising and promotional material is designed and presented so that any customer can reasonably be expected to understand that it is an advertisement and that the availability of the product or service may require the customer to meet certain criteria.
- (c) All advertising and promotional material must be approved in writing by the compliance function of a Payment Service Provider.
- (d) A Payment Service Provider must not send promotional material to any person under the age of 18 years, where such material presents unsuitable risk to such customers.

#### **Article 11.6**

- (a) A Payment Service Provider must protect Customer Data and maintain the confidentiality of that data, including when it is held by a third party or Agent of the Payment Service Provider. The personal information of customers may be accessed and used by personnel authorized by the Payment Service Provider only for the purpose of complying with regulatory requirements applicable in the Kingdom, including in relation to anti-money laundering reporting, fraud and financial crime reporting.
- (b) A Payment Service Provider must not disclose Customer Data except where:
  - i. required, pursuant to applicable laws and regulations, by SAMA or other competent authority in the Kingdom; or
  - ii. the disclosure is made with the prior written consent of the customer.

- (c) A Payment Service Provider must put in place and maintain adequate policies, procedures and controls, as well as employee awareness training, to protect Customer Data and to identify, act to prevent and resolve any information security breaches.
- (d) In addition, a Payment Service Provider must put in place and maintain data protection controls in accordance with SAMA's cyber security framework, as required by Article 15.6

#### **Article 11.7**

- (a) A Payment Service Provider must ensure that Complaints are handled and addressed in a fair and timely manner.
- (b) On receiving a Complaint, the Payment Service Provider must make every effort to address all points raised in its reply to the customer making the Complaint.
- (c) A Payment Service Provider must at a minimum:
  - i. have a role or function that handles customer complaints and operates a complaints handling system that facilitates the recording, tracking, categorization and status for Complaints and provides access to the central database or platform designated from time to time by SAMA in relation to complaints handling.
  - ii. ensure that the role or function specified in Article (c) (c ) prepares Complaints handling procedures which adhere to any directions given by SAMA that regulate the relationships between a Payment Service Provider and its customers, as well as develop policies, systems and controls in this regard.
  - iii. provide or make available business phone numbers (landline and mobile) for customers to contact free of charge from inside the Kingdom to report Complaints or raise other enquiries. A Payment Service Provider must publish those phone numbers and services on all channels it makes available to customers.
  - iv. provide or make available additional online communication channels, such as online live chat or the option for customers to register their phone numbers online for Payment Service Provider representatives to contact them.
  - v. provide or make available its Complaint handling procedures (including how to make a Complaint and the documentation required, as well as the customer's right to make a Complaint through the Payment Service Provider's available channels).
  - vi. provide or make available all necessary details to be used by the customer for following up on a Complaint.
  - vii. communicate with the customer regarding the Complaint within a period of seven calendar days from the date of receipt of the Complaint (unless the customer has confirmed that the Complaint has been resolved before the end of this period).
  - viii. respond to the customer with a decision on the complaint within 14 calendar days from the date of receipt.
  - ix. document the channel used to communicate with a customer in relation to Complaints and retain details of each Complaint; and
  - x. provide the information required by a customer who wishes to escalate its Complaint within the Payment Service Provider or to SAMA as a result of being dissatisfied with the result of the resolution of their Complaint and direct the customer to the relevant party.



- (d) A Payment Service Provider must submit details of its Complaints handling procedures to SAMA. SAMA may review these procedures and direct it to alter or amend the complaints handling procedures in accordance with the requirements of applicable laws and regulations, failing which SAMA may take enforcement or remedial action in accordance with its powers.
- (e) A Payment Service Provider must report to SAMA on an annual basis the Complaints that it has received from its customers in such form as SAMA may direct.
- (f) In addition to the Payment Service Provider's Complaints handling procedures, SAMA will maintain arrangements to receive customer Complaints. SAMA will consider such Complaints and may follow them up with a Payment Service Provider to determine any corrective actions to be taken. Further, where it deems it appropriate, SAMA may refer the customer to other competent authorities or entities for addressing their Complaints.

## **Article 12**

### **Execution of Payment Transactions**

#### **Article 12.1**

- (a) A Payment Service Provider must not debit a Payment Account unless it has received a Payment Order.
- (b) If a Payment Order does not fall on a business day of the Payment Service Provider within the business hours specified by the Payment Service Provider, the Payment Order is considered received at the beginning of the Payment Service Provider's next business day.
- (c) The execution of the Payment Order may be scheduled to be executed at a future date or time agreed between the Payer and the Payment Service Provider (or on the date on which the Payer has put funds at the disposal of its Payment Service Provider).

#### **Article 12.2**

- (a) A Payment Service Provider may refuse a Payment Order only if:
  - i. the conditions for refusing Payment Orders are set out in a contract between the Payment Service User and the Payment Service Provider and such conditions have not been met.
  - ii. the Payment Service Provider has grounds to suspect the Payment Transaction is fraudulent or poses an money-laundering or terrorism-financing risk; or
  - iii. the Payment Transaction would breach any of the Payment Service Provider's obligations under applicable regulations or laws.
- (b) When a Payment Order is refused, the Payment Service Provider must (to the extent permitted by applicable law) notify the Payment Service User in a timely manner of the refusal and be provided with objectively justifiable reasons for the refusal, as well as details on how to rectify the problem.
- (c) A Payment Service User may only be charged for a refusal if such charge is stipulated in the contract with the Payment Service Provider.

#### **Article 12.3**

- (a) A Payer may withdraw Consent and revoke a Payment Order at any time before the Payment Transaction is initiated by the Payment Service Provider, except where the Payer provided Consent for a Payment Transaction to be initiated by or through the Payee, in which case the Payer may not withdraw Consent and revoke the Payment Order without an agreement between the Payer and Payee.

- (b) In the case of a Direct Debit, the Payer may revoke the payment so long as it does so during the business hours of the Payment Service Provider on the business day before the agreed date of payment (or before the start of such business day).
- (c) The Payment Service User may only be charged for a revoked Payment Order if the charge is stipulated in the contract.

