

**Licensing Policy for Institution/Mechanism Operating Payment
Related Activities-2016**

**(Approved by meeting of the Board of Directors dated 12 June
2016)**



Nepal Rastra Bank
Payment Systems Department
Baluwatar, Kathmandu
2016

Licensing Policy for Institution/Mechanism Operating Payment Related Activities - 2016

This Policy has been formulated pursuant to Bylaws 16(2) of Nepal Rastra Bank's Payment and Settlement Bylaws, 2015 to issue license for establishment of institution/mechanism operating payment related function and their related instrument and transaction. This provision shall also be applied to the institution/mechanism established in Nepal and operating abroad as well as to those established abroad and operating in Nepal.

A. Provision related to classification of Institution/Mechanism:

1. Institution/Mechanism operating payment related activities, are classified on the basis of nature of function, as follows:

- I. Payment Service Provider-PSP:

Institutions that are classified as a Payment Service Provider for this purpose are those institutions who provide payment activities through electronic means, those institutions carrying out domestic money transfer business, and those institutions established with the objective of paying bills of both goods and service, and in providing those payment related services, also have direct relationship with customers.

Institutions that fall under this classification are required to make agreement with Banks and Financial Institutions (BFIs) licensed by Nepal Rastra Bank and are those that carry out payment related transaction through electronic means, make payment of goods and service as an intermediary between customers and service provider, carry out domestic money transfer business, carry out electronic transaction through telecommunication network and other mentioned payment providing activities.

II. Payment System Operator-PSO:

Institution/mechanism classified as Payment System Operator are those established with the objective of operation, control and clearing of payment related activities. Clearing house, institution/mechanism operating electronic card network, institution/mechanism operating electronic payment network, institute/mechanism established with the objective of providing large/small value payment.

B. Functional Areas in Providing License

2. Licenses to be provided for institution/mechanism operating payment related activities, will be as follows:

I. Payment Service Provider License: The institutions licensed as payment service provider shall be entitled to carry out payment related transaction function through following means:

1. Transaction carried out through electronic card,
2. Transaction carried out through telecommunication network,

The institutions licensed, as payment service provider shall perform the following activities:

1. Giving/taking payment and intermediate between customer and service provider,
2. To carry on domestic money transfer service in home country,
3. Other activities except as prescribed above.

II. Payment System Operator License: The institutions licensed as

payment system operator, shall be allowed to perform the following activities:

1. Payment related clearing job,
2. Automated clearing house-ACH,

3. Activities related to large value/retail payment as prescribed by Nepal Rastra Bank,
 4. Network of electronic cards,
 5. Payment Switch/Gateway,
 6. Other activities other than those prescribed above
3. Credit card and debit cards shall be issued according to existing system made by Nepal Rastra Bank.
 4. License as Payment Service Provider and Payment System Operator shall not be provided to the same institution. But, Banks and Financial Institutions (BFIs) licensed as “A”, “B” and “C” class can function as both Payment Service Provider and Payment Service Operator. This provision shall not hinder Payment Service Provider from operating its own system.

C. Provision Relating to Letter of Intent:

5. Letter of intent should be obtained from Nepal Rastra Bank prior to establishment of institution/mechanism performing payment related activities. The proposed institution/mechanism should submit application as prescribed in Annex-1 along with details mentioned in Annex-4 and include following documents:
 1. Proposed Memorandum of Association and Articles of Association of institution/mechanism approved by its Board of Directors,
 2. Business and technical feasibility study report,
 3. Personal details of promoters as prescribed in Annex-7,

4. Copy of Citizenship Certificate of the promoters,
 5. Tax clearance certificate of the promoters for latest fiscal year,
 6. Authority letter given by the institution/mechanism to the applicant, if the person other than the promoter of the institution/mechanism applies on behalf of institution/mechanism.
 7. Other details and documents as prescribed by Nepal Rastra Bank from time to time.
6. While applying for the letter of intent by the institution/mechanism operating payment related activities, the basis should be enclosed for measuring Fit and Proper Test for both the promoter and director as prescribed in Annex-9.
 7. Nepal Rastra Bank shall refuse to provide letter of intent to proposed institution/mechanism, if documents submitted by them are found to be inadequate, if it is not found to be appropriate to establish the institution/mechanism by financial and technical side and if this Bank is compelled to refuse to issue letter of intent, due to reasonable causes.
 8. Nepal Rastra Bank shall provide letter of intent in the format as prescribed in Annex 12 to qualified institution/mechanism within 90 days from the date of registration of the application for letter of intent, enclosing all documents as prescribed for establishment of institution/mechanism to operate payment related activities. In case of the non-issuance of letter of intent, information of refusal with reason shall be given.

