

Bank of Thailand Notification

No. SorNorChor. 16/2561

Re: Regulations, Procedures and Conditions on Application for License to Undertake Designated Payment Systems Business (No. 2)

1. Rationale

The Bank of Thailand has issued the Bank of Thailand Notification No. SorNorChor. 3/2561 Re: Regulations, Procedures and Conditions on Application for License to Undertake Designated Payment Systems Business dated 16 April 2018 for the purposes of supervision for payment systems to be safe and secure, have risk management in line with international standards, continuously operate under normal and emergency conditions, and ensure free and fair competition in undertaking businesses as well as appropriate consumer protection.

In order to provide clarity regarding qualifications of those intending to undertake designated payment systems business for the case of a branch of a foreign commercial bank licensed to carry on commercial banking business in Thailand, which is the financial institution under the law governing financial institutions businesses, the Bank of Thailand therefore deems it appropriate to amend such Notifications.

2. Statutory Power

By virtue of Section 13 and Section 14 of the Payment Systems Act B.E. 2560 (2017), the Bank of Thailand hereby issues regulations, procedures and conditions on application for license to undertake designated payment systems business, as prescribed in this Notification.

3. Amended Notification

3.1 Clause 4.2 (1) of the Bank of Thailand Notification No. SorNorChor. 3/2561 Re: Regulations, Procedures and Conditions on Application for License to Undertake Designated Payment Systems Business dated 16 April 2018 shall be repealed and replaced by Clause 5 of this Notification.

3.2 Application form for license to undertake designated payment systems business (Attachment 1) of the Bank of Thailand Notification No. SorNorChor. 3/2561 Re: Regulations, Procedures and Conditions on Application for License to Undertake Designated Payment Systems Business dated 16 April 2018 shall be repealed and replaced by Application form for license to undertake designated payment systems business (Attachment 1) of this Notification.

4. Scope of Application

This Notification shall apply to those intending to undertake designated payment systems business and business providers of designated payment systems according to the law governing payment systems.

5. Content

“4.2 Regulations on application for license to undertake designated payment systems business

(1) Those intending to undertake designated payment systems business must have the following qualifications:

(1.1) Be a juristic person of the following type:

(1.1.1) Limited company or public limited company that is registered in Thailand with objective to undertake the payment systems business or

(1.1.2) Financial institution or

(1.1.3) Foreign commercial bank licensed to establish branches to carry on commercial banking business in Thailand, and intending to undertake payment systems business by the branch of such foreign commercial bank which is the financial institution under the law governing financial institutions businesses or

(1.1.4) Specialized financial institution or

(1.1.5) State enterprise or

(1.1.6) Foreign juristic person specifically for those who intends to undertake the Payment Card Network business.

(1.2) Have paid-up capital for each type of business as follows:

(1.2.1) Inter-institution Fund Transfer System service, no less than 50 million Baht.

(1.2.2) Payment Card Network service, no less than 50 million Baht.

(1.2.3) Settlement System service, no less than 200 million Baht.

Those intending to undertake more than 1 type of designated payment systems business, must have paid-up capital of no less than the required amount of the applied business type that requires the highest amount of paid-up capital.

(1.3) Have a sound financial position and operation status which represent the capability of undertaking business and providing service with continuity without any risks that may cause damages to system users and public such as historical financial position and performance, shareholders' equity and source of funds.

(1.4) Must neither been temporarily suspended of its entire or partial business operation or been revoked license or registration according to the law governing payment systems.

(1.5) Must never been sentenced or ordered by the court that its properties shall be forfeiture for the benefit of the state or never been sentenced by final court judgment on the ground of committing an offence relating to money laundering under law governing anti-money laundering, or never been a designated person for committing terrorism offenses, or never been sentenced by the final court judgment on the offence relating to terrorist financing under law governing counter-terrorism and proliferation of weapon of mass destruction financing.

(1.6) Have directors or person with managerial power with the following qualifications:

(1.6.1) Being of not less than 20 years of age.

(1.6.2) Have qualifications and must not have prohibited characteristics as prescribed in Section 14 of the Payment Systems Act B.E. 2560 (2017)

(1.7) Have at least 1 director with Thai nationality and domiciled within Thailand.

(1.8) Foreign juristic person intending to undertake Payment Card Network business must have branch office or representative office in Thailand, and appoint at least 1 person as a person responsible for engaging in affairs for and on behalf of the juristic person in that office in order to support business operation and coordination with foreign office, unless an exemption is granted by the BOT.

Juristic persons under clause (1.1.2) – (1.1.6) are exempted from complying with the regulations under clause (1.2) and (1.7).”

6. Effective date

This Notification shall come into effect from 10 September 2018.

