Latvijas Banka

Regulation No. 260

Adopted 18 December 2023

**Regulations for the Registration of Retail Payment Systems**

*Issued pursuant to*

*Section 26.1, Paragraph three of the Law on Payment Services and Electronic Money*

**I. General Provisions**

1. The Regulation prescribes the procedures for:

1.1. the provision of information for the registration of a retail payment system and also the documents to be submitted;

1.2. the registration of a retail payment system.

2. The following terms are used in the Regulation:

2.1. retail payment system (hereinafter also – the system) – a payment system functioning in the Republic of Latvia which corresponds to the definition set out in Article 2(22) of Regulation No 260/2012 of the European Parliament and of the Council of 14 March 2014 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation No 924/2009 and provides a mechanism for the execution of credit transfers or direct debits, and operating based on an agreement between at least three system participants, excluding the system operator, settlement agent, central counterparty, clearing house or indirect participant, for the execution of transfer orders between participants or clearing with or without the intermediation of the central counterparty in accordance with uniform rules and standardised procedures;

2.2. system participant – a payment service provider in accordance with Section 2, Paragraph two of the Law on Payment Services and Electronic Money who participates in the system and is responsible for the fulfilment of the financial liabilities which have arisen from transfer orders in this system;

2.3. system operator – the maintainer of the system or the authority which is responsible for ensuring the operation of the system. If a system operator is not provided for the system, the system participants shall be responsible for ensuring the operation of the system and, within the meaning of the Regulation, all system participants shall be deemed to be the system operator;

2.4. transfer order – an instruction from the system participant to transfer a sum of money to the payee with an accounting entry into the account of a credit institution, central bank, central counterparty or settlement agent or an instruction to accept a payment or fulfil payment obligations in accordance with the rules of the system.

**II. Information and Documents to be Submitted for the Registration of a Retail Payment System**

3. The system operator or a person authorised thereby shall submit the following information and documents to Latvijas Banka before the commencement of the operation of the system:

3.1. an application for the registration of the system indicating the firm name, registration number, legal address, e-mail address for communication with Latvijas Banka, and telephone number of the system operator;

3.2. the rules of the system which include information about:

3.2.1. the legal acts of the Republic of Latvia, a European Union Member State or a country of the European Economic Area under which the system will operate. When determining the country under whose legal acts the system will operate, the system participants may only choose such a Member State where at least one system participant is registered;

3.2.2. the procedures by which amendments are made to the rules of the system;

3.2.3. the procedures by which the system participants join the system or terminate participation in the system, including on the basis of the decision of the system operator to terminate participation;

3.2.4. the procedures by which the system operator discontinues the operation of the system;

3.2.5. the types of payments and settlements in the system, including information on the liabilities of the system participants towards the system upon the completion of settlements;

3.2.6. the rights and obligations of the system operator. If there are several system operators, information on the mutual distribution of their rights, powers and obligations has to be included;

3.2.7. the moment when the transfer order is entered into the system;

3.2.8. the moment after which a system participant can no longer unilaterally withdraw the transfer order;

3.2.9. the moment when the transfer order becomes irrevocable and the settlement is final;

3.2.10. the collateral security provided by a system participant and the procedures for its management;

3.2.11. the operation of the system in failure situations, including situations where the system participant is unable to fulfil its settlement obligations;

3.2.12. the procedure by which the system operator examines complaints of the system participants;

3.3. the curriculum vitae (CV) of the representatives of the board of the system operator, the person responsible for the operation of the system (if appointed) and the beneficial owners of the system operator if the system operator is not a financial market participant supervised by Latvijas Banka;

3.4. information on the target customers of the system;

3.5. information on the economic justification for the operation of the system, including financial forecasts for the next three years of operation;

3.6. a list of the system participants participating in the system and responsible for the fulfilment of their financial liabilities arisen from the transfer orders in this system;

3.7. a list of the indirect participants of the system which can be identified by the system and have an agreement with a system participant on the execution of transfer orders within the system.

4. The system operator is entitled not to submit to Latvijas Banka the documents which can be obtained from the public registers of the Republic of Latvia.

5. If the system operator is required to submit documents which are already in the possession of Latvijas Banka and information in which has not changed, the system operator need not resubmit the relevant documents and has to indicate in a submission to Latvijas Banka that the relevant documents have been submitted to Latvijas Banka and the information therein has not changed since the submission.

**III. Procedures for the Registration of a Retail Payment System**

6. Latvijas Banka shall register a retail payment system in the Register of Retail Payment Systems maintained by Latvijas Banka within 30 days upon receipt of all the information and documents referred to in Paragraph 3 of the Regulation if Latvijas Banka has not objected to the commencement of the operation of the retail payment system.

7. Latvijas Banka shall register the system if:

7.1. the information and documents specified in Paragraph 3 of the Regulation as well as any additionally requested information and documents have been submitted;

7.2. the information submitted by the system operator ensures prudent operation of the system;

7.3. the documents submitted by the system operator contain true information.

8. If amendments to the rules of the system referred to in Sub-paragraph 3.2 of the Regulation are planned, the system operator or a person authorised thereby shall submit such amendments in writing to Latvijas Banka prior to their approval. The system operator may approve amendments to the rules of the system if Latvijas Banka has not objected to the amendments to the rules of the system within 30 days from the date of receipt of these amendments.

9. When examining the information and documents referred to in Paragraph 3 of the Regulation or the amendments referred to in Paragraph 8 of the Regulation, Latvijas Banka is entitled to request the system operator to revise the documents or submit additional information or documents required by Latvijas Banka to verify the prudent operation of the system as well as the fulfilment of the requirements of the Regulation and other legal acts governing the operation of the system, including the directly applicable legal acts issued by the institutions of the European Union.

**IV. Closing Provision**

10. Regulatory Provisions No. 106 of the Financial and Capital Market Commission of 21 July 2020, Regulatory Provisions for the Registration of Retail Payment Systems (*Latvijas Vēstnesis*, 2020, No. 143), are repealed.

Governor of Latvijas Banka M. Kazāks