D. Provision Relating to License:

9. Institution/mechanism that obtained letter of intent from Nepal Rastra Bank to operate payment related activities, should submit documents as per Annex-5 and 6 with application to acquire license as per the Annex-2

and self-declaration as per the Annex-8 registering the institution/mechanism with Government of Nepal, Office of the Company Registrar.

10. While submitting application by institution/mechanism for license to operate payment related function, standards of measurement of Fit and Proper Test for Chief Executive Officer as specified in Annex-10, should be enclosed.
11. There should be minimum one manpower, who is a graduate from recognized university in computer or information technology and is in the upper level management of institution/mechanism.
12. Nepal Rastra Bank shall carry out physical and electronic infrastructure inspection of institution/mechanism prior to granting license to operate payment related activities.
13. Nepal Rastra Bank shall provide license in format as prescribed in Annex 13 to the institution/mechanism within 60 days from the date of obtaining application to those, having enclosed all required documents in applying for license to operate payment related activities.

E. Provision Relating to Service Charge and Deposit:

14. Proposed institution/mechanism should submit the proof of deposit of Rs. 25,000.00 in Na. No. Aa. Hi. under miscellaneous and other account head of Nepal Rastra Bank, as application fee with the application for letter of intent. Institution/mechanism that have applied for license to operate prior to release of this licensing policy, are required to also pay the fee.
15. The fee paid with the application for the letter of intent to operate payment service, shall not be refunded.

16. While submitting application for license to operate after getting letter of intent from Nepal Rastra Bank, proof of cash deposit in account of Nepal Rastra Bank, should also be submitted, which is equivalent to one percent of proposed paid up capital of institution/mechanism.
17. Cash deposit kept in deposit account of Nepal Rastra Bank by licensed institution/mechanism operating payment service, shall only be refunded in the following cases:
 1. If Nepal Rastra Bank refuses to provide operation license,
 2. If the institution/mechanism remains in non-operation after getting license from Nepal Rastra Bank,
 3. If the license provided to the institution/mechanism is terminated because of any reasonable causes.

However licensed institution/mechanism is liable to clear all its liability prior to terminating license to refund cash deposit. Likewise, all the cost incurred in the course of terminating the license including cost incurred to publish/disseminate public notice, shall be deducted from the cash deposit.

F. Provision Relating to Renewal of License:

18. The license acquired by institution/mechanism to operate payment related activities should be renewed every five years. Application with renewal fee of Rs. 25,000.00 (in words rupees twenty five thousand only) and documents as prescribed should be submitted to Nepal Rastra Bank for renewal prior to expiring tenure of the license. If application is submitted within 35 days for renewal from the date of expiry of the license, double charge may be levied for license renewal.

G. Provision Relating to Paid Up Capital:

19. The payment service provider, except the banks and financial institutions operating payment service, should maintain paid up capital as follows:

Institution operating business through card - Rs. 50 million

Institution operating business through telecommunication
technology and network - Rs. 10 million

If institution/mechanism, which has already applied for license to Nepal Rastra Bank prior to implementation of this provision, gets final approval, it should fulfill prescribed minimum paid up capital by mid-July 2017.

20. Payment System Operator should maintain minimum paid up capital worth Rs. 100 million. If any institution/mechanism, which has already applied for license prior to implementation of this provision gets final approval then it should fulfill prescribed minimum paid up capital by mid-July 2017.

21. If institution/mechanism is domestically established and issues payment instrument for the payment abroad, the institution is required to maintain paid up capital of Rs. 250 million. Such institution should work under the Foreign Exchange (Regulation) Act, 1962.

22. If institution/mechanism established abroad and operating for payment related transaction in Nepal, then it is required to maintain paid up capital of at least Rs. 300 million. Such institution should work under the Foreign Exchange (Regulation) Act, 1962.

H. Provision Relating to Telecommunication Service Provider:

23. If telecommunication service operator wants to operate the business as payment service provider by using own telecommunication network, it can do transaction through establishing a subsidiary company after obtaining the approval of their regulator. Such subsidiary company should also necessarily obtain license from Nepal Rastra Bank.

