

**REGULATION ON PAYMENT AND ELECTRONIC
MONEY ISSUING SERVICES
(PAYMENT INSTITUTIONS AND EMI)**

Year 2020 / Number 04

(Consolidated text as at 13/02/2024 - Update IV)

CONTENTS

PART I INTRODUCTION	10
TITLE I INTRODUCTION	10
Article I.I.1 – Legislative sources	10
Article I.I.2 – Definitions.....	10
TITLE II OBJECTIVES AND STRUCTURE OF THE REGULATIONS	20
Article I.II.1 – Purpose	20
Article I.II.2 – Completeness	21
Article I.II.3 – Preparation.....	21
Article I.II.4 – Structure.....	21
TITLE III EXCLUSIONS AND SPECIAL REGIME INSTITUTIONS.....	21
Article I.III.1 – Exclusions from the scope	21
Article I.III.2 – Notification requirement	23
Article I.III.3 – Special regime institutions.....	24
PART II ACTIVITIES OF INSTITUTIONS.....	25
TITLE I INTRODUCTION	25
Article II.I.1 – Legislative sources.....	25
Article II.I.2 – Administrative sanctions.....	25
TITLE II ACTIVITIES OF INSTITUTIONS.....	25
Article II.II.1 – Reserved activities.....	25
Article II.II.2 – Abuse.....	25
Article II.II.3 – Lending.....	26
Article II.II.4 – Other permitted activities	26
Article II.II.5 – Instruments for collection of savings.....	27
TITLE III REQUIREMENTS REGARDING PROTECTION OF CUSTOMER FUNDS	27
Article II.III.1 – Common forms of protection and allocated assets	27
Article II.III.2 – Accounting records of customer funds.....	27
Article II.III.3 – Method for the detention of funds received from payment service customers or receipts in the face of electronic money issued.....	28
PART III AUTHORIZATION	29
TITLE I INTRODUCTION	29
Article III.I.1 – Legislative sources	29
Article III.I.2 – Administrative sanctions	29
TITLE II AUTHORIZATION TO FORM A COMPANY	29
Article III.II.1 – Applicants	29
Article III.II.2 – Form of application	29
Article III.II.3 – Content of application	29
Article III.II.4 – Declaration of controlling parties.....	30
Article III.II.5 – Beneficial owners.....	30
Article III.II.6 – Methods for submission of application	31
Article III.II.7 – Time limit for decision.....	31
Article III.II.8 – Suspension of time limit.....	31
Article III.II.9 – Interruption of time limit.....	31
TITLE III MINIMUM REQUIREMENTS.....	32
Article III.III.1 – Criteria for drafting the instrument of incorporation	32
Article III.III.2 – Legal form	33
Article III.III.3 – Registered office	33
Article III.III.4 – Share capital.....	33
Article III.III.5 – Escrow deposit.....	34
Article III.III.6 – Requirements for promoters	35
Article III.III.7 – Requirements for Corporate Officers.....	35
Article III.III.8 – Business Plan	35
TITLE IV INTERIM OBLIGATIONS.....	36
Article III.IV.1 – Forming companies	36

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Article III.IV.2 – Transmission of the instrument of incorporation.....	36
TITLE V APPROVAL TO BEGIN OPERATIONS	36
Article III.V.1 – Introduction.....	36
Article III.V.2 – Terms of the application	36
Article III.V.3 – Form of the application.....	37
Article III.V.4 – Content of the application.....	37
Article III.V.5 – Changes and additions to the business plan	37
Article III.V.6 – Methods for submission of the application	37
Article III.V.7 – Time limit for decision.....	38
Article III.V.8 – Resubmission of application	38
Article III.V.9 – Minimum requirements.....	38
Article III.V.10 – On site Inspections.....	39
Article III.V.11 – Notification that the enterprise has commenced operations.....	39
TITLE VI ACTIVITIES BY FOREIGN ENTITIES.....	39
Chapter I Branch offices of foreign PSPs	39
Article III.VI.1 – Requirements for authorization	39
Article III.VI.2 – Application for authorization.....	40
Article III.VI.3 – Business Plan.....	41
Article III.VI.4 – Requirements for branch offices managers	41
Article III.VI.5 – Authorization procedure	42
Article III.VI.6 – Applicable provisions	42
Chapter II Provision of services without permanent establishment.....	43
Article III.VI.7 – Scope of application	43
Article III.VI.8 – Requirements for authorization	44
Article III.VI.9 – Application for authorization.....	45
Article III.VI.10 – Authorization procedure	46
Article III.VI.11 – Applicable provisions	46
Chapter III Representative Offices.....	46
Article III.VI.12 – Prohibition to exercise reserved activities	46
Article III.VI.13 – Requirements	46
Article III.VI.14 – Procedure.....	46
TITLE VII CHANGES, WAIVERS AND REVOCATIONS OF AUTHORIZATION	47
Article III.VII.1 – Application for changes.....	47
Article III.VII.2 – Waiver of authorization.....	48
Article III.VII.3 – Revocation of authorization	48
PART IV CORPORATE OFFICERS	50
TITLE I INTRODUCTION	50
Article IV.I.1 – Legislative sources	50
Article IV.I.2 – Administrative sanctions	50
TITLE II REQUIREMENTS	50
Chapter I Requirements of good repute.....	50
Article IV.II.1 – Requirements	50
Article IV.II.2 – Methods of certification	51
Chapter II Requirements of professional qualifications	51
Article IV.II.3 – Members of the Board of Directors	51
Article IV.II.4 – Head of the Executive Structure	52
Article IV.II.5 – Board of Auditors	52
Article IV.II.6 – Methods of certification.....	53
Chapter III Requirements of independence.....	53
Article IV.II.7 – Members of the Board of Directors	53
Article IV.II.8 – Board of Auditors	54
Article IV.II.9 – Methods of certification.....	54
TITLE III SUBSTANTIVE AND PROCEDURAL ISSUES	54
Article IV.III.1 – Requirements for validity of certificates	54
Article IV.III.2 – Presentation to the Board of Directors.....	54
Article IV.III.3 – Verification by Board of Directors	55

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Article IV.III.4 – Decision of the Board of Directors	55
Article IV.III.5 – Communication to the Central Bank	55
Article IV.III.6 – Central Bank’s controls	55
Article IV.III.7 – Recording of Corporate Officers in the Register of Companies	55
TITLE IV REMOVAL FROM OFFICE, SUSPENSION AND DISMISSAL	56
Chapter I Removal from office	56
Article IV.IV.1 – Reasons from removal.....	56
Article IV.IV.2 – Ordinary procedure.....	56
Article IV.IV.3 – Extraordinary procedure.....	56
Chapter II Suspension.....	56
Article IV.IV.4 – Possible reasons for suspension.....	57
Article IV.IV.5 – Ordinary Procedure	57
Article IV.IV.6 – Extraordinary Procedure.....	57
Chapter III Dismissal	57
Article IV.IV.7 – Reasons for dismissal	57
Article IV.IV.8 – Dismissal procedure	58
PART V OWNERSHIP STRUCTURES	59
TITLE I INTRODUCTION	59
Article V.I.1 – Legislative sources	59
Article V.I.2 – Administrative sanctions	59
TITLE II REQUIREMENTS	59
Chapter I Good repute.....	59
Article V.II.1 – Requirements.....	59
Article V.II.2 – Methods of certification	59
Article V.II.3 – Foreign certificates.....	60
Article V.II.4 – Requirements for validity of certificates	60
Article V.II.5 – Exempt parties.....	60
Chapter II Sound and prudent management	61
Article V.II.6 – Requirements.....	61
Article V.II.7 – Informational note	63
Article V.II.8 – Attached documentation.....	63
TITLE III AUTHORIZATION TO ACQUIRE SUBSTANTIAL EQUITY INTERESTS.....	63
Article V.III.1 – Scope of application.....	63
Article V.III.2 – Parties for whom compliance is required.....	64
Article V.III.3 – Application for authorization	64
Article V.III.4 – Declaration of controlling parties	65
Article V.III.5 – Time limits for the decision	65
Article V.III.6 – Evaluation criteria.....	65
TITLE IV REPORTING REQUIREMENTS	66
Article V.IV.1 – Ownership structures	66
Article V.IV.2 – Voting agreements	66
TITLE V POWERS OF INTERVENTION	67
Article V.V.1 – Revocation of authorization	67
Article V.V.2 – Annulment of resolutions of the Shareholders’ Meeting	67
Article V.V.3 – Order to dispose of equity interests.....	67
Article V.V.4 – Verification of continuation of the requirements	67
PART VI FINANCIAL STATEMENTS	69
TITLE I INTRODUCTION	69
Article VI.I.1 - Legislative sources.....	69
Article VI.I.2 – Administrative sanctions	69
TITLE II GENERAL PROVISIONS	69
Article VI.II.1 – General obligations	69
Article VI.II.2 – Composition of the financial statements	69
Article VI.II.3 – Auditing obligations for Sammarinese institutions and branches of foreign institutions.....	69
Article VI.II.4 – Certification of audit firms and auditors	70

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Article VI.II.5 – Completeness	70
PART VII PRUDENTIAL SUPERVISION	71
TITLE I INTRODUCTION	71
Article VII.I.1 – Legislative sources	71
Article VII.I.2 – Administrative sanctions	71
Article VII.I.3 – Extension of organizational suitability requirements	71
TITLE II TOTAL REGULATORY CAPITAL	71
Article VII.II.1 – Structure of total regulatory capital	71
Article VII.II.2 – Tier 1 capital	71
Article VII.II.3 – Tier 2 capital	72
Article VII.II.4 – Deductions	72
Article VII.II.5 – Limits and restrictions	73
Article VII.II.6 – Minimum amount of total regulatory capital	73
Article VII.II.7 – Waivers	73
TITLE III CAPITAL REQUIREMENTS	73
Article VII.III.1 – Mandatory reserves	73
Article VII.III.2 – Requirement for payment services provided	73
Article VII.III.3 – Calculation Method A	73
Article VII.III.4 – Calculation Method B	74
Article VII.III.5 – Requirement against the issuing of electronic money	74
Article VII.III.6 – Requirement against credit risk	75
Article VII.III.7 – Specific measures	75
Article VII.III.8 – Total capital requirement	75
TITLE IV ORGANIZATIONAL REQUIREMENTS	75
Chapter I General rules	75
Article VII.IV.1 – Characteristics of the organization	75
Article VII.IV.2 – Corporate control functions	77
Article VII.IV.3 – Role of corporate bodies and interaction in exercising the functions of corporate governance	77
Chapter II Corporate bodies and structures	78
Article VII.IV.4 – Board of Directors	78
Article VII.IV.5 – Head of the executive structure	79
Article VII.IV.6 – Internal auditing	79
Article VII.IV.7 – Compliance	80
Article VII.IV.8 – Risk management	80
Article VII.IV.9 – Board of Auditors	81
Article VII.IV.10 – Audit firms	81
Chapter III Information systems	82
Article VII.IV.11 – Introduction	82
Article VII.IV.12 – Requirements	82
Chapter IV System of internal controls	83
Article VII.IV.13 – Introduction	83
Article VII.IV.14 – Operational and security risks	83
Article VII.IV.15 – Reporting of incidents	85
Article VII.IV.16 – Credit risk	85
Chapter V Obligations in case of outsourcing of strategic operational functions	85
Article VII.IV.17 – Strategic operational functions	85
Article VII.IV.18 – Negative requirements of outsourcing	86
Article VII.IV.19 – Positive requirements of outsourcing	86
Article VII.IV.20 – Procedure for preliminary announcing the outsourcing operation	87
TITLE V DISTRIBUTION NETWORKS	87
Chapter I Distribution networks in the Republic of San Marino	87
Article VII.V.1 – Procedure for opening new branches	88
Article VII.V.2 – Assessment criteria	88
Article VII.V.3 – Notification of the start of branch operations	88
Article VII.V.4 – Use of agents	88
Article VII.V.5 – Distribution and redemption of electronic money through authorized sub-providers	90

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Chapter II Distribution network abroad.....	91
Article VII.V.6 – Opening branches abroad	91
Article VII.V.7 – Provision of services without permanent establishment abroad	92
Article VII.V.8 – Specific provisions relating to the use of agents and authorized sub-providers abroad	92
Article VII.V.9 – Establishment of representative offices	92
Article VII.V.10 – Assessment criteria.....	92
TITLE VI AMENDMENTS TO THE CHARTER.....	92
Article VII.VI.1 – Application for authorization	92
Article VII.VI.2 – Deadline for the decision	93
Article VII.VI.3 – Resubmission of the application	93
Article VII.VI.4 – Presentation to the Shareholders’ Meeting.....	94
Article VII.VI.5 – Change in the share capital	94
TITLE VII BLOCK ACQUISITIONS OF ASSETS AND LIABILITIES	94
Article VII.VII.1 – Scope of application	94
Article VII.VII.2 – Publicity	95
Article VII.VII.3 – Utilization on the premises of the transferor.....	95
Article VII.VII.4 – Acquisition of “reserved activities”	95
Article VII.VII.5 – Branch acquisition	95
Article VII.VII.6 – Operations subject to authorization	96
Article VII.VII.7 – Content of the application.....	96
Article VII.VII.8 – Period of time allowed for issuing the decision	96
Article VII.VII.9 – Inadmissibility condition	96
PART VIII SUPERVISION INSTRUMENTS	97
TITLE I INTRODUCTION	97
Article VIII.I.1 – Legislative sources	97
Article VIII.I.2 – Administrative sanctions	97
TITLE II OFF-SITE SUPERVISION.....	97
Article VIII.II.1 – Periodic information requirements	97
Article VIII.II.2 – Non-periodic information requirements	97
Article VIII.II.3 – Completeness	98
Article VIII.II.4 – Reporting forms and operating manuals.....	98
Article VIII.II.5 - Queries	98
TITLE III ON-SITE SUPERVISION.....	99
Article VIII.III.1 – On-site inspections.....	99
Article VIII.III.2 – Inspection report	99
PART IX FINANCIAL GROUP	101
TITLE I INTRODUCTION	101
Article IX.I.1 – Legislative sources	101
Article IX.I.2 – Administrative sanctions	101
TITLE II GROUP GOVERNANCE	101
Article IX.II.1 – Regulatory functions	101
Article IX.II.2 – Supervisory functions	101
PART X CUSTOMER RELATIONS	103
TITLE I INTRODUCTION	103
Article X.I.1 – Legislative sources	103
Article X.I.2 – Administrative sanctions	103
Article X.I.3 – General principles.....	103
Article X.I.4 – General scope of application	104
Article X.I.5 – Dispute resolution.....	104
TITLE II RULES OF CORRECTNESS	104
Article X.II.1 – Special framework for qualified counterparts	104
Chapter I Charges and derogations	105
Article X.II.2 – Applicable charges	105
Article X.II.3 – Derogation for low value payment instruments and electronic money	105
Chapter II Authorization of payment transactions.....	106

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Article X.II.4 – Consent and withdrawal of consent.....	106
Article X.II.5 – Confirmation on the availability of funds	106
Article X.II.6 – Limits of the use of payment instrument	107
Article X.II.7 – Obligations of the user in relation to payment instruments and personalized security credentials	108
Article X.II.8 – Obligations of the PSP in relation to payment instrument	108
Article X.II.9 – Notification of unauthorized or incorrectly executed payment transactions	109
Article X.II.10 – Evidence of authentication and execution of payment transactions	109
Article X.II.11 – PSP’s liability for unauthorized payment transaction	110
Article X.II.12 – Payer’s liability for unauthorized payment transaction	110
Article X.II.13 – Payment transactions whose amount is unknown in advance	111
Article X.II.14 – Refunds for payment transactions initiated by or through the payee	111
Article X.II.15 – Requests for refunds for payment transactions initiated by or through a payee	112
Chapter III Execution of payment transactions.....	112
Article X.II.16 – Receipt of payment orders.....	112
Article X.II.17 – Refusal of payment orders.....	113
Article X.II.18 – Irrevocability of a payment order.....	113
Article X.II.19 – Amounts transferred and amounts received	114
Chapter IV Execution times and value date.....	115
Article X.II.20 – Scope of application	115
Article X.II.21 – Payment transactions to a payment account	115
Article X.II.22 – Absence of payee’s payment account with the PSP	115
Article X.II.23 – Cash placed on a payment account.....	115
Article X.II.24 – Value date and availability of funds	116
Chapter V Liability.....	116
Article X.II.25 – Incorrect unique identifier	116
Article X.II.26 – PSPs liability for non-execution, defective execution or late execution of payment transaction	116
Article X.II.27 – Liability in case of PIS for non-execution, defective execution or late execution of payment transaction	118
Article X.II.28 – Additional financial compensation.....	118
Article X.II.29 – Right of recourse	118
Article X.II.30 – Unusual and unforeseeable circumstances	119
Chapter VI Data protection and authentication.....	119
Article X.II.31 – Data protection	119
Article X.II.32 – Authentication	119
Chapter VII Special provisions for the issuing of electronic money	120
Article X.II.33 – Electronic money refund	120
Article X.II.34 – Processing and distribution of electronic money.....	120
TITLE III RULES OF TRANSPARENCY	121
Chapter I General rules.....	121
Article X.III.1 – Scope of application.....	121
Article X.III.2 – Charges for information	121
Article X.III.3 – Burden of proof on requested information	121
Article X.III.4 – Derogation from information requirements for low-value payment instruments and electronic money	121
Chapter II Individual payment transactions	122
Article X.III.5 – Scope of application.....	122
Article X.III.6 – Prior general information	122
Article X.III.7 – Information and conditions	123
Article X.III.8 – Information for the payer after receipt of the payment order	124
Article X.III.9 – Information for the payee after execution.....	124
Chapter III Framework contracts	124
Article X.III.10 – Scope of application.....	124
Article X.III.11 – Prior general information	124
Article X.III.12 – Information and conditions	125
Article X.III.13 – Accessibility of information and conditions of the framework contract	127
Article X.III.14 – Changes in the conditions of the framework contract.....	127
Article X.III.15 – Termination.....	127
Article X.III.16 – Information to be provided before execution of an individual payment transaction.....	128
Article X.III.17 – Information for the payer on an individual payment transaction	128

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

Article X.III.18 – Information for the payee on an individual payment transaction.....	128
Chapter IV Common provisions.....	129
Article X.III.19 – Currency and conversion	129
Article X.III.20 – Information on additional charges or reductions.....	129
Chapter V Special provisions for the issuing of electronic money	129
Article X.III.21 – Fees applicable to electronic money refund.....	130
PART XI SPECIAL REGIME INSTITUTIONS.....	131
TITLE I INTRODUCTION	131
Article XI.I.1 – Legislative sources	131
Article XI.I.2 – Administrative sanctions	131
Article XI.I.3 – Concordance for simplified structures.....	131
Article XI.I.4 – General discipline application.....	131
TITLE II SPECIAL REGIME FOR MTO INSTITUTIONS	131
Article XI.II.1 – Corporate form.....	131
Article XI.II.2 – Corporate bodies.....	132
Article XI.II.3 – Certification of financial statements	132
TITLE III SPECIAL REGIME FOR INSTITUTIONS WITH LIMITED OPERATIONS.....	132
Article XI.III.1 – Exemptions.....	132
Article XI.III.2 – Procedural rules	133
TITLE IV SPECIAL REGIME FOR TPPS.....	134
Chapter I Institutions providing exclusive account information services	134
Article XI.IV.1 – Sammarinese institutions.....	134
Article XI.IV.2 – Foreign institutions.....	135
Chapter II Institutions providing exclusive payment initiation services or PIS and AIS.....	136
Article XI.IV.3 – Sammarinese institutions.....	136
Article XI.IV.4 – Foreign institutions.....	137
PART XII PROVISIONS ON ACCESS TO PAYMENT SYSTEMS, SERVICES AND ACCOUNTS AND ON	
PAYMENT INITIATION AND ACCOUNT INFORMATION SERVICES.....	138
TITLE I INTRODUCTION	138
Article XII.I.1 – Legislative sources.....	138
Article XII.I.2 – Administrative sanctions.....	138
TITLE II GENERAL PROVISIONS ON ACCESS TO PAYMENT SYSTEMS, SERVICES AND ACCOUNTS	138
Article XII.II.1 – Access to payment systems	138
Article XII.II.2 – Access to services and payment accounts at banks for the performance of payment services	139
TITLE III SPECIFIC PROVISIONS ON ACCESS TO PAYMENT ACCOUNTS FOR THE PROVISION OF	
PAYMENT INITIATION AND ACCOUNT INFORMATION SERVICES.....	139
Article XII.III.1 – Access to payment accounts for payment initiation services	139
Article XII.III.2 – Access to information on payment accounts and use of the same for account information services	140
Article XII.III.3 – Limits on accessing payment accounts to an AISP or PISP	141
PART XIII REGISTER OF PAYMENT SERVICE PROVIDERS.....	142
TITLE I INTRODUCTION	142
Article XIII.I.1 – Legislative sources	142
Article XIII.I.2 – Administrative sanctions	142
TITLE II CREATION, CONTENT AND REGULATION OF THE REGISTER	142
Article XIII.II.1 – Creation and content of the Register	142
Article XIII.II.2 – Rules governing the Register	143
PART XIV FINAL AND TRANSITIONAL PROVISIONS	144
TITLE I IMPLEMENTATION TIMES.....	144
Article XIV.I.1 – Entry into force.....	144
Article XIV.I.2 – Operational and technological adjustments	144
Article XIV.I.3 – Contractual and pre-contractual forms’ adjustments	144
Article XIV.I.4 – Harmonization of existing contracts.....	144

Central Bank of the Republic of San Marino

Regulation no. 2020-04 on payment and electronic money issuing services (Payment Institutions and EMI) - update IV

TITLE II REGISTRATION IN THE REGISTER OF AUTHORIZED PARTIES	145
Article XIV.II.1 – Possible extension of the authorization	145
Article XIV.II.2 – Automatic registration in the PSPs' Register	145
Article XIV.II.3 – Registration of PSPs and foreign electronic money issuers	145

ANNEXES

SELF-DECLARATION OF GOOD REPUTE REQUIREMENTS	146
SELF-DECLARATION OF PROFESSIONAL REQUIREMENTS	147
SELF-DECLARATION OF INDEPENDENCE REQUIREMENTS	148
SELF-DECLARATION OF INDEPENDENCE REQUIREMENTS	149
OUTLINE OF THE REPORT ON THE ORGANIZATIONAL STRUCTURE	150
DESCRIPTION OF PAYMENT SERVICES, OF THE ELECTRONIC MONEY ISSUING ACTIVITY AND THEIR CHARACTERISTICS	152

PART I
INTRODUCTION

Title I
Introduction

Article I.I.1 – Legislative sources

1. These Regulations are part of the implementing regulations for Law No. 165 of 17 November 2005 (LISF) and for Delegated Decree No.177 of 28 December 2018 concerning “Provisions on payment services in transposition of Directive (EU) 2015/2366”.
2. The regulatory powers of the Central Bank of the Republic of San Marino over reserved activities referred to in points I and J of Annex 1 of Law No. 165 of 17 November 2005, over parties authorized to conduct such activity, and over their corporate officers and shareholders, have a legislative basis, in general, in Article 39 of the aforementioned Law and in Articles 33 e 37 of Law No.96 of 29 June 2005 as well as, more specifically, in Article 3 of Delegated Decree No.177 of 28 December 2018.
3. The sanctioning powers of the Central Bank are governed by Article 31 of Law No.96 of 29 June 2005 and violations of the provisions contained in these are punished pursuant to Decree No. 76 of 30 May 2006 and subsequent amendments.

Article I.I.2 – Definitions

1. For the purposes of these Regulations, the terms employed shall be understood as having the following meanings:
 - **“Direct debit”**: a payment service for debiting a payer’s payment account, where a payment transaction is initiated by the payee on the basis of the payer’s consent in favour of the payee, the Payment Service Provider (PSP) of the payee, or the PSP of the payer himself;
 - **“Agent”**: a natural or legal person which acts on behalf of an institution in providing payment services;
 - **“Managing Director”**: member of the Board of Directors, howsoever appointed, vested with the delegated powers under Article 49, fourth paragraph, of the Corporations Act;
 - **“Lending”**: activity referred to in point B) of Annex 1 of the LISF;
 - **“Internal audit function”**: a third-level supervisory activity conducted on an ongoing basis, periodically scheduled in relation to the nature and entity of the risks and based on a periodic assessment of the completeness, functionality, and adequacy of the system of internal controls (including the computer network (ICT audit)).
 - **“Authentication”**: a procedure which allows the PSP to verify the identity of a payment service user or the validity of the use of a specific payment instrument, including the use of the user’s personalised security credentials;

- **“Strong customer authentication (SCA)”**: authentication based on the use of two or more elements, classified into the categories of knowledge (something that only the user knows), possession (something that only the user has) and inherence (something that characterizes the user), which are independent, since the violation of one does not compromise the reliability of the others, and which is designed in such a way as to protect the confidentiality of the authentication data;
- **“Firm”**: set of assets organized to run a business;
- **“Central Bank or CBSM”**: the Central Bank of the Republic of San Marino;
- **“Payee”**: a person or legal entity who are the intended recipients of funds which have been the subject of a payment transaction;
- **“Credit transfer”**: payment service for crediting the payee's payment account via a payment transaction or a series of payment transactions from the payer's payment account, performed by the PSP holding the payer's payment account, on the basis of an instruction given by the payer;
- **“Head of the executive structure”**: General Manager or, in his absence, director delegated to perform the General Manager's functions and any deputy director, called to succeed temporarily or occasionally the functions of head of the executive structure in the absence of the General Manager;
- **“Parent Company”**: payment institution or electronic money institutions or holding company meeting the requirements set forth in Article 54 of the LISF and placed inside the group architecture in such a way as to ensure that the sum of the its own balance-sheet assets and of the firms and entities which it controls meets the requirements for the existence of a financial group;
- **“Payment card”**: payment instrument represented by a card, in physical or digital form, issued by a PSP or an electronic money issuer that enables the user to utilise payment services. Payment cards can be:
 - i. prepaid cards or *pay before*;
 - ii. debit cards or *pay now*;
 - iii. credit cards or *pay later*;
- **“Customer” or “clientele” or “user”**: any subject, whether a person or legal entity, who benefits of a payment service as payer or payee or as both, or any person or legal entity who detains electronic money;
- **“Members”**: firms or entities, apart from the parent company, that belong to the group;
- **“Digital content”**: goods or services produced and supplied in digital format whose use or consumption is limited to a technical device and which do not in any way include the use or consumption of physical goods or services;
- **“Payment account”**: an account held at a payment service provider in the name of one or more payment service users which is used for the execution of payment transactions;
- **“Long-term contracts”**: contracts whose direct legal effects are extended over time, with or without fixed maturities;
- **“Framework contract”**: a payment service contract which governs the future execution of single and recurring payment transactions and which may contain the obligations and conditions for setting up and managing a payment account;

- **“Risk controls”**: second-level controls intended to facilitate efforts to define risk measurement methodologies, verify compliance with the limits assigned to the operational structures, manage the compatibility of the operations of the line units with the risk/return goals assigned to them;
- **“Compliance controls”**: second-level controls intended to verify the compatibility of activities with each applicable provision, including with respect to laws, the charter, supervisory regulations, and internal regulations, including with reference to the prosecution of the financial crime of money laundering, usury, terrorist financing, and other financial offences;
- **“First-level or line controls”**: verification procedures meant to ensure the proper conduction of transactions tied with the provision of payment or electronic money issuing services. These are carried out by the same line organizational structures (e.g. hierarchic, systematic or spot checks) incorporated into procedures (including automated ones), or executed in the context of back-office activities;
- **“Second-level controls”**: controls whose purpose is to contribute to the definition of methods for measuring corporate risks, verifying compliance with the limits assigned by the various operating functions and check that the single operations of productive areas are consistent with the established risk-performance targets, as well as internal regulations. They are entrusted to organizational structures other than productive structures and are defined either as “risk management controls” or “compliance controls”;
- **“Accounting control”**: function described by Article 68 of the Corporations Act and governed by Article 34 of the LISF;
- **“Qualified counterparts”**: persons belonging to one of the following categories:
 - i. authorized parties;
 - ii. foreign parties which, under rules and regulations currently in force in their own parent country, engage in activities performed by the parties referred to in item 1;
 - iii. issuers of financial instruments listed on regulated markets;
 - iv. firms meeting at least two of the following requirements:
 - a) total balance-sheet assets exceeding Euros 5 million;
 - b) annual billings exceeding Euros 10 million;
 - c) net worth exceeding Euros 500,000;
 - v. States, central banks, international and supranational institutions;
- **“Acquiring of payment transactions”**: payment service provided by a PSP who enters into a contract with the payee for the acceptance and processing of payment transactions, which results in a transfer of funds to the payee;
- **“Personalized security credentials”**: personalized functions provided to a user for authentication purposes;
- **“Value date”**: a reference time used by a payment service provider for the calculation of interest on the funds debited from or credited to a payment account;
- **“Sensitive data relating to payments”**: data that can be used to commit fraud, including personalized security credentials. For the activity of PSPs who perform payment order provision services and account information service providers, the name of the account holder and the account number do not constitute sensitive payment data;

- **“PSD2 Decree”**: Delegated Decree of 28 December 2018 No.177 concerning “Provisions on payment services in transposition of Directive (EU) 2015/2366” and subsequent amendments;
- **“Sanctions Decree”**: Decree No. 76 of 30 May 2006 and subsequent amendments;
- **“Authorized depositaries”**: central banks, Sammarinese and foreign banks, Sammarinese and foreign investment enterprises that may detain financial instruments and customer funds, and other subjects authorized to manage financial instruments on behalf of third parties;
- **“Identity document”**: document, containing the photograph and particulars of an individual and issued by a domestic or foreign public authority;
- **“Electronic money issuer”**: EMI and, when issuing electronic money, banks, the Central Bank of the Republic of San Marino, as well as the State of San Marino, the Member States of the European Union or their respective regional or local authorities, where they act as a public authority, or the European Central Bank and the national central banks when they are not acting as monetary authorities or other public authorities;
- **“Issuing of payment instruments”**: payment service provided by a PSP entering into a contract to provide the payer with a payment instrument to arrange and process the payer's payment transactions;
- **“Financial year”**: calendar year;
- **“Non-performing exposures”**: non-performing exposures as referred to in Article I.I.3, paragraph 3 of Regulation No. 2016-02;
- **“Corporate officers”**: individuals serving as Directors, Statutory Auditors or Head of the executive structure;
- **“Funds”**: banknotes and coins, scriptural money and electronic money;
- **“Particulars”**:
 - i. full name, place and date of birth, home address, and nationality of an individual;
 - ii. name, including legal form, address and registered and administrative offices, ID code assigned by the legal system of the country where the entity is located, for parties other than individuals;
- **“Business day” or “working day”**: a day on which the relevant payment service provider of the payer or the payment service provider of the payee involved in the execution of a payment transaction is open for business as required for the execution of a payment transaction;
- **“Group”**: a set of companies as referred to in Article 2 of Delegated Decree No.50 of 26 March 2019 and subsequent amendments;
- **“Financial group”**: group or conglomerate, within the meaning of Articles 53 and 60 of the LISF and of Article 13 of Delegated Decree No.50 of 26 March 2019, which cannot be classified as a bank group under Regulation No. 2007-07 as amended, whose capital assets are represented – in an amount not less than 50 percent – by balance-sheet assets of financial enterprises;
- **“Unique identifier”**: a combination of letters, numbers or symbols that the PSP indicates to the payment service user and that the latter must provide as part of a payment transaction to clearly identify the other payment service user and/or his/her payment account;

- **“Financial enterprises”:** Sammarinese or foreign parties which, on an entrepreneurial basis, engage in activities included in the list referred to in Annex 1 of the LISF, or comparable activities, and are subject to Supervision;
- **“Non-financial enterprises”:** Sammarinese or foreign enterprise not meeting the definition of financial enterprises;
- **“Incident”:** single event or series of related unplanned events which has or is likely to have a negative impact on the integrity, availability, confidentiality, authenticity and/or continuity of payment-related services;
- **“Independent intermediary”:** Authorized party under the LISF or Agent or Authorized sub-providers operating in the Republic of San Marino on behalf of PSP or electronic money issuer authorized to provide services without permanent establishment, provided that this is done on an independent basis; the intermediary shall instead defined as branch in cases where all the following criteria are met with no exceptions:
 - i. it operates on an exclusive basis for one single PSP or foreign electronic money issuer;
 - ii. it has authority to negotiate transactions with third parties;
 - iii. it has the power to obligate the PSP or the electronic money issuer;
 - iv. it operates on an ongoing basis;
- **“Invitation to enter into contracts”:** proposal that is capable of unconditional acceptance inasmuch as it contains all the terms and conditions of the contract, as an expression of an unequivocal will, which reflects a decision and not a mere preparedness or inclination;
- **“Institutions”:** electronic money institutions (or EMI) and payment institutions as defined below;
- **“Institutions with limited operations”:** EMI with limited operations and payment institutions with limited operations, as defined below;
- **“Electronic money institutions” or “EMI”:** companies, other than banks, authorized to provide the electronic money issuing services under letter J) of Annex 1 of the LISF;
- **“Electronic money institutions with limited operation” or “EMI with limited operations”:** EMI subject to the following constraints:
 - i. the average outstanding electronic money issued by them cannot exceed 5 million euros;
 - ii. the electronic money issued by them for each customer cannot exceed the validation limit of 500 euros;
 - iii. operations abroad, either through a branch or under the provision of services without an establishment is precluded pursuant to Article 74, paragraph 2 of the LISF;
 - iv. the provision of the ancillary activity of granting loans referred to in Article II.II.3 is precluded;
 - v. any provision of payment services not related to the issuance of electronic money is subject to the additional limits set for payment institutions with limited operations;
- **“Payment institutions”:** companies, other than banks and electronic money institutions, authorized to provide the payment services referred to under letter I) of Annex 1 of the LISF;
- **“Payment institutions with limited operations”:** payment institutions subject to the following constraints:

- i. if they provide one or more payment services (type A), the monthly average, calculated over the previous twelve months, of the total amount of payment transactions performed cannot exceed 3 million euros;
 - ii. operations abroad, either through a branch or under the provision of services without an establishment, is precluded pursuant to Article 74, paragraph 2 of the LISF;
 - iii. the provision of ancillary activity of granting loans referred to in Article II.II.3 is precluded;
 - **“MTO institutions”**: payment institutions that exclusively provide the money remittance service, also known as Money Transfer Operators;
 - **“Corporations Act”**: Law No.47 of 23 February 2006 as amended;
 - **“LISF”**: Law 165 of 17 November 2005 as amended;
 - **“Payment brand”**: any material or digital name, term, sign, symbol or combination thereof, capable of denoting under which payment card scheme card-based payment transactions are carried out;
 - **“Electronic money”**: monetary value stored electronically, including through magnetic storage, represented by a credit vis-a-vis on the issuer, which is issued upon receipt of funds to execute payment transactions and which is accepted by individuals and legal entities other than the issuer, except for the monetary value:
 - i. stored on instruments that can be used only in a limited way, as one of the following conditions is met:
 - instruments allowing the holder to acquire goods or services only in the premises of the issuer or within a limited network of service providers under direct commercial agreement with the issuer;
 - instruments that can only be used to purchase a very limited range of goods or services;
 - instruments valid only in the Republic of San Marino or in a single Member State, provided at the request of a company or a public sector body and regulated by a national or regional public authority for specific social or fiscal purposes for the purchase of specific goods or services from suppliers having a commercial agreement with the issuer; or
 - ii. used for payment transactions by a provider of electronic communications networks or services made in addition to electronic communications services for a network or service user, alternatively:
 - for the purchase of digital content and voice technology services, regardless of the device used for the purchase or consumption of digital content and charged to the related invoice;
 - performed from or via an electronic device and charged to the related invoice as part of a charitable activity or for the purchase of tickets,
- provided that the value of each individual payment transaction referred to in the previous paragraphs does not exceed 50 Euro and:
- the total value of the payment transactions does not exceed, for a single user, 300 Euros per month;
 - or
 - where the user pre-funds its account with the provider of the electronic communications network or service, the cumulative value of payment transactions does not exceed EUR 300 per month;

- **“Average outstanding electronic money” or “AOELM”:** average of the total amount of financial liabilities in respect of electronic money issued at the end of each day during the previous six months calculated from the first day of the month following the end of the semester and applied to that month⁽¹⁾;
- **“Co-badging”:** the inclusion of two or more payment brands or payment applications of the same payment brand on the same payment instrument;
- **“Payment transaction”:** an act, initiated by the payer or by the payee, for crediting, transferring or withdrawing funds to, between and from payment accounts, irrespective of any underlying obligations between the payer or the payee;
- **“Remote payment transaction”:** payment transaction initiated via Internet or through a device that can be used for distance communication;
- **“Payment order”:** an instruction by a payer or payee to his/her PSP requesting the execution of a payment transaction;
- **“Vendor”:** individuals or legal persons to whom the institution outsources corporate functions or physical activities integrated into typical lending production processes;
- **“Payer”:** a person or legal entity who holds a payment account and makes a payment order from that payment account or, where there is no payer’s payment account, the person or legal entity who makes a payment order;
- **“Equity stakeholders”:** persons who, whether directly or indirectly, or as parent companies of legal persons, hold substantial equity interest in corporate capital;
- **“Controlling interest”:** a stake conferring control within the meaning of Article 2 of the LISF;
- **“Substantial equity interest”:** a stake, conferring voting rights, that exceeds 10% of the corporate capital;
- **“Senior management staff”:** executives, officials, or employees placed in charge of key organizational units and entrusted with significant powers of decision-making and representation;
- **“Payment Initiation Service Provider” or “PISP”:** payment service provider carrying out the activity referred to in letter g) of letter I) of Annex 1 of the LISF;
- **“Account Information Service Provider” or “AISP”:** payment service provider carrying out the activity referred to in letter h) of letter I) of Annex 1 of the LISF;
- **“Payment Service Provider” or “PSP”:** payment institutions, electronic money institutions and, when providing payment services, banks, the Central Bank of the Republic of San Marino, as well as the State of San Marino, Member States of the European Union or their regional or local authorities when not acting in their capacity as public authorities, namely the European Central Bank and other national central banks when not acting in their capacity as monetary authorities or other public authorities;
- **“Account servicing payment service provider” or “account servicing PSP”:** payment service provider which provides and manages a payment account on behalf of a payer;

⁽¹⁾ For example, if, during the six months from February to July, the average electronic money in circulation, calculated as the daily average of the electronic money issued at each end of the six-month period, is EUR 2 million, this amount will constitute the AOELM for the entire month of August, while for the following month of September the AOELM will be equal to the daily average of the electronic money issued at each end of the six-month period from 1 March to 31 August.