#### **Article 12.4**

- (a) Subject to Article 0, the Payment Service Provider of the Payer and the Payment Service Provider of the Payee must ensure that the full amount of the Payment Transaction is transferred to the Payee.
- (b) Where a Payment Service Provider and a Payer have agreed on a fee or charge for a Payment Transaction, any such fee or charge must be clearly communicated to the Payer and shown in the transaction history provided in accordance with Article 11.2 (h)
- (c) Where the Payee and its Payment Service Provider have agreed upon a fee or charge, the amount may be deducted from the amount transferred before crediting it to the Payee's Payment Account, provided that the fee or charge must be clearly communicated to the Payee, and shown in the transaction history provided in accordance with Article 11.2 (h)
- (d) If charges other than those provided for by Article (c)12.4(h) are deducted from the amount transferred:
  - i. in the case of a Payment Transaction initiated by the Payer, the Payer's Payment Service Provider must ensure that the Payee receives the full amount of the Payment Transaction; and
  - ii. in the case of a Payment Transaction initiated by the Payee, the Payee's Payment Service Provider must ensure that the Payee receives the full amount of the Payment Transaction.

#### **Article 12.5**

- (a) A Payment Transaction (or series of Payment Transactions) is considered authorized by the Payer if the Payer has given consent to its execution. For future-dated Payment Transactions scheduled to be executed in accordance with Article 12.1 the Payer may withdraw its consent at any time, subject to Article 12.3
- (b) If a Payer denies having authorized an executed Payment Transaction or claims that a Payment Transaction has not been correctly executed by a Payment Service Provider, that Payment Service Provider must prove that the Payment Transaction was Authenticated, accurately recorded, entered in the Payment Service Provider's accounts and not otherwise affected by a deficiency in the service provided.
- (c) If a Payment Service Provider claims that a Payer acted fraudulently, the onus is on the Payment Service Provider to furnish supporting evidence during the dispute settlement process laid out in Article 0.
- (d) If a Payment Transaction was initiated through a Payment Initiation Service Provider, it is for the Payment Initiation Service Provider to prove that, within its sphere of competence, the Payment Transaction was Authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the Payment Initiation Service.

## Article 13

### Errors, Delays and Refunds

#### Article 13.1

- (a) The Payer's Payment Service Provider shall be liable to the Payer for the correct execution of the Payment Transaction unless it can prove to the Payer and, where relevant, to the Payee's Payment Service Provider, that the Payee's Payment Service Provider received the amount of the Payment Transaction.
- (b) Where the Payer's Payment Service Provider is liable under Article (a) (a) , it must without undue delay refund to the Payer the amount of the non-executed or defective Payment Transaction and, where applicable, restore the debited Payment Account to the state in which it would have been had the defective Payment Transaction not taken place.
- (c) Where a Payment Transaction is executed late, the Payee's Payment Service Provider must, on receipt of a request from the Payer's Payment Service Provider on behalf of the Payer, ensure that the date on which the amount of a Payment Transaction is credited to a Payee's Payment Account is no later than the date the amount would have been value dated if the Payment Transaction had been executed correctly.
- (d) Regardless of liability under this Guidelines, the Payer's Payment Service Provider must, on request by the Payer, immediately and without charge:
  - i. make efforts to trace any non-executed or defectively executed Payment Transaction; and
  - ii. notify the Payer of the outcome.

#### Article 13.2

- (a) The Payee's Payment Service Provider is liable to the Payee for the correct transmission of the Payment Order to the Payer's Payment Service Provider in accordance with the time limits agreed between the Payee and its Payment Service Provider.
- (b) Where the Payee's Payment Service Provider is liable under paragraph Article 13.2 (a) it must immediately re-transmit the Payment Order in question to the Payer's Payment Service Provider.
- (c) The Payee's Payment Service Provider must ensure that the Payment Transaction is handled such that the amount of the Payment Transaction is:
  - i. at the Payee's disposal immediately after it is credited to the Payee's Payment Service Provider's account; and
  - ii. is value dated on the Payee's Payment Account no later than the date the amount would have been value dated if the transaction had been executed correctly.
- (d) The Payee's Payment Service Provider must, on request by the Payee and free of charge, make immediate efforts to trace the Payment Transaction and notify the Payee of the outcome.
- (e) Subject to Article 13.2 (g) if the Payee's Payment Service Provider proves to the Payee and, where relevant, to the Payer's Payment Service Provider, that it is not liable under Article (a)13.2 (a) in respect of a non-executed or defectively executed Payment Transaction, the Payer's Payment Service Provider is liable to the Payer and must, as appropriate, and immediately:
  - i. refund to the Payer the amount of the Payment Transaction; and

- ii. restore the debited Payment Account to the state in which it would have been had the defective Payment Transaction not taken place.
- (f) The date on which the amount of a Payment Transaction is credited to a Payee's Payment Account for a credit under Article (e) (e) must be no later than the date on which the amount was debited.
- (g) If the Payer's Payment Service Provider proves that the Payee's Payment Service Provider has received the amount of the Payment Transaction, Article (e)(e) (e) does not apply and the Payee's Payment Service Provider must value date the amount on the Payee's Payment Account no later than the date the amount would have been value dated if the transaction had been executed correctly.

### Article 13.3

- (a) This Article 0 applies where a Payment Order is initiated by the Payer through a Payment Initiation Service.
- (b) The Payment Account Service Provider must refund to the Payer the amount of the non-executed or defective Payment Transaction and, where applicable, restore the debited Payment Account to the state in which it would have been had the defective Payment Transaction not taken place.
- (c) Article (d) (d) applies if the Payment Initiation Service Provider cannot prove to the Payment Account Service Provider that:
  - i. the Payment Order was received by the Payer's Payment Account Service Provider in accordance with Article 0; and
  - ii. within the Payment Initiation Service Provider's sphere of influence, the Payment Transaction was Authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the non-execution, defective or late execution of the Payment Transaction.
- (d) On request from the Payment Account Service Provider, the Payment Initiation Service Provider must immediately compensate the Payment Account Service Provider for the losses incurred or sums paid as a result of the refund to the Payer.

### Article 13.4

- (a) When a Payment Service Provider discovers or is made aware of a systemic error, malfunction or breakdown, it must investigate and, where appropriate, refund all customers who are affected by such error within 30 calendar days of discovering the error.
- (b) The Payment Service Provider should, as soon as practical, issue a communication to all affected customers, advising them of the systemic error and the steps being taken to correct it, including the amount of any refund to the customers' accounts.