24. While submitting application by subsidiary company of telecommunication service operator for license to operate as a payment service provider they are required to submit a commitment letter that the telecommunication service operator will provide non-discriminatory access to other institutions/mechanisms operating payment related activities to its own network.
25. If the telecommunication service operator fails to provide non-discriminatory access in its network after providing letter of commitment, the license provided to the subsidiary company of the telecommunication service operator company can be terminated.

I. Special Provision Relating to Banks and Financial Institutions:

26. While submitting application for license to operate payment related activities by banks and financial institutions who are licensed by Nepal Rastra Bank, they should submit application as prescribed in Annex-3 along with details as prescribed in Annex-4.
27. Provision relating to application fee, paid up capital, deposit, manpower, letter of intent and documents required for final approval and measurement standards for Fit and Proper Test as mentioned in this Licensing Policy for institution/mechanism operating payment related activities, are not applicable to banks and financial institutions.

J. Special Provision Relating to Institution/Mechanism Established Abroad and Operating Business in Nepal

28. Following exemptions have been granted to institution/mechanism operating payment related activities in 10 or more countries for operating their business in Nepal.
 1. Provision related to paid-up capital,
 2. Provision related to human resource,
 3. Provision related to standard of measurement of fit and proper test,

4. Provision related to submit letter of intent and other required documents for approval,
 5. Provision related to application fee and deposit.
29. The institution/mechanism operating business according to clause 28 has to submit following documents with application to obtain license for the operation of payment related activities in Nepal:
1. Copy of certificate of institution registration,
 2. Details of ownership of the institution,
 3. Details of the countries operating business,
 4. Details of the person working in higher level management,
 5. Financial details of institution for at least 3 years
 6. Name, address, contact number and email address of contact person.
30. The licensed institution/mechanism operating payment related activities according to clause 28 is required to perform their activities as per the prevailing laws.

K. Provision Relating to Settlement Bank:

31. The payment service providers licensed by Nepal Rastra Bank has to select settlement bank for the settlement of own transaction as per the prescribed provision.
32. Systemic settlement of all payment related activities, which operate in Nepali currency, have to be done within Nepal from mid-July 2018

L. Other Provisions

33. The institution/mechanism, which applies for license to operate business through telecommunication network, should make agreement with concerned service provider with the copy of agreement submitted to Nepal Rastra Bank.
34. Institutions/mechanisms licensed as payment service provider may operate business by appointing agent and sub-agent as per the standard prescribed

by Nepal Rastra Bank. Information with broad details of appointment regarding agent and sub-agent, should be given to this Department within 15 days.

35. Institution/mechanism licensed as payment service operator for issuing cards, are required to follow Payment Card Industry-Data Security Standard-PCI-DSS, to ensure secrecy of information regarding transaction and customer, within three years from the implementation of this licensing provision.
36. Institution/mechanism, licensed for payment related activities, should keep the details of Know Your Customer-KYC as per prescribed format of Annex-11. However, customer who either transactions less than Rs. 500 per transaction or Rs. 5000 per month, can use their telephone number, registered while starting service or any other suitable means, as a method to know the customer.
37. Institution/mechanism licensed for payment related activities, have to make public, through electronic and other means, the service fees charged to customer every six-months. Detailed information regarding service fee are to be submitted in Payment System Department.
38. Institution/mechanism, licensed for payment service activity, is required to deposit entire amount by own customers in the separate account opened in the Settlement Bank. The deposited amount can be kept in separate account of customer in the settlement bank or in lump sum form the account of institution in the settlement bank.
39. Licensed institution, which makes lump sum deposit in the settlement bank, is required to update detail of aggregate balance amount of every customer. Real time verification regarding aggregate of entire amount deposited in the institution and total balance amount of every customer is needed.