- **“Card Issuer Service Provider” or “CISP”:** payment service provider enabled to issue card-based payment instruments;
- **“Provision of services without permanent establishment”:** exercise of reserved activities by a foreign institution in San Marino, or by a Sammarinese institution abroad, through a temporary organization, or through the use of distance communication technologies, or through intermediaries or independent agents;
- **“Branch of business”:** branches or, in general, any cohesive set of operational activities, that are the focus of contractual relationships and employer-employee relationships within the context of a specific organizational structure;
- **“Relationships having potential financial impact”:** employer-employee relationships or ongoing or periodic relationships of a professional nature, or else other relationships *“intuitu personae”*, that are capable of influencing a person’s independence as a corporate officer of the institution;
- **“Legal relationships identifiable as a block”:** loans, debts, and contracts that present common distinguishing features that may be found in the technical form, in the recipient economic sectors, in the nature of the counterpart, in the geographic area, or in any other shared feature that makes it possible to precisely identify a homogeneous set of legal relationships;
- **“Substantial crimes”:** all crimes against property and against the public economy, with the exception of offences punishable by fines and special crimes specified by the LISF and the current laws in force on the prevention and combating money laundering and terrorist financing, as well as on the matter of cross-border money transfers and equivalent instruments;
- **“Payment service providers Register” or “Register”:** register as referred to in Article 5 of PSD2 Decree;
- **“SEPA Regulation”:** Regulation No. 2013-05 issued by the Central Bank on 28 August 2013 and subsequent amendments;
- **“Branch managers”:** two main representatives of the first branch of a foreign institution on Sammarinese territory;
- **“Electronic communication network”:** transmission systems and, where applicable, switching or routing equipment and other resources enabling the transmission of signals by cable, radio, optical fibre or other electromagnetic means, including satellite networks, terrestrial networks mobile and fixed (circuit-switched and packet-switched, including Internet), networks used for the circular broadcasting of sound and television programs, systems for the transport of electricity, insofar as they are used to transmit signals, cable television networks, regardless of the type of information carried;
- **“Auditors”:** persons entrusted with the auditing of accounts on behalf of an audit firm;
- **“Money remittance”:** a payment service in which funds are delivered by a payer, without having opened payment accounts in the name of the payer or payee, solely for the purpose of transferring a corresponding sum to a payee or other payment service provider acting on behalf of the beneficiary, and/or where such funds are collected on behalf of the beneficiary and made available to the latter (activity referred to in letter f), of letter I) of Annex 1 of the LISF);
- **“Operational risks”:** risks of losses resulting from inadequate internal procedures, human errors, defects in operating systems or else from events of external origin. This includes, among others, the legal risk, i.e. the

risk of losses deriving from violations of laws or regulations, from contractual or extra-contractual liability or from other disputes, as well as the reputational risk. The reputational risk can arise directly from certain events or behaviours (e.g. trade policies perceived by customers as not considerate of their interests) or indirectly from other types of risk (credit, operational, liquidity), compared to which the reputational effects may amplify the economic impact. The reputational risk can, therefore, be both the consequence of irregular conduct and misperceptions on the part of customers or the market;

- **“Security risks”**: the risk deriving from the inadequacy or lack of internal processes or from external events that have, or could have, a negative effect on the availability, integrity and confidentiality of the systems that use information and communication (ICT) and/or information used for the provision of payment services. This includes the risk of cyber-attacks or an inadequate level of physical security;
- **“Supervisory reports”**: periodic and non-periodic reports of information drawn up in compliance with company accounting data and/or management reporting media which, under the supervisory powers under the meaning of Article 41, paragraph 1 of the LISF, are submitted to the Supervision Department;
- **“Electronic communication services”**: services normally provided for a fee consisting exclusively or mainly in the transmission of signals over electronic communications networks, including telecommunications services and transmission services in networks used for broadcasting, but excluding services that provide content transmitted using networks and electronic communication services or those who exercise editorial control over such content; also excluded are information society services (i.e. any service normally provided for remuneration, remotely, electronically and at the individual request of a recipient of services) which do not consist entirely or mainly in the transmission of signals over electronic communications networks;
- **“Payment Initiation Services” or “PIS”**: payment initiation services at the user's request in relation to a payment account held with another payment service provider (activity as referred to in point g), of letter I) of Annex 1 of the LISF);
- **“Account Information Services” or “AIS”**: account information services providing online consolidated information relating to one or more payment accounts held by the user with another payment service provider or with multiple payment service providers (activity as referred to in point h), of letter I) of Annex 1 of the LISF);
- **“Payment services”**: the services referred to under letter I) of Annex 1 of the LISF;
- **“Type A payment services”**: payment services as referred to in points a), b), c), d), e) e f) of letter I) of Annex 1 of the LISF;
- **“Type B payment services”**: payment services as referred to in points g) and h) of letter I) of Annex 1 of the LISF;
- **“Electronic money issuing services”**: the services referred to under letter J) of Annex 1 of the LISF;
- **“Currency exchange services”**: the services referred to under letter K of Annex 1 of the LISF;
- **“Payment system”**: a funds transfer system with formal and standardized arrangements and common rules for the processing, clearing and/or settling of payment transactions;

- **“System of internal controls”**: set of rules, procedures, and organizational structures designed to ensure compliance with corporate strategies and safeguard efficiency and effectiveness in corporate procedures, preserve the value of assets and ensure protection from losses, while ensuring the reliability and integrity of accounting and management systems and the conformity of the institution’s operations with the law, its charter, supervision regulations, and the institution’s own internal procedures;
- **“Audit firm”**: Sammarinese firm enrolled in the Register pursuant to Article 7 of Law 146 of 27 October 2004, or authorized foreign company under Article 33, paragraph 3, of the LISF;
- **“Company in default”**: companies subject to bankruptcy proceedings or extraordinary proceedings or resolution procedures or foreign procedures equivalent to those regulated in the Sammarinese legal system respectively by:
 - i. Law 17 of 15 November 1917, and Article 115 of the Corporations Act;
 - ii. Part II, Title II, Chapters I and II of the LISF;
 - iii. Law No.102 of 14 June 2019;
- **“Controlling persons”**: individuals or, in the absence thereof, persons of other legal nature who, ultimately, including in conjunction with other persons, exercise control over legal entities, including through direct or indirect subsidiaries, interposed fiduciary companies or another interposed party, under the LISF;
- **“Authorized sub-providers”**: persons or legal entities that distribute or refund electronic money on behalf of the electronic money institution;
- **“Third-Party Providers”** or **“TPPs”**: payment institutions providing only type B payment services;
- **“Promoting parties”**: individuals or legal entities intending to acquire for themselves corporate capital of an institution that is in the process of being established;
- **“Applicants”**: individuals or legal entities filing an application with the Central Bank intended to secure authorization to acquire substantial equity interests in the capital of previously established institutions on their own behalf;
- **“Member State”**: a state member of the European Union;
- **“CBSM Statutes”**: Law No.96 of 29 June 2005 as amended;
- **“Payment instrument”**: any personalized device, including electronic money, and/or set of procedures agreed between the payment service user and the payment service provider and used by the payment service user in order to initiate a payment order;
- **“Branch”**: without prejudice to the definition referred to in paragraph 1 of Article 1 of the LISF, to the purposes of these Regulations it is intended the place of business, other than the head office which is a part of an institution, which directly carries out some or all of the transactions inherent to the Institute’s activities;
- **“Durable medium”**: any instrument which enables the payment service user to store information addressed personally to him in a way accessible for future reference, for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;
- **“Reference exchange rate”**: the exchange rate which is used as the basis to calculate any currency exchange and which is made available by the payment service provider or comes from a public available source;

- **“Reference interest rate”**: the interest rate which is used as the basis for calculating any interest to be applied and which comes from a publicly available source which can be verified by both parties to a payment service contract;
- **“Distance communication technologies”**: techniques for making contact with customers, in ways that do not involve advertising, that may be used for the conclusion of a payment services or electronic money issuing contract and that do not entail the simultaneous physical presence of the customer and of the PSP or the electronic money issuer;
- **“Beneficial owners”**: individuals falling within the definition pursuant to Article 1, paragraph 1, letter r) of Law No. 92 of 17 June 2008 as amended;
- **“Qualified debt securities”**: a debt balance of no more than 20%, pursuant to the existing provisions on prudential supervision of banks as referred to in Regulation No. 2007-07;
- **“Representative Office”**: structure which the institution uses for the sole purpose of engaging in promotional or market research activities;
- **“Payment volumes or P.V.”**: one twelfth of the total amount of the payment transactions executed by the institution in the previous year in the provision of type A payment services.

2. In the course of the text, the use of the above-listed definitions is shown with SMALL CAPS font.

3. For all terms not covered by the definitions in paragraph 1 above, the reader is invited to consult the definitions and notions contained in the Articles of the LISF and of the SEPA REGULATION.

Title II

Objectives and structure of the Regulations

Article I.II.1 – Purpose

1. This Regulation governs the exercise in the Republic of San Marino of reserved activities for the provision of PAYMENT SERVICES and ELECTRONIC MONEY ISSUING SERVICES, as well as the INSTITUTIONS providing such services.

2. This Regulation aims essentially at completing the introduction and application of European laws (*acquis communautaire*) with regard to the following European Union acts:

- Directive (EU) No. 2015/2366 of 25 November 2015 on payment services in the internal market (so-called PSD2), repealing as of 13 January 2018 the already implemented Directive No. 2007/64/EC of 13 November 2007 (so-called PSD);
- Directive No. 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions (so-called ELM Directive);
- Regulation (EC) No. 924/2009 on cross-border payments of 16 September 2009.

Article I.II.2 – Completeness

1. For some of its parts, the Regulations refer to rules established later by the CENTRAL BANK, inasmuch as the matters to be governed, because of their scope and complexity, suggest the need to adopt separate provisions.
2. Regarding instead the technical regulatory standards for STRONG CUSTOMER AUTHENTICATION and the common and secure open communication standards, please refer, as far as compatible, to Delegated Regulation (EU) 2018/389 of 27 November 2017 and subsequent amendments, and to current guidelines of the European Banking Authority⁽²⁾, without prejudice to rules on timing adjustment provided for on a transitional basis by the Articles referred to in Title I of Part XIV.

Article I.II.3 – Preparation

1. In compliance with the terms of Article 38 paragraph 5 of the LISF and the associated implementing Regulations No. 2006-02, these Regulations have undergone prior public consultation.

Article I.II.4 – Structure

1. The Regulations are divided into 14 Parts, each of which is divided into Titles. Each Title is divided into Articles, which are sometimes grouped into Chapters.
2. The Article, which represents the basic unit, is numbered with a compound number formed of three sub-numbering units, separated by a period: the first number indicates the Part, the second number indicates the Title, and the third indicates the Article.

Title III

Exclusions and special regime institutions

Article I.III.1 – Exclusions from the scope

1. Pursuant to Article 4 of PSD2 DECREE and Article 3 of the LISF, these Regulations, except for that specified in this Article and in the following one, do not apply to:
 - a) PAYMENT TRANSACTIONS made exclusively in cash directly by the PAYER to the PAYEE, without any intermediation;
 - b) PAYMENT TRANSACTIONS from the PAYER to the PAYEE carried out through an authorized commercial agent on the basis of an agreement to negotiate or conclude the sale or purchase of goods or services on behalf of the PAYER or the PAYEE alone;
 - c) material transport, on a professional basis, of banknotes and coins, including collection, treatment and delivery;

⁽²⁾ Currently see EBA/GL/2018/07 "Guidelines of the European Banking Authority on the conditions to benefit from the exemption from the emergency mechanism pursuant to Article 33, paragraph 6, Regulation (EU) 2018/389 (regulatory technical standards for strong customer authentication and open common and secure communication standards)" available at the following link: <https://eba.europa.eu/sites/default/documents/files/documents/10180/2570450/86858d71-7f83-472d-a9dd-20cbfbee8acd/Final%20Report%20on%20Guidelines%20on%20the%20exemption%20to%20the%20fall%20back%20IT.pdf>

- d) PAYMENT TRANSACTIONS consisting of the collection and delivery of cash, on a non-professional basis, as part of a non-profit or charitable activity;
- e) services in which the PAYEE provides cash to the PAYER in the context of a PAYMENT TRANSACTION, following an explicit request from the PAYMENT SERVICES USER immediately preceding the execution of the PAYMENT TRANSACTION through a payment intended for the purchase of goods or services;
- f) cash-for-cash exchange operations in which FUNDS are not held on a PAYMENT ACCOUNT;
- g) PAYMENT TRANSACTIONS based on one of the following types of paper documents, with which the PSP is ordered to make FUNDS available to the PAYEE: checks, bills of exchange, vouchers, traveler's checks, postal orders;
- h) PAYMENT TRANSACTIONS carried out within a PAYMENT SYSTEM or a securities settlement system between settlement agents, central counterparties, clearing houses and/or central banks and other participants in the system and PSP, without prejudice to Article XII.II.1;
- i) PAYMENT TRANSACTIONS connected to the administration of financial instruments, including dividends, interest or other distributions, or to redemptions or proceeds from sales, made by the subjects referred to in letter h) above, or by investment firms, banks, collective investment schemes, mutual funds or management companies providing investment services and any other entity that holds or manages financial instruments;
- j) services provided by technical service providers, which support the provision of PAYMENT and/or ELECTRONIC MONEY ISSUING SERVICES, without ever taking possession of FUNDS to be transferred, including data processing and registration, trust services and protection of personal data, the AUTHENTICATION of data and entities, the supply of computer and communication networks, the supply and maintenance of terminals and devices used for PAYMENT and/or ELECTRONIC MONEY ISSUING SERVICES with the exception of PAYMENT INITIATION SERVICES and ACCOUNT INFORMATION SERVICES;
- k) services based on specific PAYMENT INSTRUMENTS available only to a limited extent, which satisfy one of the following conditions:
 - i) instruments that allow the holder to purchase goods or services only on the issuer's premises or within a limited network of service providers directly bound by a commercial agreement with the issuer;
 - ii) instruments which can only be used to purchase a very limited range of goods or services;
 - iii) instruments valid only in the Republic of San Marino or in a single Member State, provided at the request of a company or a public sector entity and regulated by a national or regional public authority for specific social or fiscal purposes for the purchase of specific goods or services from suppliers having a commercial agreement with the issuer;
- l) PAYMENT TRANSACTIONS made by a network or ELECTRONIC COMMUNICATION SERVICES provider realized in addition to ELECTRONIC COMMUNICATION SERVICES for a network or service user, alternatively:

- i) for the purchase of DIGITAL CONTENT and voice technology services, regardless of the device used for the purchase or consumption of DIGITAL CONTENT and charged to the relevant invoice;
 - ii) carried out by or through an electronic device and debited through the relevant invoice as part of a charitable activity or for the purchase of tickets,
- provided that the value of each individual PAYMENT TRANSACTION referred to in letters i) and ii) does not exceed 50 Euros and:
- the total value of the PAYMENT TRANSACTIONS does not exceed, for a single user, 300 Euros per month, or;
 - if the user pre-payments his account held with the network or ELECTRONIC COMMUNICATION SERVICES provider, and the total value of the PAYMENT TRANSACTIONS does not exceed 300 Euros per month;
- m) PAYMENT TRANSACTIONS carried out between PSP, their agents or branches on their own behalf;
 - n) PAYMENT TRANSACTIONS and related services between a parent company and its subsidiary, or between subsidiaries of the same parent company, without any intermediation by a PSP other than one of the companies belonging to the same GROUP;
 - o) cash withdrawal services offered by ATM providers, on behalf of one or more card issuers, who are not parties to the FRAMEWORK CONTRACT with the CUSTOMER who withdraws money from a PAYMENT ACCOUNT, provided that such providers do not provide others PAYMENT SERVICES and it being understood that the CUSTOMER must be provided with information about any fees on withdrawals referred to in Articles X.III.7, X.III.8, X.III.9 and X.III.19 before performing the withdrawal as well as upon receipt of the cash at the end of the operation, after the withdrawal.

Article I.III.2 – Notification requirement

1. Service providers carrying out one of the activities referred to in Article I.III.1, paragraph 1, letter k), points i) and ii), or carrying out both activities for which the total value of the PAYMENT TRANSACTIONS made in the previous calendar year is greater than the amount of 1 million Euros, they are required, by April 30 of each financial year, to notify the CENTRAL BANK of the services offered, together with their description, indicating on the basis of which exclusion, among those referred to in Article I.III.1, paragraph 1, letter k), points i) and ii), the activity is considered carried out. The CENTRAL BANK, on the basis of such notification and any further information, if requested, establishes whether the activity can be considered a limited network pursuant to Article I.III.1, paragraph 1, letter k), points i) e ii) and promptly informs the service provider accordingly.

2. Service providers carrying out one of the activities referred to in Article I.III.1, paragraph 1, letter l), are annually required, by April 30, to notify the CENTRAL BANK, by sending an attached opinion, drawn up by the Board of Auditors, certifying that the activity falls within the limits referred to in Article I.III.1, paragraph 1, letter l). The CENTRAL BANK, on the basis of such notification and any further information, if required, establishes whether the activity can fall within the case referred to in the aforementioned letter l) and promptly informs the service provider accordingly.

3. In cases of persistence of the same conditions already communicated for the previous calendar year, the notification referred to in paragraphs 1 and 2 may be limited to certifying such permanence.

4. Service providers referred to in paragraphs 1 and 2, in cases where verifications carried out by the CENTRAL BANK give a positive result, are registered in a specific section of the REGISTER called List of Excluded Service Providers (briefly LESP).

Article I.III.3 – Special regime institutions

1. The special regulations relating to TPPs, MTO INSTITUTIONS and INSTITUTIONS WITH LIMITED OPERATIONS are established in Part XI of this Regulation, which internally collects, for these particular categories of INSTITUTIONS, the derogating rules with respect to the general framework.

PART II

ACTIVITIES OF INSTITUTIONS

Title I

Introduction

Article II.I.1 – Legislative sources

1. The provisions of this Part have their legislative source in Article 4 of the LISF.

Article II.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE referred to in Articles 4, 18 and 18-bis.

Title II

Activities of institutions

Article II.II.1 – Reserved activities

1. The exercise of PAYMENT SERVICES as referred to in letter I) of Annex 1 of the LISF, is reserved to banks, PAYMENT INSTITUTIONS and ELECTRONIC MONEY INSTITUTIONS. The CENTRAL BANK and the State can also provide PAYMENT SERVICES, in accordance with the provisions applicable to them.
2. The issuing of ELECTRONIC MONEY is reserved to banks and ELECTRONIC MONEY INSTITUTIONS. The CENTRAL BANK and the State may also issue ELECTRONIC MONEY, in accordance with the provisions applicable to them.
3. As a result of the provisions in the previous two paragraphs:
 - a) PAYMENT INSTITUTIONS may provide one or more of the PAYMENT SERVICES to the extent in which they are so authorised. They may engage in other activities as specified in this Title. PAYMENT INSTITUTIONS are not entitled to issue ELECTRONIC MONEY. PAYMENT INSTITUTIONS may hold only PAYMENT ACCOUNTS used exclusively for PAYMENT TRANSACTIONS;
 - b) ELECTRONIC MONEY INSTITUTIONS may exercise the ELECTRONIC MONEY issuing activity and provide PAYMENT SERVICES not related to the issuing of ELECTRONIC MONEY detailed in the business plan. ELECTRONIC MONEY INSTITUTIONS may engage in other activities as specified in this Title. LENDING is permitted, in compliance with the conditions referred to in Article II.II.3, exclusively in relation to the provision of PAYMENT SERVICES that are not connected with the issuing of ELECTRONIC MONEY.

Article II.II.2 – Abuse

1. Without prejudice to the exclusions provided for in Title III of Part I, the exercise of PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES in the absence of the CENTRAL BANK authorization, is punished pursuant to Article 134 of the LISF.

Article II.II.3 – Lending

1. In accordance with Article 4 para. 4 of the LISF, INSTITUTIONS can, provided the activity is ancillary to the PAYMENT SERVICES referred to in points d), e) of letter I) of Annex 1 of the LISF, engage in LENDING, as defined in letter B of Annex 1 of the LISF, provided that the following conditions are met:

- a) the funding is both accessory and granted exclusively in connection with the execution of a PAYMENT TRANSACTION;
- b) the funding term does not exceed twelve months. Funding can have a longer term than 12 months only if granted on payments made by credit card;
- c) funding is not granted using FUNDS received or held for the purpose of executing a PAYMENT TRANSACTION;
- d) against the credit risk arising from the funding, the INSTITUTIONS maintains the minimum capital endowment set forth in Part VII.

2. The ancillary nature with respect to the PAYMENT TRANSACTION referred to in the previous point a), entails the impossibility for INSTITUTIONS, pursuant to Article 4 paragraph 2 of the LISF, to exercise the branch of activity constituted by the "issuance of guarantees and commitments".

3. Except for PAYMENT SERVICES, ELECTRONIC MONEY ISSUING SERVICES, LENDING within the limits described above and, ancillary, EXCHANGE SERVICES, therefore, all other reserved activities are not exercisable by INSTITUTIONS, in accordance with Article 4 of the LISF.

Article II.II.4 – Other permitted activities

1. In the provision of PAYMENT SERVICES, INSTITUTIONS may exercise the following additional activities:

- a) provision of operational services and services closely linked to PAYMENT SERVICES provided, such as:
 - ensuring the execution of PAYMENT TRANSACTIONS;
 - EXCHANGE SERVICES;
 - the storage, recording and processing of data;
- b) management of PAYMENT SYSTEMS.

2. ELECTRONIC MONEY INSTITUTIONS may also provide operational services and services closely connected with the issuing of ELECTRONIC MONEY, such as:

- a) planning and development of procedures, devices, and media related to the ELECTRONIC MONEY issuing activity;

- b) provision, on behalf of third-party issuers OF ELECTRONIC MONEY, of services associated with the issuing of ELECTRONIC MONEY.

Article II.II.5 – Instruments for collection of savings

1. INSTITUTIONS may collect savings from the public only through the issue of bonds, in compliance with what referred to in Title IV, Part II of Regulation No. 2007-07 on collection of savings and banking activity.

Title III

Requirements regarding protection of customer funds

Article II.III.1 – Common forms of protection and allocated assets

1. For each CUSTOMER, PAYMENT INSTITUTIONS providing TYPE A PAYMENT SERVICES, as well as ELECTRONIC MONEY INSTITUTIONS, record FUNDS received from CUSTOMERS in the liability items of the PAYMENT ACCOUNTS used exclusively for the provision of PAYMENT SERVICES, or rather, FUNDS received from CUSTOMERS for the issuing of ELECTRONIC MONEY.

2. In accordance with Article 72 of the LISF, the FUNDS referred to in paragraph 1 are invested in assets, which are in all respects separate from those of the INSTITUTION. Transactions involving these separate assets by creditors of the INSTITUTION or in their interest are not permitted, nor those of creditors of any subject with whom the sums of money are deposited. Creditors of the individual CUSTOMERS of the INSTITUTIONS are authorized to conduct transactions within the limits of the sums recorded under paragraph 1. If the FUNDS received for the issuing of ELECTRONIC MONEY or recorded in the PAYMENT ACCOUNTS are deposited with third parties, legal and judicial compensations do not apply and conventional compensation of credits claimed by the depositary against the INSTITUTION cannot be agreed.

3. For the purposes of applying the discipline of compulsory administrative liquidation to the INSTITUTION, the holders of ELECTRONIC MONEY, as well as the PAYMENT ACCOUNTS holders are treated as CUSTOMERS entitled to the restitution of financial instruments.

4. Furthermore, in relation to the provisions of the previous paragraphs, INSTITUTIONS indicate in the documents and correspondence their number of entry in the REGISTER as referred to in Part XIII of this Regulation.

Article II.III.2 – Accounting records of customer funds

1. For the purposes of the provisions of the preceding Article, INSTITUTIONS are required to establish and maintain appropriate accounting records:

- separately for each CUSTOMER, of the FUNDS received to be recorded in the PAYMENT ACCOUNTS; and
- of the assets in which the sums received have been invested.

2. Such evidence must indicate, inter alia:

- the depositary banks of FUNDS received from CUSTOMERS;
 - the depositaries of financial instruments in which the FUNDS received from CUSTOMERS may have been invested;
 - qualified entities to operate on these accounts;
- according to the following Article II.III.3.

3. The evidence must be updated on a continuous basis and in a timely manner, in such a way as to allow the position of each CUSTOMER to be reconstructed with certainty at any time. They should be regularly reconciled with the periodic reporting produced by the depositories.

4. ELECTRONIC MONEY INSTITUTIONS apply the provisions of the two preceding paragraphs also to the FUNDS received against the ELECTRONIC MONEY issued. The accounting books related to the ELECTRONIC MONEY issued are kept separate from those relating to FUNDS held for the provision of PAYMENT SERVICES.

Article II.III.3 – Method for the detention of funds received from payment service customers or receipts in the face of electronic money issued

1. FUNDS received from CUSTOMERS and recorded in the PAYMENT ACCOUNTS by the INSTITUTION, or rather those received by the ELECTRONIC MONEY INSTITUTION in the face of ELECTRONIC MONEY issued must be:

- deposited in accounts opened in the INSTITUTIONS' name, with an indication that the accounts are allocated for third-party assets and kept separate from those of the INSTITUTION. The abovementioned accounts must be held in a bank authorized to operate in the Republic of San Marino or having its headquarters in an EEA country or in a country that has agreements in force with San Marino pursuant to Article 103 of the LISF;
- invested in QUALIFIED DEBT SECURITIES, deposited with AUTHORISED DEPOSITARIES;
- invested in UCITS Sammarinese or foreign funds whose management regulation provides exclusively for investments in QUALIFIED DEBT SECURITIES or monetary market funds.

2. The INSTITUTION applies the protection requirements referred to in this Title to FUNDS received from CUSTOMERS and registered in the PAYMENT ACCOUNTS, or rather FUNDS received through another PSP for the execution of PAYMENT TRANSACTIONS, that are not delivered to the PAYEE or transferred to another PSP by the first BUSINESS DAY following the day on which the FUNDS were received.

3. The ELECTRONIC MONEY INSTITUTION shall apply the measures provided for in this paragraph to FUNDS received from CUSTOMERS - in face of ELECTRONIC MONEY issued - by means of PAYMENT INSTRUMENTS from the day in which those sums become available and in any event, within five days from the issuing of the ELECTRONIC MONEY.

PART III
AUTHORIZATION

Title I
Introduction

Article III.I.1 – Legislative sources

1. The provisions under this Part have their legislative sources in Articles 6, 7, 8, 9, 10, 13, 14 and 75 of the LISF and in the PSD2 DECREE.

Article III.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE in Articles 4, 18 and 18-bis.

Title II
Authorization to form a company

Article III.II.1 – Applicants

1. The application for authorization to provide PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES must be presented by the PROMOTING PARTIES of the economic initiative.

Article III.II.2 – Form of application

1. The application under the preceding Article must be in writing and bear the signature of all PROMOTING PARTIES, irrespective of the share of corporate capital they intend to acquire via direct subscription or through fiduciary companies or another person acting as an agent on their behalf.

Article III.II.3 – Content of application

1. The application must contain all useful information for the purposes of the project, and must be accompanied by the following documents:

- a) draft of the instrument of incorporation, including the charter;
- b) an accounting receipt issued at the time of the establishment of the escrow deposit by a Sammarinese bank signed by its HEAD OF THE EXECUTIVE STRUCTURE;
- c) a certified copy of an IDENTITY DOCUMENT, that is currently valid:
 - of all PROMOTING PARTIES who are individuals;
 - of the CORPORATE OFFICERS of all PROMOTING PARTIES which are legal entities;
 - of the initial CORPORATE OFFICERS;
- d) originals of the certifications required for purposes of verification of the requirements under Articles 17 and 18 of the LISF relating to all PROMOTING PARTIES;

- e) originals of the certifications required for purposes of verification of the requirements of good repute, professional qualifications and independence for the initial CORPORATE OFFICERS;
- f) business plan in Italian or English language, as referred to in Article III.III.8;
- g) description of internal control mechanisms provided to comply with anti-money laundering and counter-terrorism financing provisions;
- h) in the event of an application for authorization to provide the PAYMENT INITIATION SERVICE, a draft copy of the insurance contract for professional civil liability or any other similar guarantee for liability for damage caused in the provision of this service, as referred to in Article III.V.9, paragraph 1, letter e);
- i) in the event of an application for authorization to provide the ACCOUNT INFORMATION SERVICE, copy of the insurance contract for professional civil liability or any other similar guarantee for liability for damage caused in the provision of this service, as referred to in Article III.V.9, paragraph 1, letter f);

2. The certifications indicated under letters d) and e) must furthermore have been issued no more than 6 months prior to the date on which the application is submitted.

3. If changes occur affecting the accuracy of the information and documentation provided in the application for authorization submitted, the PROMOTING PARTIES must inform the CENTRAL BANK without delay.

Article III.II.4 – Declaration of controlling parties

1. In the event that the PROMOTING PARTY is not an individual, the legal representative of the PROMOTING PARTY must provide, even separately from the application under Article III.II.1, a written declaration authenticated by a Sammarinese notary or digitally signed, in accordance with the law, or signed directly in front of a CENTRAL BANK official, indicating the PARTICULARS of the CONTROLLING PARTIES, where existing, or, indicating the inexistence of such parties.

2. For each individual indicated therein, either as CONTROLLING PARTIES or as administrators of any CONTROLLING PARTIES not having the nature of a natural person, the following must be attached to the declaration referred to in the previous paragraph:

- a) a copy of the IDENTITY DOCUMENT that is currently valid;
- b) the certifications under Article III.II.3, paragraph 1, letter d).

Article III.II.5 – Beneficial owners

1. Taking into account the provisions for other purposes of Article 17, paragraph 5 of the CORPORATIONS ACT, in the cases referred to in the previous paragraph where, under the current anti-money laundering provisions in force, there are additional BENEFICIAL OWNERS other than the CONTROLLING PARTIES, as defined by these Regulations, the PROMOTING PARTY must also indicate these beneficiaries in the above declaration, attaching, for each beneficial

owner, a copy of an IDENTITY DOCUMENT that is currently valid and the originals of the certifications required for the purposes of verification of the requirements under Article 18 of the LISF.

Article III.II.6 – Methods for submission of application

1. The methods for submitting the application indicated under Article III.II.1 and the supplemental declaration, if any, under Article III.II.4 shall be:

- a) mailing by courier or by registered mail with return receipt or by certified electronic mail;
- b) hand delivery with the concurrent release by the CENTRAL BANK of an attestation bearing the filing date

2. The application shall be addressed to the Supervision Department of the Central Bank of the Republic of San Marino.

Article III.II.7 – Time limit for decision

1. The CENTRAL BANK, within 90 days from the date of receipt of the application, shall give written notice, sent to the address indicated in the application itself, of its acceptance or refusal of the authorization. In cases where the suspension or interruption of the term has been ordered, the authorization or refusal decision must, in any case, be issued within twelve months from the date of receipt of the application.

Article III.II.8 – Suspension of time limit

1. The time limit referred to in the previous Article may be suspended by the CENTRAL BANK in the following cases:

- a) some of the PROMOTING PARTIES, or their CONTROLLING PARTIES, reside or have their own registered offices or administrative seat in a foreign country;
- b) the documents and certifications as referred to in Article III.II.3 or the declaration indicated under Article III.II.4 or its annexes are not written in the Italian or English language.

2. The PROMOTING PARTIES shall be notified in writing, sent to the address indicated in the application, regarding the suspension and reinstitution of the time limits.

Article III.II.9 – Interruption of time limit

1. In cases where the CENTRAL BANK requests information and/or documents from the PROMOTING PARTIES to supplement the application, the time limit indicated under Article III.II.7 shall be interrupted pursuant to Article 7 Para. 3 of the LISF.

2. The interruption must be expressly indicated in the written communication requesting the supplementation of the application; absent such an indication, the request shall not produce the effect of interrupting the time limits for issuing a decision.

3. In the event of an interruption of time limit, if the information and/or additional documentation referred to in paragraph 1 above, does not reach the CENTRAL BANK within 90 days, the application shall be considered, to all effects, lapsed.

Title III

Minimum requirements

Article III.III.1 – Criteria for drafting the instrument of incorporation

1. Pursuant to Article 13 letter a) of the LISF, the draft of the instrument of incorporation of the company to be established shall indicate:

- a) the PARTICULARS of the shareholders;
- b) the total nominal value of the share for which each of the shareholders has subscribed, including in terms of percentage of the total corporate capital;
- c) the PARTICULARS for members of the managing and supervisory bodies;
- d) the AUDIT FIRM in charge of ACCOUNTING CONTROL and certification of the financial statements.

2. The charter, as an integral part of the instrument of incorporation, must comply with the following criteria:

- a) the corporate name must be such as not to create any risk of confusion:
 - with other Sammarinese FINANCIAL ENTERPRISES;
 - with activities not falling within the corporate purpose;
 - with the geographical limits set for the exercise of the activities;
- b) the shares representing the corporate capital must have a face value per share equal to one Euro or multiples thereof;
- c) the registered office must be precisely identified with reference to the primary municipality (“Castello”) and sub-locality (“Località”) where it is situated;
- d) the company must be managed by a Board of Directors comprising at least three directors, one of whom shall serve as President and shall be empowered as the legal representative of the company;
- e) oversight over the operations of the company and its boards shall be entrusted to a Board of Auditors comprising three or five auditors, one of whom shall serve as President, with no alternate auditors;
- f) the duties of the Board of Auditors must expressly include the duty of overseeing compliance with the Regulations of the CENTRAL BANK;
- g) the ACCOUNTING CONTROL function and the certification of the financial statements must be entrusted to an AUDIT FIRM;
- h) the appointment and dismissal procedures of members of any management bodies with more limited powers (Executive Committees) and directors performing delegated functions, as well as the matters which may be delegated, the determination of their powers and scope of representation, shall be dealt with in appropriate regulations in the Charter;

- i) provision must be made for the corporate body (Meeting of Shareholders or Board of Directors) that is to be responsible for appointing the HEAD OF THE EXECUTIVE STRUCTURE;
- j) the minimum amount of the allocation of profits to ordinary reserves shall not be less than the minimum established by the applicable laws and regulations for prudential supervision in matters pertaining to capital adequacy;
- k) amounts set aside in the ordinary reserve fund shall be usable only to cover losses and for future increases in the share capital;
- l) in the event of amendments to the charter, the President must have the duty of presenting to the Shareholders' Meeting the authorization issued by the CENTRAL BANK, in accordance with the laws and regulations for prudential supervision on statutory changes;
- m) in the event that CORPORATE OFFICERS cease to meet the requirements of good repute or independence, they shall be required to notify the Board of Directors and the Board of Auditors immediately;
- n) in cases of conflict of interest by members of the Board of Directors or members of the Board of Auditors, notwithstanding the provisions of Article 54 of the CORPORATIONS ACT, it must be envisaged that the relative discussion and resolution take place in the absence of the member concerned;
- o) in the event of clauses pertaining to the acceptance of new shareholders remitted to the Board for decision, the Charter shall prescribe the objective criteria pursuant to which the application should be assessed;
- p) provision shall be made for the requirement to transmit to the CENTRAL BANK a certified and full copy of the minutes of each Meeting of Shareholders;
- q) for all matters not covered in the Charter, reference must be made to the LISF and the implementing Regulations issued by the CENTRAL BANK, as well as, in addition, to the CORPORATIONS ACT.

3. Aspects not covered by specific provisions referred to in the previous letters may be freely decided, in compliance with the applicable laws.

Article III.III.2 – Legal form

1. Pursuant to Article 13, paragraph 1, letter b) of the LISF, INSTITUTIONS must take the form of a joint stock company, except for TPPs and MTO INSTITUTIONS, which can also take the form of a limited liability company.

Article III.III.3 – Registered office

1. Pursuant to Article 13, paragraph 1, letter c) of the LISF, INSTITUTIONS must have their registered office and, if not identical, their administrative seat within the territory of the Republic of San Marino.

Article III.III.4 – Share capital

1. Pursuant to Article 13, paragraph 1, letter d) of the LISF, INSTITUTIONS must have a share capital, fully subscribed and paid in, not inferior to:

- Euros 26.000 (twenty-six thousand) for MTO INSTITUTIONS and PAYMENT INSTITUTIONS only providing ACCOUNT INFORMATION SERVICES;
- Euros 50.000 (fifty thousand) for PAYMENT INSTITUTIONS which only provide PAYMENT INITIATION SERVICES or, otherwise, only TYPE B PAYMENT SERVICES;
- Euros 80.000 (eighty thousand) for PAYMENT INSTITUTIONS WITH LIMITED OPERATIONS;
- Euros 125.000 (one-hundred twenty-five thousand) for PAYMENT INSTITUTIONS other than both MTO INSTITUTIONS and INSTITUTIONS WITH LIMITED OPERATIONS, providing one or more TYPE A PAYMENT SERVICES;
- Euros 200.000 (two-hundred thousand) for ELECTRONIC MONEY INSTITUTIONS (EMI) WITH LIMITED OPERATIONS;
- Euros 350.000 (three-hundred fifty thousand) for other EMI.

2. Contributions to the initial share capital other than cash contributions are not allowed. On the contrary, contributions in kind for subsequent increases or replenishments of share capital are allowed, in compliance with the provisions of the CORPORATIONS ACT, and subject to the prior verification, by the CENTRAL BANK, of the instrumentality of the assets to be conferred with respect to the economic activity resulting from the corporate purpose of the receiving company.

Article III.III.5 – Escrow deposit

1. The PROMOTING PARTIES must pay the escrow deposit pursuant to Article 13, paragraph 1, letter e) of the LISF into an appropriate account at a Sammarinese bank, which is not a PROMOTING PARTY.
2. The amount of the escrow deposit shall not be less than the larger of the two amounts indicated below:
 - a) half of the share capital of the INSTITUTION to be established, as reported in the draft of the instrument of incorporation annexed to the application for authorization;
 - b) the minimum amount of share capital as established in the preceding Article.
3. The escrow deposit shall be released by the CENTRAL BANK in favour of the newly formed INSTITUTION within fifteen days after receipt of the instrument of incorporation pursuant to Article 14 of the LISF, upon notification, by the newly established INSTITUTION, of the identification details of the relationship established in its own name on the books of a Sammarinese bank, on which, via a bank transfer and by way of a paying in of share capital, the sums previously deposited by the PROMOTING PARTIES will be credited.
4. In accordance with the procedures indicated above, the CENTRAL BANK shall provide appropriate written notification that the escrow account has been released and that the funds have been transferred to the depositary bank.

Article III.III.6 – Requirements for promoters

1. Pursuant to Article 13, paragraph 1, letters f) and g) of the LISF, the PROMOTING PARTIES and their CONTROLLING PARTIES must meet the requirements referred to in Part V, Title II of these Regulations.

2. In the case of PROMOTING PARTIES not having the nature of a natural person, proof shall be provided that requirements of good repute (Part IV, Title II, Chapter I) have been met, also in regards to their CONTROLLING PARTIES under the previous paragraph, their directors or persons in substantially equivalent positions, as well as the BENEFICIAL OWNERS as referred to in Article III.II.5 above.

3. In the exceptional case of CONTROLLING PARTIES not having the nature of a natural person, proof shall be provided that requirements of good repute (Part IV, Title II, Chapter I) have been met in regards to their directors or persons in substantially equivalent positions.

Article III.III.7 – Requirements for Corporate Officers

1. Pursuant to Article 13, paragraph 1, letters g) and h) of the LISF, those indicated in the application for authorization as CORPORATE OFFICERS of the INSTITUTION to be established, must meet the requirements of good repute, professional qualifications and independence specified in Part IV, Title II of these Regulations.

Article III.III.8 – Business Plan

1. The business plan specified under letter i) of Article 13 of the LISF must have a written form, drawn up in the Italian or English language, signed by all PROMOTING PARTIES, and must provide clear and detailed information regarding the following minimum points:

- a) the PAYMENT SERVICES that the INSTITUTION will provide and the modes of supply; in the case of ELECTRONIC MONEY INSTITUTIONS, the ELECTRONIC MONEY issuing activities and the PAYMENT SERVICES not related to the issuing of ELECTRONIC MONEY that it will provide and the related modes of supply;
- b) the development guidelines of the activity;
- c) the main investments that the INSTITUTION intends to make;
- d) the objectives and business strategies that the INSTITUTION will pursue for their realization;
- e) the organisational structure of the INSTITUTION, established in accordance with the scheme set out in Annex 1;
- f) the description:
 - of the specific PAYMENT SERVICES that the INSTITUTION intends to provide, their characteristics, the operating and settlement procedure of PAYMENT TRANSACTIONS, as well as the PAYMENT SYSTEM to which the INSTITUTION will participate, as set forth in Annex 2, sections A and B;
 - only for ELECTRONIC MONEY INSTITUTIONS, of the ELECTRONIC MONEY issuing activity and its circuit management one, as set forth in Annex 2, sections B and C;

- g) forecast balances of the first three fiscal years, which shall indicate, inter alia: the amount of investments that the INSTITUTION intends to make to establish the technical-organizational structure and its financial coverage; the operational dimensions that the INSTITUTION intends to achieve; the expected profits; compliance with prudential requirements;
- h) the measures that will be taken to protect customer FUNDS, as provided for in Part II, Title III.