### Article 13.5

Subject to Article 0, a Payment Service Provider is liable to its Payment Service User for any charges for which the Payment Service User is responsible and any interest which the Payment Service User must pay, as a consequence of the non-execution or defective or late execution of the Payment Transaction.

### Article 13.6

Where the liability of a Payment Service Provider (the **First Provider**) under Articles 13.1, 13.2, 13.3 and 13.4 is attributable to another Payment Service Provider or an intermediary, including where there is a failure to use

the customer Authentication measures required by applicable laws and regulations, the other Payment Service Provider or intermediary must compensate the First Provider for any losses incurred or sums paid pursuant to those Articles.

### **Article 13.7**

- (a) A Payment Service Provider shall not be liable for any errors made by a Payment Service User where that Payment Service User initiated a Payment Transaction and specified an incorrect unique identifying reference number for the Payee or incorrect bank details.
- (b) The Payment Service Provider must make reasonable efforts to recover the funds from the incorrect recipient of the funds and the recipient's Payment Service Provider. The Payment Service Provider may charge the Payment Service User a fee to attempt to recover the funds if such a fee is written into the contract between the Payer and Payment Service Provider. The Payee's Payment Service Provider must co-operate with the Payer's Payment Service Provider in recovering the funds to the extent possible.
- (c) If the Payer's Payment Service Provider is unable to recover the funds it must, on receipt of a written request, provide to the Payer all available relevant information in order for the Payer to claim repayment of the funds.
- (d) If the Payer notifies SAMA of an incident governed by this Article 0, SAMA will assess whether the actions taken by the Payment Service Provider to recover the funds were sufficient. If deemed insufficient, SAMA may direct the Payment Service Provider to take specified actions or to reimburse the Payer.

### **Article 13.8**

- (a) A Payment Service Provider is liable for any fraudulent Payment Transaction, whether before or after the Payer informs the Payment Service Provider of any potential or suspected fraud, except where:
  - i. the Payer acts fraudulently; or
  - ii. the Payer acted negligently and did not take reasonable steps to keep safe its Personalised Security Credentials.
- (b) Where a customer raises a Complaint in relation to an allegedly fraudulent Payment Transaction, the Payment Service Provider must handle such Complaint in accordance with Article 11.7 If such a Complaint is submitted to SAMA, then the Payment Service Provider must, if required by SAMA, provide evidence that one of the conditions stated in Article (a) (a) is met and present such evidence to SAMA. SAMA will then seek to decide if such conditions are met on a case-by-case basis.

### **Article 13.9**

- (a) Subject to Articles (h) (h) and (a) (a), where an executed Payment Transaction was not authorised correctly in accordance with Article 0, the Payment Service Provider must refund the amount of the unauthorised Payment Transaction to the Payer and, where applicable, restore the debited Payment Account to the state it would have been in had the unauthorised Payment Transaction not taken place.
- (b) The Payment Service Provider must provide a refund under Article (a) (a) as soon as practicable and in any event no later than the end of the business day following the day on which it becomes aware of the unauthorised transaction.
- (c) Articles (a)(a) (a) , (a) (b) and (a) (f) do not apply where the Payment Service Provider has reasonable grounds to suspect fraudulent behaviour by the Payment Service User and notifies SAMA (and any other competent authority in the Kingdom) of those grounds in writing.

- (d) When crediting a Payment Account under Article (b)(a) (b) , a Payment Service Provider must ensure that the date on which the amount of a Payment Transaction is credited to a Payee’s Payment Account is no later than the date on which the amount of the unauthorised Payment Transaction was debited.
- (e) Where an unauthorised Payment Transaction was initiated through a Payment Initiation Service Provider, the Payment Account Service Provider must comply with Article (a) (a) . In addition, if the Payment Initiation Service Provider is liable for the unauthorised Payment Transaction (in relation to which see Article (d)), the Payment Initiation Service Provider must, on the request of the Payment Account Service Provider, compensate the Payment Account Service Provider immediately for the losses incurred or sums paid as a result of complying with Article (a) (a) , including the amount of the unauthorised Payment Transaction.
- (f) Other than in relation to the circumstances contemplated in Articles (a) (a) -(e) (a) (e) , on conclusion of an investigation by a Payment Service Provider into an error or Complaint, or on receipt of an instruction from any competent authority in the Kingdom, a Payment Service Provider must pay any refund or monetary compensation due to a customer within seven calendar days of such conclusion or instruction. In case of a delay in payment of any refund or compensation, the Payment Service Provider should update the customer with the expected time for crediting the amount due, along with a justification for the delay.
- (g) A Payment Service Provider must hold records on the processing of refunds, including response timelines and reasons for delays, for a period of ten years from the date of the conclusion of an investigation (including that noted in Article (a) (f) and must submit such records to SAMA on an on-going basis, as specified by SAMA.
- (h) A Payment Service User is entitled to a refund under this Article 13.9 only if it notifies the Payment Service Provider without undue delay, and in any event no later than six months after the debit date, on becoming aware of any unauthorised or incorrectly executed Payment Transaction, except where the Payment Service Provider has failed to provide or make available the information concerning a Payment Transaction required by Article 0.

## **Article 14**

### **Safeguarding**

#### **Article 14.1**

- (a) A Payment Service Provider (except for a Licensed Bank, a Payment Information Services Provider and an Account Information Services Provider) must ensure that any Safeguarded Funds held by it or its Agents are segregated from any other funds it holds, in accordance with one of the methods specified in this Article 0.
- (b) The methods referred to in Article 14.1 (a) are:
  - i. the depositing of the Safeguarded Funds in an account maintained with a Licensed Bank that has been approved for this purpose by SAMA; or
  - ii. such other manner as may be prescribed by SAMA.
- (c) A Payment Service Provider to which Article (a)14.1 (a) applies must ensure that an account in which Safeguarded Funds are placed:
  - i. is designated as an account held for the purpose of safeguarding funds in accordance with this Guidelines;

- ii. is used only for holding Safeguarded Funds and does not hold any funds received by way of the payment of fees or for use in the payment of operational expenses or the carrying on of any other Payment Service;
  - iii. is in the name of that Payment Service Provider;
  - iv. is named in a way that shows it is a safeguarding account or, where that is not possible, is demonstrated to be such an account by evidence confirming the designation as a safeguarding account; and
  - v. is an account whose Safeguarded Funds no person other than that Payment Service Provider may have any right to or interest in.
- (d) A Payment Service Provider to which Article (a)14.1 (a) applies must put in place and maintain policies, procedures and controls for safeguarding arrangements adopted pursuant to this Article 0 and must provide a copy of such policies and procedures to SAMA before subjecting Safeguarded Funds to such arrangements. SAMA may require changes to be made to such arrangements, where it deems it necessary.
- (e) Any Payment Service Provider may propose additional methods of safeguarding for evaluation and acceptance by SAMA.