40. Deposit limit of customer in the electronic account in the payment service provider institution/mechanism and their debit amount, shall be as prescribed by Payment Systems Department.
41. Payment and Settlement service operating institutions are liable to ensure and follow Money Laundering Prevention Act-2007, Money Laundering Prevention Bylaw-2009 and other prevailing laws, bylaws, policies and circulars issued by Nepal Rastra Bank.
42. Concerned institutions are responsible to effectively manage and thus minimize probable systemic risk. In this regard Nepal Rastra Bank will undergo necessary oversight and supervision activities.
43. Institutions/mechanisms, licensed by Nepal Rastra Bank for payment related activities, have to submit statistics and particulars in prescribed format.
44. Institutions/mechanisms, licensed by Nepal Rastra Bank for payment related activities, are prohibited from any other activities including banking, except for those prescribed activities.
45. Institutions/mechanisms, which have obtained letter of intent from Nepal Rastra Bank for payment related activities, should submit application for license within one year from the date of getting letter of intent. Likewise, the institution/mechanism should come into operation within six month from the date of getting final license.
46. Application fee, paid up capital, deposit, letter of intent and documents for final approval prescribed by licensed policy for the institution/mechanism functioning payment related activities are not applicable to institution established with ownership of Nepal Rastra Bank.
47. Transactions performed by the institutions/mechanisms, which were established prior to the implementation of this licensing provision, are also

considered under this licensing policy after obtaining license from Nepal Rastra Bank.

48. The Governor shall have the authority to change annexes of this policy as deemed necessary.

Annex 1: Application for Letter of Intent

To,

Nepal Rastra Bank,
Central Office,
Payment Systems Department,
Baluwatar, Kathmandu,

Subject: To grant approval to establish

Dear Sir,

I/We hereby submit this application enclosing prescribed documents as per the provision to get letter of intent from the Bank for the establishment of the aforementioned institution/mechanism to operate payment related activities pursuant to Payment and Settlement Bylaws, 2015.

..... documents are enclosed herewith:

Sincerely,

(Signature of authorized person on behalf of institution and seal of the institution)

Name:

Address:

Mobile No.:

Telephone No.:

Fax No.:

Email Address:

Website:

Date:

Annex 2: Application for License

To,

Nepal Rastra Bank,
Central Office,
Payment Systems Department,
Baluwatar, Kathmandu.

Subject: To obtain license for the operation of payment related activities

Dear Sir,

I/We hereby submit this application enclosing documents as prescribed by Nepal Rastra Bank for license to operate payment related activities pursuant to Payment and Settlement Bylaws, 2015.

..... documents as required are enclosed herewith:

Sincerely,

(Signature of authorized person on behalf of institution and seal of the institution)

Name:

Address:

Mobile No.:

Telephone No.:

Fax No.:

Email Address:

Website:

Date:

Annex 3: Application of License for Banks and Financial Institutions

To,

Nepal Rastra Bank,
Central Office,
Payment Systems Department,
Baluwatar, Kathmandu.

Subject: To obtain license for the operation of payment and settlement service

Dear Sir,

I/We hereby submit this application enclosing documents as prescribed by Nepal Rastra Bank for license to operate payment related activities pursuant to Payment and Settlement Bylaws, 2015.

.....documents as required are enclosed herewith:

Sincerely,

(Signature of authorized person on behalf of institution and seal of the institution)

Name:

Address:

Mobile No.:

Telephone No.:

Fax No.:

Email Address:

Website:

Date:

**Annex 4: Details of the license willing to be obtained by
Institution/Mechanism**

Types of the institution:

- 1. Payment Service Provider License
- 2. Payment System Operator License

For Payment Service Provider License

Means of Transaction

- 1. Payment Card
- 2. Telecommunication Network

Types of Transaction

- 1. To make payment as a mediator between customer and service provider
- 2. Domestic money transfer
- 3. Other activities of payment service provider
 - A. -----
 - B. ----

For Payment System Operator License (Type of transaction activities)

- 1. Activities related to clearing
- 2. Automated clearing house
- 3. Activities related to payment of large value:
- 4. Activities related to payment of small value:
- 5. Network of Electronic Card
- 6. Activities of Payment Switch
- 7. Other system operating activities
 - A. -----
 - B. -----

Annex 5: Documents to be submitted to obtain License:

1. Approved Memorandum of Association and Articles of Association of the institution,
2. Copy of Certificate of Incorporation of the institution,
3. Copy of Registration VAT/PAN Certificate,
4. Copy of Tax Clearance Certificate of previous fiscal year for the Company and Promoter/Directors,
5. Documents related to ownership if the institution has its own office building or if the office is on rent then house rent agreement,
6. Standard Operating Procedure-SOP of the institution/mechanism,
7. Details of business strategy and business plan with projected income and expenditure of forthcoming three fiscal years of institution/ mechanism,
8. Service charge to be levied from the customers and time to be taken in mode of payment,
9. Risk, legal arrangement and measures for provision inherent in the institution/mechanism or equipment,
10. Copy of the agreement made with third party operating payment related activities,
11. If the promoter of the company seeking license to operate the institution/mechanism, is another company, then detail of final beneficial owner of the company in short,
12. Detail of policy, rules, bylaw, procedure related to operation of institute/mechanism and equipment,
13. Personal details of members of Board of Directors, Chief Executive and official executive level,
14. Other details and documents as prescribed by Nepal Rastra Bank from time to time.