2. If the compilation of Annex 2 as referred to in the previous letter f) presupposes the prior obtaining by the INSTITUTION to be established of the authorization to begin operations as referred to in the following Title V, the CENTRAL BANK, upon motivated request of the PROMOTING PARTIES, may grant an extension on the presentation of the aforementioned Annex, also in the context of the procedure set forth in the following Article III.V.5, upon request by the INSTITUTION itself, provided that its presentation and approval by the CENTRAL BANK must in any case take place before the notification as referred to the following Article III.V.11.

Title IV

Interim obligations

Article III.IV.1 – Forming companies

1. PROMOTING PARTIES, having received the authorization decision under Article III.II.7, shall establish the INSTITUTION in compliance with the provisions of the CORPORATIONS ACT and in conformity with the indications of the CENTRAL BANK for the purposes of the aforementioned authorization.

Article III.IV.2 – Transmission of the instrument of incorporation

1. Pursuant to and for the purposes of Article 14 of the LISF, within 5 days from the completion of the stipulation of the instrument of incorporation (registration, filing, etc.), the legal representative of the newly-established INSTITUTION shall send a certified copy to the CENTRAL BANK, according to the methods prescribed under Article III.II.6, attaching the certificate of registration and good standing ("certificato di vigenza").

Title V

Approval to begin operations

Article III.V.1 – Introduction

1. The INSTITUTION may begin its own activities only after receiving from the CENTRAL BANK the required approval as indicated under Article 9 of the LISF.

Article III.V.2 – Terms of the application

1. The application for approval to begin operations must be presented by the INSTITUTION within 12 months of enrolment in the Register of Corporations.

Article III.V.3 – Form of the application

1. The application as referred to in the preceding Article must bear the signature of the President of the Board of Directors and the President of the Board of Auditors.

Article III.V.4 – Content of the application

1. The application must contain all useful information for purposes of acceptance, and must be accompanied by the following documents:

- a) a certified copy of the instrument of incorporation, including the charter, where amended as compared to that referred to in Article III.IV.2;
- b) the original of the certificate of registration and good standing (“certificato di vigenza”);
- c) a copy of the operating license;
- d) the original of a signed attestation from the members of the Board of Auditors that the share capital has been fully paid in, with an attached copy of the formal accounting receipts issued by the depository bank;
- e) signed *curricula vitae* of SENIOR MANAGEMENT STAFF;
- f) a copy of any outsourcing contracts, complete with the minimum levels of service and the controls for monitoring the VENDOR’s activity;
- g) a copy of the contract with the AUDIT FIRM in charge of the ACCOUNTING CONTROL and the certification of financial statements;
- h) a copy of the contract certifying the acquisition of the registered office;
- i) a copy of the license for purchase or use of the software and for information technology support.

2. Copies of the above-indicated contracts must include registration details.

Article III.V.5 – Changes and additions to the business plan

1. Any changes or additions to the business plan referred to in Article III.III.8 must be reported in the approval application, which must furthermore contain a report on the status of implementation of the program with reference to the date on which the application is presented.

2. The CENTRAL BANK may request modifications to the business plan when the development guidelines envisaged therein are in conflict with sound and prudent management or with the smooth functioning of the payment system.

Article III.V.6 – Methods for submission of the application

1. The methods for submitting the approval application shall be:

- a) mailing by registered mail with return receipt or by certified electronic mail;
- b) hand delivery with the concurrent release by the CENTRAL BANK of an attestation bearing the filing date.

2. The application shall be addressed to the Supervision Department of the Central Bank of the Republic of San Marino.

Article III.V.7 – Time limit for decision

1. Within sixty days from the date of receipt of the application or the subsequent date of completion of the application, whether the application is defective or incomplete, the CENTRAL BANK shall notify the requesting INSTITUTION in writing as to whether approval has been granted or denied. The CENTRAL BANK, in granting its approval, may instruct the INSTITUTION to conform the business plan with prudential rules, as well as with the informational needs of the Supervisory Authority and with the needs of proper functioning of the payment system.

Article III.V.8 – Resubmission of application

1. In the event that an application is denied, the INSTITUTION may resubmit an application for approval, documenting the elimination of the reasons impeding it.

2. In the event of a further denial, the CENTRAL BANK shall commence investigative proceedings intended to verify, for the purposes of a possible revocation of authorization, the existence of any of the conditions indicated under Article 10 of the LISF.

Article III.V.9 – Minimum requirements

1. The minimum requirements for obtaining approval shall be as follows:

- a) to permanently have human resources in sufficient number and with suitable professional qualifications to ensure sound and prudent management during the start-up phase of the PAYMENT SERVICES and/or of the ELECTRONIC MONEY ISSUING SERVICES, as well as of the other reserved activities exercised secondarily;
- b) to have permanently and exclusively, meaning, not shared with other parties other than controlled or controlling FINANCIAL ENTERPRISES, even if bailees or sub-lessees, a principal place of business suitable for the provision of PAYMENT SERVICES and/or ELECTRONIC MONEY ISSUING SERVICES, with particular regard to accesses, installations and systems for protection against the risks of fire and theft;
- c) to have suitable structures and strong facilities for keeping custody of valuables and documents with confidential content;
- d) to have adequate technological resources to process and store data, with particular regard to disaster recovery plans;
- e) for PAYMENT INSTITUTIONS providing PAYMENT INITIATION SERVICES, having signed an insurance contract for professional liability valid in all territories in which services are offered or having provided another similar guarantee for liability for damages caused during the provision of the aforementioned PAYMENT INITIATION SERVICES, to cover the responsibilities referred to in Article X.II.11, X.II.26, X.II.27 e X.II.29, certifying, at the same time, that the methods with which the relative minimum amount has been calculated, comply with what is established by the CENTRAL BANK;

- f) for PAYMENT INSTITUTIONS providing ACCOUNT INFORMATION SERVICES, having signed an insurance contract for professional liability valid in all territories in which services are offered or having provided another similar guarantee for responsibility to ACCOUNT SERVICING PSP or PAYMENT SERVICES CUSTOMER, resulting from unauthorized or fraudulent access to the information in the PAYMENT ACCOUNT or from unauthorized or fraudulent use of the same, while certifying that the methods with which the relative minimum amount has been calculated comply with what is established below by the CENTRAL BANK.

2. The minimum amount of insurance or other similar guarantees referred to in paragraph 1, letters e) and f), is calculated in accordance with the current guidelines established by the European Banking Authority.

Article III.V.10 – On site Inspections

1. The CENTRAL BANK may also verify the existence of the requirements referred to in the preceding Article by accessing the applicant INSTITUTION.

Article III.V.11 – Notification that the enterprise has commenced operations

1. An INSTITUTION which, having obtained the authorization pursuant to Article III.V.1, has commenced operations, shall be required to provide the CENTRAL BANK with immediate written notification of this development.

Title VI

Activities by foreign entities

Chapter I

Branch offices of foreign PSPs

Article III.VI.1 – Requirements for authorization

1. The release of the authorization is subject to the successful verification of the following conditions:
- a) existence in the country of origin of the foreign PSP of an adequate supervisory regulations, also on a consolidated basis, that cover also the activities performed abroad;
 - b) existence of specific agreements on information exchange with the Supervisory Authorities of the country of origin of the applicant foreign PSP;
 - c) authorisation to, and actual performance, in the country of origin, of the activities that the BRANCH OFFICES intend to exercise in the Republic of San Marino;
 - d) compliance in the country of origin with conditions of reciprocity, failing that, with the favourable resolution by the Credit and Savings Committee;
 - e) prior consent of the Supervisory Authority of the country of origin to the opening of the BRANCH OFFICE in San Marino, to the carrying out of the activities selected by the PSP subject to its supervision;

- f) the existence of an endowment fund of not less than the minimum share capital established for INSTITUTIONS in San Marino which provide the same PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES;
- g) submission of a three-year plan concerning the activities of the BRANCH OFFICE;
- h) meeting the requirements of professionalism, good repute and independence by the BRANCH MANAGERS;
- i) possession of the authorization to carry out PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES, including through BRANCH OFFICES or in a regime for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT, in one or more of the countries which in terms of fight against financial crimes (laundering of money of illicit origin, usury, terrorism financing, etc.) are not included in the list of countries at high risk as per Article 16 of Law no. 92 dated 17 June 2008;
- j) in case of provision of PIS and/or AIS, possession of the insurance coverage or similar guarantee referred to in the previous Article III.V.9 paragraph 1, letters e) and f), with territorial extension to the Republic of San Marino.

Article III.VI.2 – Application for authorization

1. The application should contain all information deemed useful for submitting the project and should include the documents listed below as attachments:

- a) business plan containing the information specified in the following Article;
- b) a copy of the statutes and memorandum of association of the parent company;
- c) a copy of the undertaking's financial statements and, where available, consolidated financial statements, covering the last three financial years, accompanied by a summary note describing the organization into BRANCH OFFICES and subsidiary FINANCIAL ENTERPRISES and the operations of the parent company or GROUP to which it belongs;
- d) certificates referred to in Article III.II.3, letters d) and e), and a copy of the resolutions by the administrative body which verified their validity, in accordance with the provisions of Part IV of this Regulation;
- e) declaration by the Supervisory Authority of the country of origin proving the consent to the opening of the BRANCH OFFICE in San Marino and to the carrying out of the activities chosen by the PSP, as well as certification that such activities are actually carried out also by the parent company;
- f) certification by the Supervisory Authority of the country of origin regarding the capital strength, adequacy of the organizational, administrative and accounting structures of the parent company and of the relevant FINANCIAL GROUP to which it belongs, in cases where the country of origin is not a member of the EU, nor of the EEA, neither bound to transpose the EU financial acquis on the basis of existing international agreements;
- g) a copy of the receipt issued by the CENTRAL BANK or a bank in San Marino in favour of the BRANCH OFFICE being established at the time of payment of the endowment fund;

h) in the case of PIS and/or AIS, a copy of the insurance policy or similar guarantee referred to in Article III.VI.1, paragraph 1, letter j) above.

2. The documentation listed above under letters b), c), d), e) and f) must, except otherwise specified, be produced in original or certified copy, and the certifications referred to in letter d) must also have been issued no more than six months before the date in which the application is filed.

3. Should any change occur affecting the accuracy of the information and documentation provided in the application for authorization submitted, PSPS shall inform the CENTRAL BANK without any delay.

Article III.VI.3 – Business Plan

1. The business plan should be in writing, drafted in Italian or English language and provide, with reference to the first three years of activity, clear and detailed information concerning the following minimum items:

- a) investments that will be made in order to begin operations, with particular regard to any intangible fixed assets and to the acquisition of the premises, their furnishings and electronic and security equipment;
- b) time planning of these investments;
- c) additional financial means, in addition to the endowment fund, which the BRANCH OFFICE may have at its disposal for carrying out its activities in San Marino;
- d) the operational size that the BRANCH OFFICE aims to achieve;
- e) the expected economic results for the three-year period;
- f) the specific PAYMENT or ELECTRONIC MONEY ISSUING SERVICES and related products to be offered, specifying the timing of their activation, the type of CUSTOMERS and markets to which they will be mainly addressed, as well as the distribution channels, including the possible use of AGENTS or AUTHORIZED SUB-PROVIDERS, in accordance with Article III.III.8, paragraph 1, letter f);
- g) organization chart and function chart of the BRANCH OFFICE;
- h) SYSTEM OF INTERNAL CONTROLS, with identification of the professional profiles required to those who will manage internal auditing, compliance and risk management functions;
- i) any functions that will be outsourced and identification of the outsourcer, together with a brief description of the outsourcing agreement;
- j) architecture of information/accounting systems, main IT procedures to be used and supplying software houses;
- k) professional qualifications of SENIOR MANAGEMENT STAFF;
- l) the procedures for storing data and documents, whether paper-based or in electronic format, and the protection systems to be adopted to ensure the retention and confidentiality thereof.

Article III.VI.4 – Requirements for branch offices managers

1. Equally or substantially equivalent to the provisions of Part IV of this Regulation for INSTITUTIONS in San Marino, the BRANCH MANAGERS should comply with the following requirements:

- a) the requirements of good repute for CORPORATE OFFICERS;
- b) the requirements of professionalism required to the HEAD OF THE EXECUTIVE STRUCTURE.

Article III.VI.5 – Authorization procedure

1. The foreign PSP files the application for authorization to open the BRANCH OFFICE with the Supervision Department of the CENTRAL BANK according to the procedures specified in Article III.II.6.
2. The CENTRAL BANK shall inform the foreign PSP in writing of the acceptance or rejection of the authorization within the time limits set out in Article III.II.7.
3. The above time limits may be:
 - a) suspended if the examination of the information reveals aspects that require further investigation or if it is necessary to request further information from the Supervisory authority of the country of origin;
 - b) interrupted if the documentation submitted is incomplete or inadequate.
4. The rules laid down in Articles III.II.8 and III.II.9 apply to cases of suspension and interruption.
5. CENTRAL BANK approval under Article 9 of the LISF is not required to begin the operations.
6. The BRANCH OFFICE of a foreign PSP should immediately notify the CENTRAL BANK in writing when it commences operations.

Article III.VI.6 – Applicable provisions

1. The provisions of these Regulations applicable to BRANCH OFFICES of foreign PSPs are those contained herein:
 - a) in Part II, with reference to the activity carried out by the BRANCH OFFICE;
 - b) in Part IV, with reference to the BRANCH MANAGERS;
 - c) in Part VII, with reference to the rules on prudential supervision, with the sole exclusion of those relating to amendments to the Articles of association;
 - d) in Part VIII, with reference to the provisions on off-site supervision and on-site supervision;
 - e) in Part X, with reference to the operations attributable to the BRANCH OFFICE;
 - f) in Part XII;
 - g) in Part XIII.
2. The opening of further BRANCH OFFICES after the first one shall be subject to the same provisions of Part VII, Title V of this Regulation as apply to the opening of new offices in the territory by Sammarinese INSTITUTIONS.
3. The BRANCH OFFICES of foreign PSPs are required to transmit to the CENTRAL BANK, within sixty days from the approval by the competent statutory bodies, the following documents:

- the financial statements of the parent company for the period;
- the consolidated financial statements, if any, of their respective GROUP;
- the amendments, if any, to the Articles of association of the parent company;

prepared according to the procedures provided for in the legislation of the foreign country and, if not available in Italian or English, translated into Italian with a sworn translation.

4. The BRANCH OFFICES should also transmit to the CENTRAL BANK, by 30 June of each year, the Statement of Accounts as at the end of the previous financial year, related to their activities and prepared, by 31 May, according to the provisions currently in force for the financial statements of the INSTITUTIONS in San Marino.

Chapter II

Provision of services without permanent establishment

Article III.VI.7 – Scope of application

1. PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT occurs whenever the PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES within the territory of San Marino are carried out, without any BRANCH OFFICES, through a temporary organization or through the actual presence in the territory of San Marino of personnel appointed by the provider, exclusively on an occasional basis, or through DISTANCE COMMUNICATION TECHNOLOGIES, within the limits set forth below, or through an INDEPENDENT INTERMEDIARY.

2. Services provided by mail or by other means of communication (telephone, fax, computer networks, etc.) are included in the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT if both of the following conditions are met:

- a) the service is provided as a result of a commercial initiative by the service provider within the territory of San Marino, which is not limited to promotion but contains an INVITATION TO ENTER INTO CONTRACTS;
- b) the offer of services precedes the physical presence of the service provider for signing the documents or the contract relating to the provision of the service may be signed remotely, i.e. without the simultaneous presence of the service provider and the recipient.

3. Without prejudice to the exclusions referred to in Article I.III.1, paragraph 1 above, the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT also includes the following conditions:

- any INVITATION TO ENTER INTO CONTRACTS that foreign PSPs however make in the territory of San Marino through commercial operators of San Marino or other AUTHORIZED SUB-PROVIDERS not included, if considered by category, in the definition of INDEPENDENT INTERMEDIARIES;
- services provided by foreign PSPs to San Marino economic operators by virtue of ACQUIRING OF PAYMENT TRANSACTIONS (*acquiring*).

4. Other services provided without the presence of the service provider in the territory of San Marino, for which the conditions set out in letters a) and b) above are not met, are excluded from the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT and can therefore be freely carried out.

5. Transactions carried out through the Internet are also excluded from the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT and can therefore be freely carried out, provided that they are based on contracts signed in San Marino through a BRANCH OFFICE or an INDEPENDENT INTERMEDIARY.

6. Services provided through the use of non-independent intermediaries, as defined in Article I.I.2, are excluded from the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT and included in the provisions of the previous Title.

Article III.VI.8 – Requirements for authorization

1. The release of the authorization is subject to the successful verification of the following conditions:

- a) existence in the country of origin of the foreign PSP of an adequate supervisory regulations, also on a consolidated basis, that cover also the activities performed abroad;
- b) existence of specific agreements on information exchange with the competent Authorities of the country of origin;
- c) authorization to, and actual performance, in the country of origin, of the services that would be exercised in the Republic of San Marino;
- d) compliance in the country of origin with the terms of reciprocity, failing that, with the favourable resolution by the Credit and Savings Committee;
- e) prior consent of the Supervisory Authority of the country of origin to the application for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT in San Marino by the PSP subject to its supervision;
- f) compliance of the procedures for providing service with the rules applied to the INSTITUTIONS in San Marino for the provision of the same or similar services;
- g) possession of the authorization to carry out PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES, including through BRANCH OFFICES or in a regime for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT, in one or more of the countries which, in terms of fight against financial crimes (laundering of money of illicit origin, usury, terrorism financing, etc.), are not included in the list of countries at high risk as per Article 16 of Law no. 92 dated 17 June 2008;
- h) in case of provision of PIS and/or AIS, possession of the insurance coverage or similar guarantee referred to in the previous Article III.V.9, paragraph 1, letters e) and f), with territorial extension to the Republic of San Marino.

2. In cases of PSPs located in a country of the EU or of the EEA or, either way, bound to transpose the EU financial acquis on the basis of existing international agreements, which intend to provide PAYMENT SERVICES under the regime for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT, also through the acquisition/use

of electronic money issued abroad, the grant of authorization is subject only to the verification of the conditions set forth in points (b), (c), (d) and (e) of the preceding paragraph.

3. In cases of "market affiliation" between a foreign PSP and a PSP established in San Marino aimed at offering acquiring services through the latter, the authorisation procedures for the foreign PSP laid down in the previous Articles of this chapter do not apply. However, the PSP established in San Marino must transmit to the CENTRAL BANK:

- a) a copy of the contractual documentation relating to the "market affiliation" relationship;
- b) a copy of the documentation certifying the information provided by the foreign PSP to the Supervisory Authority of its home country concerning the relationship referred to in letter a);
- c) data and information, also on a periodic basis, on acquiring services provided in San Marino through the relationship referred to in letter a).

Article III.VI.9 – Application for authorization

1. The application should include any information that may be useful for the purposes of the acceptance of the application, specifically as regards to:

- a) the description of the specific PAYMENT or ELECTRONIC MONEY ISSUING SERVICES and related products to be offered;
- b) the manner in which they intend to operate, including the possible use of AGENTS or AUTHORIZED SUB-PROVIDERS;

and should attach a copy of the insurance contract or similar guarantee in accordance with Article III.VI.8, paragraph 1, letter h) and, in cases where the country of origin is not a member of the EU, nor of the EEA, neither bound to transpose the EU financial acquis on the basis of existing international agreements, the certification by the Supervisory Authority of the country of origin regarding the capital strength, adequacy of the organizational, administrative and accounting structures of the foreign PSP and of the relevant FINANCIAL GROUP to which it belongs.

2. In the cases of the simplified procedure referred to in Article III.VI.8, paragraph 2, the application shall be accompanied at least by documentation attesting:

- a) the authorisation and actual performance, in the country of origin, of the services intended to be provided in the Republic of San Marino;
- b) the acknowledgement by the Supervisory Authority of the country of origin of the initiative for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT in San Marino by the PSP subject to its supervision.

The above-mentioned documentation is subject to verification, including through the exchange of information with the Supervisory Authority of the country of origin.

3. Should any change occur affecting the accuracy of the information and documentation provided in the application for authorization submitted, the foreign PSP shall inform the CENTRAL BANK without any delay.

Article III.VI.10 – Authorization procedure

1. The authorization procedure is governed by the rules set out in Article III.VI.5 relating to an application for the opening of a BRANCH OFFICE by a foreign PSP.

Article III.VI.11 – Applicable provisions

1. The provisions contained in this Regulation applicable to foreign PSPs operating in San Marino under the regime for the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT, whose compliance shall be verified by the CENTRAL BANK, are all those contained in Part X, with reference to relations with CUSTOMERS, and in Parts XII and XIII.

Chapter III Representative Offices

Article III.VI.12 – Prohibition to exercise reserved activities

1. The exercise, in the REPRESENTATIVE OFFICES, of PAYMENT or ELECTRONIC MONEY ISSUING SERVICES as well as any other reserved activity specified in Annex 1 to the LISF as well as any form of mediation in the offer of services and products subject matter of the aforementioned activities, is forbidden.

Article III.VI.13 – Requirements

1. Foreign PSPs may open a REPRESENTATIVE OFFICE in the Republic of San Marino provided that:
 - a) the Supervisory Authority of the country of origin issues an authorization to the foreign PSP;
 - b) in the country of origin the terms of reciprocity, failing that, the favourable resolution by the Credit and Savings Committee are complied with;
 - c) there are appropriate agreements between Sammarinese and foreign Supervisory Authorities, also for the purpose of verifying the effective compliance with the prohibition indicated in the previous Article.

Article III.VI.14 – Procedure

1. The foreign PSPs that intend to open a REPRESENTATIVE OFFICE in the Republic of San Marino are required to transmit a communication to the Supervision Department of the CENTRAL BANK, according to the procedures specified in Article III.II.6, no less than sixty days prior to the opening.

2. Such communication must specify:

- a) the address;
- b) the expected date of the opening;
- c) the PARTICULARS of the heads of the office;

d) the activities that would be carried out.

3. The communication must be accompanied by:

- a) a copy of the certification of the competent Authorities of the country of origin evidencing the fact that the reporting foreign PSP has satisfied any formalities required by the discipline of the country of origin;
- b) *curricula vitae* of the heads of the REPRESENTATIVE OFFICE, signed by them.

4. The REPRESENTATIVE OFFICE may start its activities after the lapse of sixty days from the receipt of the communication by the CENTRAL BANK and shall promptly notify in writing the CENTRAL BANK of any change in the information referred to in paragraph 2.

5. The CENTRAL BANK carries out inspections on the REPRESENTATIVE OFFICE aimed, in particular, at verifying whether the office complies with the prohibition referred to in Article III.VI.12.

Title VII

Changes, waivers and revocations of authorization

Article III.VII.1 – Application for changes

1. INSTITUTIONS pursuant to Article 8 of the LISF may request the CENTRAL BANK to change the extension of their authorization in order to add or remove a reserved activity or a branch thereof.

2. The application shall be submitted in accordance with the procedures specified in Article III.II.6, shall clearly illustrate the rationale for the application and the results anticipated therefrom, and shall enclose a certified copy of the pertinent decision of the Board of Directors, or, in cases where this leads to a change in the corporate purposes envisaged in the charter, of the decision of the Meeting of Shareholders.

3. Within ninety days from receiving the application, the CENTRAL BANK shall provide the INSTITUTION with written notification that the application for authorization has been accepted or denied, in accordance with the provisions of Part II, Title II, above.

4. The period of time indicated above may be:

- a) suspended if from the examination of the information emerge aspects which necessitate further clarifications or, in the case of foreign INSTITUTIONS, if it is necessary to request additional information to the Supervisory Authority of the parent country;
- b) interrupted, in the event that the documentation submitted proves incomplete or inadequate.

5. Cases of suspension or interruption of the time limit shall be governed by the provisions set forth in Articles III.II.8 and III.II.9.

6. In cases where the interruption or suspension of the time limit has been ordered, the authorization or rejection provision must, in any case, be issued within twelve months from the date of receipt of the application.

Article III.VII.2 – Waiver of authorization

1. Authorization may be waived by the authorized party.
2. In such cases, the party that has waived the authorization shall immediately notify the CENTRAL BANK in accordance with the methods set forth in Article III.II.6, indicating the reasons for its decision as well as a plan for winding down any activities that are currently being performed.
3. Waivers shall take effect from the date of cancellation from the Register of Authorized Parties, as referred to in Article 11 of the LISF, and from the concurrent removal from the PSPs REGISTER, as referred to in Part XIII of these Regulations, which shall be ordered by the CENTRAL BANK with an appropriate decision, notified in writing to the interested party.

Article III.VII.3 – Revocation of authorization

1. Pursuant to Article 10 of the LISF, the CENTRAL BANK may revoke the authorization to provide PAYMENT SERVICES and/or ELECTRONIC MONEY ISSUING SERVICES in cases in which the authorized party:
 - a) no longer meets the requirements referred to in:
 - 1) Part III, Title III and/or in Article III.V.9, in the case of Sammarinese INSTITUTIONS;
 - 2) Article III.VI.1, in the cases of Sammarinese BRANCHES of foreign INSTITUTIONS;
 - 3) Articles III.VI.8 or III.VI.13, in the case of foreign INSTITUTIONS lacking a permanent establishment or using REPRESENTATIVE OFFICES;
 - 4) Parte XI, specifically provided for special regime institutions;and any other requirements to which the authorization is subject or does not inform the CENTRAL BANK of significant changes in this regard;
 - b) does not use the authorization/approval within 12 months or expressly renounces it pursuant to the provisions of Article III.VII.2;
 - c) has ceased, for more than six months, to engage in all activities for which it obtained the authorization;
 - d) obtained its authorization/approval by making misrepresentations or submitting false documents, or by having recourse to any other irregularities;
 - e) has an instrument of incorporation that is not in conformity with the version submitted for purposes of obtaining the authorization;
 - f) constitutes a threat to the stability of the system or to the trust in it by continuing its activity;

g) has seriously and systematically violated the provisions governing the exercise of the reserved activity for which it has obtained authorization, including those referred to in Parts X and XII.

2. For the purposes of letter c) of the previous paragraph, it notes the absence, for the period indicated therein, of existing contracts, concluded as part of the exercise of the reserved activity.

PART IV
CORPORATE OFFICERS

Title I
Introduction

Article IV.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 15 and 46 of the LISF.

Article IV.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE referred to in Articles 6, 18 and 18-bis.

Title II
Requirements

Chapter I
Requirements of good repute

Article IV.II.1 – Requirements

1. CORPORATE OFFICERS of INSTITUTIONS must meet the following requirements of good repute, without prejudice to the provisions of Article IV.IV.4 and without prejudice to the possession of eligibility requirements referred to in the CORPORATIONS ACT:

- a) not having been definitively convicted, without prejudice to the effects of rehabilitation, and imprisoned for SUBSTANTIAL CRIMES;
- b) not having been definitively convicted, without prejudice to the effects of rehabilitation, of misdeeds included within crimes against public order, against the public or private trust or against the public administration, for which a non-suspended sentence of imprisonment was ordered for a time period of no less than one year;
- c) not having been definitively convicted, without prejudice to the effects of rehabilitation, of other types of misdeeds, for which a non-suspended sentence of imprisonment was ordered for a time period of no less than two years;
- d) not having held positions as CORPORATE OFFICER in FINANCIAL ENTERPRISES subject, in the last five years, to extraordinary measures under Part II, Title II, Chapters I and II of the LISF or to resolution procedures under Law No. 102 of 14 June 2019.

2. The requirements of good repute provided for in the previous paragraph must also be met with regard to the absence of equivalent definitive convictions (letters a, b and c) or to the absence of situations of impediment (letter

d) applied in jurisdictions other than that of San Marino.

3. The requirement referred to in paragraph 1, letter d) shall be understood as not being met when the position of CORPORATE OFFICER was covered for at least 18 months in the last 24 months prior to the adoption of the measure and the CORPORATE OFFICER has been subject to administrative penalties in relation to the same conditions of the measure.

Article IV.II.2 – Methods of certification

1. Possession of the requirements indicated under the preceding Article shall be proved by:

- a) the production of the general certificate of criminal record, the certificate of absence of pending charges, the civil certificate or certificate of no history of bankruptcy, issued by the competent public offices of the place in which the person resided, according to the registry office, for the longest period in the last five years, in compliance with the criteria of “substantial equivalence” as referred to in Article 1, paragraph 2 of the CORPORATIONS ACT;
- b) the production, relating to all remaining jurisdictions, of a self-declaration signed by the interested party in front of a Sammarinese public notary or directly in front of a public official at the CENTRAL BANK pursuant to Article 104 paragraph 1 of the LISF or digitally, in accordance with the law, using the form annexed to these Regulations under letter A.

2. The certificates referred to in paragraph 1, also in order to verify the territorial jurisdiction of the issuing public authorities, shall be accompanied by copy of an IDENTITY DOCUMENT that is currently valid.

3. The certificates under the first paragraph, letter a), may also be presented as a single cumulative document.

4. In the absence of one or more certifications that are "substantially equivalent" in the foreign legal system of the CORPORATE OFFICERS' country of residence for the purposes referred to in the previous paragraph 1, letter a), the abovementioned certifications must be:

- certified by a "legal opinion" that complies with the requirements referred to in Article IV.III.1;
- replaced by a self-declaration stating the content requested by the CENTRAL BANK. The aforementioned self-declaration must be either authenticated or signed, whether electronically or in person before a CENTRAL BANK officer.

Chapter II

Requirements of professional qualifications

Article IV.II.3 – Members of the Board of Directors

1. The members of the Board of Directors of an INSTITUTION must have gained an overall experience of not less than three years in one of the activities described below:

- a) administrative, management or supervisory activities at enterprises not falling under the definition of COMPANY IN DEFAULT;
- b) professional or university-level teaching activities in disciplines pertaining to credit, financial, securities sectors or at all events bearing a functional relationship to the activity of the INSTITUTION;
- c) administrative or management functions at public authorities or administrations having to do with the banking, financial and currency sector, or public authorities or administrations not related to these sectors, provided that they involve the management of economic and financial resources.

2. For the purposes of letter a), insolvency, extraordinary and bankruptcy proceedings or equivalent foreign proceedings shall be relevant only if initiated during the period in which the person had been performing, for at least one year, administrative, management or supervisory posts in the aforementioned companies or in the year following the termination of such functions.

For the purposes of letter b), professional activities mean both those exercised as “freelance”, and those carried out as part of an employment relationship with the companies in the sector, and in other forms of stable and proven cooperation and consultancy to companies, public authorities or public administrations, provided that in matters relating to those identified in the aforementioned letter b) and for a period of time not less than the minimum required.

3. The Chairman of the Board of Directors shall be chosen among members referred to in previous paragraph 1 having a total experience of at least 5 years.

4. The professional requirements for the MANAGING DIRECTOR are described in the following Article.

Article IV.II.4 – Head of the Executive Structure

1. The HEAD OF THE EXECUTIVE STRUCTURE must have specific skills and experience gained with at least five years of professional activity in the SENIOR MANAGEMENT STAFF of:

- a) FINANCIAL ENTERPRISES;
- b) NON-FINANCIAL ENTERPRISES under the control, pursuant to Article 2 of the LISF, of FINANCIAL ENTERPRISERS, provided that the activities performed are functional to the core business of the INSTITUTION,

not falling within the definition of COMPANY IN DEFAULT, without prejudice to the provisions of Article IV.II.3, paragraph 2.

Article IV.II.5 – Board of Auditors

1 Without prejudice to the provisions set forth in Article 61 paragraph 4 of the CORPORATIONS ACT, members of the Board of Auditors must meet the following requirements:

- a) at least one of the auditors must be registered under section A of the Register of Chartered Accountants and Accounting Experts of the Republic of San Marino;

- b) at least one of the auditors must be registered in the Register of Attorneys and Notaries of the Republic of San Marino;
- c) the remaining auditors may be chosen among persons belonging to one of the following categories:
 - 1) persons meeting the requirements set forth in Article IV.II.3;
 - 2) persons enrolled in the Register of AUDITORS pursuant to Law No. 146 of 27 October;
 - 3) foreign parties duly authorized in their country of residence to engage in self-employed professional activities mentioned in this Article.

2. Except in cases where the controlling shareholder is a foreign party, the presidency of the Board of Auditors shall be entrusted to one of the auditors referred to in letters a) and b) of the above paragraph; in any case, in assigning the presidency of the supervisory body, an efficient and prompt execution of the prerogatives and functions reserved to the President must be ensured.

Article IV.II.6 – Methods of certification

1. Possession of professional requirements, as referred to in the preceding Articles, must be certified by presenting the following documents:

- a) curriculum vitae, dated, signed and filled out with the administrative, management and supervisory positions held at the date of compilation and at least in the five years preceding, even if these are positions which are not meaningful for the purposes referred to in Article IV.II.3, paragraph 1, letter a), as held in COMPANIES IN DEFAULT;
- b) self-declaration signed by the interested party in front of a Sammarinese public Notary or directly in front of a public official at the CENTRAL BANK pursuant to Article 104 paragraph 1 of the LISF or digitally, in accordance with the law, using the form annexed to these Regulations under letter B or, solely for auditors and without prejudice to the case referred to in the first point of letter c) of Article IV.II.5, paragraph 1, certificate of registration or professional qualification.

Chapter III

Requirements of independence

Article IV.II.7 – Members of the Board of Directors

1. Members of the Board of Directors of an INSTITUTION shall not:

- a) hold the position of statutory auditor or AUDITOR in companies directly or indirectly owned by the INSTITUTION or SHAREHOLDERS of the same;
- b) be the spouse, family members or relatives up to and including the fourth degree of anyone falling into one of the hypotheses referred to in letter a) above;
- c) be an employee of the Public Administration, of Public Entities or Enterprises.

Article IV.II.8 – Board of Auditors

1. Without prejudice to the provisions of Article 60 of the CORPORATIONS ACT, members of the Board of Auditors of an INSTITUTION shall not:

- a) hold the position of director in companies directly or indirectly owned by the INSTITUTION or SHAREHOLDERS of the same;
- b) directly or indirectly hold SUBSTANTIAL EQUITY INTERESTS in the INSTITUTION or in the companies indicated under letter a);
- c) be tied to the INSTITUTION or the companies under letter a) by RELATIONSHIPS HAVING POTENTIAL FINANCIAL IMPACT;
- d) be the spouse, family members or relatives up to and including the fourth degree of anyone falling into one of the hypotheses referred to in letter a) b) c) above;
- e) be an employee of the Public Administration, Public Entities or Enterprises.

Article IV.II.9 – Methods of certification

1. Possession of independence requirements as indicated in the preceding Articles must be certified with a self-declaration signed by the interested party in front of a Sammarinese public Notary or directly in front of a public official at the CENTRAL BANK pursuant to Article 104 paragraph 1 of the LISF or digitally, in accordance with the law, using one of the forms annexed to these Regulations under letters C1 and C2.

Title III

Substantive and procedural issues

Article IV.III.1 – Requirements for validity of certificates

1. The certificates, as indicated in the preceding Title, must meet the following requirements:

- a) be an original or certified copy authenticated by a Sammarinese public notary;
- b) be dated not earlier than 6 months from the date of submission;
- c) be written in Italian or English and, if written in a foreign language, include a sworn translation in Italian as an attachment.

Article IV.III.2 – Presentation to the Board of Directors

1. The documentation required for purposes of verifying compliance with the requirements of good repute, professional qualifications and independence, as well as the continuation of the requirements of good repute and independence of CORPORATE OFFICERS, shall be presented by the individuals concerned to the Board of Directors of the INSTITUTION within ten days after the date of acceptance of the appointment, even in the event of renewal of the term of office.

2. The verification of the continuation of the requirements of good repute of the General Manager must be carried out by the Board of Directors of the INSTITUTION in parallel with the same verification procedures envisaged for its members on renewal of the term of the management body.

Article IV.III.3 – Verification by Board of Directors

1. At its first working meeting and in the absence of the person concerned, the Board of Directors shall examine the produced documentation with particular regard to:

- a) the reliability of the information contained in the curriculum vitae;
- b) the validity of the documents in accordance with Article IV.III.

Article IV.III.4 – Decision of the Board of Directors

1. After completing the verification activities referred to in the preceding Article, the Board of Directors, in the absence of the person concerned, shall make a separate decision on each of the nominated CORPORATE OFFICERS, fully recording the activities performed for verification, the certifications examined and expressing their own evaluation of the probative adequacy of the documentation.

2. For individuals whose documentation is found to be deficient, the Board will resolve the postponement to a subsequent meeting, recording in the decision the additions to be made, in compliance with the terms of revocation under Article 15, paragraph 2 of the LISF.

Article IV.III.5 – Communication to the Central Bank

1. A certified copy of the decisions adopted by the Board of Directors, in final form, for each of the CORPORATE OFFICERS, together with the updated certificate of registration and good standing and a copy of the curricula vitae, must be sent within 30 days from the date of registration of the candidates in the Register of Companies, to the CENTRAL BANK, as provided for in Article III.II.6.

2. In the case of appointment of the General Manager alone, the deadline for the submission to the CENTRAL BANK, referred to in the preceding paragraph, shall begin from the date on which the decision of the Board of Directors was taken in final form.

Article IV.III.6 – Central Bank's controls

1. If, during the verification of the documentation as provided for in the preceding Article, lack of requirements or procedural defects emerge, the CENTRAL BANK may require the Board of Directors to take the measures envisaged in the following Title.

Article IV.III.7 – Recording of Corporate Officers in the Register of Companies

1. The aforementioned discipline is not a substitute for the deposit of the certifications provided for in the CORPORATIONS ACT for the purposes of recording corporate offices in the Register of Companies.

Title IV

Removal from office, suspension and dismissal

Chapter I

Removal from office

Article IV.IV.1 – Reasons from removal

1. Without prejudice to the provisions of the CORPORATIONS ACT regarding removal from office of directors and members of the Board of Auditors, failure to meet one or more requirements of good repute or independence referred to in this Part shall result in the removal of the INSTITUTION'S CORPORATE OFFICER from the position or from office pursuant to Article 15 Para. 2 of the LISF.

Article IV.IV.2 – Ordinary procedure

1. A copy of the decision of the Board of Directors declaring removal from office must be sent to the CENTRAL BANK with the methods indicated under Article III.II.6 within ten days from the date of the meeting. The decision must include sufficiently detailed information on the reasons that resulted in the removal of the CORPORATE OFFICER from office. Furthermore, in cases where the HEAD OF THE EXECUTIVE STRUCTURE is being removed from office, details must be provided specifying the person who will perform those functions on an acting basis.

2. In the case of the removal of a director, member of the Board of Auditors or General Manager, the Board of Directors must proceed immediately to initiate the formalities necessary for their replacement in accordance with the Charter.

3. The procedure described in the preceding Title shall apply to the alternates appointed by the Shareholders' Meeting or the Board of Directors.

Article IV.IV.3 – Extraordinary procedure

1. In the event of failure to act on the part of the Board of Directors, without prejudice to the powers assigned to the Board of Auditors under Article 63 of the CORPORATIONS ACT, the CENTRAL BANK, becoming aware of the occurrence of a reason for removing a CORPORATE OFFICER from office, may declare that removal by its own substantiated decision, to be communicated in writing within ten days from the issue of the order to both the INSTITUTION and the officer concerned and, concurrently, convene the meetings of the corporate bodies, pursuant to Article 46 of the LISF.

Chapter II

Suspension

Article IV.IV.4 – Possible reasons for suspension

1. Without prejudice to the provisions of the CORPORATIONS ACT regarding suspension of directors, members of the Board of Auditors and eligibility requirements, the following constitute possible causes for suspension from the position of director, member of the Board of Auditors, or General Manager of the INSTITUTION:

- a) a non-final conviction to a custodial sentence in accordance, in terms of duration and type of offence, with the provisions of Article IV.II.1;
- b) imposition of a personal precautionary measure.