#### **Article 14.2**

- (a) A Payment Service Provider to which Article 14.1 (a) applies must adhere to the following conditions from the time at which it or one of its Agents receives Safeguarded Funds until the time at which it or such Agent no longer holds such Safeguarded Funds (subject to Article 15.9 (f))
- i. Safeguarded Funds should be deposited in the designated account specified at Article (c) (c) not more than one business day after the Safeguarded Funds are received.
  - ii. If the Payment Service Provider wishes to invest the Safeguarded Funds, the assets in which it intends to invest must first be approved by SAMA as being secure and liquid.
  - iii. If an agent of the Payment Service Provider holds Safeguarded Funds on its behalf, that Payment Service Provider must ensure that those Safeguarded Funds are safeguarded in accordance with the requirements of this Guidelines; and
  - iv. In the event of insolvency, winding up or other liquidation event of the Payment Service Provider, Safeguarded Funds must, to the extent permitted by applicable insolvency law and regulation in the Kingdom, be returned to the relevant customers and shall not be treated as assets subject to general distribution by a liquidator or equivalent person under provisions otherwise applicable under such insolvency law.
- (b) A contravention of any of the requirements related to Safeguarded Funds may lead to the imposition of sanctions by SAMA in accordance with its powers, including fines and the suspension or revocation of the Payment Service Provider licence.

## Article 15

### Other

#### Article 15.1

- (a) If a Payment Service Provider is not able to execute a Payment Order in a timely fashion, it must inform the customer immediately of the time by which it expects to have executed such order.
- (b) In the event of a planned down-time of a Payment Service, a Payment Service Provider must inform each of its customers at least five business days in advance.

#### Article 15.2

- (a) A Payment Service Provider must have a policy for setting risk-based customer transaction limits and, where applicable, limits on its Total Outstanding Electronic Money.
- (b) If a Payment Service Provider changes its policy for setting risk-based customer transaction limits (or, where applicable, limits on its Total Outstanding Electronic Money), it shall notify SAMA in accordance with Article 6.17 and, if required by SAMA, provide details of the updated policy.
- (c) SAMA may direct a Payment Service Provider to set customer transaction limits at levels specified by SAMA (for example, where specific regulatory criteria related to risk management and governance are not complied with to the satisfaction of SAMA).

#### Article 15.3

- (a) A Payment Service Provider must make and keep records of matters, dealings and information relating to compliance with the requirements of Articles 7.17 of these Guidelines in accordance with this Article 0 , particularly where such records would enable SAMA to supervise such compliance effectively.
- (b) The records required to be kept include:
  - i. financial information (including financial statements, bank statements, and customer accounts) and Accounting Records.
  - ii. reports relating to the activities performed by the Payment Service Provider, the volume of business and Payment Services (including the volume and value of Payment Transactions).
  - iii. minutes of the Governing Body and related business approvals.
  - iv. information on any security incidents.
  - v. records of Consents given to Payment Transactions.
  - vi. details of changes required to be submitted in accordance with Article 6.17.
  - vii. reports on risk management (including in relation to incidents of fraud) required by Article 8.
  - viii. reports on data protection and privacy measures taken in accordance with Article 11.6.
  - ix. Complaints from Payment Service Users including any remedial action taken in accordance with Article 11.7
  - x. reports of any errors, delays, refunds or other matters dealt with by Article 12.



- xi. reports on compliance with the safeguarding obligations under Article 14.
  - xii. any data related to know-your-customer requirements and customer due diligence in accordance with the AML Law; and
  - xiii. reports on compliance with these Guidelines or other applicable laws and regulations.
- (c) A Payment Service Provider must maintain records for ten years from the date on which the record is first created.
- (d) A Payment Service Provider must put in place and maintain policies, procedures, systems and controls that regulate the electronic storage of documents and records, satisfying the following minimum requirements:
- i. creating and storing records and documents on highly reliable, secure storage media.
  - ii. clearly indexing and categorizing records and any related documents, in a manner that enables further use or reference.
  - iii. providing a reliable and secure system for granting and organising access privileges for electronic and physical systems, ensuring that there is no unauthorized access to electronically or physically held data.
  - iv. creating and maintaining a backup policy, providing the utmost level of protection and the ability to retrieve backup copies in cases of the loss of the original copy of any kind.
  - v. using digital certification and electronic encryption.
  - vi. storing the records and related documents in the same format in which it was created or received, without any additions, omissions or modifications.
  - vii. logging any action made in relation to a record; and
  - viii. ensuring that personnel with authorization to access electronic and physical records, documents and data maintain their confidentiality during and after the period of their employment or work at the Payment Service Provider.
- (e) The compliance function of a Payment Service Provider must conduct regular reviews, at least on an annual basis, to ensure compliance with the provisions of this Article 15.3.
- (f) Records must be capable of reproduction on paper or electronically for provision to SAMA or other competent authority in the Kingdom within a reasonable period not exceeding three calendar days.

#### **Article 15.4**

- (a) Each Beneficial Owner, member of Senior Management and person undertaking a Key Control Function is required to comply with SAMA's Fit and Proper Requirements.
- (b) A Payment Service Provider must submit documentation demonstrating compliance with those requirements and notify SAMA of any change or event that could be reasonably considered to impact the state of such compliance.

#### **Article 15.5**

A Payment Service Provider must comply with SAMA's regulations related to business continuity management.