Note: Documents and details submitted for the purpose of obtaining letter of intent need not to be submitted again.

Annex 6: Provision related to Infrastructure and Security of Information/Statistics

Institution/mechanism to operate payment related activities should submit following documents by enclosing with the application for license to assure security and confidentiality of data.

- A. Comprehensive technical documents incorporating at least the following subject regarding operating procedure,
 - 1. Details of software and hardware (including those to be used for security)
 - 2. Details of product and service features,
 - 3. Evidence of User Acceptance Testing (UAT) and Operational Acceptance Testing (OAT),
 - 4. Detail of mode of payment (with sketch of business flow),
 - 5. Details of delivery of transaction and settlement process (with required time for that)
 - 6. Details of means of transaction,
 - 7. Provision on interoperability for collaboration with other service provider,
 - 8. Arrangement for electronic payment system and safety,
 - 9. Policy of disclosing data and related arrangement for keeping data secure from misuse, loss, damage, destruction, theft, etc.
- B. Information Security Policy
 - 1. Provision for strengthening the form of responsibility regarding information security, implementation, monitoring and information security reform management,
 - 2. Evaluation of provision regarding compliance of policy, policy relating to disciplinary action in violation of security system and information related to that of.
- C. Approved Business Continuity Plan for payment related activities,
- D. Provision related to physical security,
- E. Details if there is digital signature and public and private key infrastructure.

11. Work Experience:

Designation	Name, address of the Institute	Date of commencing	Date of leaving	Remarks

12. Source of investment

S. N.	Amount Rs.	Source of Investment	Remarks
1			
2			
3			
4			

13. Details of family members having common kitchen:

S. N.	Name, surname	Relationship	Details of occupation/business
1			
2			
3			
4			

14. Details of transaction made with banks and financial institutions licensed by Nepal Rastra Bank (Deposit, Loan and ownership of share), if any.

15. Details in case of involvement in different organizations.

16. Details, of acquired permanent residence (DV/PR).

- A. I/We affirm that the above stated details submitted to Nepal Rastra Bank are true and correct. If the details are proved false I/We am/are agreeable to bear the consequences as per the law.
- B. I/We hereby express my/our commitment to comply with all terms and conditions as prescribed by Nepal Rastra Bank regarding operation of institution/mechanism to operate payment related activities.

Signature of Applicant

(Another page can be used in case this page is insufficient)

Annex 8: Self-declaration for Promoter/Director and Chief Executive Officer

To,

Nepal Rastra Bank,
Central Office,
Payment Systems Department,
Baluwatar, Kathmandu.

Subject: Regarding self-declaration

Dear Sir,

With reference to the subject, I hereby express following self-declaration as mentioned hereunder for the purpose of payment related activities:

(Please write yes or no in the box)

1	Are you convicted of any criminal offence involving moral turpitude?	
2	Have you been punished against violation of any civil law?	
3	Have you been bankrupted at any time?	
4	Is the institute where you are working or you have become the director or you have invested more than five percent share, been blacklisted due to failure to repay the loan?	
5	Are you involved in illegal transaction of foreign exchange?	
6	Is the institute, where you have been affiliated, involved in any illegal function?	
7	If the institute was blacklisted, has it completed at least three years from the date of release from blacklist?	
8	Are you an incumbent employee, director, auditor, legal or other advisor of any Bank or Financial Institution or Institute carrying out payment and settlement related business?	
9	Have you faced action by any monitoring or supervisory authority	

	in Nepal or abroad?	
10	Is any action proceeding in Nepal or abroad against you due to involvement in offence of fraud, cheating or banking offence?	

I/We am/are agreeable to verify above details by Nepal Rastra Bank and ready to bear the consequences as per the law if the details are proved false.