Article IV.IV.5 – Ordinary Procedure

1. In the cases referred to in the preceding Article, the Board of Directors, within 30 days from the time when it learns of the existence of a possible reason for suspension involving a CORPORATE OFFICER —shall deliberate on the matter, assessing the appropriateness of suspending the CORPORATE OFFICER from the performance of executive, directorial or supervisory functions and explaining the resulting decision.

2. Within 10 days from the date of the meeting, a copy of the decision referred to in the preceding paragraph shall be forwarded to the CENTRAL BANK in accordance with the methods referred to in Article III.II.6.

3. In the event that the Board of Directors makes a suspension decision, for a period which may not exceed 90 days, before the expiry of the suspension period, the Meeting of Shareholders, after obtaining the opinion of the Board of Auditors resulting from the minutes of the Shareholders' Meeting, shall decide whether to remove from office or reinstate the CORPORATE OFFICER who has been suspended from the exercise of his or her assigned functions.

Article IV.IV.6 – Extraordinary Procedure

1. In the event of failure to act on the part of the Board of Directors, without prejudice to the powers assigned to the Board of Auditors under Article 63 of the CORPORATIONS ACT, the CENTRAL BANK, becoming aware of the occurrence of a reason for suspending a CORPORATE OFFICER from office, may declare that suspension by its own substantiated decision, to be communicated in writing within ten days after the issue of the order to both the INSTITUTION and the officer concerned and, concurrently, convene the meetings of the corporate bodies, under Article 46 of the LISF.

Chapter III

Dismissal

Article IV.IV.7 – Reasons for dismissal

1. Without prejudice to cases where there are grounds for pronouncing the removal from office or the suspension of CORPORATE OFFICERS, in case of unsuitability of the same officer for deficiency of one or more requirements referred to in the preceding Title II, if the tenure of the latter is detrimental to the sound and prudent management of the INSTITUTION, and, in particular, to its reputation and/or stability and to safeguard public confidence, the

CENTRAL BANK, pursuant to Article 15 paragraph 1-bis of the LISF, may also provide for the dismissal of the CORPORATE OFFICER.

Article IV.IV.8 – Dismissal procedure

1. The dismissal is ordered by the CENTRAL BANK directly with a substantiated decision, to be communicated in writing to both the INSTITUTION and the OFFICER concerned.

PART V
OWNERSHIP STRUCTURES

Title I
Introduction

Article V.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 13, 16, 17, 18, 19, 20, 21, 22 and 23 of the LISF.

Article V.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 5, 18 and 18-bis.

Title II
Requirements

Chapter I
Good repute

Article V.II.1 – Requirements

1. Pursuant to Article 18 of the LISF, APPLICANTS and their CONTROLLING PARTIES must meet the same requirements of good repute set forth in Article IV.II.1 for purposes of holding SUBSTANTIAL EQUITY INTERESTS in the corporate capital of the INSTITUTION.

2. In the case of corporate APPLICANTS, proof shall be provided that requirements of good repute have been met in regards to their CONTROLLING PARTIES under the first paragraph, their directors or persons in substantially equivalent positions, as well as the BENEFICIAL OWNERS referred to in the Article III.II.5 above.

3. In the case of corporate CONTROLLING PARTIES, proof shall be provided that requirements of good repute have been met in regards to their directors or persons in substantially equivalent positions.

4. In case the APPLICANT intends to hold SUBSTANTIAL EQUITY INTERESTS through an intermediary trust company, proof shall be provided that requirements of good repute have been met, without prejudice to Article V.II.5, also in regards to directors or persons in substantially equivalent positions in the trust company.

Article V.II.2 – Methods of certification

1. Possession of the requirements indicated under the preceding Article shall be proved by:

- a) the production of the general certificate of criminal record, the certificate of absence of pending charges, the civil certificate or the certificate of no history of bankruptcy, issued by the competent public offices of the place in which the person resided, according to the registry office, for the longest period in the last five years, in compliance with the criteria of "substantial equivalence" as referred to in Article 1, paragraph 2 of the CORPORATIONS ACT;
- b) the production, relating to all remaining jurisdictions, of a self-declaration signed by the interested party in front of a Sammarinese public notary or directly in front of a public official at the CENTRAL BANK pursuant to Article 104 paragraph 1 of the LISF or digitally, in accordance with the law, using the form annexed to these Regulations under letter A.

2. The certificates referred to in the first paragraph, also in order to verify the territorial jurisdiction of the issuing public authorities, shall be accompanied by copy of an IDENTITY DOCUMENT that is currently valid.

3. The certificates under the first paragraph, letter a), may also be presented as a single cumulative document.

4. In the absence of one or more certifications that are "substantially equivalent" in the foreign legal system of the CORPORATE OFFICERS' country of residence for the purposes referred to in the previous paragraph 1, letter a), the abovementioned certifications must be:

- certified by a "legal opinion" that complies with the requirements referred to in Article IV.III.1;
- replaced by a self-declaration stating the content requested by the CENTRAL BANK. The aforementioned self-declaration must be either authenticated or signed, whether electronically or in person before a CENTRAL BANK officer.

Article V.II.3 – Foreign certificates

1. In the cases of certificates referred to in the previous Article, paragraph 1, letter a), issued abroad, the CENTRAL BANK, for the sole supervisory purposes under these Regulations, has the right not to recognize certifications produced as useful or sufficient if the translation attached pursuant to the following Article does not fully satisfy the above verification criteria.

Article V.II.4 – Requirements for validity of certificates

1. The certificates as indicated in Article V.II.2, paragraph 1, letter a) must meet the following requirements:
 - a) be an original or certified copy authenticated by a Sammarinese public notary;
 - b) be dated not earlier than 6 months from the date of submission;
 - c) be written in Italian or English and, if written in a foreign language, include a sworn translation in Italian as an attachment.

Article V.II.5 – Exempt parties

1. Among the APPLICANTS, the following are exempted from the duty of certifying possession of the requirements of good repute:

- a) authorized parties as referred to in Article 1 of the LISF;
- b) the Sammarinese Public Administration;
- c) the entities referred to in Article V.II.6 paragraph 3.

2. The exemption under the previous paragraph also applies to the CONTROLLING PARTIES and any additional BENEFICIAL OWNERS of the parties listed herein.

Chapter II

Sound and prudent management

Article V.II.6 – Requirements

1. For the purpose of verifying the existence on the APPLICANTS and their CONTROLLING PARTIES of the requirement concerning the capability of ensuring sound and prudent management of the authorized party, the CENTRAL BANK shall evaluate the following conditions:

- a) relevance of past entrepreneurial experience, especially if acquired in the context of reserved activities;
- b) financial soundness and ability to provide additional resources, both to develop the authorized party and to make up any losses;
- c) absence of ties of any nature, including family relations or associations, that could compromise the level of autonomy of EQUITY STAKEHOLDERS;
- d) transparency of the source of the invested capital;
- e) protection from risks of contagion arising from activities performed by other entities within the same corporate GROUP;
- f) autonomy within the corporate group, such as to ensure attentive and full compliance with instructions from the CENTRAL BANK;
- g) residence within the territory of San Marino or in foreign countries whose supervisory institutions are evaluated favourably by the international community;
- h) suitability, pursuant to Article 16 paragraph 5 of the LISF, to ensure constant knowledge and verifiability by the CENTRAL BANK of the effective ownership structures of the INSTITUTION and, consequently, the effective exercise of supervisory functions on the existence and continuation of the prescribed requirements of good repute and capability of ensuring sound and prudent management;
- i) absence of impediments to the effective exercise of supervisory functions determined by the presence of close links, as defined in Article 1 of the LISF, between the INSTITUTION and the subjects belonging to the related corporate group, or, deriving from the provisions of the country from which natural or legal persons depend and with whom the INSTITUTION has close ties, or from difficulties inherent in the application of these provisions.

2. For the purpose of the ability to provide sound and prudent management, in the event of taking control of the INSTITUTION, the APPLICANTS and their CONTROLLING PARTIES must also meet reputational requirements, which are considered met if, in the past five years, said parties:

- a) have not been subject to several disciplinary and/or sanctioning measures imposed by public authorities and/or supervisory and regulatory bodies in the financial sector, including foreign ones;
- b) have not been subject to investigative procedures aimed at the adoption of the proceedings referred to above, and still in progress;
- c) have not been subject to negative references documented by the public authorities, including foreign ones;
- d) have not been subject to bankruptcy proceedings, extraordinary proceedings, resolution procedures or foreign procedures equivalent to those being regulated by the Sammarinese legislation respectively:
 - 1) Law No. 17 of 15 November 1917, and Article 115 of the CORPORATIONS ACT;
 - 2) Part II, Title II, Chapters I and II of the LISF;
 - 3) Law No. 102 of 14 June 2019;or have been controlling shareholders or CORPORATE OFFICERS.

3. In cases where one or more of the APPLICANTS is a foreign FINANCIAL ENTERPRISE, the CENTRAL BANK shall evaluate the following conditions in addition to those listed above:

- a) that in the country of origin there is adequate regulation in terms of supervisory controls, even on a consolidated basis;
- b) that arrangements are in place for the exchange of information with the supervisory authorities of the country of origin pursuant to Article 103 of the LISF;
- c) that the latter supervisory authorities have stated their prior consent to the establishment of an INSTITUTION in the Republic of San Marino under the control of the foreign FINANCIAL ENTERPRISE;
- d) that the supervisory authorities of the country of origin have furnished an attestation of the financial soundness and the adequacy of the organizational, management and accounting structures of the parent company or applicable corporate group (a so-called letter of “good standing”);
- e) that the foreign FINANCIAL ENTERPRISE possesses the authorization to operate, even through BRANCHES or under the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT, in one or more of the countries that in terms of combating financial crime (money laundering, usury, terrorist financing, etc.) are not included in the list of high-risk countries referred to in Article 16 of Law No.92 of 17 June 2008.

4. In cases where the APPLICANT is, in turn, an authorized party, the exemption regime provided for in Article V.II.5 applies also as regards to the documentation envisaged for the purposes of proving their ability to ensure sound and prudent management, if such documentation has already been filed with the CENTRAL BANK for other supervisory purposes.

Article V.II.7 – Informational note

1. For the purposes of the assessments referred to in the previous Article, the APPLICANT, and any CONTROLLING PARTIES, must submit, also jointly, an information note clearly stating:

- a) the economic and financial position and that of any other subsidiaries thereof;
- b) the economic relationships existing between, on the one hand, the APPLICANT/CONTROLLING PARTY and its additional subsidiaries and, on the other hand, the INSTITUTION and the other EQUITY STAKEHOLDERS of the same;
- c) the sources of financing to be used to purchase the equity interest or otherwise the source of capital to be invested.

Article V.II.8 – Attached documentation

1. In addition to the information note referred to in Article V.II.7, the following documents must be submitted to the CENTRAL BANK, if not already acquired for other supervisory purposes:

- a) for individuals:
 - 1) curriculum vitae;
 - 2) certificate of civil capacity;
 - 3) tax return of the last 3 years;
- b) for legal persons:
 - 1) the individual financial statements and, if any, the consolidated financial statements, for the past three fiscal years, including the accompanying reports;
 - 2) the certifications of the AUDIT FIRM, if any;
 - 3) the curricula vitae of persons who are directors or persons in substantially equivalent positions;
 - 4) letters of good standing or other equivalent attestations from the Supervisory Authorities of the country of origin (for foreign FINANCIAL ENTERPRISES).

2. The certificates and/or documents referred to in the previous paragraph, if issued abroad, are subject to the same principle of “substantial equivalence” referred to in Articles V.II.2 and V.II.3.

Title III

Authorization to acquire substantial equity interests

Article V.III.1 – Scope of application

1. A request for authorization must be submitted to the CENTRAL BANK by individuals or legal entities who intend:

- a) to acquire, in any way, equity interests in the capital of an INSTITUTION which, including those already held, lead to the exceeding of the thresholds of 10%, 20%, 30% and 50% of the capital;
- b) to acquire control of the INSTITUTION, irrespective of the size of the equity interest;

- c) to subscribe or exercise options rights deriving from convertible bonds or other securities, for the purchase of shares with voting rights in the capital of the INSTITUTION, if the equity interest intended to be acquired exceeds the relevant thresholds under letter a);

2. In calculating the equity participations, the following must be included in the numerator:

- a) voting shares already owned, and those to be acquired;
- b) any capital shares held otherwise, for which the subject still has the right to vote.

3. The denominator shall include all voting shares representing the INSTITUTION's capital.

Article V.III.2 – Parties for whom compliance is required

1. In case of separation of ownership of shares and the exercise of the right to vote, both the party owning the shares and the party holding the voting rights are required to apply for authorization.

2. The application for authorization must also be submitted by management companies with regard to the voting rights they hold on behalf of the managed FUNDS, as well as fiduciary companies holding shares on behalf of third parties. If the fiduciary company is amongst the parties exempted pursuant to Article V.II.5, the verification of the requirements referred to in Articles V.II.1 and V.II.6 shall be carried out only with reference to the trustors and, if corporations, their CONTROLLING PARTIES and any additional BENEFICIAL OWNERS. In cases where the fiduciary company falls outside the parties exempted pursuant to Article V.II.5, the verification of the requirements under Article V.II.1 will be extended also to their directors or persons in substantially equivalent positions.

3. The application for authorization must be submitted both in cases where a trustor holds SUBSTANTIAL EQUITY INTERESTS exceeding the thresholds referred to in the preceding Article, totalling all interests directly and indirectly held, and in cases in which the total number of shares held by the fiduciary company exceeds the thresholds indicated in the preceding Article, even if they refer to several trustors which, individually, do not exceed the thresholds.

4. Without prejudice to the provisions of the paragraphs above, for transactions entailing a modification in the chain of ownership, a prior application for authorization must be presented only if these modifications cause the relevant thresholds to be exceeded by the parties holding the shares directly and/or for those parties who are trustors and/or CONTROLLING PARTIES, i.e. for those parties positioned respectively at the beginning and at the end of the chain.

5. No prior authorization is required for transactions of mere re-assignment to the same trustors of equity interests already held in trust with the authorization of the CENTRAL BANK, without prejudice to the obligation of disclosure.

Article V.III.3 – Application for authorization

1. The application for authorization must be presented to the CENTRAL BANK by the methods indicated in Article III.II.6, and must contain the following information and documents:

- a) a comprehensive indication of the purposes of the transaction;
- b) the PARTICULARS of the APPLICANTS and of the other parties to the transaction;
- c) an indication of the INSTITUTION involved in the transaction, specifying the number and categories of any shares already held and the shares to be acquired;
- d) the certificates referred to in Article V.II.2;
- e) the documents referred to in Articles V.II.7 and V.II.8.

2. In cases of transactions leading to the control of the INSTITUTION, a detailed business plan relating to the management of the INSTITUTION, or the FINANCIAL GROUP to be established must also be sent to the CENTRAL BANK.

Article V.III.4 – Declaration of controlling parties

1. In the event that the APPLICANT is not an individual, the legal representative of the APPLICANT must provide, even separately from the application referred to in Article V.III.3, a written declaration authenticated by a Sammarinese notary or signed directly before an official of the CENTRAL BANK or digitally in accordance with the law, indicating the PARTICULARS of the CONTROLLING PARTIES, where existing, or, failing them, their inexistence.

2. The declaration referred to in the previous paragraph must be accompanied by the documents specified in Article V.III.3, letters d) and e), referring to the CONTROLLING PARTIES indicated.

Article V.III.5 – Time limits for the decision

1. The CENTRAL BANK promptly notifies the APPLICANTS, within two working days, of the receipt of the application for authorization and the expiry date of the assessment period.

2. The CENTRAL BANK may prohibit the transaction within sixty working days from the notification referred to in paragraph 1, after which, in the absence of any type of communication from the CENTRAL BANK itself, the application shall be considered accepted according to the silence procedure laid down in Article 17, paragraph 2 of the LISF, without prejudice to the APPLICANT's right to request the authorization measure expressly.

3. In cases where the CENTRAL BANK, within the time-limits indicated in the previous paragraph and pursuant to and for the purposes of Article 17 paragraph 2 of the LISF, inform the APPLICANTS of the need to integrate the application for authorization with information and/or further documentation than those already provided, evaluating it as deficient or not sufficiently clear, the application itself shall be deemed lapsed to all effects if the requested information is not submitted to the CENTRAL BANK within sixty days of receipt of the related communication.

Article V.III.6 – Evaluation criteria

1. The CENTRAL BANK may prohibit the transaction upon the occurrence of one or more of the following conditions:

- a) the APPLICANT does not meet the requirements of good repute referred to in Article V.II.1, or its CONTROLLING PARTIES or directors of the intermediary fiduciary company do not meet said requirements;
- b) the APPLICANT and/or its CONTROLLING PARTIES are not capable of ensuring sound and prudent management of the INSTITUTION, pursuant to Article V.II.6, or to allow the exercise of supervision, also in relation to the compatibility of any fiduciary intervention with the condition set forth in letter i) of the above-mentioned Article;
- c) the proposed transaction is in conflict with the achievement of the supervisory purposes referred to in Article 37 of the LISF.

Title IV

Reporting requirements

Article V.IV.1 – Ownership structures

1. The shareholders of the INSTITUTIONS, whether acting for themselves or for any CONTROLLING PARTIES, must notify the CENTRAL BANK of the following, within ten days after completion of the transaction, enclosing a copy of the contract:

- a) the completion of initiatives subject to authorization under Article V.III.1;
- b) the reduction below the thresholds indicated in Article V.III.1, and full withdrawal from the ownership structure;
- c) the re-assignment of equity interests previously held in trust.

2. With reference to the case referred to in letter a), the CENTRAL BANK must also be informed without delay of the failure to complete the initiatives subject to authorization under Article V.III.

3. With reference to the cases referred to in letter b), the denominator shall include voting shares representing the capital of the INSTITUTION.

4. With reference to the case referred to in letter b), prior notification shall also be sent to the CENTRAL BANK concerning the date of completion of the transfer of the equity interest, with at least 15 days' notice.

5. The communication referred to in the previous paragraph, aimed at verifying compliance with the authorization obligations indicated under Article V.III.1, must include a description of the equity interest to be sold, and the identification of the party intending to acquire it.

Article V.IV.2 – Voting agreements

1. The voting agreements and other shareholders' agreements howsoever focusing on shares with voting right, shall be copied to the CENTRAL BANK, pursuant to and within the terms specified in Article 19 of the LISF.

Title V

Powers of intervention

Article V.V.1 – Revocation of authorization

1. In the event of failure to meet the requirements, the authorization referred to in Article V.III.5 may be revoked by the CENTRAL BANK pursuant to Article 17, paragraph 3 of the LISF.

2. The CENTRAL BANK shall notify in writing the revocation of the authorization to the APPLICANTS, and, for information, to the INSTITUTION and to the public office in charge of keeping the Register of Companies.

Article V.V.2 – Annulment of resolutions of the Shareholders' Meeting

1. The CENTRAL BANK shall examine the minutes of the Shareholders' Meetings of the INSTITUTIONS, as submitted pursuant to Article VIII.II.2, and shall note any cases of exercise of voting rights in violation of reporting or authorization requirements mentioned above, pursuant to Article 21 of the LISF.

2. In these cases, in accordance with the third paragraph of the aforementioned Article of the law, the CENTRAL BANK may request the annulment of the resolutions adopted, pursuant to Article 45 of the CORPORATIONS ACT.

Article V.V.3 – Order to dispose of equity interests

1. Pursuant to Article 22 of the LISF, the CENTRAL BANK, in case of:

- a) absence of authorization pursuant to Article V.III.6;
- b) authorization revoked pursuant to Article V.V.1;
- c) failure to meet requirements of good repute;

may order the disposal of equity interests held in violation of statutory and supervisory obligations, and give the shareholder a term of no more than 180 days to carry out the transaction; this term is suspended as from the date of presentation, by the potential buyer, of the application for authorisation as referred to in Title III above, provided that such application is complete pursuant to Articles V.III.3 and V.III.4.

Article V.V.4 – Verification of continuation of the requirements

1. For the purposes of verification as referred to in Article V.V.1 above, the SHAREHOLDERS of the INSTITUTIONS must, every three years, retransmit to the CENTRAL BANK the certificates referred to in the following Articles:

- V.II.2, paragraphs 1 and 2;
- V.II.7, paragraph 1, letters a) and b);
- V.II.8, paragraph 1.

2. Without prejudice to the provisions set forth in the paragraph above, EQUITY STAKEHOLDERS are also required to notify the CENTRAL BANK without delay of any event which may jeopardize the continuation of the requirements under Articles V.II.1 and V.II.6.

3. Also for the purposes of monitoring the abovementioned fulfilments, INSTITUTIONS, pursuant to Article 23 of the LISF, shall be required to notify the CENTRAL BANK annually of the list of shareholders with voting rights resulting from the Book of Shareholders as of the date indicated, within 60 days of the approval of the financial statements. The notification of the ownership structure shall indicate each shareholder's number of shares held, their overall nominal value and the percentage of the corporate capital they represent. For this purpose, the dedicated template available on the reserved area of the CENTRAL BANK's web site must be used.

PART VI

FINANCIAL STATEMENTS

Title I

Introduction

Article VI.I.1 - Legislative sources

1. The provisions of this Part have their legislative source in Articles 29, 30, 31, 32, 33, and 34 of the LISF.

Article VI.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 8, 18 and 18-bis.

Title II

General provisions

Article VI.II.1 – General obligations

1. INSTITUTIONS must prepare their financial statements in full compliance with the terms and general principles stated in the LISF.

Article VI.II.2 – Composition of the financial statements

1. The financial statements of the INSTITUTION must comprise the following documents:

- a) the balance sheet: this reflects the qualitative and quantitative composition of the company's assets and liabilities as of the reporting date;
- b) the income statement: this demonstrates the economic profit or loss produced in the period as a result of management, by presenting the positive and negative components that determined it;
- c) the explanatory notes: this supplements the information provided in the summary tables of the balance sheet and income statement, indicating the evaluation criteria and accounting policies adopted as well as the analytical description of certain items in the financial statements;

The financial statements must also be accompanied by the directors' report, which shall describe and evaluate the operating performance in the various sectors where the INSTITUTION operated, and the company's position as a whole, through a historical and forward analysis of investments, costs and revenues.

Article VI.II.3 – Auditing obligations for Sammarinese institutions and branches of foreign institutions

1. Pursuant to Article 33 of the LISF, Sammarinese INSTITUTIONS must:

- a) engage an AUDIT FIRM to perform the AUDITING FUNCTION;
- b) submit their annual financial statements for certification by the AUDIT FIRM in charge of ACCOUNTING CONTROL.

2. BRANCHES of foreign INSTITUTIONS must submit for certification by an AUDIT FIRM their balance sheet and income statement to be forwarded to the CENTRAL BANK pursuant to Article III.VI.6, and engage the same AUDIT FIRM to perform the AUDITING FUNCTION, limited to the operation of the BRANCH.

Article VI.II.4 – Certification of audit firms and auditors

1. With reference to the AUDIT FIRM referred to in the previous Article, Sammarinese INSTITUTIONS and BRANCHES of foreign INSTITUTIONS shall be required to send to the CENTRAL BANK the certificate of enrolment in the register of AUDITORS within 30 days of the date on which the appointment in question is formalized and/or renewed.

2. Without prejudice to the provisions of paragraph 2 of the following Article, AUDITORS must meet the requirements of independence set forth in Article IV.II.8 and self-declare them using the template attached to these Regulations under letter C2; the self-declarations filed by the AUDITORS shall be forwarded to the CENTRAL BANK together with the certification referred to in the preceding paragraph.

Article VI.II.5 – Completeness

1. With reference to the content of the explanatory notes, the templates for the balance sheet and income statement, and the evaluation criteria and accounting policies of corporate and consolidated financial statements, reference is made to Regulation 2016-02 and Circular 2017-03 which should be regarded as a special legislation, and thus prevailing, compared to the general provisions referred to in this Part.

2. Pursuant to an appropriate provision, the CENTRAL BANK may further regulate the issues referred to in Article 33, paragraph 2 of the LISF.

PART VII

PRUDENTIAL SUPERVISION

Title I

Introduction

Article VII.I.1 – Legislative sources

1. The provisions contained in the following Articles have their legislative source in Articles 45, 47, 48, 49, 52, and 74 of the LISF.

Article VII.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 7, 8, 15 and 18-bis.

Article VII.I.3 – Extension of organizational suitability requirements

1. The provisions contained in this Part VII, referred to in Articles VII.IV.1, VII.IV.14 and VII.IV.15 and in Chapters III and V of Title IV, concerning organizational suitability requirements for the provision of PAYMENT SERVICES, also apply to PSPs other than INSTITUTIONS, and therefore, for banks, supplement the corresponding provisions referred to in Part VII of Regulation No. 2007-07 on the collection of savings and banking activities.

Title II

Total Regulatory Capital

Article VII.II.1 – Structure of total regulatory capital

1. Total regulatory capital is calculated as the algebraic sum of a series of positive and negative components whose computability is admitted, with or without limitations as the case may be, in relation to the asset quality that each component is deemed to have.

2. The positive components that contribute to the quantification of the capital must be available for use without restrictions to cover corporate losses or risks at the time those risks or losses materialize.

3. Total regulatory capital shall be obtained by adding together Tier 1 capital and Tier 2 capital and subtracting deductions.

Article VII.II.2 – Tier 1 capital

1. Paid-up capital, reserves and the fund for general financial risks constitute the components of Tier 1 capital.

2. The total amount of these items, after deduction of own stocks or shares, goodwill, intangible fixed assets as well as losses recorded in previous and in the current financial year, constitutes “Tier 1 capital”.

3. Technological investments as outlined in Article VII.IV.17 that are instrumental to the continuity of strategic operational functions and are included in the intangible fixed assets on the balance sheet may be deducted from the capital requirement by an incremental 1/5 for each fiscal year starting from the fiscal year in which the abovementioned technological investments were made. The abovementioned deduction may be applied subject to authorization from the CENTRAL BANK, issued upon a reasoned request.

The application for authorization, to be submitted to the CENTRAL BANK with the methods set forth in Article III.II.6, shall be adequately justified, reporting in sufficient detail the actions to be taken in order to comply with prudential requirements, and it shall be accompanied by a copy of the related resolutions of the Board of Directors and of the shareholders’ meeting. The CENTRAL BANK, upon verification of the completeness of the application and its consistency with the financial, economic and organizational position of the INSTITUTION, authorizes or rejects the application within 60 days of its receipt.

4. The CENTRAL BANK may require individual INSTITUTIONS to deduct additional items.

5. Tier 1 capital is eligible for inclusion in the total regulatory capital without restriction.

Article VII.II.3 – Tier 2 capital

1. Tier 2 capital is composed of the following items:

- a) revaluation reserves;
- b) risk provisions on purely prudential credits (serving no amending function)

2. The total amount of these components constitutes “Tier 2 capital”.

Article VII.II.4 – Deductions

1. The shares in other FINANCIAL ENTERPRISES must be deducted from the overall amount of total regulatory capital in the amounts indicated below:

- a) in respect of their total amount, if such equity interests exceed 10% of the corporate capital of the INSTITUTION in which the equity interest is held;
- b) In respect of the share of their total amount that exceeds 10% of the total value of the INSTITUTION’s Tier 1 and Tier 2, if such equity interests are equal to or less than 10% of the capital of the INSTITUTION in which the equity interest is held.

2. In cases in which the acquisition of equity interests leads to a financial investment and does not give rise to risks of duplication of capital for prudential supervision purposes, the CENTRAL BANK may grant a waiver from the deduction obligations referred to in the preceding paragraph.

Article VII.II.5 – Limits and restrictions

1. In calculating “total regulatory capital”, the total of “Tier 2 capital” may not exceed 100% of “Tier 1 capital”.

Article VII.II.6 – Minimum amount of total regulatory capital

1. Total regulatory capital shall not be less than the higher of:

- a) the initial minimum capital required to issue the authorization referred to in the preceding Article III.II.4;
- b) the sum of the minimum capital charges as referred to in the following Article VII.II.8.

Article VII.II.7 – Waivers

1. The CENTRAL BANK may grant INSTITUTIONS a temporary waiver from observance of the provisions with regard to total regulatory capital, allowing them to hold a regulatory capital up to 20% lower than the amount which would result from the application of the criteria laid down in the following Article VII.III.8.

Title III

Capital requirements

Article VII.III.1 – Mandatory reserves

1. INSTITUTIONS shall be required to set aside at least 20% of their net earnings recorded at the end of each financial year, in an ordinary reserve fund.

Article VII.III.2 – Requirement for payment services provided

1. There are two alternative methods of calculation to determine the capital adequacy that the INSTITUTION must hold against risks related to PAYMENT SERVICES provided, not related to the issuing of ELECTRONIC MONEY, either method A and method B.

2. The INSTITUTION normally use method B. For the first financial year only, it is authorized to apply method A, upon notification to the CENTRAL BANK.

3. The adoption of method A is subject to the authorization of the CENTRAL BANK, upon a reasoned request by the INSTITUTION to be submitted in accordance with the provisions set forth in the previous Article III.II.6. The CENTRAL BANK, within 60 days of receipt of the notification, except for interruption of the limitation period, shall inform the INSTITUTION of the acceptance or rejection of the request and of any impediments.

Article VII.III.3 – Calculation Method A

1. The INSTITUTION’s capital requirement shall amount to at least 10% of the fixed operating costs of the preceding year.

2. The CENTRAL BANK reserves the right to adjust that requirement in the event of substantial changes in the INSTITUTION's business compared to the previous year.

3. In the event that at the date of the calculation the INSTITUTION has not completed a full year's business, the requirement is equal to 10% of the corresponding fixed operating costs reported in the budget estimate attached to its business plan.

Article VII.III.4 – Calculation Method B

1. The INSTITUTION's capital requirement shall amount to at least the sum of slices of PAYMENT VOLUMES (PV) as referred to in the following letters a) and e), multiplied by the scaling factor k below:

- a) 4,00% of the slice of PV up to EUR 5 million;
- b) 2,50% of the slice of PV above EUR 5 million up to EUR 10 million;
- c) 1,00% of the slice of PV above EUR 10 million up to EUR 100 million;
- d) 0,50% of the slice of PV above EUR 100 million up to EUR 250 million;
- e) 0,25% of the slice of PV above EUR 250 million.

The scaling factor k is equal to:

- a) 0,5 when the institution provides only the PAYMENT SERVICES listed in point f) of letter I) of Annex 1 of the LISF;
- b) 1,0 when the institution provides one or more of the PAYMENT SERVICES listed in points a) b) c) d) e) of letter I) of Annex 1 of the LISF.

2. In the first year of activity, reference is made to budget estimate attached to the business plan in order to determine the requirement.

Article VII.III.5 – Requirement against the issuing of electronic money

1. The capital requirement for the issuing of ELECTRONIC MONEY shall be equal to 2% of the AVERAGE OUTSTANDING ELECTRONIC MONEY calculated on a monthly basis as better described in the definitions referred to in the preceding Article I.I.2.

2. If an ELECTRONIC MONEY INSTITUTION also provides PAYMENT SERVICES or carries out activities other than the issuing of ELECTRONIC MONEY and the amount of ELECTRONIC MONEY in circulation is unknown in advance, the ELECTRONIC MONEY INSTITUTION may calculate the capital requirement requested for the issuing of ELECTRONIC MONEY on the basis of a representative percentage of the issuing of ELECTRONIC MONEY, provided that the representative percentage can be reasonably estimated based on historical data and according to modalities deemed appropriate by the CENTRAL BANK.

3. If an ELECTRONIC MONEY INSTITUTION has started the business for less than 6 months, the capital requirement is calculated based on the estimated ELECTRONIC MONEY in circulation indicated in the budget estimate attached to the business plan.

Article VII.III.6 - Requirement against credit risk

1. The INSTITUTIONS granting financing, in accordance with the above Article II.II.3, calculate a capital requirement equal to 6% of funding provided except for those related to the execution of PAYMENT TRANSACTIONS by credit cards with monthly balance.

Article VII.III.7 – Specific measures

1. The CENTRAL BANK may adopt, pursuant to Article 44 of the LISF as a special measure of prudential supervision, specific measures against individual INSTITUTIONS to require them to hold regulatory capital up to 20% higher than the amount that would result from the application of the parameters referred to in the following Article.

Article VII.III.8 – Total capital requirement

1. PAYMENT INSTITUTIONS constantly hold a minimum total asset allocation (regulatory capital) at least equal to the sum of:

- a) the capital requirement against the PAYMENT SERVICES provided, pursuant to Articles VII.III.2 and VII.III.7, and
- b) the capital requirement against credit risk, pursuant to the preceding Article VII.III.6.

2. ELECTRONIC MONEY INSTITUTIONS constantly hold a minimum overall asset allocation (regulatory capital) at least equal to the sum of:

- a) the capital requirement against the PAYMENT SERVICES provided, not related to the issuing of ELECTRONIC MONEY, pursuant to Articles VII.III.2 and VII.III.7, and
- b) the capital requirement against the issuing of ELECTRONIC MONEY provided pursuant to Articles VII.III.5 and VII.III.7, and
- c) the capital requirement against credit risk, pursuant to Article VII.III.6.

Title IV

Organizational requirements

Chapter I

General rules

Article VII.IV.1 – Characteristics of the organization

1. The sound and prudent management, reliability and efficiency of PAYMENT SERVICES provided and the activity of issuing ELECTRONIC MONEY also depend on an organizational structure appropriate to the size, complexity and operational vocation of the INSTITUTION. In this respect, INSTITUTIONS define and apply:

- a) solid devices of corporate governance, including decision-making processes and an organizational structure that clearly specify and document the hierarchical relations and division of functions;

- b) government policies and procedures for the management and control of all corporate risks and an effective INTERNAL CONTROL SYSTEM;
- c) measures ensuring that the SENIOR MANAGEMENT STAFF of the INSTITUTION, the AGENTS or the AUTHORIZED SUB-PROVIDERS know the procedures to be followed for the proper performance of their duties;
- d) policies and procedures designed to ensure that the SENIOR MANAGEMENT STAFF of the INSTITUTION, the AGENTS and AUTHORIZED SUB-PROVIDERS have the qualifications, knowledge and skills necessary to exercise the responsibilities allocated to them;
- e) effective internal flows of information exchange;
- f) systems and procedures designed to maintain adequate and orderly records of facts of the INSTITUTION's management and its internal organization;
- g) policies and procedures designed to ensure that the SENIOR MANAGEMENT STAFF of the INSTITUTION, the AGENTS and AUTHORIZED SUB-PROVIDERS of multiple functions are not likely to prevent them from performing adequately and professionally any of these functions;
- h) government policies and procedures for the management of security relating to the provision of PAYMENT SERVICES and ELECTRONIC MONEY ISSUING SERVICES, including the management of security-related INCIDENTS and customer complaints in the matter;
- i) suitable systems and procedures to:
 - protect the security, integrity and confidentiality of the information, taking into account the nature of such information;
 - file and manage SENSITIVE DATA RELATING TO PAYMENTS, with the appropriate access limits;
 - collect statistical data relating to management results, PAYMENT TRANSACTIONS and frauds;
- j) policies, systems, resources and procedures for continuity and regularity of services, aimed at:
 - ensuring the ability to operate on an ongoing basis;
 - limiting losses in the event of serious business disruption;
 - preserving data and the essential functions;
 - ensuring the continuity of services in case of interruption of the systems and procedures. If this is not possible, allow for the prompt recovery of the data and functions and the resumption of services in a timely manner;
 - ensuring the regular execution of the ongoing PAYMENT TRANSACTIONS and the termination of existing contracts in the event of cessation of operations;
- k) accounting policies and procedures that make it possible to promptly provide the CENTRAL BANK with documents that present a true and fair picture of the financial and economic position and that comply with all applicable principles and regulations, including the accounting ones.

2. INSTITUTIONS monitor and evaluate regularly the adequacy, effectiveness and implementation of such organizational requirements and shall take the appropriate measures to remedy any shortcomings.

3. INSTITUTIONS apply the provisions set forth in this Article in a proportionate manner to the size and complexity of the activity carried out, as well as to the type and range of services provided.

Article VII.IV.2 – Corporate control functions

1. For the purposes of letter b) of the preceding Article, the INSTITUTION, in a proportionate manner to the size and complexity of the activity carried out, as well as to the type and range of PAYMENT SERVICES provided, must have three distinct structures: one of internal auditing, dedicated to the INTERNAL AUDIT FUNCTION, a compliance officer, dedicated to COMPLIANCE CONTROLS, and one of risk management, dedicated to RISK CONTROLS.

2. The three functions of RISK CONTROLS, COMPLIANCE CONTROLS and INTERNAL AUDIT FUNCTION shall:

- a) be carried out separately from the operational functions;
- b) not be hierarchically subordinate to controlled corporate functions and report directly to corporate bodies in charge of their appointment;
- c) have the authority, resources and skills required for the performance of their tasks, in a way proportionate to the size and complexity of the activity undertaken by the INSTITUTION and to the range of PAYMENT SERVICES provided;
- d) submit to the corporate bodies referred to in the preceding letter b), at least once a year, reports on the activities carried out and provide them assistance for the profiles that are pertinent with the control tasks carried out.

The method for determining the remuneration of those who participate in the corporate control functions should not be such as to compromise their objectivity.

3. By way of derogation from the provisions set forth in paragraph 1, the CENTRAL BANK, upon reasoned request by the INSTITUTION, given its size, complexity and operational risk, may authorise the assignment to a single structure of multiple control functions. The authorisation will be revoked, should the conditions on the basis of which it was granted no longer apply.

4. In the cases referred to in the preceding paragraph in which the internal auditing structure incorporates one or both of the other internal control structures, the rules referred to in the following Article VII.IV.6 shall apply.

Article VII.IV.3 – Role of corporate bodies and interaction in exercising the functions of corporate governance

1. Corporate bodies play an essential role in the definition of an adequate organizational system and the achievement of a reliable SYSTEM OF INTERNAL CONTROLS.

2. The composition of corporate bodies, in terms of number of members and professionalism, must therefore ensure the efficient performance of their tasks. The allocation of competences among corporate bodies must ensure a constant internal dialogue, avoiding overlapping that may affect business operation.

3. For the purposes of the preceding paragraph, regulation referred to in Article III.III.1, paragraph 2, letter h) must be such as not to allow a major deprivation of authority of the collegiate bodies statutorily appointed to carry out administrative functions as well as be appropriate to ensure healthy interaction between them.

4. The minutes of meetings of each board, including technical or sectoral committees, should allow a clear and sufficiently detailed reconstruction of the internal dialogue that precedes the final phase of deliberation, and not be substantially confined to the latter.

5. The work of corporate bodies must however always be documented in order to ensure control over the management and decisions taken.