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A Payment Service Provider must put in place and maintain policies, procedures, systems and controls that regulate the electronic storage of documents and records, satisfying the following minimum requirements:

- ix. creating and storing records and documents on highly reliable, secure storage media.
  - x. clearly indexing and categorizing records and any related documents, in a manner that enables further use or reference.
  - xi. providing a reliable and secure system for granting and organising access privileges for electronic and physical systems, ensuring that there is no unauthorized access to electronically or physically held data.
  - xii. creating and maintaining a backup policy, providing the utmost level of protection and the ability to retrieve backup copies in cases of the loss of the original copy of any kind.
  - xiii. using digital certification and electronic encryption.
  - xiv. storing the records and related documents in the same format in which it was created or received, without any additions, omissions or modifications.
  - xv. logging any action made in relation to a record; and
  - xvi. ensuring that personnel with authorization to access electronic and physical records, documents and data maintain their confidentiality during and after the period of their employment or work at the Payment Service Provider.
- (h) The compliance function of a Payment Service Provider must conduct regular reviews, at least on an annual basis, to ensure compliance with the provisions of this Article 15.3.
- (i) Records must be capable of reproduction on paper or electronically for provision to SAMA or other competent authority in the Kingdom within a reasonable period not exceeding three calendar days.

#### **Article 15.4**

- (c) Each Beneficial Owner, member of Senior Management and person undertaking a Key Control Function is required to comply with SAMA's Fit and Proper Requirements.
- (d) A Payment Service Provider must submit documentation demonstrating compliance with those requirements and notify SAMA of any change or event that could be reasonably considered to impact the state of such compliance.

#### **Article 15.5**

A Payment Service Provider must comply with SAMA's regulations related to business continuity management.

#### **Article 15.6**

A Payment Service Provider must comply with SAMA's regulations related to cyber security.

## Article 15.7

- (a) A Payment Service Provider must apply for and receive a non-objection letter from SAMA before it appoints an Agent for the provision of any Payment Service. In making such an application, the Payment Service Provider must submit a business plan in a form satisfactory to SAMA describing:
- i. the anticipated number and location of the Agents.
  - ii. the persons that are intended to be used as Agents, as well as evidence that such persons have obtained all necessary registrations, licenses and permissions from SAMA and other competent authorities in order to carry out their activities.
  - iii. the policies, procedures, systems and controls that the Payment Service Provider will use to select and supervise the Agent.
  - iv. the activities relating to the provision of Payment Services that are to be carried out by the Agents; and
  - v. such other information or evidence as SAMA may request.
- (b) SAMA's non-objection to the appointment of an Agent shall be deemed cancelled if the approved Agent does not commence its activities within a nine-month period from the date of issuing SAMA's non-objection. SAMA may extend this period, if it deems it necessary.
- (c) SAMA may revoke its non-objection to the appointment of an Agent where an Agent or the Payment Service Provider that appointed it has contravened any requirement of these Guidelines or other applicable laws or regulations.
- (d) Notwithstanding the Payment Service Provider's responsibilities towards its Agents and Electronic Money Distributors specified in Article 15.7(e), SAMA may supervise an Agent or Electronic Money Distributor directly or take any enforcement or remedial action in accordance with its powers and the provisions of this Guidelines, where it deems it necessary.
- (e) A Payment Service Provider that appoints an Agent in accordance with Article 15.7(a) or an Electronic Money Distributor in accordance with Article 15.7(g):
- i. is responsible for all acts and omissions of the Agent and Electronic Money Distributor to same extent as if it had carried out such act or omission itself and must take all reasonable steps to ensure that these Guidelines is complied with.
  - ii. must put in place and maintain policies, procedures and systems and controls that ensure the following:
    - A. each Agent and Electronic Money Distributor, along with their Senior Management and persons undertaking Key Control Functions, are fit and proper to carry out the activities for which they have been appointed (taking into account the relevant criteria from the Fit and Proper Requirements).
    - B. activities relating to the provision of Payment Services that are carried out by an Agent or Electronic Money Distributor are monitored by the Payment Service Provider.
    - C. risks associated with the use of Agents and Electronic Money Distributors are identified, documented and addressed.

- D. personnel of Agents and Electronic Money Distributors receive appropriate training in order to ensure that they carry out their activities competently and in compliance with these Guidelines and other applicable laws and regulations issued by SAMA.
  - iii. must terminate the appointment of any Agent or Electronic Money Distributor that has contravened a requirement of these Guidelines or other applicable laws or regulations or has committed an offence involving money laundering, terrorism financing, fraud, dishonesty or other forms of financial impropriety; and
  - iv. must report to SAMA on the nature and extent of its reliance on Agents and Electronic Money Distributors in a form satisfactory to SAMA, on at least an annual basis or at such other intervals as may be determined by SAMA.
- (f) An Agent, in addition to acting on behalf of a Payment Service Provider in the provision of Payment Services:
  - i. may distribute or redeem Electronic Money on behalf of an EMI, but may not issue Electronic Money on behalf of an EMI.
  - ii. must ensure that it does not contravene any provision of the Outsourcing Rules, where applicable; and
  - iii. must only carry out activities for which it is duly licensed in accordance with applicable laws and regulations (where a licence is required).
- (g) An Electronic Money Institution that wishes to appoint an Electronic Money Distributor need not apply for a non-objection letter from SAMA but must:
  - i. at least 30 calendar days before that Electronic Money Distributor commences work under its appointment, submit a business plan to SAMA describing:
    - A. the anticipated number and location of the Electronic Money Distributors.
    - B. the persons that are intended to be used as Electronic Money Distributors, as well as evidence that such persons have obtained all necessary registrations, licenses and permissions from SAMA and other competent authorities in order to carry out their activities.
    - C. the policies, procedures, systems and controls that the Payment Service Provider will use to select and supervise the Electronic Money Distributors.
    - D. the activities relating to the provision of Payment Services that are to be carried out by the Electronic Money Distributors; and
    - E. such other information or evidence as SAMA may request; and
  - ii. within seven calendar days of entering into a contractual agreement to appoint an Electronic Money Distributor, notify SAMA of such entry.
- (h) An Electronic Money Distributor:
  - i. may distribute Electronic Money into an Electronic Money account or redeem Electronic Money.
  - ii. must not issue Electronic Money or carry out any other Payment Service for which it is not licensed.

- iii. must only carry out activities for which it is duly licensed in accordance with applicable laws and regulations (where a licence is required); and
  - iv. must ensure that it does not contravene any provision of the Outsourcing Rules, where applicable.
- (i) SAMA will enter in an online registry accessible to the public such information relating to Agents and Electronic Money Distributors as SAMA deems appropriate.