Sincerely,

Name:

Date:

Annex 9: Standard of measurement of fit and proper test for Promoter/Director

Arrangement of following standard of fit and proper test has been made for evaluation of personal details of proposed promoter/director, in the course of establishment of institute/mechanism to be carried out for payment related function.

- 1. Academic Qualification:** At least one-third promoters/directors of total number of promoters/directors of the institute operating payment and settlement service should have passed minimum bachelor's degree or equivalent examination.
- 2. Work experience:** At least one-third promoters/directors out of total promoters/directors of the institute operating payment and settlement service should have minimum three-year's relevant work experience.
- 3. Compliance:** Promoters/directors of the institutions operating payment and settlement service should be capable of complying with the prevailing legal provision and standards as prescribed by Principles for Financial Market Infrastructure issued by Bank for International Settlements.
- 4. Status of Disqualification of Promoter/Director:**
 - (A) Below the age of 21 years,
 - (B) Mad or insane,
 - (C) Insolvent due to failure to repay loan,
 - (D) Failure to complete at least three years from the date of release from blacklist in transaction of Bank or Financial Institution,
 - (E) Failure to clear the tax liability, which is to be paid as per the prevailing laws,
 - (F) Punished by the court in the case of corruption or cheating or other criminal offence having moral turpitude,
 - (G) During the period of suspension with regard to the person suspended by Nepal Rastra Bank,

(H) Failure to complete at least three years if any action has been taken in offence of money laundering or banking offence or any action has been taken by Nepal Rastra Bank.

- 5. Investigation:** The person, who has been blacklisted and against whom case is filed before the court due to misuse of loan, shall be disqualified to be the promoter/director of the institution operating the business of payment and settlement service.
- 6. Fraud:** The person, who is proved as dishonest or hasmalafide intention by deception through economic or financial electronic means, shall not be the promoter/director of the institution operating the business of payment and settlement service.

Annex 10: Standard of measurement of Fit and Proper Test for Chief Executive Officer

Following arrangement of the Fit and Proper Test has been made for the evaluation of personal details of proposed Chief Executive Officer of institution/mechanism operating for payment related activities.

- 1. Academic Qualification:** The Chief Executive Officer of institution/mechanism operating for payment related activities should have the academic qualification of at least master's degree in management, banking, finance, account, commerce, business administration, electronics and information technology or computer system.
- 2. Work experience:** The Chief Executive Officer of institution/mechanism should have at least two years of relevant work experience in the post of officer level or above it in the institution/mechanism operating payment related activities, banking and financial sector, information technology, computer system or institution carrying out such activities.
- 3. Managerial Skill and Competency:**
 - (A) Person to be appointed in the post of Chief Executive Officer should not be disqualified as per the prevailing laws of Nepal,
 - (B) Having professional experience required for the transaction being competent and qualified, fully accountable with the institution, ,
 - (C) Having knowledge about prevailing law related to activities of the institution/mechanism and sufficient knowledge about directives from this Bank,
 - (D) Having sufficient knowledge about internal policy and rules of the institution/mechanism, internal control system, market condition, internal and external environment,
 - (E) Having capacity and competency to perform the role of mediator between Board of Directors and employees,

(F) Determined by the Board of Directors that he/she is able to provide leadership to the institution/mechanism, and also able to achieve the institutional goal by motivating employees on the basis of collective spirit.

4. Compliance: Chief Executive Officer of the institution operating payment and settlement service should be capable to comply with the prevailing legal provision and standards prescribed by Principles for Financial Market Infrastructure issued by Bank for International Settlements.

5. Status of Disqualification:

(A) Below the age of 21 years,

(B) Mad or insane,

(C) Insolvent due to failure to repay loan,

(D) Failure to complete at least three years from the date of release from blacklisting transaction of Bank or Financial Institution,

(E) Failure to clear the tax having liability to pay tax as per the prevailing laws,

(F) Punished by the court in the case of corruption or cheating or other criminal offence having moral turpitude,

(G) During the period of suspension regarding the person suspended by Nepal Rastra Bank,

(H) Failure to complete at least three years, if any action has been taken in offence of money laundering or banking offence or any action has been taken by Nepal Rastra Bank.

6. Investigation: The person who has been blacklisted and against whom case is filed before the court due to misappropriation of loan, shall be disqualified to be the Chief Executive Officer of the institute operating the business of payment and settlement service.

