



LESOTHO

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Instruments) Regulations, 2017

OTHER NOTICES

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and fully paid-up share of common stock, plus all disclosed reserves, less goodwill or any intangible assets;

“electronic money” or “e-money” means a monetary value as represented by a claim on its issuer, which is:

- (a) electronically or magnetically stored;
- (b) issued against receipt of currency of Lesotho or any other currency authorised by the Central Bank; and
- (c) accepted as a means of payment by persons other than the issuer;

“electronic payment instruments” means payment instrument permitting the transfer of funds in an electronic manner through:

- (a) the issuance and use of electronic money; or
- (b) the provision of payment services allowing for the execution of electronic payments including among others the execution of credit transfers and direct debits, money transfers and card payments, credit cards or debit cards;

“e-money balances” means the outstanding and unclaimed balance of e-money belonging to an e-money holder that has been put in the trust account and that can be used as to make payments at a merchant’s premises;

“e-money holder” means a person who has a claim on an e-money issuer;

“e-money issuer” means a company which issues e-money, is responsible for the payment obligation and assumes the liabilities for the e-money issued. An e-money issuer may be either a financial institution licensed under the Financial Institutions Act, 2012⁴ or its Guidelines to issue e-money or an issuer of electronic payment instruments licensed under Part III of these reg-

ulations to issue e-money;

“financial institution” has the meaning assigned to it in the Financial Institutions Act, 2012;

“independent system auditor” means a person with adequate qualifications and recognized by international systems auditing bodies;

“interoperable” means the commercial interconnectivity between providers of different payment systems or payment instruments including the technical capability to interact and exchange information and messages;

“issuer of electronic payment instruments” means a company licensed to issue electronic payment instruments in accordance with Part III;

“key management official” means a managing director, chief executive officer, chairman of the board of directors, director, president, principal officer, chief financial officer or treasurer and their deputies or equivalents and any other person who occupies the same level of management or holds a position of decision making;

“merchant” means an entity which accepts e-money as payment for goods or services;

“operational risk” is risk that hardware and software problems, or human error, or malicious attack will cause a system to break down or malfunction giving rise to financial exposures and possible losses;

“outsourcing risk” is a risk introduced by subcontracting or outsourcing certain services or operations;

“outstanding e-money liabilities” means the unutilised amount of e-money which has been issued and the utilised amount of e-money which is pending payment to merchants;

“payment instruments” has the meaning assigned to it in the Payment Systems Act 2014;

“principal shareholder” has the meaning assigned to it in the Financial Institutions Act, 2012;

“suspicious transactions” means a transaction where there are reasonable grounds to suspect that the transaction is related to a money laundering offence or a terrorist activity financing offence;

“the Act” means the Payment Systems Act 2014;

“the Central Bank” means the Central Bank of Lesotho;

“trust account” means a dedicated account held in a supervised bank in Lesotho, that holds e-money balances and that operates in accordance with Schedule 4;

“unclaimed fund” means moneys held by issuer of electronic payment instrument and in respect of which the owner has not, for such period as determined by the Central Bank, communicated with such issuer of electronic payment instruments or in any other manner indicated an interest in the property.

(2) All other words used have the meaning assigned to them under the Payment Systems Act, 2014.

Objectives

3. The objective of these regulations is to provide for the licensing and oversight of issuers of electronic payment instruments including issuance of e-money as well as general provisions applying to e-money issuers.

Application

4. (1) These regulations apply to issuers of electronic payment instruments.

(2) Part V applies to e-money issuers, including financial institu-

tions:

Provided that they are allowed to issue e-money under these regulations or under the Financial Institutions Act, 2012 or any regulations made thereunder.

PART II - ISSUANCE OF ELECTRONIC PAYMENT INSTRUMENTS AND LICENSING

Licensing

5. A company shall not conduct the business of issuer of electronic payment instruments unless it is licensed under Part III or as a financial institution under the Financial Institutions Act, 2012 or any regulations thereunder.

Application for a license

6. A company which intends to conduct business in Lesotho as an issuer of electronic payment instruments shall submit a written application to the Central Bank for licensing using the application form set out in Schedule 1 and accompanied by the information set out therein.