Chapter II

Corporate bodies and structures

Article VII.IV.4 – Board of Directors

1. The Board of Directors:

- a) identifies and endorses the objectives, strategies, profile and risk levels of the INSTITUTION, defining corporate policies and those of the SYSTEM OF INTERNAL CONTROLS and periodically verifies their proper implementation and coherence with the development of the business activity;
- b) approves risk management policies (credit, operational, liquidity, etc.), as well as the procedures and methods of detection and control;
- c) approves and periodically checks, at least annually, the government policy and the management of security risks;
- d) approves the criteria on the basis of which financial instruments in which to invest the FUNDS received from the CUSTOMERS are chosen;
- e) approves the processes related to the provision of PAYMENT SERVICES and, for ELECTRONIC MONEY INSTITUTIONS, the activity of issuing ELECTRONIC MONEY and periodically checks their adequacy;
- f) verifies that the structure of the corporate control functions is defined in accordance with the principle of proportionality and with strategic guidelines, and that these functions are equipped with qualitatively and quantitatively adequate resources;
- g) approves and checks periodically, at least once a year, the organizational structure and the allocation of tasks and responsibilities; in this context, it also ensures that:
 - the tasks and responsibilities, formalised in a specific internal regulation, are allocated in a clear and appropriate manner and that operational functions are separated from those of control;
 - the AGENTS and the AUTHORIZED SUB-PROVIDERS have adequate internal control mechanisms in order to comply with their obligations to combat money laundering and terrorist financing;

- the outsourcing of corporate functions is consistent with the INSTITUTION's strategies and the levels of risk defined;
- ensure the administrative and accounting separation between the provision of PAYMENT SERVICES and possibly, the issuing of ELECTRONIC MONEY, compared to other activities of the INSTITUTION;
- h) verifies that the information flow is adequate, complete and timely;
- i) approves the corporate emergency and business continuity plan which must be periodically updated and checked, at least annually;
- j) approves and verifies the standards for the management of SENSITIVE DATA RELATING TO PAYMENTS and safety management procedures, ensuring consistency with the government policy and safety management policy and the risk appetite of the INSTITUTION.

Article VII.IV.5 – Head of the executive structure

1. The HEAD OF THE EXECUTIVE STRUCTURE, also in collaboration with the SENIOR MANAGEMENT STAFF:

- a) applies corporate policies and those of the SYSTEM OF INTERNAL CONTROLS, as defined by the Board of Directors;
- b) regularly monitors the adequacy of the SYSTEM OF INTERNAL CONTROLS, ensuring its adaptation in light of the evolution of operations;
- c) defines the information flows aimed at ensuring that the corporate bodies are aware of the relevant management facts;
- d) clearly defines the duties and responsibilities of corporate structures and functions, in order, inter alia, to prevent potential conflicts of interest and ensure that the structures are conducted by qualified staff in relation to the activities to be carried out;
- e) ensures that staff and AGENTS used for the provision of PAYMENT SERVICES, as well as the staff and AUTHORIZED SUB-PROVIDERS used for distribution and refunding of ELECTRONIC MONEY, are properly trained with regard to the products and services provided, obligations for the prevention of money laundering and terrorist financing, and the rules on transparency;
- f) ensures that the corporate policies and procedures are promptly communicated to all staff concerned;
- g) promptly adopts the necessary measures in the event that deficiencies or anomalies arise from the verifications carried out on the SYSTEM OF INTERNAL CONTROLS.

Article VII.IV.6 – Internal auditing

1. The INTERNAL AUDIT FUNCTION is conducted by a different and independent structure from the production ones, even through on-site inspections, and brings to the attention of the Board of Directors and the HEAD OF THE EXECUTIVE STRUCTURE the possible improvements to risk management policies, measuring tools and procedures.

2. In carrying out the INTERNAL AUDIT FUNCTION, the internal auditing structure:

- a) defines and applies an audit plan, approved by the Board of Directors, for the review and assessment of the adequacy and effectiveness of the SYSTEM OF INTERNAL CONTROLS and of mechanisms adopted

by AGENTS used for the provision of PAYMENT SERVICES and by AUTHORIZED SUB-PROVIDERS for the distribution of ELECTRONIC MONEY in order to comply with the obligations on money laundering and terrorist financing, which provides, inter alia, for specific controls on the entire network of BRANCHES, AGENTS and AUTHORIZED SUB-PROVIDERS;

- b) makes recommendations based on the findings of audits carried out in accordance with the audit plan and verifies compliance thereto.

3. The head of internal auditing must:

- a) be appointed and dismissed from office by resolution of the Board of Directors;
- b) regularly inform the Board of Directors, the Board of Auditors and the HEAD OF THE EXECUTIVE STRUCTURE at least every three months, of the activity carried out and the underlying results, sending a copy of its periodic reports to the CENTRAL BANK except as provided for in Article VII.IV.2, para. 2, letter d);
- c) be authorised to extend its auditing activity up to the highest levels of the company organization, including the HEAD OF THE EXECUTIVE STRUCTURE, reporting directly to the Board of Directors for its work.

Article VII.IV.7 – Compliance

1. The compliance structure, in order to assess the adequacy of internal procedures in relation to the objective of preventing the violation of laws, regulations, supervisory rules and self-regulatory standards applicable to the INSTITUTION:

- a) identifies the rules applicable to the INSTITUTION and the services it provides and measures/evaluates their impact on corporate processes and procedures;
- b) proposes organizational and procedural changes aimed at ensuring adequate control of the risks of non-compliance with the rules;
- c) provides direct information flows to the corporate bodies and other corporate control functions;
- d) verifies the effectiveness of organizational adjustments recommended for prevention of risk of non-compliance.

2. The compliance structure, like all other corporate structures, central and peripheral, is subject to the INTERNAL AUDIT FUNCTION by the internal auditing structure, except in the case of merging into the same.

Article VII.IV.8 – Risk management

1. In the exercise of RISKS CONTROLS, the risk management structure:

- a) contributes to the definition of risk management policies and the related procedures and methods for detection and control, continuously verifying their adequacy;
- b) presides over the functioning of the SYSTEM OF RISKS CONTROL and verifies compliance by the INSTITUTION;

- c) verifies the adequacy and effectiveness of the measures taken to remedy deficiencies in the SYSTEM OF RISKS CONTROL;

2. The risk management structure, like all other corporate structures, central and peripheral, is subject to the INTERNAL AUDIT FUNCTION by the internal auditing structure, except in the case of merging into the same.

Article VII.IV.9 – Board of Auditors

1. The statutory auditors of INSTITUTIONS, holders of the duties, powers, and responsibilities envisaged in Title II, Chapter III, of the CORPORATIONS ACT, shall, with due regard for the functions performed by other entities and cooperating with them:

- a) ensure compliance with legal, supervisory, regulatory and statutory provisions, sound administration and the adequacy of the organizational and accounting structures of the INSTITUTION;
- b) ensure the functionality of the overall SYSTEM OF INTERNAL CONTROLS and verify the effectiveness of the structures and functions involved in the system and the appropriate coordination between them;
- c) assess the degree of suitability and the regular functioning of the main organizational areas;
- d) promote remedial actions to solve the deficiencies and irregularities found;
- e) maintain coordination with the AUDIT FIRM, internal auditing and other structures that carry out internal control functions, in order to maximize the degree of knowledge on the regularity of business management, relying on the findings of investigations carried out by these operational units;
- f) inform the CENTRAL BANK without delay of all acts or facts of which they become aware in the exercise of their duties, which constitute, to a significant extent, irregularities in management, violation of the principles of sound and prudent management, or violation of laws, statutory or supervisory regulations governing the reserved activities exercised by the INSTITUTION.

2. For the performance of its functions, the Board of Auditors may rely on all organizational structures having control functions and, in particular, on the internal auditing structure. The monitoring activity can lead to the formulation of comments and amendment proposals aimed at removing any anomalies found. Appropriate evidence must be kept of those comments and proposals, as well as the subsequent verification activity of the Board of Auditors on the implementation of any measures. The interaction between the activities of the Board of Auditors and the supervisory activities contributes to the strengthening of the overall system of supervision on the INSTITUTION.

Article VII.IV.10 – Audit firms

1. AUDITORS - i.e., the holders of the duties, powers, and responsibilities envisaged in Title II, Chapter IV, of the CORPORATIONS ACT and in Article 34 of the LISF — shall:

- a) coordinate with the Board of Auditors, the internal auditing and other structures performing internal control functions with the aim of enhancing the degree of knowledge regarding the correctness of the corporate accounting system, also making use of the assessment results carried out by these operational

units, within the limits of what is considered useful for the purposes of ACCOUNTING CONTROL function and/or certification of financial statements;

- b) notify the CENTRAL BANK without delay of all acts or facts of which they become aware in the exercise of their duties, which may constitute a significant violation of the rules regarding the proper maintenance of corporate accounts and/or governing the proper recording of operational transactions in the accounting records; or compromise the business continuity; or result in a judgment with adverse repercussions or a declaration of the impossibility of expressing an opinion on the annual financial statements.

Chapter III

Information systems

Article VII.IV.11 – Introduction

1. The reliability of information systems is an essential prerequisite for the proper functioning of the INSTITUTION and allows corporate bodies to take informed decisions that are consistent with corporate objectives.

Article VII.IV.12 – Requirements

1. Information and accounting systems must be adapted to the operating environment and the risks to which the INSTITUTION is exposed.
2. They must have a high degree of reliability, accurately and promptly record management facts, allowing to reconstruct the activities of the INSTITUTION at any date, separately for each of the PAYMENT SERVICES provided and, for ELECTRONIC MONEY INSTITUTIONS, also in relation to the ELECTRONIC MONEY issuing activity.
3. The fact that the INSTITUTION uses different sectoral procedures (accounting, reports, money laundering, etc.) should not affect the quality and integrity of the data or lead to the creation of inconsistent databases.
4. Information systems should ensure high levels of security. To this end, appropriate safeguards must be identified and documented, aimed at ensuring: the physical and logical security of hardware and software, including data back up and disaster recovery procedures; the identification of qualified entities to access the systems and associated ratings; the traceability of the persons who entered or changed data and the possibility to reconstruct the historical series of the modified data.
5. A specific section of the business continuity plan that the INSTITUTION should have is dedicated to information and accounting systems.
6. The availability of IT and human resources must be adequate to business operations.

Chapter IV

System of internal controls

Article VII.IV.13 – Introduction

1. The SYSTEM OF INTERNAL CONTROLS covers the strategies, policies, processes and mechanisms for the management of risks to which the INSTITUTION is or might be exposed, and to determine and control the level of risk tolerated. In this context, risk management includes the functions of identification, assumption, measurement, monitoring and mitigation of risks.
2. For INSTITUTIONS, in relation to the provision of PAYMENT SERVICES and the issuance of ELECTRONIC MONEY, the OPERATIONAL RISKS, including security-related risks and those of a legal and reputational nature that might arise from relations with CUSTOMERS, are of particular importance. To this end, INSTITUTIONS are required, inter alia, to prepare specific organizational safeguards to ensure compliance with regulatory requirements and of self-regulation, planning, in this context, specific controls on BRANCHES, AGENTS and AUTHORIZED SUB-PROVIDERS.
3. INSTITUTIONS carefully evaluate the implications deriving from changes in business operations (access to new markets or new operational sectors, offer of new products, use of innovative distribution channels, and participation in new PAYMENT SYSTEMS), with prior identification of risks and definition of adequate control procedures, approved by the competent corporate bodies.
4. In the preparation of organizational safeguards, INSTITUTIONS shall take account of the need to prevent money laundering and terrorist financing.
5. The SYSTEM OF INTERNAL CONTROLS includes both FIRST-LEVEL/LINE CONTROLS and SECOND-LEVEL CONTROLS, and the INTERNAL AUDIT FUNCTION.

Article VII.IV.14 – Operational and security risks

1. Without prejudice to the need to manage all corporate risks, INSTITUTIONS, in view of the operational size and complexity of the activity carried out, pay particular attention to OPERATIONAL RISKS (including reputation) and SECURITY RISKS related to payment services they provide, establishing a framework of mitigation measures and appropriate control mechanisms for their management.
2. According to the provisions of the preceding paragraph, INSTITUTIONS:
 - a) pay particular attention to events of greater severity and infrequency, and identify the various forms and ways in which OPERATIONAL RISKS may occur, in relation to the specific organizational and operational characteristics;

- b) assess the OPERATIONAL RISKS associated with the introduction of new products, activities, distribution networks, relevant systems and processes and with the participation, even indirect, to new PAYMENT SYSTEMS;
- c) adopt effective emergency and business continuity plans, providing for a clear identification of the critical operations, and a procedure to regularly test and review the adequacy and efficiency of such plans, to ensure their ability to operate on an ongoing basis and limit operational losses in the event of serious disruptions to operations;
- d) adopt effective procedures to monitor and manage INCIDENTS, also with regard to the identification and classification of serious operational and security INCIDENTS, and to monitor and manage customer complaints in the field of security, adopting also a mechanism for communicating INCIDENTS as referred to in the following Article;
- e) adopt procedures to file, monitor, track and restrict access to SENSITIVE DATA RELATING TO PAYMENT; elaborate a description of principles and definitions applied for the collection of statistical data related to results, operations and fraud and provide the CENTRAL BANK annually with the result of the collection of such data.
- f) elaborate and provide the CENTRAL BANK annually with a document related to security policy, including a detailed evaluation of operational and security risks concerning payment services provided, together with a description of the adequacy of mitigation measures and control mechanisms adopted to protect payment services users against security-related risks, including fraud and the illegal use of sensitive and personal data. These control measures indicate how they guarantee a high level of technical security and data protection, including the software and information systems used by the applicant or companies to which all or part of the activities are outsourced.

3. In case of reliance on AGENTS to provide PAYMENT SERVICES or, for EMI only, in case of reliance on AUTHORIZED SUB-PROVIDERS to distribute and refund ELECTRONIC MONEY, INSTITUTIONS shall ensure compliance by those entities with their internal rules, as well as the provisions applicable to them (e.g. transparency, usury, money laundering, rights and obligations of the parties). INSTITUTIONS carry out on-site or remote controls on the network at least annually. INSTITUTIONS also ensure that customers are duly aware of the entities whose services they rely on (AGENTS and AUTHORIZED SUB-PROVIDERS).

4. INSTITUTIONS control and manage the risks associated with the investments of FUNDS received from CUSTOMERS to ensure their prompt availability for the execution of PAYMENT TRANSACTIONS. They devise operating procedures aimed at ensuring compliance with the deadlines set by law for the deposit or investment of FUNDS and for the settlement of any imbalances between the value of these assets and the FUNDS received.

5. INSTITUTIONS shall adopt, inter alia, appropriate safeguards to address the risk of disclaimed credit transactions of ELECTRONIC MONEY or PAYMENT ACCOUNTS made online, for example by credit card charges (phishing phenomena, etc.).

Article VII.IV.15 – Reporting of incidents

1. In case of an operational or security INCIDENT, qualified as serious in application of the criteria set out in the current guidelines of the European Banking Authority, INSTITUTIONS shall notify the CENTRAL BANK without delay. If the INCIDENT affects or could affect the financial interests of its USERS, the INSTITUTION immediately informs them of the INCIDENT and of all available measures that they can take to mitigate its negative effects.
2. INSTITUTIONS provide the CENTRAL BANK at least annually with statistical data on fraud related to the different payment methods.

Article VII.IV.16 – Credit risk

1. In the event that INSTITUTIONS, in the provision of PAYMENT SERVICES, grant loans to CUSTOMERS, they define appropriate operational and decision-making processes associated with the management of credit risk; this obligation is also required with reference to the activity of issuing and administering credit cards with monthly balance.
2. INSTITUTIONS shall have at all times a correct perception of their exposure towards each CUSTOMER or group of connected CUSTOMERS, also in order to proceed, if necessary, with a timely review of the credit lines.
3. The process concerning the credit supply can be divided into the following stages: 1) screening; 2) disbursement; 3) monitoring of positions; 4) interventions in case of anomalies; 5) review of credit lines; it must result from specific internal regulations and must be periodically subjected to verification. The regulation, approved by the Board of Directors, defines, inter alia:
 - a) the minimum documentation required to carry out a proper assessment of the creditworthiness of the borrower;
 - b) any proxies on credit supply;
 - c) the procedure for the renewal of credit lines;
 - d) the procedures and obligations related to the credit monitoring;
 - e) the methods and the activation times in case of detection of NON-PERFORMING EXPOSURES;
 - f) the criteria for the classification, management and evaluation of NON-PERFORMING EXPOSURES.
4. All credit lines are granted at the end of a documented preliminary procedure, even if based on automated procedures.

Chapter V

Obligations in case of outsourcing of strategic operational functions

Article VII.IV.17 – Strategic operational functions

1. An operational function shall be deemed strategic for the INSTITUTION when relating to PAYMENT SERVICES or the issuing of ELECTRONIC MONEY, or in any case in which an anomaly in its execution or non-execution may:
 - a) jeopardise the ability of the INSTITUTION to continue to comply with the requirements relating to its authorization or other obligations applicable to it under these provisions;
 - b) seriously compromise its financial results or the soundness or the continuity of its PAYMENT SERVICES or of the activity of issuing ELECTRONIC MONEY;
 - c) constitute a prejudice to the smooth functioning of the payment system.

Article VII.IV.18 – Negative requirements of outsourcing

1. The INSTITUTIONS that outsource strategic operational functions shall ensure that:
 - a) outsourcing does not determine the delegation of responsibility on the part of corporate bodies;
 - b) the relationship and obligations of the INSTITUTION towards its CUSTOMERS in the provision of PAYMENT SERVICES or in the ELECTRONIC MONEY issuing activity are not compromised;
 - c) compliance with the conditions that the INSTITUTION must meet in order to be authorized to provide PAYMENT SERVICES or to issue ELECTRONIC MONEY and to maintain this authorization is not jeopardized;
 - d) none of the other conditions to which the authorisation of the INSTITUTION is subject shall be removed or modified.
2. The outsourcing of strategic operational functions cannot materially jeopardize the quality of the INSTITUTION's internal control, nor prevent the CENTRAL BANK from monitoring the INSTITUTION's compliance with the obligations laid down in this Regulation.

Article VII.IV.19 – Positive requirements of outsourcing

1. For the purposes referred to in the preceding Article, INSTITUTIONS, when concluding or implementing agreements for the outsourcing of strategic operational functions, shall ensure that the following conditions are met:
 - a) the OUTSOURCER has the expertise, capacity and any authorization required by law to perform the outsourced functions reliably and professionally;
 - b) the OUTSOURCER provides the outsourced services effectively and the INSTITUTION consequently adopts methods for assessing the level of such services;
 - c) the OUTSOURCER adequately supervises the performance of the outsourced functions, and appropriately manages the risks associated with outsourcing;
 - d) the INSTITUTION retains the expertise required to effectively control the outsourced functions and to manage the risks associated with outsourcing, controls these functions and manages these risks;
 - e) the OUTSOURCER informs the INSTITUTION of any development that might significantly affect its capacity to perform the outsourced functions effectively and in compliance with the regulations and requirements in force;

- f) there are express termination clauses allowing the INSTITUTION to terminate the outsourcing agreement in the presence of events that could compromise the ability of the OUTSOURCER to provide the service or in the presence of failure to provide the agreed level of service;
- g) the OUTSOURCER cooperates with the authorities, including the CENTRAL BANK, regarding outsourced activities;
- h) the INSTITUTION, its AUDITORS and authorities, including the CENTRAL BANK, have effective access to data on outsourced activities and to the premises of the OUTSOURCER, being able to exercise these access rights;
- i) the OUTSOURCER guarantees the protection of confidential information about the INSTITUTION and its CUSTOMERS, also in accordance with Article 36, paragraph 4, of the LISF;
- j) the INSTITUTION and the OUTSOURCER adopt, implement and maintain a contingency plan to restore the operability of the systems in the event of disaster and the periodic verification of back-up devices, when this is necessary in view of the outsourced function;
- k) the respective rights and obligations of the INSTITUTION and of the OUTSOURCER are clearly defined and specified in a written agreement.

Article VII.IV.20 – Procedure for preliminary announcing the outsourcing operation

1. In all cases of outsourcing of strategic operational functions, the INSTITUTION shall – at least 60 days before the date on which the outsourcing contract is entered into with the OUTSOURCER, – transmit to the CENTRAL BANK a copy of the decision with which the Board of Directors of the INSTITUTION has specified:

- a) the reasons behind the choice of outsourcing;
- b) the outsourcing objectives, both in relation to the overall business strategy and to the qualitative and quantitative standards expected from the process;
- c) criteria and procedures to guide the evaluation and selection phase of potential outsourcers and the subsequent one of relation with the chosen OUTSOURCER;
- d) the reasoning behind the choice of the OUTSOURCER, with particular regard to capital adequacy, professionalism and organizational requirements;
- e) the instruments and procedures to promptly intervene in case of inadequacy of the services provided;
- f) any other relations, including the group ones, binding the INSTITUTION to the OUTSOURCER.

2. The INSTITUTION informs the CENTRAL BANK without delay of any changes occurred to the information referred to in the previous paragraph.

Title V

Distribution networks

Chapter I

Distribution networks in the Republic of San Marino

Article VII.V.1 – Procedure for opening new branches

1. An INSTITUTION intending to open new BRANCHES in the Sammarinese territory shall submit an application for authorization to the CENTRAL BANK as provided for in Article III.II.6.
2. The application shall contain any useful information to the presentation of the project, in particular:
 - a) the exact location of the new BRANCH;
 - b) the services provided, including the ancillary ones;
 - c) the rationale for expanding the distribution network;
 - d) the business plan, the organization chart and the related employment plan with reference to the first three years of activity of the BRANCH;
 - e) the start-up times for commencing operations;
 - f) the main clauses of the contract for the acquisition of the premises: the counterparty's PARTICULARS, price and method of payment in the event of purchase, maturity and fee in the event of a lease, duration, rent and rate in the event of leasing, etc.
3. Within 60 days of the date of receipt of the application, the CENTRAL BANK shall provide written notice of whether the authorization has been granted or rejected.
4. In cases where the CENTRAL BANK asks the INSTITUTION to provide supplementary information and/or documents to complement the application, the limitation period shall be interrupted, provided that such interruption is expressly indicated in the communication requesting additional information in support of the application.

Article VII.V.2 – Assessment criteria

1. The CENTRAL BANK, pursuant to Article 48, paragraph 3 of the LISF, may deny authorization on the basis of assessments pertaining to the organizational adequacy, the financial, economic and capital position of the applicant INSTITUTION.

Article VII.V.3 – Notification of the start of branch operations

1. The CENTRAL BANK shall be provided with written notification of the opening to the public of a BRANCH within 10 calendar days from the starting date of operations.

Article VII.V.4 – Use of agents

1. The INSTITUTION that intends to use AGENTS in the Sammarinese territory for the promotion and conclusion of contracts for the provision of PAYMENT SERVICES shall submit an application for authorization to the CENTRAL BANK in accordance with the provisions of Article III.II.6.
2. The application shall contain any useful information and in particular:
 - a) the reasoning behind resorting to AGENTS for the provision of PAYMENT SERVICES;

- b) the PAYMENT SERVICES for which the INSTITUTION intends to use AGENTS;
- c) the identification details of each AGENT that the INSTITUTION intends to use: name, surname or denomination, economic operator code and address;
- d) a description of the internal control mechanisms that the INSTITUTION intends to use to ensure that AGENTS comply with money laundering and counter-terrorist financing obligations according to the scheme referred to in Annex 1;
- e) the statement of the INSTITUTION declaring the verification of the adequacy of:
 - the control mechanisms adopted by the AGENT for the purpose of compliance with the INSTITUTION obligations in the field of money laundering and counter-terrorism financing;
 - the organizational structure and the resources available to the AGENT in order to promote and conclude contracts related to the provision of PAYMENT SERVICES in a proper way;
- f) except in the case of an AGENT being already a PSP, copy of the decision of the Board of Directors' of the INSTITUTION showing in analytical terms the verification conducted, with reference to each AGENT, on the possession by the same, of the same requisites of integrity and professionalism as well as those provided for the members of the Board of Directors of the INSTITUTION;
- g) copy of the *curriculum-vitae* of each AGENT examined by the Board of Directors for the purpose of adopting the resolution referred to in the previous letter as well as copy of the certificate of registration and good standing of the AGENTS legal entities.

3. For the purposes of adopting the resolution referred to in the previous paragraph, letter f), in case of an AGENT legal entity:

- compliance with integrity requirements are carried out with regard to the BENEFICIAL OWNERS of the AGENT, those who are administrators and any directors;
- compliance with the requirements of professionalism are carried out with regard to administrators and any directors.

4. The CENTRAL BANK, within 60 days of receipt of the application referred to in paragraph 2, shall communicate to the INSTITUTION the entry of the AGENT in an appropriate section of the REGISTER dedicated to the INSTITUTION.

5. The time limit indicated above may be:

- a) suspended, if from the examination of the information aspects emerge that require further investigations by the CENTRAL BANK. The CENTRAL BANK sets a deadline for the submission of the additional information required, warning that in the absence of such additional information, the application will be considered withdrawn;
- b) interrupted, if the documentation provided is incomplete or inadequate or the INSTITUTION transmits on its own initiative the new documentation supplementing or amending the one initially provided. The CENTRAL BANK communicates the interruption of the time limit.

6. The AGENT starts the operations only after the entry in the REGISTER.

7. The INSTITUTION or INSTITUTIONS are jointly liable for any damage caused to third parties, in the exercise of their activities, by the AGENTS they use, even if said damage follows liability ascertained criminal procedures.

8. INSTITUTIONS make sure that AGENTS inform the PAYMENT SERVICES' users acting on their mandate.

9. After registration, the INSTITUTIONS communicate to the CENTRAL BANK, without delay, any changes in the data relating to their AGENTS listed in the REGISTER, as well as any changes that have occurred in any case with respect to the latest information provided or documentation produced having as object integrating elements of the requirements for the registration, without prejudice to the annual obligation referred to in the following paragraph.

10. By 31 March of each year, the INSTITUTIONS must send to the CENTRAL BANK, a copy of the Board of Directors' decision, acknowledging the permanence, for each of its AGENTS enrolled in the REGISTER, of the possession of the requirements envisaged for the registration itself, together with, if changes have occurred, the updated documentation referred to in paragraph 2, letters d) and e).

11. In the case of an application for registration of new AGENTS, if this has not led to changes in the internal control mechanisms, the INSTITUTION may refer to the description referred to in paragraph 2, letter d) previously produced.

12. The institutions communicate to the CENTRAL BANK without delay the termination of the contract with their AGENTS enrolled in the Register.

Article VII.V.5 – Distribution and redemption of electronic money through authorized sub-providers

1. The provisions referred to in Chapter V of Title IV also apply in cases where the ELECTRONIC MONEY ISSUER intends to make use of AUTHORIZED SUB-PROVIDERS for the distribution and reimbursement of ELECTRONIC MONEY in the Sammarinese territory.

2. In cases where the authorized sub-provider distributing the ELECTRONIC MONEY receives the sums for the ELECTRONIC MONEY to be issued directly from the CUSTOMER and simultaneously releases the representative (physical or virtual) PAYMENT INSTRUMENT of the same, the outsourcing agreement, in addition to what is listed in Article VII.IV.19, shall also define:

- a) the terms and conditions by which the amounts received are recognized to the ELECTRONIC MONEY ISSUER, also in order to determine the time of issue of the ELECTRONIC MONEY;
- b) the safeguards adopted against the risk connected with the conduct of the distributor in violation of the provisions in force.

3. The ELECTRONIC MONEY distribution service may include the signing of the contract with the CUSTOMER, upon the fulfilment of CUSTOMER due diligence in compliance with the current provisions on anti-money laundering and counter-terrorism financing.
4. Without prejudice to the provisions set forth in Article VII.IV.20, the ELECTRONIC MONEY ISSUER who intends to make use of AUTHORIZED SUB-PROVIDERS for the distribution and redemption of the ELECTRONIC MONEY shall also transmit to the CENTRAL BANK a general outline of agreement, drawn up in compliance with the provisions contained in the previous paragraphs or referred to in them.
5. After sixty days from receipt of the communication referred to in the previous paragraph, in the absence of different indications from the CENTRAL BANK, the general outline of agreement can be adopted. The individual acquiring agreements drawn up according to the scheme are not subject to specific communication to the CENTRAL BANK. The ELECTRONIC MONEY ISSUER notifies the CENTRAL BANK of any significant changes made to the contractual acquiring scheme at least sixty days before their adoption.
6. The ELECTRONIC MONEY ISSUER keeps appropriate up-to-date evidence of all the AUTHORIZED SUB-PROVIDERS it makes use of and keeps records available to the CENTRAL BANK.

Chapter II

Distribution network abroad

Article VII.V.6 – Opening branches abroad

1. Companies intending to establish new BRANCHES abroad shall submit a preliminary notification (referred to in Article 74 of the LISF) to the CENTRAL BANK in the manner laid down in Article III.II.6. In addition to the information listed in the preceding Article, the notification shall contain any additional information relevant to the presentation of the project, and in particular:
- a) the INSTITUTION's international expansion plan;
 - b) PARTICULARS and curricula vitae for the managers of the new BRANCH, specifying their assigned decision-making powers;
 - c) the methods that will be used by the parent company to carry out the INTERNAL AUDIT FUNCTION as applied to foreign BRANCHES;
 - d) the amount of the endowment fund, where requested;
 - e) information reporting and accounting procedures adopted by the foreign BRANCH and the extent to which they are consistent or compatible with the central information reporting and accounting system;
 - f) the possible recourse, in the same country in which the BRANCH is established, to AGENTS for the provision of PAYMENT SERVICES or to AUTHORIZED SUB-PROVIDERS for the distribution and redemption of ELECTRONIC MONEY.

Article VII.V.7 – Provision of services without permanent establishment abroad

1. The prior notification referred to in Article 74 of the LISF for the purposes of engaging in operations abroad on the basis of the freedom to PROVIDE SERVICES WITHOUT PERMANENT ESTABLISHMENT shall be submitted to the CENTRAL BANK in accordance with the methods established in Article III.II.6 and shall contain any information relevant to the presentation of the project, and in particular:

- a) the country and the sector in which the activity in question is going to be performed;
- b) the nature of the services and products to be provided;
- c) the technical methods that will be used to carry out the operations;
- d) the possible recourse, in the same country in which you intend to operate, to AGENTS for the provision of PAYMENT SERVICES or to AUTHORIZED SUB-PROVIDERS for the distribution and redemption of ELECTRONIC MONEY.

Article VII.V.8 – Specific provisions relating to the use of agents and authorized sub-providers abroad

1. In case of recourse by the INSTITUTION to AGENTS or AUTHORIZED SUB-PROVIDERS, in addition to what is established in Articles VII.V.6 and VII.V.7, the provisions set forth in Articles VII.V.4 and VII.V.5 respectively apply, without prejudice to the identification of the foreign AGENT by means of an identification code equivalent to the economic operator one.

Article VII.V.9 – Establishment of representative offices

1. The prior notification referred to in Article 74 of the LISF for the purposes of opening a REPRESENTATIVE OFFICE abroad shall be submitted to the CENTRAL BANK in accordance with the methods prescribed in Article III.II.6 and shall indicate the foreign country in which the representative office is to be established, the date on which the representative office is to commence operations, and the resources allocated for this purpose.

Article VII.V.10 – Assessment criteria

1. Pursuant to Article 74, paragraph 2 of the LISF, the CENTRAL BANK may prohibit operations abroad on the basis of assessments pertaining to the capital, financial, and organizational situation of the applicant INSTITUTION, as well as on the basis of the suitability of the legal system in force in the country of establishment to guarantee the effective exercise of supervisory functions.

Title VI

Amendments to the Charter

Article VII.VI.1 – Application for authorization

1. Pursuant to Article 47 of the LISF, the INSTITUTION intending to modify its own charter shall submit, with at least thirty days of notice with respect to the shareholders' resolution, an application for authorization to the CENTRAL BANK, containing the information useful for the description of the project and in particular:

- a) clear indication of the Article or Articles to be amended;

- b) the full text of the charter's Article or Articles in their pre-amendment and post-amendment wording, even if the amendment affects just a few paragraphs or parts thereof;
- c) the reasoning behind the proposed amendments to the charter;
- d) the date of the Shareholders' Meeting including on the agenda the amendment to the charter in question or, in the absence of a convocation notice, the date on which a plenary session is scheduled to discuss the matter.

2. Alternatively, the application may enclose a copy of the Board of Directors' decision and a copy of the notice convening the Shareholders' Meeting, provided that these report with sufficient clarity and completeness, all the information listed above.

3. Within 10 days of the date of the Shareholders' Meeting that deliberates on the statutory changes referred to above, the INSTITUTION shall send to the CENTRAL BANK by e-mail, the full text of the charter, as amended, in electronic format.

4. In order to simplify and accelerate the authorization procedures referred to in Articles VII.VI.2 and VII.VI.3 below, the INSTITUTION may substitute or amend, on its own initiative, pending the deadline set forth in the following Article, the application previously submitted pursuant to and within the terms of the first paragraph, with another paper application, in full compliance with early indications received via e-mail from the Supervision Department regarding the electronic revisions to the original text of the Charter, sent by the INSTITUTION via e-mail for such purpose.

Article VII.VI.2 – Deadline for the decision

1. Except in the case of interruption of the deadline, the CENTRAL BANK — within 30 days of the date of receipt of the application, or of its subsequent substitutions or corrections — shall provide the applicant INSTITUTION with written notification of the issuance or rejection of the authorization to amend the charter.

2. The CENTRAL BANK may deny authorization only in those cases where the amendment conflicts with the sound and prudent management and with the provisions set forth in Part III, Title III of these Regulations or in any case impedes the exercise of the supervision function.

Article VII.VI.3 – Resubmission of the application

1. In the event of a refusal, the INSTITUTION may submit to the CENTRAL BANK new applications for authorization focusing on the same portions of the charter albeit making to the proposed amendment the changes necessary to incorporate the reasons set out in the refusal decision.

2. In the event of resubmission of the application, this may only contain the information referred to in letter b) of Article VII.VI.1, first paragraph, provided that reference is made to the previous application.

3. The time period allowed for granting the decision in cases of resubmission of the application, except in cases of interruption, shall be 15 days from receipt of the application.

Article VII.VI.4 – Presentation to the Shareholders’ Meeting

1. At the Shareholders’ Meeting, the President of the INSTITUTION shall present the decision authorizing the amendments to the charter as issued by the CENTRAL BANK, in accordance with Article 47, paragraph 4 of the LISF.

Article VII.VI.5 – Change in the share capital

1. In cases where a change to the Articles of association is consequent to a change in share capital, the application for authorization referred to in Article VII.VI.1 shall also contain all the information necessary to describe the reasons, methods and timing of the operation.

2. In particular, in cases involving an increase in the share capital, it shall be specified whether it is a free or paid increase and, respectively, from which reserve funds it is drawn or the methods and deadlines for the subscription and payment of the new share capital.

3. In the case of a paid capital increase, the INSTITUTION, within ten days of the completion of each operation, shall provide the CENTRAL BANK with written notification:

- a) of the subscription, indicating the composition of the new shareholder structure (the shareholders’ PARTICULARS and the equity share subscribed by each shareholder, both in percentage terms and in terms of overall price and nominal value), even when unchanged;
- b) the payment of the capital, attaching copy of the accounting receipt(s) showing that the sums of money have been credited.

Title VII

Block acquisitions of assets and liabilities

Article VII.VII.1 – Scope of application

1. The following rules apply to transfers in favour of INSTITUTION of:

- a) FIRMS;
- b) COMPANY BRANCHES;
- c) LEGAL RELATIONSHIPS IDENTIFIABLE AS A BLOCK.

2. The provisions referred to in this Title are applicable, as far as compatible and in compliance with the provisions of Chapters I and II of Title IV of the CORPORATIONS ACT, also to the other extraordinary merger and demerger transactions, which, in the absence of a threshold of significance under Article 52 paragraph 2 of LISF, are always subject to the prior authorization by the CENTRAL BANK.

Article VII.VII.2 – Publicity

1. The INSTITUTION to which the assets have been transferred shall report the transfer by means of a notification to the CENTRAL BANK.
2. The CENTRAL BANK shall publish the notification by the following means:
 - a) a request to the Single Court to post the notification in a prominent place by displaying it on the doors of the Public Palace (*ad valvas palatii*, to use the Latin expression) and at all the “Case di Castello” of the Republic of San Marino;
 - b) publication of the notification and the related link to the official notice on an appropriate page of the CENTRAL BANK’s website.
3. The publication shall indicate:
 - a) the distinguishing elements that make it possible to identify the asset being transferred;
 - b) the effective date of the same;
 - c) the procedure (places, times) whereby any interested party may acquire information on their situation, where necessary.
4. The transferee INSTITUTION shall notify the individual interested party at the earliest opportunity, as part of periodic reporting or announcements pertaining to specific transactions.

Article VII.VII.3 – Utilization on the premises of the transferor

1. If the technical and human resources being transferred are temporarily used by the transferee INSTITUTION on the premises of the transferor, the separation of the activities carried out by both parties must be ensured, in order to avoid creating confusion among CUSTOMERS in relation to the identification of the effective counterparty as well as to avoid management fees.

Article VII.VII.4 – Acquisition of “reserved activities”

1. If an activity is acquired for which an initial authorization to operate is required, and the transferee INSTITUTION is not yet in possession of such authorization, the authorization must be requested in accordance with the provisions governing the specific activity in question.

Article VII.VII.5 – Branch acquisition

1. The acquisition of the first BRANCH in the Sammarinese territory by a foreign INSTITUTION shall be governed by the provisions set forth in Part III, Title VI, Chapter I; the acquisition of additional BRANCHES shall be governed by the provisions set forth in Part VII, Title V, Chapter I.

Article VII.VII.6 – Operations subject to authorization

1. Authorization by the CENTRAL BANK shall be required in the case of operations involving the transfer of assets and liabilities when the sum of the latter exceeds 40% of the total regulatory capital of the transferee INSTITUTION, as defined in Part VII, Title II.

2. In all other cases, i.e. those in which the transfer is in favour of an INSTITUTION but below the threshold referred to in the previous paragraph and all those in which the INSTITUTIONS transfer FIRMS, COMPANY BRANCHES or LEGAL RELATIONSHIPS IDENTIFIABLE AS A BLOCK to third parties, without prejudice to the provisions of Article III.VII.2 and the possible consequences under Article III.VII.3, the CENTRAL BANK shall in any case receive prior notification from the INSTITUTION at least 60 days in advance of the expected date of completion of the transaction, for the purpose of verifying the criteria set forth in Article VII.VII.9.

Article VII.VII.7 – Content of the application

1. The application for authorization shall accurately describe the subject matter of the transfer and illustrate the objectives that the INSTITUTION intends to achieve. In particular, information must be provided regarding the impact of the transaction on compliance with prudential rules governing capital adequacy; on the latter point, account must be taken also of any items to be subtracted from the total regulatory capital of the transferee INSTITUTION.

2. In the event that the transaction entails access to a new business sector or an expansion of the corporate structure, any interventions that will be carried out on the organization of the INSTITUTION must be specified.

Article VII.VII.8 – Period of time allowed for issuing the decision

1. The CENTRAL BANK shall issue the transfer authorization within 90 days of receipt of the application, if it verifies that the transaction does not lead, from a future prospective, to non-compliance with the prudential supervisory rules, with particular attention to those relating to capital and organizational adequacy.

2. The CENTRAL BANK may, however, prohibit the transaction if it finds that it conflicts with the sound and prudent management of the INSTITUTION.

3. The CENTRAL BANK may require additional information. In such cases, the running of the period of time for issuing the decision shall be suspended.

4. If the documentation presented is incomplete or insufficient, the running of the period of time shall be interrupted.

Article VII.VII.9 – Inadmissibility condition

1. INSTITUTIONS may neither sell nor buy FIRMS, COMPANY BRANCHES or LEGAL RELATIONSHIPS IDENTIFIABLE AS A BLOCK when such action results in violation of the prudential supervision regulations set forth in this Part of the Regulations.

PART VIII

SUPERVISION INSTRUMENTS

Title I

Introduction

Article VIII.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 41 and 42 of the LISF.

Article VIII.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, in Articles 18 and 18-bis.

Title II

Off-site supervision

Article VIII.II.1 – Periodic information requirements

1. INSTITUTIONS shall provide the CENTRAL BANK with SUPERVISORY REPORTS also for the purpose of monitoring compliance with prudential supervision rules pursuant to Part VII of these Regulations, and more generally, with principles of sound and prudent management.

2. The amounts indicated, in compliance with the provisions set forth in the decisions referred to in Article VIII.II.3, as well as the reporting forms and operating manuals referred to in Article VIII.II.4, in the SUPERVISORY REPORTS, shall be used by the CENTRAL BANK in determining and monitoring all aggregates mentioned in Part VII of these Regulations.