### **Article 15.8**

- (a) Where a Payment Service Provider outsources any of its activities, it must do so in compliance with the Outsourcing Rules.
- (b) A Payment Service Provider must:
- i. apply for and receive a non-objection letter from SAMA prior to undertaking any material outsourcing, as defined in the Outsourcing Rules.
  - ii. put in place and maintain policies, procedures, systems and controls for managing their outsourcing activity, in proportion with the nature, scale and complexity of the outsourcing; and
  - iii. verify the outsourcing service provider's compliance with applicable laws and regulations, including the requirements of this Guidelines.
- (c) A Payment Service Provider is liable for all compliance with applicable laws and regulations, including the requirements of this Guidelines, regardless of its outsourcing arrangements.

### **Article 15.9**

- (a) An EMI must issue Electronic Money at par value on receipt of funds.
- (b) An EMI may not:
- i. grant interest related to the length of time the Electronic Money is held by the EMI;
  - ii. provide any other benefit related to the length of time during which the Electronic Money is held by the EMI.
  - iii. offer an overdraft facility to a customer (but an EMI may partner with a Licensed Bank (or other appropriately licensed entity, approved by SAMA) for such Licensed Bank or approved entity to offer an overdraft facility, provided the EMI has obtained the prior approval of SAMA); or
  - iv. use any Safeguarded Funds for any other purposes, including lending.
- (c) An EMI must, at the request of the Payment Service User, redeem the monetary value of the Electronic Money held, at any time and at par value.
- (d) An EMI must ensure that the contract between it and a Payment Service User prominently and clearly states the conditions of redemption, including any fees relating to redemption.
- (e) Any fees for redemption must be proportionate and commensurate with the actual costs incurred by the EMI.

- (f) Upon termination of the contract between a Payment Service User and an EMI (and for a period of up to one year after the date of termination), the EMI must redeem the total remaining monetary value of the Electronic Money held by the Payment Service User. In cases where the redemption fees exceed the remaining balance of Electronic Money, such that the proceeds of any redemption would be nil, the EMI may cease to safeguard the relevant Safeguarded Funds.
- (g) An EMI must show to the holder of the Electronic Money holder how the balance has been used up by any redemption fee.

#### **Article 15.10**

- (a) A Payment Service Provider or other person that executes Limited Network Payment Transactions whose aggregate value in any period of 12 consecutive calendar months exceeds SAR5,000,000 must notify SAMA immediately, including in its notification a description of the services that it offers and its reasons for categorising the relevant Payment Transactions as Limited Network Payment Transactions.
- (b) The period of 12 consecutive calendar months referred to in Article 15.10(a) does not include any period in respect of which a notification has already been made under that Article.
- (c) Notifications and information provided to SAMA under this Article 15.10 must be given within such time and in such form as SAMA may direct after the end of the period of 12 months referred to in Article 15.10 (a).
- (d) A person to which this Article 15.10 applies may be required by SAMA to apply for a licence in accordance with Article 6, where SAMA deems this necessary.

#### **Article 15.11**

- (a) An EMI may carry on other Payment Services related to its issuance of Electronic Money without notifying SAMA or obtaining further approvals.
- (b) Before carrying out a Payment Service that is unrelated to the issuance of Electronic Money and not previously declared to SAMA, an Electronic Money Institution must notify SAMA of a change its activities in accordance with Article 6.17.
- (c) Any Payment Account provided by an Electronic Money Institution which is used for Payment Transactions which are not related to the issuance of Electronic Money must be used only in relation to such Payment Transactions.

#### **Article 15.12**

- (a) A Payment Service Provider must not partially or totally shut down its business activities or apply for a winding up, liquidation or other insolvency proceedings without first applying for and receiving a no-objection letter from SAMA, which may request information and documents to be provided by the Payment Service Provider in this regard.
- (b) A Payment Service Provider entering winding up, liquidation or other insolvency proceedings will be subject to applicable insolvency law in the Kingdom.

## Article 16

### Access to Payment Accounts

#### Article 16.1

- (a) A Payment Account Service Provider must grant a Payment Initiation Service Provider and Account Information Service Provider and each other Payment Service Provider access to Payment Accounts on an objective, non-discriminatory and proportionate basis and in such a way as to allow the Payment Service Provider to provide Payment Services in an unhindered and efficient manner.
- (b) The Payer's Payment Account Service Provider must:
- i. communicate with and transfer information securely to a Payment Initiation Service Provider and Account Information Service Provider in accordance with the cyber security regulations referred to in Article 15.6.
  - ii. put in place and maintain procedures to ensure that Payment Orders and other requests by the Payer are Authenticated and authorized by the Payer.
  - iii. ensure that any charges applied have been agreed to by the Payer.
  - iv. in the case of a Payment Initiation Service:
    - A. immediately after receipt of the Payment Order from the Payment Initiation Service Provider, provide or make available to the Payment Initiation Service Provider all information on the initiation of the Payment Transaction and all information accessible to the Payment Account Service Provider regarding the execution of the Payment Transaction;
    - B. treat a Payment Order from the Payment Initiation Service Provider in the same ways as a Payment Order received directly from the Payer; and
    - C. respond to a Payment Order in a timely manner;
  - v. in the case of an Account Information Service:
    - A. treat the data request from the Account Information Service Provider in the same way as a data request received directly from the Payer; and
    - B. respond to data requests in a timely manner; and
  - vi. not require the Payment Initiation Service Provider or Account Information Service Provider to enter into a commercial contract before complying with the preceding requirements in this Article 16.1.
- (c) A Payment Account Service Provider may only deny access to a Payment Account by an Account Information Service Provider or a Payment Initiation Service Provider for reasonably justified and duly evidenced reasons relating to unauthorised or fraudulent access to the Payment Account by that Account Information Service Provider or Payment Initiation Service Provider, including the unauthorised or fraudulent initiation of a Payment Transaction. In such cases, the Payment Account Service Provider must:
- i. inform the Account Information Service Provider or Payment Initiation Service Provider of the incident and the reason for denial of access.

- ii. notify SAMA immediately regarding the incident in such form that SAMA may direct and include the details of the case and the reasons for taking action; and
- iii. restore account access to the Account Information Service Provider or Payment Initiation Service Provider once denial of access is no longer justified in accordance with this Article 16.1(c).