Licensing requirements

7. (1) The Central Bank may refuse to grant a license if any of the following conditions is not met:

- (a) the applicant shall be a company with a registered office in Lesotho;
- (b) the applicant shall immediately before the granting of a license hold an amount of core capital as set out in Schedule 2;
- (c) the applicant shall satisfy the Central Bank that:
 - (i) its principal shareholders are fit and proper persons;
 - (ii) the key management officials are fit and proper and possess appropriate knowledge and experi-

ence to issue e-money and provide electronic payment services;

- (iii) it has a board of directors as prescribed by the Companies Act 2011, whose major responsibilities shall include:
 - (aa) to determine, review and approve strategies, business plans and significant policies, including its risk appetite and monitor management's performance in implementing them;
 - (bb) to set corporate values and clear lines of responsibility and accountability that are communicated throughout the organisation;
 - (cc) to ensure competent management;
 - (dd) to ensure that the operations of the business are conducted prudently, and within the framework of relevant laws and policies;
 - (ee) to ensure that comprehensive risk management policies, processes and infrastructure, and effective operationalisation of the risk controls to manage the various types of risks, are in place and effective; and
 - (ff) to establish an effective internal audit function;
- (v) it has a business plan which shows a forecast budget calculation for the first 3 years, under which appropriate and proportionate systems, resources and procedures shall be employed by the company to operate soundly;

-
- (vi) in case of issuance of e-money, it has taken adequate measures for the purpose of safeguarding e-money holders funds in accordance with Schedule 4;
 - (vii) it has robust governance arrangements for its electronic payment instrument issuance business, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility;
 - (viii) it has established adequate operational arrangements for the payment instruments offered, and services, which include the following:
 - (aa) rules and procedures stating the rights and liabilities of the issuer and the user, and the risks that may be incurred;
 - (bb) measures to ensure prudent management of the funds collected from customers;
 - (cc) measures to ensure the safety, security and operational reliability of the payment instrument, including contingency arrangements; and
 - (dd) measures to ensure separate records and accounts for its payment instrument activities from its other business activities;
 - (ix) it has effective procedures to identify, manage, monitor and report any risks to which it might be exposed, which are proportionate to the nature, scale and complexity of the payment instrument to be issued;
 - (x) it has adequate internal control mechanisms, including sound administrative and accounting procedures, which are comprehensive and proportionate to the nature, scale and complexity of the payment instrument to be issued.

steps to ensure compliance with these regulations.

(4) Notwithstanding sub-regulation (1), an issuer of electronic payment instruments is responsible for anything done or omitted by any of its employees or branch or any other entity executing transactions on its behalf or to which activities are outsourced, as well as, in case of issuance of e-money, by any acts carried out by its agent.

(5) For purposes of this regulation, an issuer of electronic payment instruments shall not outsource its material operational functions in such a way as to impair -

- (a) the quality of internal control of the issuer of electronic payment instruments; and
- (b) the ability of the Central Bank to monitor compliance of the issuer of electronic payment instruments with the Act and these regulations.

(6) For the purposes of sub-regulation (5), an operational function shall be regarded as material if a defect or failure in its performance would materially impair -

- (a) the continuing compliance by the issuer of electronic payment instruments with the requirements of its licensing obligations under these regulations;
- (b) its financial performance; or
- (c) the soundness or the continuity of its services.

(7) Where an issuer of electronic payment instruments outsources a material operational function under these regulations, it shall ensure that:

- (a) the outsourcing does not result in the delegation of its core responsibilities;
- (b) its relationship and obligations to its customers are not altered;

- (c) its licensing requirements are not undermined, including any conditions imposed by the Central Bank.

(8) The Central Bank shall continue to exercise its oversight and supervisory powers under these regulations in respect of third parties to whom functions have been outsourced.

Prudent management of funds

19. An issuer of electronic payment instruments shall have the following obligations -

- (a) manage the funds collected from customers prudently;
- (b) in case of issuance of e-money, within a period of 30 days -
 - (i) ensure that e-money balance refunds are made to e-money holders; and
 - (ii) ensure that payments are made to merchants for services rendered relating to e-money;
- (c) ensure that it maintains sufficient liquidity for its daily operations.
- (d) avoid amalgamation of funds by managing e-money funds separately from the working capital funds through the use of the trust account.