Announced on 7th September 2018

(Mrs. Ruchukorn Siriyodhin)
Deputy Governor, Financial Institutions Stability
Governor ^{for}
Bank of Thailand

Payment Systems Policy Department
Tel. 0 2283 5095, 0 2283 5137

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**Application form
for license to undertake designated payment systems business**

Date Month B.E.

To Governor of the Bank of Thailand

I am *(Name in Thai)* spelt in
English as *(Name in English)* Head office is
located at.....
telephone number..... facsimile number..... e-mail

wish to apply for a license to undertake the designated payment systems
business that is prescribed in the Notification of Ministry of Finance Re: Stipulation on
Designated Payment Systems in accordance with the law governing payment systems.
(Please check ✓ in the box in front of type of services intending to request for a license)

- (1) Inter-institution Fund Transfer System
- (2) Payment Card Network
- (3) Settlement System

I hereby enclose the certified copy of details, documents and evidences
that have been certified and signed by the authorized signatory together with this
license application to undertake designated payment systems business, as follows:

**A. Details, evidences and information of person intending to undertake
the designated payment systems business**

(1) For a juristic person incorporated in Thailand, or foreign commercial
bank licensed to establish branches to carry on commercial banking business in Thailand,
and intending to undertake payment systems business by the branch of such foreign
commercial bank which is the financial institution under the law governing financial
institutions businesses.

(1.1) A copy of company registration certificate.

(1.2) Objectives of company for undertaking designated payment
systems business.

(1.3) A copy of memorandum of association.

(1.4) A copy of company's articles of association.

(1.5) A copy of register of shareholders and/or report of list of
shareholders and percentage of top 10 shareholding of the company including
shareholders' nationalities.

(1.6) Names, nationalities, domiciles, working experiences and qualifications of all directors and persons with managerial power; together with the certification of qualifications of persons appointed as directors or persons with managerial power of the person intending to undertake designated payment systems business, in accordance with the form attached at the end of this Notification (Attachment 1.1).

(1.7) Corporate group structure such as parent company, subsidiaries and affiliates including duties, responsibilities and relationship related to the person intending to undertake designated payment systems business.

(1.8) Audited annual financial statements with opinion of the certified public accountant for the past 3 years and the latest 6 month-financial statements (if any) and any other documents and evidences demonstrating sound financial position of the company.

(2) For foreign juristic person specifically for those who intends to undertake the Payment Card Network business.

(2.1) A copy of juristic person registration certificate according to foreign law.

(2.2) A copy of articles of association or objectives (if any).

(2.3) A copy of register of shareholders of a juristic person and/or report of list of shareholders and percentage of top 10 shareholding of the juristic person including shareholders' nationalities.

(2.4) Names, nationalities, domiciles, working experiences and qualifications of all directors and persons with managerial power; together with the certification of qualifications of persons appointed as directors or persons with managerial power of the person intending to undertake designated payment systems business, in accordance with the form attached at the end of this Notification (Attachment 1.1).

(2.5) Corporate group structure such as parent company, subsidiaries and affiliates including duties, responsibilities and relationship related to the person intending to undertake designated payment systems business.

(2.6) A copy of license certificate to undertake payment systems business according to foreign law (if any).

(2.7) A copy of certificate for business operation of foreigners or a copy of company registration certificate, showing the establishment of branch office or representative office in Thailand, including details of location, list of persons responsible for engaging in affairs for and on behalf of the juristic person in that office; and telephone number of the branch office or representative office in Thailand.

B. Details of operation of designated payment systems business

(1) Organizational and supervisory structures that support business operation, indicating departments and operating staff including duties and responsibilities; covering those relating to Information Technology function.

(2) Details of service

(2.1) Name and type of services.

(2.2) Essential information, conditions and business model in providing services, including details of scope of services such as group of users, type of services, service locations, etc. including service fee.

(2.3) Process, methods and procedures for providing services including related details such as

(2.3.1) Business flow and system design diagram

(2.3.2) Description of technology used in providing services and technology used for maintaining security of the system used in providing services.

(2.3.3) Practices of linkages with other related systems.

(2.4) Objectives, rules, conditions, business practices, fees and expenses relating to system users accessing and existing the system (access and exit regime).

(2.5) Total number and name list of system users (if any).

(2.6) Related parties involved in providing services such as outsourcers by indicating duties, responsibilities and contract or agreement between person intending to undertake the business and the parties involved in providing services (if any).

(3) Policies and measures on security of Information Technology systems, which must at least meet the standards as prescribed by the BOT Re: Policies and Measures on Security of Information Technology Systems.

(4) Policies and business plans for undertaking the designated payment systems business for a 3-year period which include the investment in the systems, incomes, expenses, volume of transaction, additional services as well as source of funds, etc. including the feasibility study such as the analysis of competitor, marketing, internal and external environment together with assumptions used for preparation of the plan and estimation.