## **Article 16.2**

- (a) A Payment Initiation Service Provider and an Account Information Service Provider must each obtain consent of the Payment Service User before providing a Payment Initiation Service or Account Information Service.
- (b) In addition, a Payment Initiation Service Provider and an Account Information Service Provider must each ensure that:
  - i. for every Payment Transaction with the Payment Account Service Provider and any other involved parties, communications are conducted securely in accordance with the cyber security regulations referred to in Article 15.6.
  - ii. a Payment Service User's Personalised Security Credentials are secure and not accessible to other parties, except for the issuer of the same.
  - iii. it does not store, access or process any Customer Data for any purpose except for the provision of a service explicitly requested by a customer and in accordance with the terms of its Payment Service Provider licence; and
  - iv. it does not disclose any information relating to the Payment Service User to any person except with the explicit consent of the Payer or where required, pursuant to applicable laws and regulations, by SAMA or other competent authority in the Kingdom.
- (c) A Payment Initiation Service Provider must ensure it does not hold a Payment Service User's funds at any time and that it does not change the amount, the Payee or any other feature of a Payment Transaction.

## **Article 17**

### **Auditing**

## **Article 17.1**

- (a) A Payment Service Provider must appoint an external auditor to conduct an audit at least on an annual basis and at its own expense in accordance with this Article 17.
- (b) The external auditor must be approved by the competent authorities in the Kingdom and must have no conflict of interest in acting for the Payment Service Provider.
- (c) If an auditor ceases to be the appointed auditor of a Payment Service Provider, the Payment Service Provider must appoint another auditor in accordance with this Article 17 0 as soon as practicable after such cessation.

## **Article 17.2**

- (a) A Payment Service Provider must ensure that its terms of appointment with an auditor require that the auditor at a minimum:
  - i. carries out, for the year in respect of which the auditor is appointed, an audit of the financial statements or consolidated financial statements of the Payment Service Provider prepared in



accordance with accounting practices approved for use in the Kingdom, the International Financial Reporting Standards issued by the International Accounting Standards Board, or any other accounting standards deemed acceptable by SAMA.

- ii. carries out an audit of the transactions in relation to the Payment Services provided by the Payment Service Provider (separately from any audit carried out on activities not related to Payment Services); and
  - iii. submits a report of the audit to SAMA in such form as may be prescribed by it and within such timeframe as SAMA may allow (including separate accounting information in respect of Payment Service activities).
- (b) SAMA may make further requests of the auditor, including:
- i. to submit any additional information in relation to the audit as SAMA considers necessary;
  - ii. to enlarge or extend the scope of the audit of the Payment Service Provider's business; and
  - iii. to carry out any other examination that it requests in relation to the audit.
- (c) If SAMA is not satisfied with the performance of the auditor, SAMA may, at any time, direct the Payment Service Provider to remove the auditor and appoint another auditor.
- (d) The auditor's reports prepared in accordance with this Article 17.2 must be attached to the balance sheet and the profit and loss account, the financial statements or the consolidated financial statements (as the case may be) of the Payment Service Provider, which must submit copies of these reports to SAMA in such form and time as may be prescribed by SAMA.

### Article 17.3

- (a) A Payment Service Provider must ensure that its terms of appointment with an auditor require that, if the auditor believes that any of the following matters has occurred, the auditor must immediately report such matter to SAMA:
- i. there has been a contravention of any provision of these Guidelines or other applicable laws or regulations issued by SAMA;
  - ii. a criminal offence involving fraud or dishonesty has been committed;
  - iii. losses have been incurred that have led to the capital requirements set out in Article 7 not being satisfied;
  - iv. there is any irregularity that has or may have a material effect on the accounts of the Payment Service Provider, including any irregularity that had caused a major disruption to the provision of any type of Payment Service to the customers of the Payment Service Provider; and
  - v. the auditor is unable to confirm that the assets of the licensee exceed the liabilities of the Payment Service Provider or satisfy another test of solvency applicable in the Kingdom.
- (b) A report made under Article 17.3(a) must not be considered a breach of any restriction upon the disclosure imposed by any applicable laws, regulations or contractual terms. The auditor and its employees are not liable for any loss arising from the disclosure or any act or omission in consequence of the disclosure, provided that the auditor or its employees disclose in good faith to SAMA:
- i. the knowledge or suspicion of any of the matters mentioned in Article 17.3(a); and

- ii. any information or other matter on which that knowledge or suspicion is based.
- (c) Except as may be necessary for compliance with these Guidelines or for the purposes of any civil or criminal legal proceedings, a Payment Service Provider must instruct auditors appointed in accordance with this Article 17 not to disclose any information that comes to its knowledge in the course of performing its duties to any person other than the Payment Service Provider or SAMA.

#### **Article 17.4**

- (a) A Payment Service Provider or any of its employees that intentionally:
  - i. prevents, delays or obstructs the carrying out of an audit;
  - ii. destroys, conceals or alters any property, records or documents relating to the business of a Payment Service Provider; or
  - iii. sends out of the Kingdom any record, document or asset of any description belonging to or in the possession of or under the control of the Payment Service Provider,  
  
or conspires with any other person to do any such act, commits a contravention of this Guidelines.
- (b) If a Payment Service Provider or any of its employees is alleged to have contravened Article 17.4(a), the onus of proving that it did not act with intent to contravene that Article falls on the Payment Service Provider and relevant individuals.

### **Article 18**

#### **Supervision**

#### **Article 18.1**

- (a) In supervising the payments sector in the Kingdom and seeking to ensure that Payment Service Providers comply with the requirements of these Guidelines and other applicable laws and regulations, SAMA adopts a risk-based approach, taking into account the market practices in the payments sector more broadly, as well as the conduct of individual Payment Service Providers.
- (b) SAMA aims to supervise compliance with these Guidelines in a way that ensures that Payment Service Providers maintain the appropriate controls to manage risk while allowing sufficient room for innovation and entrepreneurship.

#### **Article 18.2**

- (a) In carrying out its supervision, SAMA may at any time conduct off-site supervision (including a power to request financial and transaction reports and risk assessments) as well as on-site inspections in the manner that it deems necessary.
- (b) A Payment Service Provider must grant SAMA access to its physical premises and to any data or records held physically or electronically at the request of SAMA and otherwise co-operate with SAMA in conducting its supervisory activities.
- (c) SAMA may conduct on-site visits with or without notice.
- (d) SAMA may choose to subject a Payment Service Provider to enhanced supervision where it deems the failure of that provider will cause disruptions that are contrary to the public interest, taking into account the market share, customer base, transaction volume and any other factors that SAMA deems relevant.