Obligations applicable to the issuer of electronic payment instruments

20. (1) In addition to other requirements stated in these regulations, an issuer of electronic payment instruments shall -

- (a) ensure that the proposed issuance of electronic payment instruments meets all the requirements specified in these regulations and others that may be set by the Central Bank from time to time;
- (b) ensure that the service maintains electronic audit trails

and reporting mechanisms that meet operational, financial, regulatory and other reporting requirements;

- (c) impose a sound risk management framework for the services;
- (d) use systems capable of being or becoming interoperable with other issuers of electronic payment instruments, financial institutions and other payment systems both in the country and internationally;
- (e) not effect the transfer of funds for an amount which exceeds the credit balance in the relevant account;
- (f) abide by the provisions of Financial Institutions Act insofar as acceptance of deposits from the general public is concerned;
- (g) enable the Central Bank to conduct its oversight activities and system review at any point in time, including oversight in the form of on-site inspection;
- (h) on a monthly basis, submit to the Central Bank information stipulated under regulation 27(1)(b) and (c).

(2) In addition to the provisions of sub-regulation (1), an issuer of electronic payment instruments shall conduct its activities in a manner that does not preclude the Central Bank from carrying out its supervisory and regulatory functions.

Financial statements

21. An issuer of electronic payment instruments shall prepare its financial statements in accordance with the requirements of internationally accepted accounting practices or standards as adopted by the Lesotho Institute of Accountants.

Audit and accounting

22. (1) An issuer of electronic payment instruments shall, annually, no-

tify the Central Bank of its intention to appoint an independent auditor, who shall be approved by the Central Bank.

(2) An independent auditor appointed under sub-regulation (1) shall be a member of the Lesotho Institute of accountants and shall not hold the appointment for a period exceeding 5 years unless otherwise exempted by the Central Bank.

(3) The duties of an auditor appointed under these regulations shall include, but not limited to the following -

- (a) to audit operations of the issuer of electronic payment instruments;
- (b) to submit to the issuer of electronic payment instruments audit information or reports;
- (c) to submit to the Central Bank information relating to the audit when so required;
- (d) to report to the Central Bank any irregularity in the management of its activity as issuer of electronic payment instruments which has come to his notice during the audit.

(4) The furnishing of information in good faith by an auditor under sub-regulation (3)(c) shall in no circumstances be held to constitute a contravention of any provision of the law or code of professional conduct to which such auditor may be subject.

(5) If the auditor is unable to make an audit report contemplated in sub-regulation (3) or to make it without qualification, he shall make a report explaining the facts or circumstances which prevented him from making his audit report with or without qualification.

(6) An issuer of electronic payment instruments which carries on activities other than the issuance of electronic payment instruments shall provide to the Central Bank separate accounting information in respect of its issuance of electronic payment instruments.

Record keeping

23. (1) An issuers of electronic payment instruments shall maintain -
- (a) records of its activities and keep them for at least 10 years from the date on which the record was created;
 - (b) an accurate and complete record of accounts opened which shall include but not limited to -
 - (i) the date on which the account was first created;
 - (ii) the identity of the e-money holders or customers;
 - (iii) the individual balances held by such e-money holders or customers; and
 - (iv) the transactions carried out by them, the aggregate e-float and the amount in the trust account.
- (2) Where an issuer of electronic payment instruments has listed agents, it shall maintain a record of the following -
- (a) the procedure for recruiting agents;
 - (b) a copy of the agreement between the parties;
 - (c) the policies and procedures approved by the issuer of electronic payment instruments for agents when providing e-money services;
 - (d) a description of the technology to be used by the agent to deliver the services;
 - (e) volumes and values of transactions carried out by each agent;
 - (f) a risk assessment report of the provision of the services through agents including the control measures applied to mitigate the risks;

- (g) the proposed security measures to be adopted for the premises of agents;
- (h) the agent manual and any material used for training agents;
- (i) information about the agents which includes but not limited to the following -
 - (i) the names, addresses and contact numbers of the agents;
 - (ii) the identity of the persons responsible for the management of the agent; and
 - (iii) a register of agents whose services have been suspended or terminated and the reasons for such suspension or termination.
- (j) such other information as the Central Bank may require from the issuer of electronic payment instruments from time to time.