7. Fraud: The person who is proved to be dishonest or having malafide intention by frauding through economic and financial electronic means shall not be Chief Executive Officer of institution operating the business of Payment and Settlement Service.

- 8. Political Office or Position:** Member of political party, person working as an elected or nominated official of central/provincial/local body, or politically appointed person shall not be eligible for Chief Executive Officer of the institution operating business of payment and settlement service.
- 9. Personal Integrity:** Character, activity and behavior of Chief Executive Officer of the institute/mechanism should be good.

Annex 11: Provision Relating to Know Your Customer (KYC)

To,

Nepal Rastra Bank,
Central Office,
Payment Systems Department,
Baluwatar, Kathmandu.

Know Your Customer form for electronic transaction

1. Name	<input type="text"/>
2. Address	<input type="text"/>
A. Permanent Address:	<input type="text"/>
B. Current Address:	<input type="text"/>
3. Occupation:	<input type="text"/>
4. Sex:	<input type="text"/>
5. Citizenship/Passport No.:	<input type="text"/>
6. License No.:	<input type="text"/>
7. Name of father/husband:	<input type="text"/>
8. Name of grandfather/father-in-law:	<input type="text"/>
9. Contact Telephone No.:	<input type="text"/>
10. Email Address:	<input type="text"/>

Note: Copy of citizenship certificate/passport and photograph of the customer should be enclosed with this Know Your Customer form.

Annex 12: Sample of Letter of Intent



Central Office, Baluwatar, Kathmandu
Phone: 01-4419804, 4419805
Fax: 01-4443878
Web-sites: www.nrb.org.np
P.O.Box No. 73

Nepal Rastra Bank

Payment Systems Department

Ref. No.:

Date:

To,

Subject: Regarding letter of intent.

Dear Sir/Madam,

With regard to the letter of that institute dated-----, this letter of intent has been provided pursuant to Payment and Settlement Bylaws, 2015. You are also informed that it is required to initiate the application process for final approval as prescribed by Payment and Settlement Bylaws, 2015 and Licensing Policy for Institution/Mechanism Operating Payment Related Function- 2016, within one year from this date.

Sincerely,

(Executive Director)

Annex-13 Sample of License

License No.:-

Nepal Rastra Bank

Central Office

Payment Systems Department

Baluwatar, Kathmandu

License to carry out the Activities of Payment Service Provider

This License has been provided by exercising power conferred by Bylaw 19 of Nepal Rastra Bank's Payment and Settlement Bylaws, 2015 to -----
"....." registered as a Limited Company pursuant to Company Act, 2006 at Government of Nepal, Ministry of Industries, Office of the Company Registrar datedunder Registration No.-----in accordance with Licensing Policy for Institution/Mechanism Operating Payment Related Activities 2016 to carry out-----related activities by under the directions and terms and conditions issued by this Bank.

Date:

(-----)
Director

(-----)
Executive Director

License No.:-

Nepal Rastra Bank
Central Office
Payment Systems Department
Baluwatar, Kathmandu

License to carry out the Activities of Payment System Operator

This License has been provided by exercising power conferred by Bylaw 19 of Nepal Rastra Bank's Payment and Settlement Byelaws, 2015 to -----
".....".....registered as a Limited Company pursuant to Companies Act, 2006 at Government of Nepal, Ministry of Industries, Office of the Company Registrar dated under Registration No.-----in accordance with Licensing Policy for Institution/Mechanism Operating Payment Related Activities, 2016 to carry out -----related activities by under the directions and terms and conditions issued by Nepal Rastra Bank.

Date:

(-----)
Director

(-----)
Executive Director

License No.:-

Nepal Rastra Bank

Central Office

Payment Systems Department

Baluwatar, Kathmandu

**License to Banks and Financial Institutions to carry out
the Activities related to Payment**

This License has been provided by exercising power conferred by Bylaw 19 of Nepal Rastra Bank's Payment and Settlement Bylaws, 2015 to-----
"....."registered as a Limited Company pursuant to Companies Act, 2006 dated at Government of Nepal, Ministry of Industries, Office of the Company Registrar dated under Registration No.-----in accordance with Licensing Policy for Institution/Mechanism Operating Payment Related Activities-2016 to carry out -----related activities by under the directions and terms and condition issued by Nepal Rastra Bank.

Date:

(-----)
Director

(-----)
Executive Director