### Article 18.3

- (a) Licensed Payment Service Providers will be required to submit reports periodically as mandated by SAMA.
- (b) SAMA may amend and supplement the list, contents and frequency of the reports required to be submitted by a Payment Service Provider. In some cases, SAMA may require that a Payment Service Provider hires an external auditor to review specific areas of its operations and report directly to SAMA in the manner specified by SAMA.

### Article 18.4

- (a) Where SAMA has reason to suspect a contravention of these Guidelines or other applicable laws and regulations by a Payment Service Provider, SAMA may conduct an investigation to assess and identify any breaches.
- (b) Before deciding on any penalties or actions against on the Payment Service Provider, SAMA may seek justifications and clarifications from the Payment Service Provider for any contravention.
- (c) If SAMA deems the Payment Service Provider non-compliant with any applicable laws or regulations, SAMA may decide to carry out remedial action or impose penalties.
- (d) SAMA will notify the Payment Service Provider of any remedial action or penalties along with its reasons for taking such action and, where relevant, the amount of the penalty.
- (e) Any remedial action specified by SAMA will be monitored in order to ensure that the Payment Service Provider has complied with such action. In the case of non-compliance, the Payment Service Provider may be exposed to more stringent remedial action or penalties by SAMA.
- (f) SAMA will decide on remedial actions and penalties in a manner that is transparent and proportionate to the issue, consistent with publicly stated policies. In deciding upon the remedial action to take, SAMA seeks to:
  - i. change the behaviour of the Payment Service Provider or other person that is the subject of the action;
  - ii. deter future non-compliance;
  - iii. eliminate any financial gain or benefit from non-compliance; and
  - iv. where appropriate, remedy the harm caused by the non-compliance.
- (g) SAMA will determine the appropriate remedial actions and penalties to impose on a case-by-case basis. SAMA may require remedial action or impose penalties in accordance with its powers. Without prejudice to SAMA's powers under other applicable laws and regulations, such actions include the following:
  - i. serving a warning;
  - ii. requiring a person to submit a corrective action plan;
  - iii. publishing a statement against a person at its expense;
  - iv. imposing a financial penalty or an order for restitution to customers in accordance with SAMA's powers;

- v. restricting the terms of a Payment Service Provider's licence, which may include restricting the imposition of customer transaction limits of the kind specified in Article 15.2 0, limiting the number of customers serviced or the Total Outstanding Electronic Money of an EMI;
  - vi. suspending a Payment Service Provider's licence or one or more of the Payment Services permitted under such licence, or otherwise amending the scope or conditions of a licence; and
  - vii. revoking a Payment Service Provider's licence.
- (h) SAMA may pursue action in the relevant court where it deems it necessary.

## Article 19

### Disputes

#### Article 19.1

- (a) SAMA will establish a committee known as the "Committee for the Resolution of Payments Disputes and Violations" (the **Committee**), which will, subject to Article 19.1(d) (d), be responsible for assessing and resolving disputes between Payment Service Providers, as well as between Payment Service Providers and Payment System Operators, that are:
- i. submitted by a Payment System Provider or Payment System Operator to SAMA in accordance with Article 19.2(b) or Article 19.3(b) (b); and
  - ii. not resolved by SAMA within 60 calendar days of that submission and are escalated to the Committee in accordance with Article 19.2(e ) and 19.3 (e ).
- (b) The Committee will investigate, assess and settle disputes escalated to it in accordance with Article 19.2 (e )(e) and 19.3(e). The Committee may issue decisions based on its assessment with the full power of SAMA, and may direct the relevant staff at SAMA, or a Payment Service Provider and Payment System Operator, to take specific actions based on the investigation.
- (c) The Committee will consist of members appointed by SAMA with the relevant experience and expertise. A member of the Committee may not be a person who has licensing or supervisory responsibilities over any Payment Service Provider or Payment System Operator.
- (d) Until the Committee is established in the Kingdom, any challenges on decisions of SAMA can be referred to the Committee for Banking Disputes and its relevant procedures will be followed.

#### Article 19.2

- (a) In the case of disputes between Payment Service Providers, the relevant parties should make all reasonable attempts to resolve a dispute between themselves. In cases where such disagreements cannot be resolved, the matter can be submitted to SAMA to decide on the matter.
- (b) To submit such a matter, a Payment Service Provider must notify SAMA of the dispute in writing.
- (c) SAMA will take the relevant steps to investigate and assess the circumstances of the dispute, which may include:
- i. conducting interviews with the relevant parties;
  - ii. arbitrating discussions between the relevant parties; and

- iii. assessing the policies, procedures, systems and controls of a Payment Service Provider or any other area of concern.
- (d) SAMA will seek to decide on the dispute as soon as is practical given the circumstances and will notify all relevant parties once a decision is made.
- (e) SAMA may choose to escalate a dispute to the Committee within a period of no more than 60 calendar days from the date on which it is notified of such dispute in accordance with Article 19.2(b).

### **Article 19.3**

- (a) In the case of disputes involving a Payment System Operator, the relevant parties should make all reasonable attempts to resolve a dispute between themselves, using the Payment System Operator's scheme rules and policies as a basis, where relevant. In cases where such disputes cannot be resolved, a Payment Service Provider may choose to escalate such a dispute to SAMA if it believes the Payment System Operator has contravened any provision of regulations issued by SAMA on Payment Systems.
- (b) To submit a dispute against a Payment System Operator, the Payment Service Provider must notify SAMA of the dispute in writing.
- (c) SAMA will take the relevant steps to investigate and assess the circumstances of the dispute, which may include:
  - i. conducting interviews with the relevant parties;
  - ii. arbitrating discussions between the relevant parties; and
  - iii. assessing the policies, procedures, systems and controls of a Payment Service Provider or Payment System Operator or any other area of concern.
- (d) SAMA will seek to decide on the dispute as soon as is practical given the circumstances and will notify all relevant parties once a decision is made.
- (e) SAMA may choose to escalate the matter to the Committee within a period of no more than 60 calendar days from the date on which it is notified of such dispute in accordance with Article 19.3(b).