Anti-money laundering and suspicious transactions reporting

24. (1) An issuer of electronic payment instruments shall ensure that the design and implementation of its payment system, reduces the opportunities and incentives for abuse and provides the means to filter out suspicious activities by -

- (a) putting in place Know Your Customer procedures as prescribed under the Money Laundering (Accountable Institutions) Guidelines 2013⁵ as may be amended from time to time; and
- (b) ensuring that agents comply with the Money Laundering and Proceeds of Crime Act 2008⁶, and its implementing regulations.

(2) An issuer of electronic payment instruments shall report any knowledge or suspicion of money laundering related to a specific customer or

transaction to the Financial Intelligence Unit forthwith by using the relevant suspicious transactions report.

(3) An issuer of electronic payment instruments shall ensure that all transactions in Lesotho are in a currency recognized as legal tender in Lesotho.

(4) Where transactions are to be made in a foreign currency between residents, the issuer of electronic payment instruments shall seek permission from the Central Bank to conduct such transaction.

(5) Prior permission of the Central Bank is required where an issuer of electronic payment instruments who intends to conduct regional cross border transactions, which shall be settled through a regional clearing house.

(6) Where transactions are conducted outside the jurisdiction of regional clearing house, issuers of electronic payment instruments may partner with licensed money transfer operators within the concerned jurisdiction.

(7) Prior to transacting with the operator contemplated in sub-regulation (6), an issuer of electronic payment instruments shall be satisfied that the operator complies with the Money Laundering and Proceeds of Crime Act 2008, and its implementing regulations.

Unclaimed funds

25. (1) An issuer of electronic payment instruments shall, in an effort to curb money laundering and financing of terrorism activities, treat unclaimed funds as follows -

- (a) whenever an electronic payment instrument has not operated for a period of up to 2 years, such an account shall be considered as dormant in the books of issuer of electronic payment instruments;
- (b) an account contemplated in paragraph (a) shall be transferred to a separate register of dormant accounts in the books of an issuer of electronic payment instruments;
- (c) no service charge or levy shall be imposed on an account contemplated under paragraph (b);

- (d) where an account contemplated in paragraph (b) remains unclaimed for 2 years, an issuer of electronic payment instruments concerned shall publicise in the media of wide circulation;
- (e) where funds remain unclaimed after a period one year from the date of publication in the media, the funds shall be transferred forthwith by the issuer of electronic payment instruments concerned to the Central Bank;
- (f) an issuer of electronic payment instruments shall be relieved of all liability for any claim in respect of unclaimed funds that have been transferred to the Central Bank;
- (g) the right to claim funds contemplated under regulation 26 shall remain with the rightful owner or the owner's heirs or assignees;
- (h) funds claimed under these regulations shall not accrue any interest;
- (i) a licensed issuer of electronic payment instrument holding funds presumed to be unclaimed under these regulations shall annually report such holding to the Central Bank.

(2) Failure to comply with sub-regulation (1)(h) constitutes an offence punishable under Part VI.

Periodic reporting

26. An issuer of electronic payment instruments shall submit to the Central Bank -

- (a) its annual audited financial statements not later than 3 months after its financial year end, which statements shall show clearly the income and expenditure of the business together with its assets and liabilities;

- (b) statistical information for each month in the format prescribed by the Central Bank on a date that will be determined from time to time; and
- (c) any other information that the Central Bank may request from time to time.

Inspections

27. (1) In accordance with section 16 of the Act, the Central Bank may -

- (a) conduct on-site inspections at the premises of an issuer of electronic payment instruments and its agents;
- (b) inspect, at any time, the books of accounts, trust account and other documents of an issuer of electronic payment instruments including those of its agents and agent;
- (c) by notice, at any time, require an issuer of electronic payment instruments or, in case of issuance of e-money, require any of its agent or agents to provide information to the Central Bank, in such manner and form as the Central Bank may specify.

Special audit

28. (1) The Central Bank may appoint an appropriate professional to conduct a special audit on the operations of an issuer of electronic payment instruments, whose cost shall be borne by the issuer of electronic payment instruments.

(2) If the Central Bank has reason to believe that the operations of an issuer of electronic payment instruments are being conducted in a manner that is detrimental to the interest of the e-money holders or customers or are in contravention of the terms and conditions imposed, it may take any of the following courses of action -

- (a) issue directives regarding measures to be taken to improve the management and provision of the issuance of

payment instruments services;

- (b) suspend or withdraw the license; or
- (c) impose any other conditions as it may consider appropriate.