Article VIII.II.2 – Non-periodic information requirements

1. In addition to the documents to be sent periodically, pursuant to the previous Article, and those to be sent if necessary in support of the communications or applications for authorization provided for in these Regulations, INSTITUTIONS must also send the following to the CENTRAL BANK:

- a) certified and full copy of each minutes of the shareholders' meetings, even when such minutes do not contain decisions subject to disclosure or authorization requirements, together with the updated certificate of registration and good standing, when the shareholders' meeting decisions have led to the updating of data contained therein;
- b) business plan relating to any new business sectors to be launched, complete with the related decision of the Board of Directors and all useful indications with regard to: investments to be made, expected profitability in the first three years, human resources and logistical assets to be allocated, impacts on the

company's organizational structure, with specific regard to the implementation of the SYSTEM OF INTERNAL CONTROLS.

2. The deadline for submitting the documents set forth in the above paragraph is 10 days, respectively, from:

- a) the date of conclusion of the legal process of completion of the deed, namely, the most recent between those of execution, registration, deposit and enrolment in the Register of Companies;
- b) the date of adoption of the relevant resolution by the Board of Directors.

Article VIII.II.3 – Completeness

1. The content, template, compilation criteria, format, methods of transmission, and the deadline for submitting all the documents to the CENTRAL BANK are subject to specific provisions to which reference should be made, including Regulation No. 2015-01 and Circular No. 2017-04.

Article VIII.II.4 – Reporting forms and operating manuals

1. For the purposes of the correct execution of the SUPERVISORY REPORTS, the reporting forms and the related operating manuals containing the instructions for completing and sending statistical data are made available in the reserved area of the CENTRAL BANK's website; the operating manuals may also contain interpretative and/or detailed information which can also be used for other supervisory purposes, with references to the same subjects covered.

2. Updates of the reporting forms and operating manuals are introduced by decision of the Supervision Committee of the CENTRAL BANK, and brought to the attention of the interested parties suitably in advance of their starting date, in relation to the importance and operational impacts of the changes made.

3. If with reference to a periodic SUPERVISORY REPORT, or part thereof, there is no information to be communicated to the CENTRAL BANK, the INSTITUTION in question must in any case comply with the disclosure requirement by confirming the non-existence of information.

Article VIII.II.5 - Queries

1. INSTITUTIONS may submit queries to the CENTRAL BANK to request clarification on periodic reports and relating implementing provisions, as well as, more generally, requests for clarification on the content of these Regulations and of other supervisory provisions issued.

2. The query must meet the following requirements:

- a) sender: Sammarinese INSTITUTION or Sammarinese BRANCH of a foreign INSTITUTION;
- b) recipient: Supervision Department;
- c) form: letter or e-mail message signed, even digitally, by the HEAD OF THE EXECUTIVE STRUCTURE or a person acting on his/her behalf by reason of the role played or by express mandate received and

previously notified to the CENTRAL BANK, in compliance with the maximum limit of 3 employees delegable for each INSTITUTION.

Title III

On-site supervision

Article VIII.III.1 – On-site inspections

1. Inspections are aimed at ascertaining that the activities exercised by the INSTITUTION meet the criteria of sound and prudent management, are carried out in accordance with the requirements of the regular functioning of the payment system and in compliance with the provisions governing the exercise of such activity. In this context, on-site inspections assess the technical and organizational situation of the INSTITUTION and verify the correctness of the information provided to the CENTRAL BANK. The inspections may relate to the overall business situation ("full spectrum"), specific operational sectors and/or compliance with sector regulations ("targeted") as well as compliance of any corrective actions carried out by the INSTITUTION ("follow up").

2. Those who, on behalf of the CENTRAL BANK, visit the INSTITUTION or its BRANCHES or AGENTS in order to carry out inspections shall be required to produce:

- a) a letter of appointment addressed to the inspected INSTITUTION, signed by a member of the Supervision Committee of the CENTRAL BANK, and containing information on the subjects in charge;
- b) an IDENTITY DOCUMENT that is currently valid, or an equivalent identification document issued by the CENTRAL BANK.

3. During the investigations, the CENTRAL BANK may access the entire information assets of the INSTITUTION, without any limitation and in accordance with the inapplicability the obligation of banking secrecy, pursuant to the provisions of Article 36, paragraph 5, letter b) of the LISF, by requesting cooperation from the persons outlined in the following paragraph 4. The exercise of investigative powers provided for in Article 42, paragraph 2 of the LISF towards subjects to whom the INSTITUTION has outsourced corporate functions, as well as towards its AGENTS implies the launch of investigations against the INSTITUTION and takes place by virtue of the same letter of appointment mentioned above.

4. CORPORATE OFFICERS and the staff of the inspected INSTITUTION shall be required to provide maximum cooperation to those performing the investigations, and in particular, they shall be required to promptly and fully provide the information and documents that the inspectors deem necessary. The INSTITUTION shall also take steps to ensure that the information and documents requested by the inspectors, and in the possession of other parties involved, are promptly made available.

Article VIII.III.2 – Inspection report

1. The inspection report, drawn up upon the completion of the inquiries and intended for the INSTITUTION as an inspected entity, shall provide a detailed description of the corporate facts and actions encountered that are

incompatible with the criteria of sound management or with the rules and regulations governing the exercise of the activity.

2. The closure of inspections is notified by the CENTRAL BANK to the INSTITUTION by letter signed by a member of the Supervision Committee. The inspection report is notified within the 60 days following the date of closure of the inspections, to the CORPORATE OFFICERS of the inspected entity and, only for the parts falling within their competence, to the AUDITORS of the inspected entity itself or to the Commissioner appointed by the CENTRAL BANK and to the members of the dissolved bodies, in the cases where the inspections have resulted in the adoption of a decision under Part II, Title II, Chapter I or II of the LISF.

3. Within 30 days of notification of the inspection report, the inspected entity as well as the AUDITORS shall provide the CENTRAL BANK with their views on what emerged from the inspection, and shall further advise the CENTRAL BANK of the action taken — or which they intend to take — to eliminate the anomalies and irregularities identified in the report.

4. This is without prejudice to the provisions governing the separate procedure for the imposition of administrative penalties in cases of violations to be sanctioned identified in the course of the inspection assessment.

PART IX

FINANCIAL GROUP

Title I

Introduction

Article IX.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 53, 54, 55, 57, 58, 59 and 60 of the LISF.

Article IX.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 18 and 18-bis.

Title II

Group governance

Article IX.II.1 – Regulatory functions

1. The PARENT COMPANY, pursuant to Article 57 of the LISF, shall incorporate into its own directives, binding upon GROUP MEMBERS, the general and special provisions issued by the CENTRAL BANK in the interest of ensuring the GROUP stability, and shall verify their compliance.

2. For the purposes of the provisions set forth in the preceding paragraph, the PARENT COMPANY may ask each GROUP MEMBER to provide information, data, and statements useful for the purpose, which the directors of the GROUP MEMBERS are required to provide.

Article IX.II.2 – Supervisory functions

1. The PARENT COMPANY shall provide the GROUP with a SYSTEM OF INTERNAL CONTROLS allowing for an effective supervision of the GROUP from a strategic, managerial, and technical/operational point of view.

2. For the purposes of what established in the preceding paragraph, provision shall be made for:

- a) standardized procedures for coordination and connection between the GROUP MEMBERS and the PARENT COMPANY for all areas of activity;
- b) mechanisms for integration of the accounting systems, also for the purpose of ensuring the reliability of disclosures on a consolidated basis;
- c) periodic information flows to verify attainment of strategic goals as well as compliance with rules and regulations;

- d) the duties and responsibilities of the various structures responsible for RISK CONTROLS inside the GROUP and the coordination mechanisms;
- e) procedures ensuring the centralized measurement, management, and control of all the GROUP's risks at the consolidated level;
- f) information systems that make it possible to monitor financial flows and credit reports, with particular regard to warranty services among GROUP MEMBERS.

3. The PARENT COMPANY shall further:

- a) formalize and make known to all GROUP MEMBERS the criteria for the measurement, management, and control of all risks;
- b) validate the systems and procedures for RISK CONTROLS inside the GROUP.

4. With reference to credit risk, the PARENT COMPANY shall establish valuation criteria for exposures and shall establish a base of shared information, which allows all GROUP MEMBERS to determine customers' exposures to the Group as well as the valuations associated with borrowers' exposures.

5. In accordance with GROUP strategies and in compliance with the provisions set forth in Article VII.IV.20, it is possible to centralize, in whole or in part, the INTERNAL AUDIT FUNCTION at the PARENT COMPANY or at one of the GROUP MEMBERS.

6. In order to verify compliance of GROUP MEMBERS' behaviour with the directives issued by the PARENT COMPANY, as well as to determine the effectiveness of the SYSTEM OF INTERNAL CONTROLS, the PARENT COMPANY shall conduct periodic inquiries as well as provide the CENTRAL BANK annually with a report, containing assessments of the Board of Directors and Board of Auditors, focusing on the inquiries mentioned above.

PART X
CUSTOMER RELATIONS

Title I
Introduction

Article X.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 61, 62, 63, 64, 65, 66, 67 and 68 of the LISF and in Article 7 of the PSD2 DECREE.

Article X.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 9, 12, 13, 14, 18 and 18-bis.

Article X.I.3 – General principles

1. In their relations with customers, PSPs must behave in a diligent, appropriate, and transparent way in accordance with the provisions of Article 66 of the LISF, by applying objective, non-discriminatory and proportionate conditions.

2. They shall provide their customers with at least the information specified in these provisions in an appropriate manner to the form of communication used, in a clear and exhaustive way, having due regard to the nature of the customer relationships and recipients involved. To this end, it may be useful to use a Glossary containing the definitions of technical terms used in the forms.

3. PSPs shall explain to their CUSTOMERS, excluding the QUALIFIED COUNTERPARTS, the main general or specific risks connected with the PAYMENT SERVICES or ELECTRONIC MONEY ISSUING SERVICES.

4. The PSPs shall also inform their CUSTOMERS of their rights, of complaint procedures as well as other form of out-of-court settlement of disputes, when such mechanisms are available to CUSTOMERS, in addition to explaining the means for accessing the same, notwithstanding the provisions of Article 68 of the LISF about the possibility for the CUSTOMER to send the CENTRAL BANK reports of alleged failures by the PSP to comply with the provisions laid down in this Part. The information referred to in this paragraph must be clear, understandable and easily available on the PSP website, if any, at the branches and in the general conditions of the contract between the PSP and the CUSTOMER.

5. The points made above must be brought to the attention of the CUSTOMER, even if the customer makes no specific request as such, by virtue of the professional standards of diligence required from the PSPs.

6. Contracts shall be drawn up in a clear and comprehensive way.

7. If the PSP is a bank, the rules referred to in this part shall prevail over the ones contained in Part X of Regulation No. 2007-07.

Article X.I.4 – General scope of application

1. Title I, Title II, except for Chapter VII, and Title III, except for Chapter V, shall apply to PAYMENT TRANSACTIONS – as well as to ELECTRONIC MONEY ISSUING SERVICES, where compatible –, in the currency of a MEMBER STATE, if both the PSPs of the PAYER and the PAYEE are located in the Republic of San Marino or one is based in the Republic of San Marino and the other in a MEMBER STATE or the sole PSP is located in the Republic of San Marino.

2. Title I, Title II, except for Chapter VII, and Articles from X.II.19 to X.II.23, Title III, except for Chapter V, and Article X.III.7 paragraph 1 letter b), Article X.III.12 paragraph 1 point 2 letter e) and Article X.III.16 paragraph 1 letter a), shall apply to PAYMENT TRANSACTIONS in a currency other than that of a MEMBER STATE, if both the PSPs of the PAYER and the PAYEE are located in the Republic of San Marino or one is based in the Republic of San Marino and the other in a MEMBER STATE or the sole PSP involved in the transaction is located in the Republic of San Marino, as regards the parts of the payment transaction carried out in the Republic of San Marino.

3. Title I, Title II, except for Chapter VII, and Articles X.II.2 paragraphs 2 and 4, X.II.14, X.II.15, X.II.19, X.II.21 paragraph 1, X.II.26 and X.II.29, Title III, except for Chapter V, Article X.III.7 paragraph 1 letter b), Article X.III.12 paragraph 1 point 2 letter e) and point 5 letter g) and Article X.III.16 paragraph 1 letter a), shall apply to PAYMENT TRANSACTIONS in all currencies if only one PSP is located in the Republic of San Marino, as regards the parts of the payment transaction carried out in the Republic of San Marino.

Article X.I.5 – Dispute resolution

1. PSPs arrange and apply adequate and effective procedures for the resolution of CUSTOMERS' complaints concerning rights and obligations deriving from Title II and III of this Part.

2. PSPs are required to respond to CUSTOMERS' complaints on paper or, if agreed between the PSP and CUSTOMERS, on other DURABLE MEDIUM. This reply addresses all issues raised within a reasonable period and at the latest within 15 WORKING DAYS of receipt of the complaint. In exceptional situations, if the PSP cannot reply within 15 OPERATING DAYS for reasons beyond its control, it is required to send a holding reply, clearly indicating the reasons for the delay in responding to the complaint and specifying the deadline within which the CUSTOMER will get a definitive answer. In any case, the deadline for receiving the final answer does not exceed 35 WORKING DAYS.

Title II

Rules of correctness

Article X.II.1 – Special framework for qualified counterparts

1. The PSP and the USER, if a QUALIFIED COUNTERPART, may derogate, unless otherwise provided, from the provisions referred to in Articles X.II.2 paragraph 1, X.II.4 paragraph 4, X.II.10, X.II.12, X.II.14, X.II.15, X.II.18, X.II.26, X.II.27, provided that the same exemption is expressly provided for in the contractual agreements signed.
2. The PSP and the USER, if a QUALIFIED COUNTERPART, may agree on a time limit other than that laid down in Article X.II.9.

Chapter I

Charges and derogations

Article X.II.2 – Applicable charges

1. The PSP may not charge the USER the expenses for the fulfilment of its information obligations or incurred for the adoption of corrective and preventive measures under this Title, except as provided for in Articles X.II.17, paragraphs 2, 3 and 4, X.II.18, paragraph 5, and X.II.25, paragraph 2. When applicable, those charges shall be agreed between the USER and the PSP and shall be appropriate and consistent with the costs incurred by the PSP.
2. In cases of a PAYMENT TRANSACTION in which both the PSPs of the PAYER and the PAYEE are located in the Republic of San Marino or one is based in the Republic of San Marino and the other in a MEMBER STATE or the sole PSP involved in the PAYMENT TRANSACTION is located in the Republic of San Marino, the PAYER and the PAYEE each bear the costs applied by their respective PSP.
3. The PSP shall not prevent the PAYEE from requesting from the PAYER a charge or from offering him a reduction or otherwise steering him towards the use of a given PAYMENT INSTRUMENT. The fees charged must not exceed the direct costs incurred by the PAYEE for the use of the specific PAYMENT INSTRUMENT.
4. In any case, the PAYEE does not charge fees for PAYMENT SERVICES subject to the SEPA REGULATION.

Article X.II.3 – Derogation for low value payment instruments and electronic money

1. In the case of PAYMENT INSTRUMENTS which, according to their framework contract, relate exclusively to single PAYMENT TRANSACTIONS for an amount not exceeding EUR 30 or either having a spending limit of EUR 150 or are validated for an amount that at no time exceeds EUR 150, the parties to the framework contract may agree that:
 - a) Articles X.II.7, paragraph 1, letter b), X.II.8, paragraph 1, letters c) and d), and X.II.12, paragraph 4, do not apply if the PAYMENT INSTRUMENT cannot be blocked or prevented from further use;
 - b) Articles X.II.10, X.II.11 and X.II.12, paragraphs 1, 2 and 4, do not apply if the PAYMENT INSTRUMENT can be used anonymously or if, due to its characteristics, the PSP is unable to prove that the PAYMENT TRANSACTION has been authorized;

- c) by way of derogation from Article X.II.17, paragraphs 2, 3 and 4, the PSP is not required to notify the payment service USER of the refusal of a PAYMENT ORDER, if the non-execution of the same is evident from the context;
- d) by way of derogation from Article X.II.18, the PAYER cannot revoke the PAYMENT ORDER after having sent it to the PAYEE or after having given him his/her consent to carry out the PAYMENT TRANSACTION;
- e) by way of derogation from Articles X.II.21 and X.II.22, other implementation deadlines apply.

2. The amounts referred to in paragraph 1:

- a) shall be doubled when the PSPs of the PAYER and of the PAYEE are both located in the Republic of San Marino;
- b) are increased up to EUR 500 for the prepaid PAYMENT INSTRUMENTS.

3. Articles X.II.11 and X.II.12 shall also apply to ELECTRONIC MONEY, unless the PSP of the PAYER is not able to block the PAYMENT ACCOUNT on which the ELECTRONIC MONEY is loaded or the PAYMENT INSTRUMENT.

Chapter II

Authorization of payment transactions

Article X.II.4 – Consent and withdrawal of consent

1. The consent of the PAYER is a necessary element for the correct execution of a PAYMENT TRANSACTION. In the absence of such consent, the PAYMENT TRANSACTION cannot be considered authorized.
2. Consent to execute a PAYMENT TRANSACTION or a series of PAYMENT TRANSACTIONS shall be given in the form and in accordance with the procedure agreed in the FRAMEWORK CONTRACT or in the contract related to individual PAYMENT TRANSACTIONS. Consent to execute a PAYMENT TRANSACTION may also be given through the PAYEE or the PISP.
3. The authorization can be granted before or, where agreed between the PAYER and their PSP, after the execution of a PAYMENT TRANSACTION.
4. Consent may be revoked at any time, in the form and in compliance with the procedure agreed in the FRAMEWORK CONTRACT or in the contract related to individual PAYMENT TRANSACTIONS, but no later than the PAYMENT ORDER becomes irrevocable pursuant to Article X.II.18. PAYMENT TRANSACTIONS executed after the revocation of consent to initiate multiple PAYMENT TRANSACTIONS cannot be considered authorized.

Article X.II.5 – Confirmation on the availability of funds

1. The ACCOUNT SERVICING PSP, at the request of a CISP, is required to immediately confirm whether the amount required for the execution of a card-based PAYMENT TRANSACTION is available on the PAYER's account, provided that all the following conditions are met:
 - a) at the time of request the PAYMENT ACCOUNT of the PAYER is accessible online;
 - b) the PAYER has given explicit consent to the ACCOUNT SERVICING PSP to respond to confirmation requests from a specific CISP regarding the availability on the PAYMENT ACCOUNT of the PAYER of the amount corresponding to a specific card-based PAYMENT TRANSACTION;
 - c) the consent referred to in letter b) has been given before the first confirmation request.
2. The CISP may request the confirmation referred to in paragraph 1 if all the following conditions are met:
 - a) the PAYER has given explicit consent to the CISP to request the confirmation referred to in paragraph 1;
 - b) the PAYER initiated the card-based PAYMENT TRANSACTION for the amount in question using a card-based PAYMENT INSTRUMENT issued by the CISP;
 - c) before each confirmation request, the CISP authenticates itself to the ACCOUNT SERVICING PSP and communicates with the latter in a secure manner.
3. The confirmation referred to in paragraph 1 consists only of a simple affirmative or negative answer and not a statement of the account balance. This response is not stored or used for purposes other than the execution of the card-based PAYMENT OPERATION.
4. The confirmation referred to in paragraph 1 does not allow the ACCOUNT SERVICING PSP to block FUNDS on the PAYMENT ACCOUNT of the PAYER.
5. The PAYER may ask the ACCOUNT SERVICING PSP to communicate the successful identification of the CISP and the response provided.
6. The present Article shall not apply to PAYMENT TRANSACTIONS initiated through card-based PAYMENT INSTRUMENTS on which ELECTRONIC MONEY is loaded.

Article X.II.6 – Limits of the use of payment instrument

1. If a specific PAYMENT INSTRUMENT is used for giving consent, the PAYER and his/her PSP may agree on spending limits for PAYMENT TRANSACTIONS executed through such PAYMENT INSTRUMENT.
2. The PSP may, if agreed in the FRAMEWORK CONTRACT of the payment instrument, block the use of said PAYMENT INSTRUMENT if one of the following reasons occurs:
 - a) for cases related to the security of the PAYMENT INSTRUMENT;
 - b) in case of suspected unauthorized or fraudulent use of the PAYMENT INSTRUMENT;

- c) in the event that the PAYMENT INSTRUMENT is equipped with a credit line, a significant increase in the risk that the PAYER may be unable to fulfil his/her payment obligations.

3. In the cases referred to in paragraph 2, the PSP, in an agreed manner, shall inform the PAYER of the blocking of the PAYMENT INSTRUMENT and the reasons thereof, where possible, before the PAYMENT INSTRUMENT is blocked and, at the latest, immediately thereafter, unless such information cannot be provided for objectively justified security reasons or is prohibited by other relevant legal or regulatory provisions.

4. If the reasons that led to the blocking of the PAYMENT INSTRUMENT no longer exist, the PSP shall re-enable it or replace it with a new one.

Article X.II.7 – Obligations of the user in relation to payment instruments and personalized security credentials

1. The USER shall:

- a) use the PAYMENT INSTRUMENT in accordance with the conditions set out in the FRAMEWORK CONTRACT governing its issue and use;
- b) immediately notify the PSP, or the entity specified by the latter, in compliance with the terms set forth in the FRAMEWORK CONTRACT, as soon as it becomes aware of the loss, theft or misappropriation of the PAYMENT INSTRUMENT or of its unauthorized use.

2. For the purposes of the previous paragraph, letter a), the USER shall, as soon as he/she receives a PAYMENT INSTRUMENT, take all reasonable steps to protect its personalized security credentials.

Article X.II.8 – Obligations of the PSP in relation to payment instrument

1. The PSP issuing a PAYMENT INSTRUMENT shall fulfil the following obligations:

- a) make sure that the PERSONALIZED SECURITY CREDENTIALS that allow the use of a PAYMENT INSTRUMENT are not accessible to parties other than the USER entitled to use the same instrument, without prejudice to the obligations on the part of the USER referred to the preceding Article;
- b) refrain from sending the unsolicited PAYMENT INSTRUMENT, except where the PAYMENT INSTRUMENT already given to the USER is to be replaced;
- c) ensure that appropriate instruments are always available to enable the USER to:
 - make the notification referred to in Article X.II.7, paragraph 1, letter b);
 - request the reactivation or issue of a new PAYMENT INSTRUMENT, where the PSP has not provided it, in the case referred to in Article X.II.6, paragraph 4;
- d) upon request, the PSP shall provide the USER, in the 18 months following the notification referred to in Article X.II.7, paragraph 1, letter b), the means to prove that the same has been made;

- e) the PSP shall provide the USER the possibility to make the notification referred to in Article X.II.7, paragraph 1, letter b), for free and eventually charge the only the replacement costs directly allocated to the PAYMENT INSTRUMENT;
- f) prevent any use of the PAYMENT INSTRUMENT subsequent to the USER's notification pursuant to Article X.II.7, paragraph 1, letter b).

2. The PSP shall bear the risks deriving from sending a PAYMENT INSTRUMENT or the related PERSONALIZED SECURITY CREDENTIALS.

Article X.II.9 – Notification of unauthorized or incorrectly executed payment transactions

1. The USER, became aware of an unauthorized or incorrectly executed PAYMENT TRANSACTION, including the cases referred to in Article X.II.26, obtains its rectification only if he/she immediately notifies the PSP of that fact according to the conditions laid down in the FRAMEWORK CONTRACT or in the contract concerning single PAYMENT TRANSACTIONS. The communication must be, in any case, made within 13 months after the debit date, in the case of the PAYER, or after the date of crediting, in the case of the PAYEE.

2. The 13-month term shall not apply where the PSP has failed to provide or to make available the information on such PAYMENT TRANSACTION in accordance with the transparency provisions referred to in the following Title.

3. A PAYMENT TRANSACTION shall be considered as incorrectly executed where the execution is not compliant with the order or the instructions given by the USER to his/her PSP.

4. If a PISP is involved, the user obtains the rectification of the ACCOUNT SERVICING PSP pursuant to paragraph 1 of this Article, without prejudice to Article X.II.11 and Article X.II.26, paragraphs 1, 2, 3 and 4.

Article X.II.10 – Evidence of authentication and execution of payment transactions

1. If the user denies having authorized a PAYMENT TRANSACTION already executed or claims that this has not been correctly executed, it is the responsibility of the PSP to prove that the PAYMENT TRANSACTION has been authenticated, duly recorded and accounted for and that it has not been affected by the malfunctioning of the procedures necessary for its execution or other inconveniences of the service provided by the PSP.

If the PAYMENT TRANSACTION is initiated by a PISP, it is up to the latter to demonstrate that, within the scope of its competence, the PAYMENT TRANSACTION has been authenticated, correctly recorded and accounted for and that it has not been affected by any technical breakdown or some other inconveniences related to the service provided by the PSP.

2. If the USER denies having authorized an executed PAYMENT TRANSACTION, the use of a PAYMENT INSTRUMENT recorded by the PSP, including the PISP where appropriate, is not necessarily sufficient in itself to demonstrate either that the transaction has been authorized by the USER itself nor that he/she acted fraudulently or failed with intent or

gross negligence to fulfil one or more of the obligations referred to in Article X.II.7. The PSP, including, where appropriate, the PISP, provides evidence that demonstrates fraud or gross negligence on the part of the USER.

Article X.II.11 – PSP's liability for unauthorized payment transaction

1. Without prejudice to Article X.II.9, in the case of an unauthorized PAYMENT TRANSACTION, the PSP shall immediately refund the PAYER the amount of the same transaction and at the latest by the end of the WORKING DAY following the one in which it acknowledges the transaction or receives a communication in this regard, unless the PSP has reasonable grounds to suspect fraud and communicates these reasons in writing to the CENTRAL BANK, without prejudice to reporting obligation to the Judicial Authority. Where a PAYMENT ACCOUNT has been debited for the execution of the transaction, the PSP restores the account to the state in which it would have been if the PAYMENT TRANSACTION had not taken place. The VALUE DATE of the crediting on the PAYMENT ACCOUNT must not be after the date of debit of the amount.

2. If the PAYMENT TRANSACTION is initiated by a PISP, the ACCOUNT SERVICING PSP immediately refund, and in any case, by the end of the following WORKING DAY, the amount of the unauthorized PAYMENT TRANSACTION and, where appropriate, restores the PAYMENT ACCOUNT to the state in which it would have been if the PAYMENT TRANSACTION had not taken place. If the PISP is responsible for the unauthorized PAYMENT TRANSACTION, it shall immediately reimburse the ACCOUNT SERVICING PSP upon request of the latter for losses suffered or amounts paid as a result of the USER's reimbursement, including the amount of the unauthorized PAYMENT TRANSACTION. In accordance with Article X.II.10 paragraph 1, it is up to the PISP to demonstrate that, within the scope of its competences, the PAYMENT TRANSACTION has been authenticated, correctly recorded and that it has not been affected by technical failures or other inconveniences concerning the PAYMENT SERVICE for which it is in charge.

3. The refund referred to in paragraph 1 does not prevent the PSP from subsequently proving that the PAYMENT TRANSACTION had been authorized. In such case, the PSP may claim and obtain the return, by the USER, of the refunded amount.

4. Further financial compensation may be determined in accordance with the law applicable to the contract between the USER and his/her PSP or, where appropriate, to the contract between the USER and the PISP.

Article X.II.12 – Payer's liability for unauthorized payment transaction

1. By way of derogation from the Article above, the PAYER may be obliged to bear for no more than EUR 50 the loss relating to any unauthorized PAYMENT TRANSACTIONS resulting from:

- the use of a lost or stolen PAYMENT INSTRUMENT;
- the misappropriation of a PAYMENT INSTRUMENT.

This paragraph shall not apply in the following cases:

- the loss, theft or misappropriation of a PAYMENT INSTRUMENT could not be noticed by the PAYER before a payment, except in cases where the PAYER acted fraudulently, with consequent communication to the CENTRAL BANK as referred to in previous Article X.II.11 paragraph 1;
- the loss was caused by acts or omissions of employees, AGENTS or BRANCHES of a PSP or an entity to which the activities were outsourced.

2. The PAYER, instead, shall bear all the losses suffered relating to unauthorized PAYMENT TRANSACTIONS, if he/she has incurred them by acting fraudulently or by failing to fulfil one or more of its obligations pursuant to Article X.II.7 intentionally or with gross negligence. In such cases, the ceiling referred to in the first paragraph does not apply.

3. If the PAYER's PSP does not require STRONG CUSTOMER AUTHENTICATION, the PAYER does not bear any economic consequences unless he/she acted fraudulently. If they do not make use of the STRONG CUSTOMER AUTHENTICATION, the PAYEE or his/her PSP will reimburse the economic damage caused to the PAYER's PSP.

4. Unless he/she has acted fraudulently, the PAYER does not bear the loss resulting from the use of a PAYMENT INSTRUMENT that has been lost, stolen or misappropriated, if:

- a) use intervened after the communication referred to in Article X.II.7, paragraph 1, letter b);
- b) the PSP has not provided, in violation of Article X.II.8 paragraph 1, letter c), appropriate tools for communication as referred to in Article X.II.7, para. 1, letter b).

Article X.II.13 – Payment transactions whose amount is unknown in advance

1. If a PAYMENT TRANSACTION is initiated by the PAYEE or through him in the context of a card-based PAYMENT TRANSACTION and the exact amount of the transaction is not known at the time the PAYER allows the execution of the PAYMENT TRANSACTION, the PAYER's PSP can block FUNDS on the PAYER's PAYMENT ACCOUNT only if the latter has agreed to a predetermined amount being blocked.

2. The PAYER's PSP releases without delay the FUNDS blocked on the PAYER's PAYMENT ACCOUNT pursuant to paragraph 1 upon receipt of the information concerning the exact amount of the PAYMENT TRANSACTION and at the latest immediately after receipt of the PAYMENT ORDER .

Article X.II.14 – Refunds for payment transactions initiated by or through the payee

1. Where an authorized PAYMENT TRANSACTION, initiated by or through the PAYEE, has already been executed, the PAYER is entitled to a refund of the amount transferred if both the following conditions are met:

- a) upon release, the authorization did not specify the exact amount of the PAYMENT TRANSACTION;
- b) the amount of the PAYMENT TRANSACTION exceeds the amount the PAYER could reasonably have expected, taking into account the previous expenditure pattern, the FRAMEWORK CONTRACT's conditions and the relevant circumstances of the case.

For the purposes of this paragraph, the PAYER shall, on request of the PSP, provide documents and every other element useful to support the existence of the conditions referred to in the previous letters a) and b).

2. The refund consists of the full amount of the executed PAYMENT TRANSACTION. The credit VALUE DATE on the PAYER's PAYMENT ACCOUNT shall be no later than the date the amount was debited. Without prejudice to paragraph 4 of this Article, in addition to the right referred to in paragraph 1, in case of DIRECT DEBITS, the PAYER has an unconditional right to reimbursement from the PSP within the terms referred to in Article X.II.15.

3. For the purposes of paragraph 1 letter b), the PAYER may not rely on currency exchange reasons, if the REFERENCE EXCHANGE RATE agreed with the PSP was applied. If the REFERENCE EXCHANGE RATE concerns a PAYMENT TRANSACTION falling within the FRAMEWORK CONTRACT, such contract shall specify the agreed calculation method of the effective interest rate, the relevant date as well as the index or base applied to determine such REFERENCE EXCHANGE RATE.

4. The FRAMEWORK CONTRACT between the PAYER and the PSP may exclude the PAYER's right to reimbursement if both of the following conditions are met:

- a) the PAYER has directly authorized his/her PSP to execute the PAYMENT TRANSACTION;
- b) where applicable, limited to the case in which the PAYER's authorization was issued before the PAYMENT TRANSACTION execution, information on the future PAYMENT TRANSACTION has been provided or made available to the PAYER by the PSP or the PAYEE at least four weeks before its execution, as agreed in the FRAMEWORK CONTRACT.

Article X.II.15 – Requests for refunds for payment transactions initiated by or through a payee

1. The PAYER can request the refund referred to in the preceding Article within eight weeks from the date on which the funds were debited.

2. Within ten BUSINESS DAYS of receipt of a request for refund, the PSP shall either refund the full amount of the PAYMENT TRANSACTION or provide justification for refusing the same refund.

3. The PSP's right to refuse the refund shall not apply in the case of DIRECT DEBITS, where the PAYER and the PSP have agreed in the FRAMEWORK CONTRACT that the PAYER is entitled to the refund, regardless of the fulfilment of the conditions set out in the first paragraph of the preceding Article.

Chapter III

Execution of payment transactions

Article X.II.16 – Receipt of payment orders

1. The time of receipt of a PAYMENT ORDER is that in which the order is received by the PSP used by the PAYER. There is no charge on the PAYER's PAYMENT ACCOUNT before receiving the PAYMENT ORDER. If the time of receipt does not occur on a BUSINESS DAY for the PAYER's PSP, the PAYMENT ORDER shall be deemed to have been received on the next business day. The PSP may set a limit, near to the end of the working day, also having regard to the methods of transmission of the PAYMENT ORDER, beyond which any PAYMENT ORDER received shall be deemed to have been received on the following BUSINESS DAY.

2. If the USER and his/her PSP agree that the execution of the PAYMENT ORDER shall be initiated on a specific day or at the end of a certain period or on the day in which the PAYER has set FUNDS at the PSP's disposal, the time of receipt coincides with the agreed day. If the agreed day is not a BUSINESS DAY for the PSP, the PAYMENT ORDER shall be deemed to have been received on the following BUSINESS DAY.

Article X.II.17 – Refusal of payment orders

1. When all the conditions set out in the FRAMEWORK CONTRACT are met, the PAYER's ACCOUNT SERVICING PSP shall not refuse to execute an authorized PAYMENT ORDER, irrespective of whether this order is initiated by the PAYER, even through a PISP, or by or through the PAYEE, unless this is contrary to other relevant legal or regulatory provisions.

2. If the PSP refuses to execute a PAYMENT ORDER or to initiate a PAYMENT TRANSACTION, the refusal and, where possible, the reasons thereof, as well as the procedure for correcting any USER's factual errors that led to the refusal, shall be notified to the USER, unless the notification is in contrast with other relevant legal or regulatory provisions.

3. The PSP shall make the notification referred to in paragraph 2 in accordance with the procedures agreed with the USER, at the earliest opportunity, and in any case, within the time limits established in Article X.II.21 for the execution of the PAYMENT TRANSACTION.

4. If the refusal of a PAYMENT ORDER is objectively justified, the PSP may charge the communication costs to the USER, if this was agreed upon between the parties in the FRAMEWORK CONTRACT.

5. For the purposes of Articles X.II.21 and X.II.26, a PAYMENT ORDER whose execution has been refused on objectively justified grounds is considered not received.

Article X.II.18 – Irrevocability of a payment order

1. Without prejudice to the provisions of this Article, once received by the PAYER's PSP, the PAYMENT ORDER cannot be revoked by the USER.

2. Without prejudice to what established in Article X.II.4, paragraph 4, where the PAYMENT TRANSACTION is initiated by a PISP or by or through the PAYEE, the PAYER may not revoke the PAYMENT ORDER after having given the PISP

their consent to initiate the PAYMENT TRANSACTION or after having given the PAYEE their consent to carry out the PAYMENT TRANSACTION.

3. In the case of DIRECT DEBIT and without prejudice to redemption rights, the PAYER may revoke the PAYMENT ORDER at the latest by the end of the BUSINESS DAY preceding the day agreed for debiting the FUNDS. Where the conditions and timing for revocation allow it, the PAYER's PSP shall immediately notify the PAYEE's PSP of the revocation.

4. In the case referred to in Article X.II.16, paragraph 2, the USER may revoke a PAYMENT ORDER at the latest by the end of the BUSINESS DAY preceding the agreed day.

5. Once the terms referred to from paragraph 1 to 4 have passed, the PAYMENT ORDER may be revoked only by mutual agreement between the USER and the PSPs involved. In the cases referred to in paragraphs 2 and 3, the consent of the PAYEE is also required for the revocation of the PAYMENT ORDER. The PSP may charge the revocation costs only if this is provided for in the FRAMEWORK CONTRACT.

6. In any case, the revocation of a PAYMENT ORDER has effect only within the relationship between the PSP and the USER, without prejudice to the definitive nature of PAYMENT TRANSACTIONS in the PAYMENT SYSTEMS.

7. In the event of a dispute between the PAYER and the PAYEE, the irrevocability of a PAYMENT ORDER shall not affect the right granted to the PAYER to be reimbursed of the amount of the executed PAYMENT TRANSACTION.

8. Within a FRAMEWORK CONTRACT, consent to execute a PAYMENT TRANSACTION may be revoked in the form and according to the procedure agreed between the USER and the PSP in the contract itself.

Article X.II.19 – Amounts transferred and amounts received

1. The PSPs of the PAYER and of the PAYEE and any of their intermediaries, carrying out the transfer of FUNDS necessary for the execution of a PAYMENT TRANSACTION, shall transfer the full amount of the transaction and refrain from deducting charges from the amount transferred.

2. By way of derogation from paragraph 1, the PAYEE and his/her PSP may agree that the latter deducts its charges from the amount transferred before crediting it to the PAYEE. In such case, the total amount transferred and the charges shall be indicated separately in the information given to the PAYEE.

3. If expenses other than those retained by the PAYEE's PSP pursuant to paragraph 2 are deducted from the transferred amount, the PAYER's PSP shall ensure that the PAYEE receives the full amount of the PAYMENT TRANSACTION initiated by the PAYER. When the PAYMENT TRANSACTION is initiated by or through the PAYEE, the PAYEE's PSP shall guarantee that the full amount of the transaction is received by the PAYEE.

Chapter IV

Execution times and value date

Article X.II.20 – Scope of application

1. This Chapter shall apply to:

- a) PAYMENT TRANSACTIONS in euro;
- b) cross-border PAYMENT TRANSACTIONS between a PSP located in the Republic of San Marino and one established in a EU MEMBER STATE not belonging to the euro area, involving a single conversion between the euro and the other official currency, provided that the same transactions are in euros and that currency conversion takes place in the aforementioned EU MEMBER STATE.

2. This Chapter shall also apply to other PAYMENT TRANSACTIONS, unless otherwise agreed by the USER and the PSP. However, this is without prejudice to the application of Article X.II.24, which cannot be subject to a contractual derogation. When the parties to a contract agree to a maximum execution time exceeding the one referred to in the following Article, this time limit cannot in any case exceed four BUSINESS DAYS subsequent to the receipt of the PAYMENT ORDER, according to the provisions set forth in the preceding Article X.II.16.

Article X.II.21 – Payment transactions to a payment account

1. The PAYER's PSP shall ensure that the amount of the PAYMENT TRANSACTION is credited to the PSP's account of the PAYEE by the end of the BUSINESS DAY following the time of receipt of the PAYMENT ORDER, in accordance with what established in the previous Article X.II.16. This deadline may be extended for a further business day for PAYMENT TRANSACTIONS initiated on paper.

2. The PAYEE's PSP shall apply the VALUE DATE and make available the amount of the PAYMENT TRANSACTION to the PAYEE's PAYMENT ACCOUNT after the PSP has received the FUNDS, in accordance with Article X.II.24.

3. When the PAYMENT ORDER is initiated by or through the PAYEE, his/her PSP transmits the order to the PAYER's PSP within the time limits agreed between the PAYEE and his/her PSP. In the case of DIRECT DEBITS, the order is transmitted within the time limits that allow the settlement of the transaction on the agreed expiry date.

Article X.II.22 – Absence of payee's payment account with the PSP

1. Where the PAYEE does not have a PAYMENT ACCOUNT with the PSP receiving FUNDS, such FUNDS shall be made available to the PAYEE by the PSP within the period specified in the preceding Article.