(5) Action plan for undertaking the designated payment systems business which indicates detailed preparation activities for each periods (timeline) (if any)

(6) Risk management policy and risk assessment in providing the services by identifying the key risk indicator as well as duties and responsibilities of the related parties, including procedures in managing and dealing with various types of risks covering methods to identify, measure, control, monitor and manage each type of risks and the overall risk of the organization, including:

- (6.1) Strategic Risk
- (6.2) Liquidity Risk
- (6.3) Operational Risk
- (6.4) Legal Risk
- (6.5) Reputation Risk
- (6.6) Information Technology Risk

(7) Business Impact Analysis and Business Continuity Management (BIA and BCM); the person intending to undertake designated payment systems business should define the responsible persons and details of the BCM appropriate to the type and complexity of business, which essence includes:

- (7.1) Policy statement on business continuity management.
- (7.2) Contingency plan or Business Continuity Plan (BCP).
- (7.3) Guidelines on monitoring, evaluating and testing of the BCP.

(8) Process of internal control covering inspection of irregular transactions, by indicating the assignment of duties and responsibilities of the related units that involve supervision, control and audit of the operation.

(9) Guidelines and details on outsourcing of information technology systems and services, as well as other functions that significantly affect the designated payment systems business, including

- (9.1) Timeline, scope of activities, duties and responsibilities of parties related to the services provided.
- (9.2) Selection criteria, monitoring and risk assessment of outsourcing activities.
- (9.3) Outsourcing contracts.
- (9.4) Contingency plan or Business Continuity Planning (BCP) including outsourcing activities.

(10) Policy and measures for anti-money laundering and counter-terrorism and proliferation of weapons of mass destruction financing that meet the minimum regulations as prescribed by the Anti-Money Laundering Office (AMLO).

(11) Guidelines on system user protection which covers agreements or contracts for use of the services, responsibilities of those intending to undertake the designated payment systems business, guidelines on protections of system users' confidentiality, as well as guidelines for complaint handlings.

(12) Additional specific details for each services as below:

(12.1) Inter-institution Fund Transfer System service and Payment Card Network service.

- Risk management measures to ensure successful completion of settlement between system users.

- Appropriate procedures and practices in case any system user cannot settle their obligations, including the event that a system user has been under a receivership order or is adjudicated bankrupt by the court such as notifying other system users, stop sending and receiving transactions, and recalculate clearing positions by unwinding transactions, etc.

(12.2) Settlement System service.

- Guidelines, conditions, and procedures related to finality of settlement, including procedures related to settlement, time period for settlement and point of finality for settlement which can not revoke, reverse or modify.

For those undertaking the business on the date that the Minister prescribed the notification and being the designated payment systems business, which has been granted the approval for undertaking the electronic payment service business under the Royal Decree Regulating on Electronic Payment Services Business B.E. 2551 (2008), they shall submit a license application form together with details, documents and evidences as prescribed in Clause A (1.1) (1.2) (1.5) – (1.7) and Clause B (1) - (2). The details of documents and other evidences as prescribed in this license application form must be updated and made available for the BOT examination and upon the BOT's request.

For foreign juristic person intending to undertake the Payment Card Network business, they shall submit the license application form together with details, documents and evidences as prescribed in Clause A (2) and Clause B (1) (2) and (11) – (12). The details of documents and other evidences as prescribed in this license application form must be updated and made available for the BOT examination and upon the BOT's request.

I hereby certify that the information, documents and evidences have been made correctly, completely and truthfully. If it is discovered that the information, documents or evidences have been made incorrectly, incompletely or I have not complied with the regulations, procedures and conditions that the BOT has prescribed, I shall hastily make rectification to be correct and complete within the timeline prescribed by the BOT. On this, when the license is granted, I agree to comply with the conditions as prescribed or to be prescribed by the Minister in any respect and allow the BOT to audit my business to ensure the compliance with the prescribed requirements.

Signed

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Authorized Signatory

(Seal-if any)

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Certification of qualifications of person appointed as directors or persons with managerial power of the person intending to undertake designated payment systems business, or the business provider of designated payment systems

Name/Company

No. (if any)

Date

To Governor of the Bank of Thailand

I / Company / Foreign juristic person have (has) reviewed the profiles of the following directors or persons with managerial power of those intending to undertake the designated payment systems business.

1. Name Position
2. Name Position
3. Name Position

I / Company / Foreign juristic person certify (certifies) that the aforementioned persons have all qualifications and do not have the prohibited characteristics as prescribed in Section 14 of the Payment Systems Act B.E. 2560 and the BOT's Notification Re: Regulations, Procedures and Conditions on Application for License to Undertake Designated Payment Systems Business as well as the BOT's Notification Re: Regulations on Supervision of the Designated Payment Systems Business.

Please consider accordingly. The curriculum vitae and related documents are enclosed herewith.

Best regards,

Signed Authorized Signatory
(.....)
Position