Notification and approval of changes

29. (1) An issuer of electronic payment instruments who intends to introduce a substantial change or enhancement in its service shall seek prior authorisation from the Central Bank.

(2) For the purpose of sub-regulation (1), a substantial change or enhancement shall refer to a change or enhancement which expands the scope or, the nature of its service and may include but not limited to the following -

- (a) additional functionality of its service such as accessing new electronic channels;
- (b) changing any major partners or sub-contractors in the business; or
- (c) any changes to the documentation and information provided during the application process.

Cessation of the service

30. (1) Any issuer of electronic payment instruments who wishes to cease carrying on the business or activity of issuance of electronic payment instruments, shall notify the Central Bank in writing.

(2) The notification contemplated in sub-regulation (1) shall be made 90 days before cessation of operations.

(3) The Central Bank shall have powers to order the issuer of electronic payment instruments to take any action prior to exiting from the service.

PART IV - SPECIFIC PROVISIONS ON E-MONEY**Issuing and redemption of e-money**

31. (1) An e-money issuer shall -
- (a) on receipt of funds, issue without delay electronic money at par value; and
 - (b) at the request of the e-money holder, redeem at par value, the monetary value of the e-money held.
- (2) An e-money issuer shall provide refunds of e-money balances in their e-money holders' accounts on demand of e-money account holder.
- (3) The refund contemplated in sub-regulation (2) shall be made within 5 days of the claim and shall not attract any fees other than the normal withdrawal fees.

Terms and conditions

32. (1) An e-money issuer shall ensure that the rights and responsibilities of e-money holders, agents and merchants are clearly stated in the relevant contractual documents or terms and conditions and ensure that they are easily accessible through appropriate channels, including but not limited to the issuer's website, brochures and registration forms.
- (2) An e-money holder and a merchant shall be given at least 21 days' notice before any variation to the terms and conditions may take effect.

Consumer protection and recourse

33. (1) An e-money issuer shall put in place measures to address consumer protection, education and privacy and shall ensure that -
- (a) its user charter, at a minimum, includes its commitment towards ensuring safe operations, privacy of customer information, reliable and quality service, transparency of product and services, and prompt response to enquiries, complaints, refunds and disputes;

- (b) measures to address complaints or queries raised by e-money holders and a dispute resolution mechanism are available;
- (c) statements on the risk of loss arising from insolvency of issuer, lost or stolen e-money instruments, or fraudulent transactions are provided to e-money holders and merchants.

(2) An e-money issuer shall ensure that appropriate and effective procedures for receiving, considering and responding to complaints are put in place, which shall ensure that -

- (a) information about procedures for handling complaints is easily available to customers at any channel used in the provision of e-money services;
- (b) agents are trained on receiving complaints and handling their resolution or escalation;
- (c) a dedicated toll free telephone line for complaint resolution is provided; and
- (d) records are kept for all complaints lodged and how such complaints were resolved.

Prohibited activities

34. An issuer of electronic payment instruments licensed to issue e-money shall not -

- (a) issue the e-money at a discount;
- (b) take deposits within the meaning of the Financial Institutions Act, 2012.

Trust account

35. (1) An issuer of electronic payment instruments licensed to issue e-money shall deposit the funds collected from e-money holders into a trust ac-

count opened at a bank licensed in Lesotho, in accordance with the provisions set out in Schedule 4.

(2) An issuer of electronic payment instruments shall ensure that agent accounts are credited within 24 hours following a deposit made in the trust account.

Appointment of an agent

36. (1) An issuer of electronic payment instruments may appoint an agent to undertake on its behalf, agency services or cash payment services respectively.

(2) In appointing an agent, an issuer of electronic payment instruments shall -

(a) exercise due diligence; and

(b) carry out suitability assessments of the agent.

(3) An agent appointed under subregulation (1) shall be provided with adequate training and support, including a manual containing the policies, rules and operational guidelines needed to ensure safe and efficient provision of services to e-money holders

Services performed by an agent

37. An agent appointed under regulation 36, may provide services to multiple e-money issuers provided that -

(a) they have a separate contract with each e-money issuer for the provision of such services; and

(b) they have the capacity to manage the transactions for the different e-money issuers.