Article X.II.23 – Cash placed on a payment account

1. Where a USER places cash on a PAYMENT ACCOUNT with the PSP in the same currency in which the account is denominated, the PSP itself shall apply as the VALUE DATE the same date of receipt of the FUNDS and shall make them immediately available.

Article X.II.24 – Value date and availability of funds

1. The VALUE DATE of the crediting of the PAYEE's PAYMENT ACCOUNT shall not be later than the BUSINESS DAY on which the amount of the PAYMENT TRANSACTION is credited onto the PSP's account of the PAYEE.

2. The PAYEE's PSP shall ensure that the amount of the PAYMENT TRANSACTION is at PAYEE's disposal immediately after that amount is credited onto the account of the PSP itself, if by the PAYEE's PSP, alternatively:

- a) there is no currency conversion;
- b) there is conversion between the euro and the currency of a MEMBER STATE or between the currencies of two MEMBER STATES.

The obligation referred to in this paragraph shall also apply to payments managed by a single PSP.

3. The VALUE DATE for debiting of the PAYER's PAYMENT ACCOUNT shall not be earlier than the BUSINESS DAY on which the amount of the PAYMENT TRANSACTION amount is debited to that PAYMENT ACCOUNT.

Chapter V

Liability

Article X.II.25 – Incorrect unique identifier

1. If executed in accordance with the UNIQUE IDENTIFIER, a PAYMENT ORDER shall be deemed to have been correctly executed with regard to the PAYEE and/or the account specified by the UNIQUE IDENTIFIER.

2. If the UNIQUE IDENTIFIER provided by the USER is incorrect, the PSP shall not be liable pursuant to the following Article, for non-execution or defective execution of the PAYMENT TRANSACTION. The PAYER's PSP shall make reasonable efforts to recover the FUNDS involved in the PAYMENT TRANSACTION. The PAYEE's PSP shall collaborate in these efforts also by communicating to the PAYER's PSP all relevant information for the recovery of FUNDS. Where the recovery of FUNDS is not possible according to this paragraph, upon written request of the PAYER, the PAYER's PSP shall provide him all information available and that are relevant to the PAYER so that the latter can take legal action for the recovery of FUNDS. If agreed in the FRAMEWORK CONTRACT, the PSP may charge the USER the costs incurred for recovery of FUNDS.

3. The PSP shall be liable only for the execution of the PAYMENT TRANSACTION in accordance with the UNIQUE IDENTIFIER provided by the USER, also where the latter has provided his/her PSP further information in addition to the UNIQUE IDENTIFIER.

Article X.II.26 – PSPs liability for non-execution, defective execution or late execution of payment transaction

1. Where a PAYMENT ORDER is directly initiated by the PAYER, without prejudice to Articles X.II.9, X.II.25 paragraph 2, and X.II.30, the PAYER's PSP shall be liable to the latter for correct execution of the PAYMENT ORDER received,

unless he/she can prove to the PAYER and, where appropriate, to the PAYEE's PSP, that the latter has received the amount of the PAYMENT TRANSACTION in accordance with Article X.II.21, paragraph 1. In such a case, the PAYEE's PSP shall be liable to the PAYEE for correct execution of the PAYMENT TRANSACTION.

2. Where the PAYER's PSP is liable pursuant to paragraph 1, he/she shall refund, without undue delay, to the PAYER the amount of the non-executed or defective PAYMENT TRANSACTION and, if the transaction was made against a PAYMENT ACCOUNT, he/she shall restore the situation as if the defective PAYMENT TRANSACTION had not taken place. The VALUE DATE of the crediting of the PAYER's PAYMENT ACCOUNT shall not be later than the one of debiting of the amount.

3. In the cases referred to in paragraph 2, the PAYER may decide not to be refunded, while keeping the execution of the PAYMENT TRANSACTION. This is without prejudice to the right of rectification as per Article X.II.9 and liability as per paragraph 8.

4. Where the PAYEE's PSP is liable under paragraph 1, he/she shall immediately place the amount of the PAYMENT TRANSACTION at the PAYEE's disposal or credit, where appropriate, the corresponding amount to the PAYMENT ACCOUNT of the PAYEE itself. The VALUE DATE of the crediting of the PAYER's PAYMENT ACCOUNT shall not be later than the VALUE DATE that would have been attributed in the event of correct execution of the PAYMENT TRANSACTION, in compliance with Article X.II.24.

In case of a late execution of a PAYMENT TRANSACTION, the PAYEE's PSP shall ensure that, upon request of the PAYER's PSP acting on behalf of the PAYER, the VALUE DATE of crediting of the PAYEE's PAYMENT ACCOUNT shall not be later than the date that would have been attributed in case of correct execution.

5. Without prejudice to Articles X.II.9, X.II.25, paragraph 2, and X.II.30, where the PAYMENT TRANSACTION is initiated by or through the PAYEE, the PAYEE's PSP:

- a) shall be liable to the PAYEE for correct transmission of PAYMENT ORDER to the PAYER's PSP in accordance with Article X.II.21 paragraph 3;
- b) shall transmit without delay the concerned PAYMENT ORDER to the PAYER's PSP;
- c) is liable to the PAYEE for compliance with Article X.II.24; in this case, the PAYEE's PSP shall ensure that the amount of the PAYMENT TRANSACTION is at the disposal of the PAYEE as soon as such amount is credited to the PAYEE's PAYMENT ACCOUNT. The VALUE DATE attributed to the amount of this transaction on the PAYEE's PAYMENT ACCOUNT shall not be later than the one that would have been attributed in the event of correct execution.

In case of late transmission of the PAYMENT ORDER, the VALUE DATE attributed to the amount of this transaction on the PAYEE's PAYMENT ACCOUNT shall not be later than the VALUE DATE that would have been attributed in the event of correct execution.

6. Where the PAYEE's PSP is not responsible for a non-executed or defectively executed PAYMENT TRANSACTION pursuant to paragraph 5, the PAYER's PSP shall be liable to the PAYER and shall refund to the PAYER, where appropriate and without delay, the amount of the non-executed or defective PAYMENT TRANSACTION. Where in order to execute the transaction, a PAYMENT ACCOUNT has been debited, the PSP restores the latter to the state in which it would have been if the defective PAYMENT TRANSACTION had not taken place. The VALUE DATE of the crediting of the PAYER's PAYMENT ACCOUNT shall not be later than the date of debiting of the amount. The obligation referred to in this paragraph shall not apply to the PAYER's PSP if he/she proves that the PAYEE's PSP has received the amount of the PAYMENT TRANSACTION even if the payment execution suffers a short delay. In that case, the PAYEE's PSP shall attribute to the amount on the PAYEE's PAYMENT ACCOUNT a VALUE DATE no later than the VALUE DATE that would have been attributed in the event of correct execution.

7. Regardless of the liability referred to in paragraphs 1 to 6, when a PAYMENT TRANSACTION is non-executed or defectively executed, the PSPs shall, without delay, upon request of their respective USERS, trace the PAYMENT TRANSACTION and notify them of the outcome. This does not involve charges for either the PAYER or the PAYEE.

8. In addition, PSPs shall be liable to their respective CUSTOMERS of any charges and interests charged to them as a result of the failure, defective or late execution of the PAYMENT TRANSACTION.

Article X.II.27 – Liability in case of PIS for non-execution, defective execution or late execution of payment transaction

1. If the PAYMENT ORDER is initiated by the PAYER through a PISP, the ACCOUNT SERVICING PSP shall refund the PAYER, without prejudice to Article X.II.9 and Article X.II.25, paragraph 2, the amount of the non-executed or defective executed PAYMENT TRANSACTION, and shall restore the PAYMENT ACCOUNT to the state in which it would have been if the defective PAYMENT TRANSACTION had not taken place.

2. It is up to the PISP to prove that the PAYMENT ORDER has been received by the ACCOUNT SERVICING PSP pursuant to Article X.II.16 and that, within its competence, the PAYMENT TRANSACTION has been authenticated, correctly reported and it has not been affected by technical failures or other inconveniences related to the non-execution, defective execution or late execution of the transaction.

3. If the PISP is responsible for non-execution or defective or late execution of the PAYMENT TRANSACTION, he/she shall immediately refund the ACCOUNT SERVICING PSP upon request of the latter for losses incurred or amounts paid as a result of the refund to the PAYER.

Article X.II.28 – Additional financial compensation

1. Any financial compensation additional to that provided for in this Chapter may be determined in accordance with the law applicable to the contract concluded between the USER and his/her PSP.

Article X.II.29 – Right of recourse

1. Where the liability of a PSP pursuant to Articles X.II.11, X.II.26 and X.II.27 is attributable to another PSP involved or any other party interposed in the execution of the PAYMENT TRANSACTION, the latter shall compensate the first PSP for any losses incurred or sums paid to the USER. That shall include compensation where any PSP fails to use STRONG CUSTOMER AUTHENTICATION.

2. Further financial compensation may be determined in accordance with agreements between PSPs and the law applicable to them.

Article X.II.30 – Unusual and unforeseeable circumstances

1. The liability referred to in Chapters II, III and IV of this Title shall not apply in case of external circumstances which are unusual and unforeseeable and whose consequences could not have been avoided despite every reasonable effort or in cases where the PSP acted in accordance with constraints arising from other legal obligations.

Chapter VI

Data protection and authentication

Article X.II.31 – Data protection

1. The PSPs have access, process and store personal data necessary to the provision of their respective PAYMENT SERVICES, in accordance with Article 36 of the LISF.

2. The PSPs and PAYMENT SYSTEMS providers can process personal data where this is necessary to prevent, detect and investigate cases of fraud in payments, in accordance with Article 36, paragraph 5, of the LISF.

3. The processing of personal data relating to natural persons for the purposes of these Regulations is carried out also in accordance with Law No. 171 of 21 December 2018 and subsequent amendments.

Article X.II.32 – Authentication

1. The PSPs shall apply STRONG CUSTOMER AUTHENTICATION when the PAYER:

- a) accesses his/her PAYMENT ACCOUNT online;
- b) initiates an electronic PAYMENT TRANSACTION;
- c) carries out any action, through a remote channel, which may imply a risk of payment fraud or other abuses.

2. In case of the initiation of a remote electronic PAYMENT TRANSACTION as referred to in paragraph 1 letter b), the PSPs shall apply STRONG CUSTOMER AUTHENTICATION that includes elements linking in a dynamic way the transaction to a specific amount and to a specific PAYEE.

3. The PSPs shall provide, pursuant to what established in Article VII.IV.14, appropriate security measures in order to protect the confidentiality and the integrity of the USERS' PERSONALIZED SECURITY CREDENTIALS.

4. Paragraphs 2 and 3 shall apply even if payments are initiated through a PISP. Paragraphs 1 and 3 shall apply even when information are required through an AISP.

5. The ACCOUNT SERVICING PSP shall allow the PISP and the AISP to resort to AUTHENTICATION measures provided by the ACCOUNT SERVICING PSP to THE USER in compliance with paragraphs 1 and 3 and, if the PISP is involved, also in accordance with paragraphs 1, 2 and 3.

Chapter VII

Special provisions for the issuing of electronic money

Article X.II.33 – Electronic money refund

1. The ELECTRONIC MONEY ISSUER:

- a) does not grant interest or any other benefit commensurate with stock of ELECTRONIC MONEY;
- b) refunds, upon request of the CUSTOMER, the ELECTRONIC MONEY at all times and at the nominal value, in accordance with the terms and conditions stated in the contract of issue, except for prescription in the terms laid down in Article 149 of the LISF;
- c) issue ELECTRONIC MONEY at nominal value on the receipt of FUNDS.

2. The CUSTOMER may request a refund:

- a) before the termination of the contract, to the extent required;
- b) at the end of the contract or later:
 - for the total monetary value of the ELECTRONIC MONEY held;
 - to the extent required, if the issuer is an ELECTRONIC MONEY INSTITUTION, and the FUNDS pertaining to the same CUSTOMER can be used for purposes other than the use of ELECTRONIC MONEY, without predetermining the sum to be used as ELECTRONIC MONEY.

3. Enterprises accepting payment in ELECTRONIC MONEY can regulate contractually with the ELECTRONIC MONEY ISSUER their right to a refund, even by way of derogation from paragraph 2.

Article X.II.34 – Processing and distribution of electronic money

1. ELECTRONIC MONEY INSTITUTIONS transform immediately into ELECTRONIC MONEY the FUNDS received from the CUSTOMER.

2. For distribution and redemption of ELECTRONIC MONEY, the ELECTRONIC MONEY INSTITUTIONS may employ AUTHORIZED SUB-PROVIDERS.

3. ELECTRONIC MONEY INSTITUTIONS may not employ AGENTS for the activities referred to in the previous paragraph 2, without prejudice to the possibility of using the latter for the provision of PAYMENT SERVICES, in cases where the ELECTRONIC MONEY ISSUER is a PSP.

Title III

Rules of transparency

Chapter I

General rules

Article X.III.1 – Scope of application

1. This Title shall apply to individual PAYMENT TRANSACTIONS, to FRAMEWORK CONTRACTS and to PAYMENT TRANSACTIONS regulated by the latter.
2. For the purposes of this Title, PAYMENT SERVICES also include the issuing of ELECTRONIC MONEY.
3. The parties may agree that the present Title shall not apply, in whole or in part, when the CUSTOMER is a QUALIFIED COUNTERPART.

Article X.III.2 – Charges for information

1. The PSP shall not charge the CUSTOMER the costs for providing information pursuant to this Title.
2. The PSP and the CUSTOMER may agree on charges for additional or more frequent information, or transmission by means other than those specified in the FRAMEWORK CONTRACT, provided at the CUSTOMER's request
3. Where the PSP may charge costs for information in accordance with paragraph 2, they shall be appropriate and proportionate to the PSP's actual costs.

Article X.III.3 – Burden of proof on requested information

1. It is up to the PSP to prove that it has complied with the information requirements set out in this Title.

Article X.III.4 – Derogation from information requirements for low-value payment instruments and electronic money

1. In cases of PAYMENT INSTRUMENTS which, according to the relevant FRAMEWORK CONTRACT concern only individual PAYMENT TRANSACTIONS for an amount not exceeding EUR 30 or that either have a spending limit of EUR 150 or store funds for an amount not exceeding EUR 150 at any time:
 - a) by way of derogation from Articles X.III.11, X.III.12 and X.III.16, the PSP shall provide the PAYER only with information on the main characteristics of the PAYMENT SERVICE, including the way in which the PAYMENT INSTRUMENT can be used, liability, the amount of the charges levied and other material information needed to take an informed decision, as well as an indication of where any other information and conditions specified in Article X.III.12 are made available in an easily accessible manner;

- b) it may be agreed that, by way of derogation from Article X.III.14, the PSP shall not be required to propose changes in the FRAMEWORK CONTRACT conditions in accordance with the procedures laid down in Article X.III.11, paragraph 1;
- c) it may be agreed that, by way of derogation from Articles X.III.17 and X.III.18, after the execution of a PAYMENT TRANSACTION:
 - i) the PSP shall provide or make available only a reference enabling the USER to identify the PAYMENT TRANSACTION, the amount of the PAYMENT TRANSACTION and the related charges and/or, in the case of several similar PAYMENT TRANSACTIONS in favour of the same PAYEE, information on the total amount and charges for those PAYMENT TRANSACTIONS;
 - ii) the PSP shall not be required to provide or make available information referred to in point (i) if the PAYMENT INSTRUMENT is used anonymously or if the PSP is not otherwise technically in a position to provide it. However, the PSP shall provide the PAYER the possibility to verify the amount of FUNDS stored.

2. The amounts referred to in paragraph 1:

- a) are doubled when the PSPs of the PAYER and PAYEE are both located in the Republic of San Marino;
- b) for prepaid PAYMENT INSTRUMENTS are increased up to EUR 500.

Chapter II

Individual payment transactions

Article X.III.5 – Scope of application

1. This Chapter shall apply to individual PAYMENT TRANSACTIONS not covered by a FRAMEWORK CONTRACT.
2. When a PAYMENT ORDER for a single PAYMENT TRANSACTION is transmitted by a PAYMENT INSTRUMENT covered by a FRAMEWORK CONTRACT, the PSP shall not be obliged to provide or make available information already given to the USER on the basis of a FRAMEWORK CONTRACT with another PSP or which will be given to him according to the same contract.

Article X.III.6 – Prior general information

1. Before the USER is bound by any single PAYMENT SERVICE contract or offer, the PSP, in an easily accessible manner, makes available to the USER the information and conditions specified in the following Article and relating to its services. At the USER's request, the PSP shall provide the information and conditions on paper or any other DURABLE MEDIUM. The information and conditions shall be drawn up in easily understandable words and in a clear and readable form, in Italian or in any other language agreed by the parties.
2. If, at the request of the USER, the contract concerning a single PAYMENT SERVICE has been concluded using DISTANCE COMMUNICATION TECHNOLOGIES which do not enable the PSP to comply with paragraph 1, the PSP

shall fulfil its obligations referred to in that paragraph, immediately after the execution of the PAYMENT TRANSACTION.

3. The obligations under paragraph 1 may also be fulfilled even by providing a copy of the draft single PAYMENT SERVICE contract or the draft of the PAYMENT ORDER including the information and conditions specified in the following Article.

Article X.III.7 – Information and conditions

1. The following information and conditions are provided or made available by the PSP to the CUSTOMER:

- a) the specification of the information or the UNIQUE IDENTIFIER that has to be provided by the CUSTOMER for a PAYMENT ORDER to be initiated or properly executed;
- b) the maximum execution time for the PAYMENT SERVICE to be provided;
- c) all charges payable by the CUSTOMER to the PSP and, where applicable, the breakdown of the amounts of any charges;
- d) where applicable, the actual or reference exchange rate to be applied to the PAYMENT TRANSACTION.

2. Where appropriate, any other relevant information and conditions specified in Article X.III.12 shall be made available to the CUSTOMER in an easily accessible manner.

3. The PISPs, before the order is initiated, shall provide or made available to the PAYER, in a clear and comprehensive manner, the following information:

- a) the name of the PSP, the address of its registered office and, where appropriate, the address of the AGENT, of the BRANCH and any other address, including the email address, useful for communicating with the PSP;
- b) the addresses of the competent supervisory authority.

4. In addition to the information and conditions referred to in the previous paragraph, where a PAYMENT ORDER is initiated through a PISP, the PSP, immediately after having initiated the order, shall provide or made available to the PAYER and, where appropriate, to the PAYEE, all the following data:

- a) confirmation of the successful initiation of the PAYMENT ORDER with the PAYER's ACCOUNT SERVICING PSP;
- b) the reference enabling the PAYER and the PAYEE to identify the PAYMENT TRANSACTION and, where appropriate, the PAYEE to identify the PAYER as well as all information transmitted with the PAYMENT TRANSACTION;
- c) the amount of the PAYMENT TRANSACTION;
- d) the amount of all charges payable to the PISP for the transaction and the breakdown of the same.

5. If a PAYMENT ORDER is initiated through a PISP, the latter shall make available to the ACCOUNT SERVICING PSP the reference of the PAYMENT TRANSACTION.

Article X.III.8 – Information for the payer after receipt of the payment order

1. Immediately after receipt of the PAYMENT ORDER, the PAYER's PSP shall provide or make available to the PAYER, in the same way as provided for in Article X.III.6, paragraph 1, the following information relating to its services:

- a) a reference enabling the PAYER to identify the PAYMENT TRANSACTION and, where appropriate, information relating to the PAYEE;
- b) the amount of the PAYMENT TRANSACTION expressed in the currency of the PAYMENT ORDER;
- c) the amount of any charges for the PAYMENT TRANSACTION payable by the PAYER and, where appropriate, the breakdown of the amounts of such charges;
- d) where applicable, the exchange rate used in the PAYMENT TRANSACTION by the PAYER's PSP or a reference thereto, when different from the rate provided for in Article X.III.7(1)(d) and the amount of the PAYMENT TRANSACTION after that currency conversion;
- e) the date of receipt of the PAYMENT ORDER.

Article X.III.9 – Information for the payee after execution

1. Immediately after the execution of the PAYMENT TRANSACTION, the PAYEE's PSP shall provide or make available to the PAYEE, in the same way as provided for in Article X.III.6, paragraph 1, the following information relating to its services:

- a) the reference enabling the PAYEE to identify the PAYMENT TRANSACTION and, where appropriate, the PAYER and any information transferred with the PAYMENT TRANSACTION;
- b) the amount of the PAYMENT TRANSACTION in the currency in which the FUNDS are made available to the PAYEE;
- c) the amount of any charges for the PAYMENT TRANSACTION payable by the PAYEE and the breakdown of the amount of such charges;
- d) where applicable, the exchange rate used in the PAYMENT TRANSACTION by the PAYEE's PSP, and the amount of the PAYMENT TRANSACTION before that currency conversion;
- e) the credit VALUE DATE.

Chapter III

Framework contracts

Article X.III.10 – Scope of application

1. This Chapter applies to PAYMENT TRANSACTIONS covered by a FRAMEWORK CONTRACT.

Article X.III.11 – Prior general information

1. Before the CUSTOMER is bound by any FRAMEWORK CONTRACT or offer, the PSP shall provide on paper or on another DURABLE MEDIUM the information and conditions specified in the following Article. The information and conditions shall be drawn up in easily understandable words and in a clear and readable form, in Italian or in any other language agreed by the parties.
2. If, upon request of the CUSTOMER, the FRAMEWORK CONTRACT has been concluded using a DISTANCE COMMUNICATION TECHNOLOGY which do not enable the PSP to comply with paragraph 1, the PSP shall fulfil its obligations referred to in that paragraph immediately after the conclusion of the FRAMEWORK CONTRACT.
3. The obligations under paragraph 1 may also be fulfilled by providing a copy of the draft FRAMEWORK CONTRACT including the information and conditions specified in the following Article.

Article X.III.12 – Information and conditions

1. The following information and conditions are provided to the CUSTOMER:

- 1) with regard to the PSP:

- a) the name of the PSP, the geographical address of its head office and, where applicable, the geographical address of the AGENT or of its BRANCH, and any other address, including the email address, relevant for communicating with the PSP;
- b) the particulars of the CENTRAL BANK, as a supervisory authority, and the registration number to the REGISTER referred to in Part XIII;

- 2) on use of the PAYMENT SERVICE:

- a) a description of the main characteristics of the PAYMENT SERVICE to be provided;
- b) a specification of the information or the UNIQUE IDENTIFIER that has to be provided by the CUSTOMER, for a PAYMENT ORDER to be initiated or properly executed;
- c) the form and procedure for giving consent to initiate a PAYMENT ORDER or to execute a PAYMENT TRANSACTION and the withdrawal of such consent in accordance with Articles X.II.4 and X.II.18;
- d) a reference to the time of receipt of a PAYMENT ORDER as defined in Article X.II.16 and the cut-off time, if any, established by the PSP;
- e) the maximum execution time for the PAYMENT SERVICES to be provided;
- f) whether there is a possibility to agree on spending limits for the use of the PAYMENT INSTRUMENT in accordance with Article X.II.6, paragraph 1;
- g) in case of CO-BADGING card-based PAYMENT INSTRUMENT, the CUSTOMER's rights;

- 3) on charges, interest and exchange rates:

- a) all charges payable by the CUSTOMER to the PSP including those relating to the method and frequency with which information is provided or made available pursuant to these Regulations and, where applicable, the breakdown of the amounts of such charges;

- b) where applicable, the interest and exchange rates to be applied or, if reference interest and exchange rates are used, the method of calculating the actual interest, the relevant date and index or base taken into consideration for determining such reference INTEREST or EXCHANGE RATES;
- c) if agreed, the immediate application of changes in reference INTEREST or EXCHANGE RATE and information requirements related to changes in accordance with Article X.III.14, paragraph 2;

4) relating to communication:

- a) where applicable, the means of communication, including the technical requirements for the CUSTOMER's equipment and software, agreed between the parties for the transmission of communications under this Part;
- b) the method and frequency with which information referred to in this Part shall be provided or made available;
- c) the language or languages in which the FRAMEWORK CONTRACT is concluded and with which the communication during the contractual relationship in question is undertaken;
- d) the CUSTOMER's right to receive the contractual terms of the FRAMEWORK CONTRACT as well as the information and conditions in accordance with the following Article;

5) on safeguards and corrective measures:

- a) where applicable, a description of the measures that the CUSTOMER shall take in order to ensure the security of PAYMENT INSTRUMENTS and the procedures for the notification to the PSP for the purposes of Article X.II.7 (1)(b);
- b) the safe procedure applicable by the PSP for reporting to the CUSTOMER in the event of suspected or actual fraud or security threats;
- c) if agreed, the conditions under which the PSP reserves the right to block a PAYMENT INSTRUMENT in accordance with Article X.II.6;
- d) the PAYER's liability in accordance with Article X.II.12, including information on the relevant amount;
- e) how and by what date the CUSTOMER shall notify the PSP, in accordance with Article X.II.9, of any unauthorized initiated or incorrectly executed PAYMENT TRANSACTIONS, as well as the PSP's liability for unauthorized PAYMENT TRANSACTIONS in accordance with Article X.II.11;
- f) the PSP's liability for the order or execution of PAYMENT TRANSACTIONS in accordance with Article X.II.26;
- g) the conditions for refund in accordance with Articles X.II.14 and X.II.15;

6) with regard to changes and termination of the FRAMEWORK CONTRACT:

- a) if agreed, information that the changes to the conditions are deemed to have been accepted by the CUSTOMER in accordance with Article X.III.14, unless he/she notifies the PSP that the same are not accepted before the date proposed for their entry into force;
- b) the duration of the FRAMEWORK CONTRACT;
- c) the CUSTOMER's right to terminate the FRAMEWORK CONTRACT and any agreements relating to termination in accordance with Article X.III.14, paragraph 1, and Article X.III.15;

7) on redress:

- a) the applicability of Sammarinese law to the FRAMEWORK CONTRACT and the competence of the Sammarinese Court in case of disputes;
- b) the redress procedures, the existence – or otherwise – of an agreement between the parties for using other forms of out-of-court settlement of any disputes, as well as the possibility for the CUSTOMER to submit reports to the CENTRAL BANK pursuant to and for the purposes of Article 68 of LISF, as defined in Article 7 of Regulation No. 2007-01.

Article X.III.13 – Accessibility of information and conditions of the framework contract

1. At any time during the contractual relationship, the CUSTOMER shall have the right to receive, upon request, the contractual conditions of the FRAMEWORK CONTRACT as well as the information and conditions specified in the preceding Article, on paper support or on any other DURABLE MEDIUM.

Article X.III.14 – Changes in the conditions of the framework contract

1. Any changes in the FRAMEWORK CONTRACT, as well as the information and conditions referred to in Article X.III.12, shall be proposed by the PSP in the way provided for in Article X.III.11, paragraph 1, and no later than two months before their proposed date of application. The CUSTOMER may accept or reject the changes before the proposed date for their entry into force. Where applicable, in accordance with Article X.III.12, paragraph 1, point 6, letter a), the PSP shall inform the CUSTOMER that changes of the conditions are deemed to have been accepted if the latter has not notified the PSP's refusal to accept them before the proposed date of their entry into force. The PSP shall also notify the CUSTOMER that, in case he/she refuses the changes, he/she has the right to terminate the FRAMEWORK CONTRACT immediately and without charge until the date on which the changes would be applied.

2. Changes in the interest or exchange rates may be applied immediately and without notice, provided that such a right is agreed upon in the FRAMEWORK CONTRACT and that the changes in the interest or exchange rates are based on the REFERENCE INTEREST or EXCHANGE RATES agreed in accordance with Article X.III.12, paragraph 1, point 3, letters b) and c). The CUSTOMER shall be informed of any change in the interest rate at the earliest opportunity in the way provided for in Article X.III.11, paragraph 1, unless the parties have agreed on a specific frequency or manner, according to which the information is to be provided or made available. However, changes in interest or exchange rates which are more favourable to CUSTOMERS, may be applied without notice.

3. Changes in the interest or exchange rate used in PAYMENT TRANSACTIONS shall be implemented and calculated in an impartial manner, such as not to create discrimination between CUSTOMERS.

Article X.III.15 – Termination

1. The CUSTOMER may terminate the FRAMEWORK CONTRACTS at any time, without penalties and closing charges.

2. If agreed in the FRAMEWORK CONTRACT, the PSP may terminate the FRAMEWORK CONTRACT concluded for an indefinite period by giving at least two months' notice in the same way as provided for in Article X.III.11, paragraph 1.

3. Charges for PAYMENT SERVICES levied on a regular basis shall be payable by the CUSTOMER only proportionally for the period preceding the withdrawal from the FRAMEWORK CONTRACT. If such charges are paid in advance, they shall be refunded proportionally.

Article X.III.16 – Information to be provided before execution of an individual payment transaction

1. In the case of an individual PAYMENT TRANSACTION initiated by the PAYER under a FRAMEWORK CONTRACT, the PSP shall explicitly provide, upon the PAYER's request for that specific PAYMENT TRANSACTION, all the following information:

- a) the maximum execution times;
- b) the charges payable by the PAYER;
- c) where applicable, a breakdown of the amounts of any charges.

Article X.III.17 – Information for the payer on an individual payment transaction

1. After the amount of an individual PAYMENT TRANSACTION is debited on the PAYER's PAYMENT ACCOUNT or, where the PAYER does not use a PAYMENT ACCOUNT, after the receipt of the PAYMENT ORDER, the PAYER's PSP shall provide the latter, without undue delay, in the same way as laid down in Article X.III.11, paragraph 1, with all the following information:

- a) a reference enabling the PAYER to identify each PAYMENT TRANSACTION and, where appropriate, information relating to the PAYEE;
- b) the amount of the PAYMENT TRANSACTION in the currency in which the PAYER's PAYMENT ACCOUNT is debited or in the currency used for the PAYMENT ORDER;
- c) the amount of any charges for the PAYMENT TRANSACTION and, where applicable, a breakdown thereof, or the amount of the interests payable by the PAYER;
- d) where applicable, the exchange rate used in the PAYMENT TRANSACTION by the PAYER's PSP, and the amount of the PAYMENT TRANSACTION after said currency conversion;
- e) the debit VALUE DATE or the date of receipt of the PAYMENT ORDER.

2. A FRAMEWORK CONTRACT may include a condition according to which the PAYER may request that the information referred to in paragraph 1 shall be provided or made available periodically at least once a month, for free and in an agreed manner which allows the PAYER to store and reproduce the unchanged information.

Article X.III.18 – Information for the payee on an individual payment transaction

1. After the execution of an individual PAYMENT TRANSACTION, the PAYEE's PSP shall provide the PAYEE without undue delay, in the same way as laid down in Article X.III.11, paragraph 1, all the following information:

- a) a reference enabling the PAYEE to identify the PAYMENT TRANSACTION and the PAYER, and any information transmitted with the PAYMENT TRANSACTION;
- b) the amount of the PAYMENT TRANSACTION in the currency in which the PAYEE's PAYMENT ACCOUNT is credited;
- c) the amount of any charges for the PAYMENT TRANSACTION and, where applicable, a breakdown thereof, or the amount of the interests payable by the PAYEE;
- d) where applicable, the exchange rate used in the PAYMENT TRANSACTION by the PAYEE's PSP, and the amount of the PAYMENT TRANSACTION before the currency conversion;
- e) the credit VALUE DATE.

2. A FRAMEWORK CONTRACT may include a condition that the information referred to in paragraph 1 shall be provided or made available periodically at least once a month and in an agreed manner which allows the PAYEE to store and reproduce the unchanged information.

Chapter IV

Common provisions

Article X.III.19 – Currency and conversion

1. Payments shall be made in the currency agreed between the parties.
2. Where a currency conversion service is offered prior to the initiation of the PAYMENT TRANSACTION and where such service is offered at an ATM, at the point of sale or by the PAYEE, the party offering the currency conversion service to the PAYER shall disclose to the PAYER all charges, as well as the exchange rate to be used for converting the PAYMENT TRANSACTION. The PAYER shall agree to the currency conversion service on that basis.

Article X.III.20 – Information on additional charges or reductions

1. Where, for the use of a given PAYMENT INSTRUMENT, the PAYEE requests a charge or offers a reduction, the PAYEE shall inform the PAYER thereof prior to the initiation of the PAYMENT TRANSACTION
2. Where, for the use of a given PAYMENT INSTRUMENT, a PSP or a third party involved in the transaction requests a charge, he/she shall inform the CUSTOMER thereof prior to the initiation of the PAYMENT TRANSACTION.
3. The PAYER shall cover the costs referred to in the previous paragraphs 1 and 2 only if the total amount of those charges was made known prior to the initiation of the PAYMENT TRANSACTION.

Chapter V

Special provisions for the issuing of electronic money

Article X.III.21 – Fees applicable to electronic money refund

1. The reimbursement of ELECTRONIC MONEY provided for in the previous Article X.11.33 may be subject to the payment of a fee as long as appropriate and in line with the costs actually incurred by the issuer, only if agreed upon in the contract and in one of the following cases:

- a) the refund is requested before the expiry of the contract;
- b) the CUSTOMER terminates the contract before its expiration;
- c) the refund is requested more than a year after the expiration date of the CONTRACT.

2. Enterprises that accept payment in ELECTRONIC MONEY can regulate contractually with the ELECTRONIC MONEY ISSUER the refund conditions, even by way of derogation from paragraph 1.

3. The ELECTRONIC MONEY ISSUER shall provide to the CUSTOMER, before he/she is bound by any contract or offer, the information concerning the terms and conditions of the refund.

4. The contract between the ELECTRONIC MONEY ISSUER and the CUSTOMER shall indicate clearly and explicitly the terms and conditions of the refund.

PART XI
SPECIAL REGIME INSTITUTIONS

Title I
Introduction

Article XI.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Articles 3, 33 and 38 of the LISF and in Article 4 of the PSD2 DECREE.

Article XI.I.2 – Administrative sanctions

1. Violations of provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE.

Article XI.I.3 – Concordance for simplified structures

1. In cases where INSTITUTIONS opted, as allowed, for a form of Limited Liability Company instead of a Joint Stock Company, the provisions referred to in these Regulations shall be deemed to refer to:

- a) when regarding “shares”, “quotas” in share capital;
- b) when regarding the “Shareholders’ Meeting”, the “Associates Assembly”;

when regarding instead the issuance of bonds, they do not apply.

2. In cases where INSTITUTIONS opted, as allowed, for monocratic corporate bodies instead of collective ones, the provisions referred to in these Regulations shall be deemed to refer to:

- a) when regarding the “Board of Directors”, its “members”, its “President” or otherwise the “directors”, to the “Sole Administrator”;
- b) when regarding the "Board of Auditors", its "members", its "President" or otherwise the "statutory auditors" to the "Sole Auditor".

Article XI.I.4 – General discipline application

1. Without prejudice to what established in the previous Article, for anything not otherwise regulated in this Part, the provisions referred to in the other parts of these Regulations, where compatible, shall apply to MTO INSTITUTIONS, INSTITUTIONS WITH LIMITED OPERATIONS and TPPs.

Title II
Special regime for MTO institutions

Article XI.II.1 – Corporate form

1. In compliance with what established in Article III.III.2 paragraph 1, MTO INSTITUTIONS are constituted in the form of a joint stock company or a limited liability company.

2. In case of a limited liabilities company (S.r.l.), the provisions set out in Article XI.I.3 paragraph 1 shall apply and the minimum share capital is reduced, in accordance with what established in Article III.III.4 paragraph 1, first sentence, to EUR 26.000.

Article XI.II.2 – Corporate bodies

1. MTO INSTITUTIONS shall be managed by a Board of Directors composed of at least 3 members but they may have a Sole Auditor instead of the Board of Auditors as long as:

- a) the obligation to appoint the Board of Auditors does not derive from the CORPORATIONS ACT;
- b) the ACCOUNTING CONTROL is entrusted to an AUDIT FIRM as referred to in Law No. 146 of 27 October 2004.

2. In the cases referred to in the preceding paragraph, the Sole Auditor shall be registered in one of the Sammarinese professional registers referred to in Article IV.II.5, paragraph 1, letters a) and b).

Article XI.II.3 – Certification of financial statements

1. The obligation of certification of financial statements of MTO INSTITUTIONS remains even where the ACCOUNTING CONTROL function is directly entrusted to the Board of Auditors.

Title III

Special regime for institutions with limited operations

Article XI.III.1 – Exemptions

1. Pursuant to Article 4 of the PSD2 DECREE, and Article 3 of the LISF, INSTITUTIONS WITH LIMITED OPERATIONS may be exempted by the CENTRAL BANK, in whole or in part, from:

- a) the procedure and conditions referred to in the authorization regime of Part III;
- b) the application of the provisions referred to in Title III of Part VII, provided that at any time the endowment of regulatory capital, determined pursuant to Title II of the same Part VII, is not lower than the level of minimum share capital provided for by Article III.III.4 for PAYMENT INSTITUTIONS WITH LIMITED OPERATIONS and EMI WITH LIMITED OPERATIONS;

or be subject to a simplified application of these Regulations, according to the CENTRAL BANK's evaluations on the typology of services provided, on the organizational solutions envisaged and on the lower complexity of the activity carried out, without prejudice to:

— compliance with the following requirements:

- Title III (“Requirements regarding protection of customers funds”) of Part II (“Activities of institutions”);
- Chapter I (“Requirements of good repute”) of Title II of Part IV (“Corporate officers”) and Chapter I (“Requirements of good repute”), of Title II of Part V (“Ownership structures”);
- Part X (“Customer relations”);

- the registration in a specific section of the REGISTER as referred to in Part XIII;
- the application of monitoring tools as referred to in Part VIII;
- the need to preserve conditions to ensure the sound and prudent management of the INSTITUTION WITH LIMITED OPERATIONS, the correct provision of PAYMENT SERVICES and the ELECTRONIC MONEY issuing activity, as well as the proper fulfilment of the obligations in the field of anti-money laundering and counter terrorism financing;
- the legal form of Joint Stock Company with collective administrative and control bodies, and audit firm in charge of the accounting control and the certification of financial statements.

Article XI.III.2 – Procedural rules

1. In order to access the regime referred to in this Title, the PROMOTING PARTIES of the constitution of an INSTITUTION WITH LIMITED OPERATIONS shall submit prior application to the CENTRAL BANK, in accordance with Article III.II.6, accompanied by the business plan referred to in Article III.III.8, in whose related financial statements of the first three fiscal year are reported, among other things, the operating dimensions that the INSTITUTION WITH LIMITED OPERATIONS aims to achieve, in terms of expected total amount of PAYMENT TRANSACTIONS for PAYMENT INSTITUTIONS WITH LIMITED OPERATIONS and in terms of the total amount of AOELM expected for EMI WITH LIMITED OPERATIONS.

2. The CENTRAL BANK, within 60 days of receipt of the application referred to in the previous paragraph, shall notify in writing to the address indicated by the PROMOTING PARTIES in the same application, the access to the regime of INSTITUTION WITH LIMITED OPERATIONS, by indicating, pursuant to and in compliance with what established in the preceding Article and on the basis of assessments carried out, the exemptions o simplifications specifically applicable to the same.

3. The time limit referred to in the preceding paragraph shall be suspended or interrupted, by communicating it to the address specified in the application by the PROMOTING PARTIES.

4. Where INSTITUTIONS WITH LIMITED OPERATIONS exceed the limits to which they must comply with in relation to the amount of the PAYMENT TRANSACTIONS or of the AOELM, they shall immediately notify the CENTRAL BANK and, within 30 days from when this exceeding occurred, they shall:

- submit to the CENTRAL BANK an adjustment plan to the general provisions of this Regulation provided for PAYMENT INSTITUTIONS and EMI with ordinary operations, whose terms to conclude the whole adjustment process may not exceed 90 days; or, alternatively,
- bring the amount of the PAYMENT TRANSACTIONS or of the AOELM back within the limits, or alternatively,
- renounce to the authorization.