Mitigation on fraudulent and criminal activities

38. An issuer of electronic payment instruments licensed to issue e-money shall -

-
- (a) as a means to mitigate fraudulent and criminal activities, ensure as a minimum that complete “end-to-end” electronic audit trails are in place that provide a complete and total record of -
 - (i) all transactions undertaken by a merchant;
 - (ii) all transactions undertaken by an e-money holder;
 - (iii) complete electronic records of all transactions undertaken within any service providers products and services;
 - (b) conduct customer due diligence on potential merchants who apply to participate in its scheme;
 - (c) put in place Know Your Customer procedures as set out in Schedule 5.

PART V - PENALTIES

Penalties

39. A person who contravenes a provision of these regulations may be liable to the sanctions under sections 18 and 34 of the Act.

PART VII - TRANSITIONAL PROVISION

Transitional provision

40. A person who commenced issuing e-money under Mobile Money Guidelines, 2013 shall be deemed to have been issued a license under these regulations as issuers of electronic payment instruments issuing e-money, and shall be allowed a period of 6 months to comply with the provisions of these regulations.

**DR. RETŠELISITSOE MATLANYANE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO**

NOTE

1. Act No. 11 of 2014
2. Act No 18 of 2011
3. Act No. 25 of 1967
4. Act No. 3 of 2012
5. L.N. No. 55 of 2013
6. Act No. 4 of 2008

SCHEDULE 1

**APPLICATION FOR LICENCE TO OPERATE AS ISSUER OF
ELECTRONIC PAYMENT INSTRUMENTS AND SUPPORTING
DOCUMENTS (regulation 6)**

A. APPLICATION FORM

APPLICANT'S PARTICULARS

Position of the applicant in the named issuance of payment instrument business:

Chief Executive Officer

Partner

Other (Specify)

Address of the business:

Physical Address

Telephone number

Fax number

Postal Address

Email address

Website

A. 1. If the business is to be operated in such a way that it utilises certain payment systems please indicate their names below:

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.....

2. Please provide details of how the business uses the above payment systems to conduct its business by stating the number of links including telecoms, hardware and software links of this particular system business to the named sys-

tems:

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.....

3. Please state the mode of transferring money to be used:

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4. Please state if the business is a franchise and the distribution of the already established outlets in the country :

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.....
.....

5. Please provide particulars of ALL the sole proprietor/partners/director of issuers of electronic payment instruments business:

Full Names	Nationality	Experience in issuing electronic payment instruments
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6. Give details of the electronic payment instruments business's organisational structure, management and ownership:

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7. Give details of the volumes and values of transactions expected to be or are currently being processed by the electronic payment instruments business in question:

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.....

8. Where the electronic payment instruments business is partly owned by a foreign institution/corporation/firm, please indicate below the name and location and state the regulatory body that the electronic payment instruments business is registered under in that foreign country:

.....
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.....

9. Give details of arrangements or proposed arrangements for monitoring and enforcing compliance with the Payment Systems Act of 2014 and these regulations:

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.....

10. Please briefly outline the risk management measures put in place to address liquidity, credit and such other risks :

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.....
.....

11. **Business Plan**

Please furnish business plan on a separate sheet of paper. Remember to include the following: business model, clientele type, the kind of electronic payment instruments business service intended to be provided and other such relevant information.

I/We, the undersigned, declare that the particulars in this application are true to the best of my/our knowledge and I/we have not suppressed any material fact. I/we understand that if after the issuance of the designation license, it is found that I/we have made any false declaration in this form; the Central Bank of Lesotho may withdraw this license as stipulated in the Payment Systems (Issuers of Electronic Payments Instruments) Regulations, 2016.

Date Authorised Signatory Name in Block Letters Designation

Date Authorised Signator Name in Block Letters Designation

B. DOCUMENTS TO BE SUBMITTED TO THE CENTRAL BANK OF LESOTHO

1. Certification of incorporation as a body corporate constituted under the laws of Lesotho
2. If applicable, a copy of any license required to operate its business in Lesotho (such as, if applicable, a copy of the licence to operate mobile telecommunications services obtained from the Lesotho Communications Authority (LCA) or any other body with authority to grant such licences in Lesotho.
3. A description of the payment instrument(s) for which it wants to be licensed and its impact on the payment system provider's business strategy.
4. In case of issuance of e-money, information regarding the agents.
5. A technical proposal, including complete system architecture, of the proposed payment instrument including an indication of interoperability of the proposed solution.
6. Proof of availability of the provider's Information and Communications Technology security policies including contingency arrangements and disaster recovery plans for the proposed service.
7. Proof of capital as prescribed in Schedule 2.
8. Description of customer protection procedures such as customer data and financial records.
9. Identity qualification of key management officials.
10. Confirmation of the payment of application fee set out in Schedule 2.
11. Error resolution procedures.
12. Any other information the Central Bank may deem relevant in vetting the application.

SCHEDULE 2**CORE CAPITAL****(regulations 7(1)(b) and 16)****Description****Core Capital (Maloti)**

Electronic Payment Instrument Issuer

M 500,000

SCHEDULE 3**LICENCE FEES****(regulation 13(1), (4)(b))**

Description	Registration Fee	License Fee	License Renewal Fee
Electronic Payment Instrument Issuer	M500	M1000	M1000

reasons for leaving, the name, position and contact details of two referees. Sealed and send directly to the Bank.

15. (a) List all companies, partnerships, societies, corporations, or other business undertakings in which you are presently a director, partner, trustee, employee, owner or otherwise involved in the management of.

(b) Do any of the companies/societies/corporation indicated in (i) above, maintain a business relationship with the institution to which you have applied or you are currently part of? If so give particulars

(c) Do any of the companies/societies/corporations indicated in (i) above, prospectively plan to undertake business with this institution? If so give details

(d) Have you ever been or are you currently a beneficial owner or shareholder (holding at least 5% of issued share capital) in any company or corporation engaged in relevant activities as the institution to which you are filling this form for? If so, state:

.....

.....

.....

.....

.....

Name and Address of the company/society/corporation: _____
Nature of business: _____

Number of shares

held: _____

(e) Are you a beneficial owner of any controlling interest in any body corporate, partnership, society or other business undertaking? If so, give particulars, including nature and addresses of business partnership etc.:

16. Have you ever been disqualified by any Court or by virtue of any statutory enactment from being a director or from acting in the senior management or conduct of the affairs of any financial sector institution whether in Lesotho or elsewhere? If so, give details:

17. Have you ever been found mentally incompetent to manage your own affairs by any medical doctor at any time?

Yes No

SECTION IV - INTERGRITY ASSESSMENT

18. Has any legal proceedings being is sued against you in your personal capacity or against any entity, partnership, society or any other business undertaking to which you are connected as a shareholder, partner, director or senior official? If pending, please give full details of the circumstances, and if not pending, how as the matter resolved?

19. Have you ever been refused entry to any profession or vocation whether in Lesotho or elsewhere? If so, give facts:

20. Have you ever been the subject of investigation/disciplinary procedures or publicly criticized by any professional body to which you belong or have belonged whether in Lesotho or elsewhere? If so, give details:

21. Have you ever been dismissed or requested to resign from any office or employment whether in Lesotho or elsewhere? If so, give details:

22. Have you been found civilly or criminally liable by any Court for fraud, misfeasance or other misconduct towards any partnership, business undertaking or corporation in connection with its formation or management and or any member or customer thereof in Lesotho or elsewhere? If so, give details:

23. Have you ever been convicted of any criminal offence involving dishonesty and or offences relating to financial legislations? If so, give details:

SECTION V - FINANCIAL INTEGRITY ASSESSMENT

24. Has a bankruptcy/insolvency petition ever been served on you, or any organization in which you were a shareholder or held the position of director or senior management in any jurisdiction? If pending, give details of the circumstances and, if not pending, how was the matter resolved?

25. Has any bank or other financial institution with which you or any business undertaking owned, controlled or managed by you did any institution ever commenced legal action/court proceedings or declined doing any new business with you or your undertaking as a result of outstanding debts owed by you or the undertaking, or due to your not honouring other facilities afforded you (e.g. guarantee, etc.) by these institutions? If so, give details of the dispute and the manner in which the issue was resolved:

26. Has any loan or credit facility (or part thereof) extended to you by any financial or lending institution, been restructured, renegotiated, provided against or been the subject of a write off or debt forgiveness for reasons of non-payment by you? If so please provide full details of the debt/s, the circumstances surrounding the actions and the current status:

27. Whether in Lesotho or elsewhere, have you ever been a shareholder, director or been directly concerned in the management or conduct of affairs of any legal entity, society, partnership or any other business undertaking which has become insolvent and or gone into liquidation, whilst you were associated with the entity? If so, give details of the circumstances, including, name of company, name of liquidator and address of the liquidator:

28. Are you a subject of a judgment debt which is unsatisfied, either in whole or in part, whether in Lesotho or elsewhere? If so, give details:

29. **Documentary Requirements:** For the completion of this section, please submit to the Bank:

- (a) A certified statement of your assets and liabilities;
- (b) Latest tax compliance certificate
- (c) Two letters, duly certified and notarized, from financial institutions with whom you have had dealings for the last two years on the performance of past and present accounts such as, unauthorized overdraft on deposit accounts, past-due or delinquent accounts.

SECTION VI - DUTY OF CARE

30. (a) Have you ever been subjected to a fine or punishment of any kind by any professional body because of failure to exercise duty of care in your capacity as a director, shareholder and or senior management official?

Yes No

(b) Have you ever, in any jurisdiction, had an administrative order made against you?

Yes No

If so, give particulars: _____

(c) Has any financial institution with which you or any business undertaking owned, controlled or managed by you does business, ever threatened or commenced legal action/court proceedings or declined doing new business with you due to your not honoring other facilities afforded you (e.g guarantee, etc.) by these institutions? If so, give details of the dispute and the manner in which the issue was resolved?

- (d) Have you ever been charged and found guilty of any crime on grounds of negligence by a competent court whether in Lesotho or elsewhere? If so give details
-
-
-

- (e) Has any third party to whom you were directly or indirectly dealing with suffered loss-whether financial or otherwise because of the non-disclosure of information, lack of knowledge, wrong information given by yourself in your professional capacity? If so, give details
-
-
-

- (f) Has any decision or your conduct been adjudged by a competent court of law or any regulatory authority as prejudicial, bias, overriding the objectivity and bearing conflict of interest? If so, give details
-
-
-

SECTION VII - GENERAL

31. Whether in Lesotho or elsewhere, have you ever been a shareholder, director of, or directly concerned in the management of any financial sector institution?

- | | | | |
|-----|--|------------------------------|-----------------------------|
| (a) | Which has been served with a petition to wind up | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (b) | Which has been wound up by a court | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (c) | The license of which has been revoked | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (d) | Which has been the subject of legal sued | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

SCHEDULE 7

**APPLICATION FORM FOR RENEWAL OF A LICENSE
(regulation 13(4)(a))**

1. NAME OF APPLICANT:.....
(In bold capital letters in the order that the names appear on registration certificate etc.)

Application for _____

2. APPLICANT'S CONTACTS

2.1. Physical address: _____

Town: _____

Postal Address: _____

2.2 Contact details

Tel. no.: _____ Fax no.: _____

Other Tel. no: _____

Email address: _____

3. DECLARATION

I/We hereby certify that the information we have provided in this application is true and correct to the best of my/our knowledge. I/We also understand that it is an offence to give false information in support of any application

Name: _____

Designation: _____

Signature: _____

Date: _____

COMPLETED APPLICATION FORMS SHOULD BE RETURNED TO:

Central Bank of Lesotho
Cnr Airport & Moshoeshoe Roads
P.O. Box 1184
Maseru 100,
Lesotho

together with:

- (a) the applicant must submit a certified copy of a valid license from relevant licensing authority, where applicable;
- (b) details of changes in the applicant's governance arrangements and internal control mechanism, including administrative, risk management, accounting procedures, which demonstrates that these governance arrangements, control mechanisms and procedures are proportionate, appropriate, sound and adequate.
- (c) details of changes in the identity of:
 - (i) its owners;
 - (ii) its directors and persons responsible for the management of the mobile money services;
 - (c) the trust account holding.

FOR OFFICIAL USE ONLY**APPLICATION ACCEPTANCE SECTION**

NO.	Application Requirements	Receiving officer	Checking officer
1	Is the application form duly completed?		
2	Is the application signed, giving applicant's name and designation?		
3	Is the authorization applied for within the Payment System (Issuers of Electronic Payment Instruments) Regulations 2016?		

Receiving officer comments _____

Receiving officer's name/signature/date _____

Checking officer's comments _____

Checking officer's name /signature/date _____