Title IV

Special regime for TPPs

Chapter I

Institutions providing exclusive account information services

Article XI.IV.1 – Sammarinese institutions

1. The authorization to Sammarinese PAYMENT INSTITUTIONS intending to provide only the ACCOUNT INFORMATION SERVICE (AIS) is governed exclusively by the rules referred to in the following paragraphs.

2. The application for authorization, in written form and signed by all PROMOTING PARTIES, shall be submitted according to the procedure set forth in Article III.II.6 as well as it shall contain the information and be accompanied by the documentation indicated below:

- a) draft of the company's instrument of incorporation, complete with the charter providing for:
 - the registered office, and where not identical, the administrative seat in the territory of the Republic of San Marino;
 - the share capital at least equal to the minimum value referred to in Article III.III.4, paragraph 1, first sentence;
 - the provision of ACCOUNT INFORMATION SERVICES to the company object;
- b) the identity of CORPORATE OFFICERS and, where applicable, of the person responsible for the activity of provision of ACCOUNT INFORMATION SERVICES, in line with the governance structure adopted, together with a certified copy of their respective valid IDENTITY DOCUMENTS;
- c) the documentation provided for in Part IV certifying possession, by the subjects referred to in letter b) above, of the same requirements of good repute, professionalism and independence;
- d) the business plan referred to in Article III.III.8, drawn up taking into account and according to the specificities related to the exclusive provision of ACCOUNT INFORMATION SERVICES;
- e) the documentation declaring insurance coverage of professional liability risks or other similar guarantees for damage caused in the provision of ACCOUNT INFORMATION SERVICES, as referred to in Article III.V.9, paragraph 1, letter f), proving at the same time the congruity of the value in application of paragraph 2 of the aforementioned Article.

3. Articles III.II.7, III.II.8, III.II.9 shall apply to the authorization procedure referred to in this Article, with a deadline as laid down in Article III.II.7 of 90 days.

4. Following the receipt of the authorization decision of the CENTRAL BANK, the requirements set out in Title IV of Part III shall apply.

5. For the starting of operations by the AISP, in accordance with Article 9 of the LISF, the certification of the starting of operations is not required. The AISP shall communicate to the CENTRAL BANK the starting date of the ACCOUNT INFORMATION SERVICES with a notice of 5 working days, attaching to that communication the documentation confirming the operating license.

6. Where changes occurred affecting the accuracy of the information and documentation provided in the application for authorization submitted, the AISPs shall immediately inform the CENTRAL BANK.

7. Without prejudice to compliance with the provisions of the CORPORATIONS ACT, the AISPs exclusively providing the ACCOUNT INFORMATION SERVICE:

- a) may be established even in the form of a company with limited liability as long as with share capital not lower than what established in Article III.III.4, paragraph 1, first sentence;
- b) may have non-collective corporate bodies as Sole Administrator or Auditor;
- c) shall not be subject to the obligation to entrust the ACCOUNTING CONTROL function to an AUDIT FIRM;
- d) shall not be subject to the obligation to submit their financial statements to certification;
- e) may carry out also other activities as long as:
 - 1) non-reserved pursuant to Annex 1 of the LISF;
 - 2) incapable of affecting the sound and prudent management of the same;
- f) may collect savings from the public only by means of issuance of bonds in compliance with the general and ordinary discipline provided by the CORPORATIONS ACT.

8. The following disciplines do not apply to AISPs referred to in this Article:

- Title III (“Requirements regarding protection of customer funds”) of Part II (“Activities of institutions”);
- Part V (“Ownership structures”);
- Part VI (“Financial statements”);
- Title II (“Total regulatory capital”) and III (“Capital requirements”) of Part VII (“Prudential supervision”);
- of Part X (“Customer relations”):
 - from Chapter 1 to V and Chapter VII of Title II, except for Article X.II.7;
 - Title III, except for Articles X.III.3, X.III.7 and X.III.12.

Article XI.IV.2 – Foreign institutions

1. The authorization to foreign PAYMENT INSTITUTIONS intending to provide only the ACCOUNT INFORMATION SERVICE (AIS) is governed exclusively by the rules referred to in the following paragraphs.

2. The granting of authorization to foreign PAYMENT INSTITUTIONS intending to provide in the Republic of San Marino, through the establishment of a BRANCH or by way of provision of SERVICES WITHOUT PERMANENT ESTABLISHMENT, exclusively the ACCOUNT INFORMATION SERVICE, shall be subject to verification of the conditions provided for in Article III.VI.1 and in Article III.VI.8 respectively.

3. For the scope of application of the rules relating to the provision of SERVICES WITHOUT PERMANENT ESTABLISHMENT, what established in Article III.VI.7 is relevant.

4. The application for authorization shall contain any information considered useful for the purposes of the presentation of the project and shall include a business plan drawn up, as far as compatible, in accordance with what established in Article XI.IV.1, paragraph 2, letter d). The application shall also contain the declaration of the Supervisory Authority of the country of origin indicating the consent to the opening of a BRANCH or to the PROVISION WITHOUT PERMANENT ESTABLISHMENT in the Republic of San Marino of the ACCOUNT INFORMATION SERVICE, as well as the certificate that these activities are actually carried out in the country of origin.

5. For the authorization procedure, Article III.VI.5 shall apply.

6. Where changes occurred affecting the accuracy of the information and documentation provided in the application for authorization submitted, the foreign AISP shall inform the CENTRAL BANK without delay.

7. The same simplified provisions of the previous Article envisaged for Sammarinese AISPs, shall apply to BRANCHES of foreign AISPs referred to in this Article, it being understood that the discipline referred to in Part IV (“Corporate officers of institutions”) shall apply with regard to the BRANCH MANAGERS.

8. The same derogations to Part X referred to in the previous Article and envisaged for Sammarinese AISPs, shall apply to foreign AISPs referred to in this Article authorized to the provision of SERVICES WITHOUT PERMANENT ESTABLISHMENT, compliance with which from such AISPs shall also be subject to supervisory inspections of the CENTRAL BANK.

Chapter II

Institutions providing exclusive payment initiation services or PIS and AIS

Article XI.IV.3 – Sammarinese institutions

1. PAYMENT INSTITUTIONS providing exclusively the PAYMENT INITIATION SERVICE (PIS), or providing such service jointly to the sole ACCOUNT INFORMATION SERVICE (AIS):

- a) may be established even in the form of a Company with Limited Liability as long as with share capital not lower than what established in Article III.III.4, paragraph 1, second sentence;
- b) shall not be subject to the obligation to entrust the ACCOUNTING CONTROL function to an AUDIT FIRM;
- c) shall not be subject to the obligation to submit their financial statements to certification;
- d) may carry out also other activities as long as:
 - 1) non-reserved pursuant to Annex 1 of the LISF;
 - 2) incapable of affecting the sound and prudent management of the same.

- e) may collect savings from the public only by means of issuance of bonds in compliance with the general and ordinary discipline provided by the CORPORATIONS ACT.

2. The following discipline do not apply to PISPs referred to in paragraph 1:

- Title III (“Requirements regarding protection of customer funds”) of Part II (“Activities of institutions”);
- Title II (“Total regulatory capital”) and III (“Capital requirements”) of Part VII (“Prudential supervision”).

Article XI.IV.4 – Foreign institutions

1. Articles III.VI.6 and III.VI.11, with the same derogations referred to in the previous Article, shall apply to foreign PISPs authorized to carry out in the Republic of San Marino exclusively the PAYMENT INITIATION SERVICE (PIS), or providing such service jointly to the sole ACCOUNT INFORMATION SERVICE (AIS), either through the establishment of a BRANCH or by way of provision of SERVICES WITHOUT PERMANENT ESTABLISHMENT.

PART XII

PROVISIONS ON ACCESS TO PAYMENT SYSTEMS, SERVICES AND ACCOUNTS AND ON PAYMENT INITIATION AND ACCOUNT INFORMATION SERVICES

Title I

Introduction

Article XII.I.1 – Legislative sources

1. The provisions contained in this Part have their legislative source in Article 39 of the LISF and in Article 6 of the PSD2 DECREE.

Article XII.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 18 and 18-bis.

Title II

General provisions on access to payment systems, services and accounts

Article XII.II.1 – Access to payment systems

1. Provisions governing access to PAYMENT SYSTEMS shall be objective, non-discriminatory and proportionate and shall not limit access more than is necessary to protect the PAYMENT SYSTEM against specific risks, such as the settlement risk, the business risk, and safeguard their financial and operational stability.

2. The PAYMENT SYSTEMS and the subjects managing them, shall not impose some of the following requirements on PSPs, CUSTOMERS or other PAYMENT SYSTEMS:

- a) restrictive rules with regard to effective participation to other PAYMENT SYSTEMS;
- b) rules creating discrimination among PSPs with regard to rights, obligations and prerogatives of participants;
- c) restrictions based on the institutional status.

3. Paragraph 1 and 2 shall not apply to:

- a) PAYMENT SYSTEMS designated pursuant to the Delegated Decree No. 111 of 31 August 2018;
- b) PAYMENT SYSTEMS established exclusively by PSPs belonging to a GROUP.

4. For the purposes of paragraph 2, letter a), where the participant to a PAYMENT SYSTEM enables a PSP who is not a participant in the SYSTEM to transmit transfer orders through the SYSTEM itself, such participant shall provide, upon request, the same opportunity in an objective, proportionate and non-discriminatory manner, to other PSPs. The participant to the PAYMENT SYSTEM shall provide the requesting PSP with full reasons in case of rejection.

Article XII.II.2 – Access to services and payment accounts at banks for the performance of payment services

1. Banks shall ensure to PAYMENT INSTITUTIONS the opening and the maintenance of PAYMENT ACCOUNTS and the access to the related services in an objective, proportionate and non-discriminatory manner, in order to enable PAYMENT INSTITUTIONS to provide PAYMENT SERVICES in an easy and efficient way. Banks may deny or revoke the opening of PAYMENT ACCOUNTS in case of conflict with objectives of public policy or of public security or in the occurrence of other justified impediments in accordance with the provisions in the field of combating money laundering and terrorist financing..
2. Banks shall immediately notify the CENTRAL BANK, as described in Article III.II.6, any refusal to a PAYMENT INSTITUTION for opening a PAYMENT ACCOUNT or for revoking it, providing justified reasons.

Title III

Specific provisions on access to payment accounts for the provision of payment initiation and account information services

Article XII.III.1 – Access to payment accounts for payment initiation services

1. The PAYER has the right to rely on a PISP in order to obtain the provision of PAYMENT INITIATION SERVICES, except for cases in which the PAYMENT ACCOUNT is not accessible online.
2. If the PAYER provides an explicit consent to the execution of a payment in accordance with Article X.II.4, the ACCOUNT SERVICING PSP shall perform the actions specified in paragraph 4 of this Article to ensure the PAYER's right to rely on a PISP.
3. The PISP:
 - a) shall not hold the PAYER's FUNDS at any time with regard to the provision of a PAYMENT INITIATION SERVICE (PIS);
 - b) shall ensure that the USER's PERSONALIZED SECURITY CREDENTIALS are not accessible to other parties, except for the USER and the issuer of PERSONALIZED SECURITY CREDENTIALS, and that are transmitted by the PISP via secure and effective channels;
 - c) shall ensure that any other information on the USER, obtained in the performance of the PIS, is exclusively provided to the PAYEE and only upon explicit consent of the USER;
 - d) every time a payment is initiated, shall identify with the ACCOUNT SERVICING PSP and shall communicate in a secure manner with the PAYER's ACCOUNT SERVICING PSP, the PAYER and the PAYEE;
 - e) shall not store the USER's SENSITIVE DATA RELATING TO PAYMENTS;
 - f) shall not ask the USER's data other than those necessary to provide the PAYMENT INITIATION SERVICE;
 - g) shall not use neither store nor access data for purposes other than the provision of the PAYMENT INITIATION SERVICE, as explicitly requested by the PAYER;

- h) shall not change the amount, the PAYEE or any other transaction's information;
- i) shall provide services only on the basis of the USER's explicit consent, in accordance with Article X.II.31.

4. The ACCOUNT SERVICING PSP:

- a) shall communicate in a secure manner with the PISP;
- b) immediately after having received the PAYMENT ORDER from a PISP, shall provide or make available to the latter all information on the PAYMENT ORDER and all the information accessible to the ACCOUNT SERVICING PSP with regard to the execution of the PAYMENT TRANSACTION;
- c) shall deal with PAYMENT ORDERS transmitted via the PISP's services without any discrimination – except for objective reasons, in particular as regards terms, priorities or charges – with respect to payment orders sent directly by the PAYER.

5. The performance of PIS shall not be conditional on the existence of a contractual relationship in this respect between the PISP and the ACCOUNT SERVICING PSPs.

Article XII.III.2 – Access to information on payment accounts and use of the same for account information services

1. The USER has the right to resort to services enabling access to ACCOUNT INFORMATION SERVICES. The right shall not apply if the PAYMENT ACCOUNT is not accessible online.

2. The AISP:

- a) shall provide services only on the basis of the USER's explicit consent, in accordance with Article X.II.31;
- b) shall ensure that the USER's PERSONALIZED SECURITY CREDENTIALS are not accessible to other parties, except for the USER and the issuer of PERSONALIZED SECURITY CREDENTIALS, and that the transmission of these information by the PSP occurs through secure and effective channels;
- c) for each communication session, shall identify with the USER's ACCOUNT SERVICING PSP (or PSPs) and shall communicate in a secure manner with the ACCOUNT SERVICING PSP (or PSPs) and the USER;
- d) shall access only to information on designated PAYMENT ACCOUNTS and on PAYMENT TRANSACTIONS associated with these;
- e) shall not require SENSITIVE DATA RELATING TO PAYMENTS, linked to PAYMENT ACCOUNTS;
- f) shall not use, access or store data for purposes other than the provision of the ACCOUNT INFORMATION SERVICE explicitly required by the PAYER, in accordance with the rules on data protection;
- g) shall not hold the PAYER's FUNDS at any time with regard to the provision of the ACCOUNT INFORMATION SERVICE.

3. With regard to PAYMENT ACCOUNTS, the ACCOUNT SERVICING PSP shall:

- a) communicate in a secure manner with the AISPs;

- b) deal with data requests transmitted through the AISP's without any discrimination, except for objective reasons.

4. The provision of ACCOUNT INFORMATION SERVICES shall not be subject to the existence of a contractual relationship in this respect between the AISP and the ACCOUNT SERVICING PSP.

Article XII.III.3 – Limits on accessing payment accounts to an AISP or PISP

1. An ACCOUNT SERVICING PSP may refuse access to a PAYMENT ACCOUNT by a AISP or PISP for objectively justified and duly substantiated reasons linked to an unauthorized or fraudulent access to the PAYMENT ACCOUNT by such AISP or PISP, including an unauthorized or fraudulent PAYMENT ORDER. In these cases, the ACCOUNT SERVICING PSP, in the form agreed, shall inform the PAYER of the refusal of access to the PAYMENT ACCOUNT and of the reasons thereof. Such information, where possible, shall be provided to the PAYER before the access is refused or, at the latest, immediately after, unless this information shall not be provided for security-related reasons objectively justified or shall be prohibited by other relevant legal or regulatory provisions. The ACCOUNT SERVICING PSP shall enable access to the PAYMENT ORDER once the reasons for refusing no longer exist.

2. In the cases referred to in the preceding paragraph, the ACCOUNT SERVICING PSP shall immediately notify the CENTRAL BANK of the INCIDENT linked to the AISP or PISP. Information shall include the relevant details of this case and the reasons justifying the intervention.

PART XIII
REGISTER OF PAYMENT SERVICE PROVIDERS

Title I

Introduction

Article XIII.I.1 – Legislative sources

1. The provisions contained in this Part have their source of law in Article 5 of the PSD2 DECREE.

Article XIII.I.2 – Administrative sanctions

1. Violations of the provisions contained in this Part shall be punishable pursuant to the SANCTIONS DECREE, Articles 18 and 18-bis.

Title II

Creation, content and regulation of the Register

Article XIII.II.1 – Creation and content of the Register

1. A public PAYMENT SERVICE PROVIDERS REGISTER is set up at the CENTRAL BANK.
2. The PAYMENT SERVICE PROVIDERS REGISTER contains information relating to the entities providing services, in the Republic of San Marino, under letter I) of Annex 1 to the LISF, with specific sections for:
 - a) INSTITUTIONS WITH LIMITED OPERATIONS;
 - b) MTO INSTITUTIONS;
 - c) TPPS;
 - d) the List of Excluded Service Providers referred to in Article I.III.2(3) (LESP).
3. For each REGISTERED PSP the following information is included:
 - in addition to the name and the identification data of any AGENTS, the specific PAYMENT SERVICES for which the PSP is authorized, as well as the number and date of registration in the REGISTER;
 - further information available through a link published in the Register of Authorized Entities, including the List of Deleted Entities, referred to in Regulation No. 2006-01, as amended.
4. For PISP and AISP, the REGISTER shall also contain the identification data of the insurance policy or similar form of guarantee provided for, as referred to in Article III.V.9(1)(e) and Article III.V.9(1)(f) respectively.
5. *[REPEALED]*

6. For the *Smac Card*, references to the Office of the Finance and Budgetary State Secretariat, which is responsible for its management and the link to the relevant website, are included in the REGISTER.

Article XIII.II.2 – Rules governing the Register

1. With regard to the rules on the keeping of the REGISTER (registrations, changes and cancellations), its consultation, the enforceability and publicity of the information contained therein, please refer to the relevant provisions of Regulation No. 2006-01, as amended.

PART XIV
FINAL AND TRANSITIONAL PROVISIONS

Title I
Implementation times

Article XIV.I.1 – Entry into force

1. This Regulation shall enter into force on 1 January 2021.
2. This Regulation repeals and replaces the preceding Regulation No. 2014-04 on the same subject.
3. As a result of the provisions referred to in the previous paragraph 1, the first communications, as referred to in Article I.III.2, shall be transmitted to the CENTRAL BANK by 30 April 2021, with regard to the calendar year 2020.
- 4 The PSPs recipients of the transitional regime referred to in the following Articles XIV.I.2, XIV.I.3 and XIV.I.4 shall continue to apply, pending the adjustments referred to in the aforementioned Articles, the provisions laid down in the repealed Regulation No. 2014-04.
5. Upon completion of each of the adjustments referred to in the following Articles of this Title, the PSPs shall notify the CENTRAL BANK, also for the purposes of the preceding paragraph.

Article XIV.I.2 – Operational and technological adjustments

1. The PSPs subject to this Regulation and already operating in the Sammarinese territory, within 10 months of its entry into force, shall transmit to the CENTRAL BANK the documentation proving compliance with the additional operational requirements laid down in the same Regulation for the provision of PAYMENT SERVICES and ELECTRONIC MONEY ISSUING SERVICES.
2. In case of failure to comply with the requirements or with the deadline indicated in the previous paragraph, the CENTRAL BANK may revoke the authorization pursuant to Article 10 of the LISF.

Article XIV.I.3 – Contractual and pre-contractual forms' adjustments

1. Within 30 days of the expiry of the time-limit referred to in the preceding Article, the same PSPs shall standardize their contractual forms and information documents in order to comply with the new provisions set forth in Part X and XII of these Regulations.

Article XIV.I.4 – Harmonization of existing contracts

1. LONG-TERM CONTRACTS concluded prior to the entry into force of these Regulations, or in any case not complying with the provisions established in Parts X and XII, shall be subject to generalized modification by the subjects referred to in the preceding Article within 30 days of the expiry of the time-limit provided for therein, with the possibility of

an exceptional appeal, considering the nature of the modification imposed and of greater favour by the USER, to the same procedure provided for by Article X.IV.20 of Regulation No. 2007-07, albeit in the case of a non-unilateral mandatory variation from alignment with new regulatory standards.

Title II

Registration in the Register of Authorized Parties

Article XIV.II.1 – Possible extension of the authorization

1. Provided that the PAYMENT SERVICE placed, before the changes introduced by the PSD2 DECREE, in point g) of letter I) of Annex 1 of the LISF is now included in point c) of the same letter, the PSPs already authorized by the CENTRAL BANK at the date of entry into force of these Regulations intending to provide the new TYPE B PAYMENT SERVICES (PIS and AIS), shall submit specific application for variation of the authorization, in extensive terms, pursuant to Article 8 of the LISF.

Article XIV.II.2 – Automatic registration in the PSPs' Register

1. The PSPs already enrolled in the Register of Authorized Parties with permission to carry out the reserved activity referred to in letter I) of Annex 1 of the LISF, are automatically registered in the Payment Service Providers' Register for all TYPE A PAYMENT SERVICES, corresponding to the branches of activity referred to in points a) to f), except possibility to request the deletion of one or more branches in accordance with pre previous Article III.VII.1.

Article XIV.II.3 – Registration of PSPs and foreign electronic money issuers

1. For the purposes of what established in Title VI of Part III, where subjects located in the Republic of San Marino provide, even through DISTANCE COMMUNICATION TECHNOLOGIES, PAYMENT SERVICES and/or ELECTRONIC MONEY ISSUING SERVICES on behalf of a PSP or foreign ELECTRONIC MONEY ISSUERS, they shall inform the CENTRAL BANK within 60 days of the entry into force of these Regulations, by transmitting a specific communication to which they attach copy of any conventions or contracts signed for this purpose.

SELF-DECLARATION OF GOOD REPUTE REQUIREMENTS

I the undersigned _____ born on _____
_____ in _____ and residing
in _____ in
_____ ISS/tax code
_____, citizen of _____, in full cognizance of the civil and
criminal liability I face with reference to the truthfulness of the statements listed below

I HEREBY DECLARE

Under Law No. 165 of 17 November 2005 and Regulation No. 2020-04 issued by the Central Bank of the Republic of San Marino:

1) my registered address for the longest period in the last five years was as follows:

_____;³

2) the attached certificate, issue by public authorities territorially competent based on the registered address declared in point 1 above, does not show any prejudicial elements on my behalf in terms of possession of the requirements of good repute envisaged by the current supervisory provisions in force;

3) I am currently unaware of prejudicial proceedings/procedures/acts against me, already concluded or still pending before any other jurisdiction other than that under point 2 above, which could compromise my possession of the requirements of good repute envisaged by the current supervisory provisions in force;

4) I do not fall under any of the impediments provided for by Article IV.II.1, paragraph 1, letter d) of the abovementioned Regulation.

I HEREBY AUTHORIZE

In the final analysis, the Central Bank of the Republic of San Marino to conduct on the premises of the appropriate offices such verification procedures as the Central Bank deems appropriate for ascertaining the truthfulness of the declarations which I have made herein.

In witness whereof.

Republic of San Marino, [date] _____

⁽³⁾ Enter: name Town (town name), street/square name and number.

SELF-DECLARATION OF PROFESSIONAL REQUIREMENTS

I the undersigned _____ born on
_____ in _____ and residing
in _____ in
_____, citizen of
_____, being fully cognizant of the civil and criminal liability, which I face as a result of
the truthfulness of the declarations listed below, for purposes of taking up the post of _____ of

I HEREBY DECLARE

Under Law 165 of 17 November 2005 and implementing provisions issued by the Central Bank of the Republic of San Marino, that I meet the requirement(s) of professionalism specified below:

4

I HEREBY AUTHORIZE

In the final analysis, the Central Bank of the Republic of San Marino to conduct on the premises of firms and the entities named in the attached CV such verification procedures as the Central Bank may deem appropriate for ascertaining the truthfulness of the declarations which I have made herein.

In witness whereof.

Republic of San Marino, [date] _____

(⁴) Indicate one or more of the following:

- I have gained an experience of no less than three years within the context of administration, management or control activities with enterprise that do not meet the definition of company in default;
- I have gained an experience of no less than three years within the context of professional activities or as university teacher for disciplines related to the sector or, in any case, sectors which are functional to the activities of the aforementioned financial undertaking;
- I have gained an experience of no less than three years within the context of administrative or managerial duties performed for public authorities or public administration with relevance to the credit, finance, securities or insurance sector, or for public authorities or public administrations with no relevance to the aforementioned sectors provided they involve the management of economic and financial resources;
- I have gained specific expertise and experience, achieved during a period of no less than five years of professional activity within the organizational units of financial enterprise that do not meet the definition of company in default.

SELF-DECLARATION OF INDEPENDENCE REQUIREMENTS

needed to carry out management functions

I the undersigned _____ born on
_____ in _____ and residing
in _____ citizen of
_____, being fully cognizant of the civil and criminal liability, which I face as a result of
the truthfulness of the declarations listed below, for purposes of taking up the post of member of the Board of
Directors of _____

I HEREBY DECLARE

Under Law 165 of 17 November 2005 and implementing provisions issued by the Central Bank of the Republic of San Marino:

- 1) I hold no posts as auditor or statutory auditor on behalf of the same firm or in firms that are direct or indirect subsidiaries of said firm, or in firms that directly or indirectly hold equity interests in the capital of said firm;
- 2) I am not a spouse, relative or kinsman up to and including the fourth degree of persons meeting one of the criteria mentioned in the preceding item 1;
- 3) I am not an employee of the State, Public Entities, or Autonomous Public Enterprises.

I HEREBY AUTHORIZE

In the final analysis, the Central Bank of the Republic of San Marino to conduct on the premises of the appropriate offices such verification procedures as the Central Bank deems appropriate for ascertaining the truthfulness of the declarations which I have made herein.

In witness whereof.

Republic of San Marino, [date] _____

SELF-DECLARATION OF INDEPENDENCE REQUIREMENTS

needed to carry out supervisory functions

I the undersigned _____ born on _____ in _____ and residing in _____ citizen of _____, being fully cognizant of the civil and criminal liability, which I face as a result of the truthfulness of the declarations listed below, for purposes of taking up the post of statutory auditor/auditor of _____

I HEREBY DECLARE

Under Law 165 of 17 November 2005 and implementing provisions issued by the Central Bank of the Republic of San Marino:

- 1) I do not serve as director on behalf of the same firm or in firms that are direct or indirect subsidiaries of said firm, or in firms that directly or indirectly hold equity interests in the capital of said firm;
- 2) I hold, neither directly nor indirectly, any SUBSTANTIAL EQUITY INTERESTS in the firms mentioned in item 1;
- 3) I am in no way linked to the firms mentioned in item 1 by relationships having potential financial impact, as defined in the current regulatory provisions in force;
- 4) I am not a spouse, relative or kinsman up to and including the fourth degree of persons meeting one of the criteria mentioned in the preceding items 1, 2, or 3;
- 5) I am not an employee of the State, Public Entities, or Autonomous Public Enterprises.

I HEREBY AUTHORIZE

In the final analysis, the Central Bank of the Republic of San Marino to conduct on the premises of the appropriate offices such verification procedures as the Central Bank deems appropriate for ascertaining the truthfulness of the declarations which I have made herein.

In witness whereof.

Republic of San Marino, [date] _____

OUTLINE OF THE REPORT ON THE ORGANIZATIONAL STRUCTURE

PART I: Corporate bodies

1. Briefly describe the tasks assigned to corporate bodies.
2. Indicate the usual periodicity of the meetings of the corporate bodies.
3. Describe the processes that lead to the entrance into new markets or sectors or the introduction of new products.
4. Indicate the timing, form and contents of the documentation to be transmitted to corporate bodies for the fulfilment of their respective functions, with a specific identification of responsible parties. Highlight those responsible, timing and minimum content of information flow to be presented to corporate bodies on a regular basis.

PART II: Organizational structure and internal controls system

1. Describe (using a graph if need be) the organization chart/corporate function chart (including any peripheral network of agents and authorized sub-providers).
2. Describe the powers attributed to the various levels of the business organization, its related operational limits, and the rules for the delegating subject to control the work of the delegate.
3. Indicate the strategic operational functions that the Institution has outsourced and the contact person responsible of the outsourced activities, as well as describe the content of the outsourcing agreements, including the identity and the geographical location of the supplier and the procedures adopted for the control of those outsourced functions;
4. For corporate control functions, indicate the manager and describe the human and technological resources available, the content and periodicity of control activities, specifying the roles and responsibilities relating to the conduct of the control processes.
5. With reference to any peripheral network, agents and authorized sub-providers, describe the manner and frequency of controls carried out on the same by the Institution, the information systems, processes and the infrastructure used by the latter to carry out the activities on behalf of the institution, as well as the national/international payment systems to which the institution has access.

PART III: Risk management

1. Indicate for each type of significant risk the organizational safeguards prepared for their management and the control mechanisms.
2. Illustrate the safeguards and precautions provided with reference to the distribution of payment services, of electronic money issuing and any other services, with particular regard to both the peripheral network and the network consisting of agents and authorized sub-providers. References must be produced regarding the procedures put in place when using computer distribution networks (eg. Internet).
3. Describe the organizational and control safeguards to ensure compliance with the regulations concerning prevention and contrast of money laundering and terrorist financing.
4. Describe the organizational safeguards prepared for ensuring compliance with the regulations concerning transparency and correctness of customer relations, also with reference to the procedures adopted for handling complaints.
5. Describe the procedures for monitoring and managing the users' complaints as a result of inefficiencies, malfunctioning or frauds relating to the payment service provided.

PART IV: Information and security systems

1. Describe briefly the information procedures used in the various departments (accounting, reports, etc.), including the procedure used for the monitoring, management and control of security incidents and customer complaints regarding security and the process of feeding them, highlighting the automated operations and those carried out manually and the degree of integration between procedures.

2. Describe the controls (including those that are generated automatically by procedures) carried out on data quality.
3. Describe the logical and physical safeguards prepared to ensure the security of the information system and data confidentiality (identification of qualified entities, management of user-id and password, back-up and recovery systems, etc.) with particular reference to sensitive data relating to payments:
 - describe the *policy* regarding the right of access to the components and systems of the IT infrastructure used for the processing of these data, including *database* and *back-up* systems;
 - indicate the subjects having access to sensitive data related to payments;
4. Identify the EDP manager and the functions attributed to it. Describe briefly the emergency plans and business continuity plan to ensure their ability to operate on an ongoing basis and limit operational losses in the event of serious disruption to operations, including the procedure adopted to periodically test such plans; describe the procedures and measures adopted to mitigate the risks in the event of termination of its payment services, in order to avoid negative effects on payment systems and services' users, as well as to ensure the execution of ongoing transactions.
5. Describe the security risk management system, including the procedure adopted to monitor and manage security-related incidents, which also takes into account the reporting obligations towards the Supervisory Authority.

DESCRIPTION OF PAYMENT SERVICES, OF THE ELECTRONIC MONEY ISSUING ACTIVITY AND THEIR CHARACTERISTICS

Section A – List of payment services

The Institution indicates the payment services it intends to offer, among those set out in Letter I) of Annex 1 of Law No. 165 of 17 November 2005, as amended.

Section B – Characteristics of payment services

The Institution describes for each payment services provided the information specified by the relevant compilation scheme, as follows.

B.1 – Payment services referred to in points a), b), c), d), e)

PART I

1 - Contracting

Characteristics of the service offered to users, including how to register subscription operations and termination of the relationship with the user and contractual relations with other parties possibly involved.

Characteristics of payment accounts, including any maximum amounts of deposit and/or maximum times of funds management.

2 - Circuit

Characteristics of the circuit for the acceptance of the payment instrument and linking mechanisms between the Institution and the circuit. To this end, it is indicated if the institution issuing the payment instrument: i) is the owner of the acceptance circuit; ii) adheres to a payment system operated by third parties (e.g. payment card circuit or interbank payment network); iii) has added its own functions to a third party payment circuit.

Detail aspects:

- mode of operation of the circuit and, in particular, the role and responsibilities of the various subjects involved;
- mechanisms to protect the integrity of the circuit, with special attention to the control systems, the measures necessary to ensure the continuity and adequacy of service levels, as well as indication of those responsible for the administration of the security of the circuit;
- technical safety measures adopted, in particular modes of identification/authentication of users and management of any encryption systems, measures to preserve data integrity and confidentiality and to ensure the protection of physical devices.

3 –Authentication mechanisms

Customized device characteristics and/or set of procedures agreed between the user and the payment service provider and that the payment service user uses to issue a payment order.

Method for the acquisition of any custom device and technical security devices used.

PART II

1 -Clearing and settlement

Arrangements for clearing and settlement of payments, means of access to exchange and settlement of transactions procedures (e.g. accession to interbank procedures, recourse to operational channel, chosen regulation channel) with description of monetary flows and/or their accounting.

Technical security safeguards established to protect the reliability and availability of the services used by the Institution to provide access to clearing and settlement procedures managed by third parties.

Safeguards to ensure compliance with the expected cut-off time.

2 – Fraud management and control

Measures aimed at identifying abnormal behaviour, manipulation attempts or fraudulent use.

3 – Claims management

Procedures for handling users' complaints because of disruptions, malfunctions or fraud relating to the payment service provided.

4 – Credit supply

Services for which the credit is granted.

Main characteristics of the credit supply contract (example: duration, type of funding).

PART III

1 – Additional information to be provided for the services referred to in points a) and b)

FUNCTIONS OF DEPOSIT/WITHDRAWAL

Characteristics of services allowing to deposit and/or withdraw cash from a payment account, as well as the operations required for managing a payment account.

Technical security safeguards adopted to ensure the reliability and availability of the service.

2 - Additional information to be provided for the services referred to in points c) and d)

PAYMENT ORDERS

Procedure for the processing of the payment order (e.g. funds transfer, direct debit even one-off transfers, credit transfers, standing orders, transactions placed through payment cards or similar devices), including the users' authentication mode, order acceptance and completion of the transaction.

Technical security safeguards adopted to ensure the reliability and availability of the service.

3 - Additional information to be provided for the services referred to in point e)

ISSUING OF PAYMENT INSTRUMENTS

Technical and operating characteristics of the payment instrument (example: physical cards or virtual

devices, authentication devices), including technical security safeguards used.

Methods of production, customization, maintenance, distribution and destruction of the devices used and the technical security safeguards adopted.

Issuers of card-based payment instruments also provide, where relevant, the information required by the following Paragraph B.3, Section 2 "Access to payment accounts" and Section 3 "Authentication and consent".

ACQUIRING

Acquiring service characteristics, including merchant affiliation methods, characteristics of information and monetary flows with the acceptance points of payment instruments.

Technical and operating characteristics of the devices for the acceptance of a payment instrument (e.g., physical and virtual POS terminals, ATM and remote acquiring services across public or private networks) and the technical security safeguards used.

Methods of production, customization, installation and removal of the devices for the acceptance of the payment instrument and the related technical security safeguards adopted.

4 – Additional information to be provided for services including the offer and management of a payment account accessible on-line

Description of the characteristics of the interfaces allowing the interconnection between the account servicing payment service provider and the payment initiation service provider, the account information or card issuer service provider in accordance with the requirements set out in the Delegated Regulation (EU) 2018/389 of 27 November 2017, and its subsequent amendments. In case of adherence to platforms:

- methods of integrating the platform into corporate information systems and, in particular, roles and responsibilities of the various parties involved;
- protection mechanisms of the platform's integrity, with particular regard to control systems, measures to ensure the continuity and adequacy of the service levels, as well as indication of the parties responsible for the management of the platform's security.

B.2. Payment services referred to in point f) (money remittance)

1 - Circuit

Any circuit to which the institution adheres and/or major countries to/from which money remittances are sent and/or received.

2 – Modes of operation of the service

Characteristics of the service, including:

- a) guaranteed service levels, procedural and amount constraints, other peculiar characteristics;
- b) security procedures and safeguards in the sending phase (on line controls, identity verification, control codes generation and their security, etc.);
- c) safety procedures and safeguards in the reception phase (identity controls and on parameters of the transaction, checksums).

3 – Procedures for managing monetary and information flows

Description of the following aspects:

- a) characteristics and security safeguards of the information systems of the agents providing the service to customers;

- b) characteristics and safety safeguards of the interconnection networks of agents with central processing systems;
- c) control procedures on agents, including verification of technical and operational safety procedures;
- d) characteristics and security safeguards used to access the interbank networks both nationally and internationally.

4 - Clearing e settlement

Arrangements for clearing and settlement of payments, means of access to exchange and settlement of transaction procedures (e.g. access to interbank procedures, recourse to operational channel, chosen regulation channel) with description of monetary flows and/or their accounting.

Technical security safeguards established to protect the reliability and availability of the services used by the Institution for access to clearing and settlement procedures managed by third parties.

Safeguards to ensure compliance with the expected cut-off time.

5 – Fraud management and control

Measures aimed at identifying abnormal behaviour, manipulation attempts or fraudulent use.

6 – Claims management

Procedures for handling user complaints because of disruptions, malfunctions or fraud relating to the payment service provided.

B.3. Payment service referred to in point g) (Payment initiation service)

PART I

1 - Contracting

Characteristics of the service offered to users, including the method of registration of subscription and termination procedures of the relationship with the user and contractual relationships with other parties possibly involved.

Characteristics of the payment accounts accessed by the provider and any limits on the amount of payment orders initiated.

Merchant affiliation methods, characteristics of the information flows with the acceptance points of the payment instruments.

2 – Access to payment accounts

Description of the methods and procedures for accessing payment accounts.

Description of the internal procedures for requesting the issuance, management, revocation and updating of the certificates with which the payment initiation service provider identifies with the account servicing payment service provider.

Description of the IT security measures adopted, in particular methods of identification/authentication of users and management of any encryption systems, measures aimed at preserving data integrity and confidentiality and ensuring the protection of physical devices.

3 – Authentication and consent

Description of the characteristics of customized devices and /or any procedures agreed between the payment initiation service provider and the user, even in addition to those provided by the account servicing payment service provider.

Description of the procedures for managing the payment order.

Technical security safeguards adopted to ensure the reliability and the availability of the service.

Description of the integration procedures with the authentication mechanisms provided by the account servicing payment service provider.

Methods of acquisition of the user's consent and the related technical security safeguards adopted.

PART II

1 – Fraud management and control

Measures aimed at preventing and identifying abnormal behaviours, manipulation attempts or fraudulent use.

2 – Claims management

Procedures for handling users' security-related complaints because of disruptions, malfunctions or fraud relating to the payment service provided.

B.4. Payment service referred to in point h) (Account information service)

PART I

1 - Contracting

Characteristics of the service offered to users, including the method of registration of subscription and termination procedures of the relationship with the user and contractual relationships with other parties possibly involved.

Characteristics of the payment accounts accessed by the provider.

2 – Access to payment accounts

Description of the methods and procedures for accessing payment accounts.

Description of the internal procedures for requesting the issuance, management, revocation and updating of the certificates with which the account information service provider identifies with the account servicing payment service provider.

Description of the IT security measures adopted, in particular methods of identification/authentication of users and management of any encryption systems, measures aimed at preserving data integrity and confidentiality and ensuring the protection of physical devices.

3 – Authentication and consent

Description of the characteristics of customized devices and /or any procedures agreed between the payment initiation service provider and the user, even in addition to those provided by the account servicing payment service provider.

Technical security safeguards adopted to ensure the reliability and the availability of the service.

Description of the integration procedures with the authentication mechanisms provided by the account servicing payment service provider. Methods of acquisition of the user's consent and the related technical security safeguards adopted, including the mechanisms with which access is ensured only to information on designated payment accounts and payment transactions associated with them.

PART II

1 – Fraud management and control

Measures aimed at preventing and identifying abnormal behaviours, manipulation attempts or fraudulent use.

2 – Claims management

Procedures for handling users' security-related complaints because of disruptions, malfunctions or fraud relating to the payment service provided.

Section C – Electronic money

Electronic money institutions shall provide the information referred to in section B.1 with reference to the electronic money issuing activity. They also describe the following aspects:

- a) technical and operational characteristics of the payment instrument (example: physical cards or virtual devices; names or anonymous rechargeable or not; any possibility of electronic money transfers from one device to another);
- b) initial storage mode and, if required, following storage device;
- c) repayment mode of electronic money and essential characteristics of the contractual relationship with the electronic money holder (e.g. the initial monetary value, maximum amounts of storage, the maximum amount of individual charges, terms and conditions of use, applicable fees);
- d) registration method of storage operations, use, recharge, refund and, if required, transfers from one device to another.