



**Islamic Republic of Afghanistan
Da Afghanistan Bank**

Article Two: Money Service Providers Regulation
Part A – General Regulations and Definitions

§ 2.1.1. Authority

This regulation on the licensing, regulation, and supervision of money service providers is pursuant to the authority granted to DAB by Articles 92 and 93 of the Law on Da Afghanistan Bank (Law).

§ 2.1.2. Scope

1. This regulation applies to all individuals and legal entities that are providing money services in Afghanistan, whether or not the individuals and legal entities are domiciled in Afghanistan. For the purposes of this regulation, money services are defined pursuant to Article 1 of the Law to include money transmission, and check cashing.
2. This regulation shall not apply to commercial banks licensed by DAB, their branches, and foreign bank branches permitted by DAB. Money services provided by these banking organizations are regulated and supervised as part of their overall operations, under the regulations issued pursuant to the Law of Banking in Afghanistan.
3. The licensing provisions of this regulation do not apply to any individual or legal entity currently holding a valid Money Service License issued under a previous version of this regulation. Upon expiration of those licenses, a new license must be applied for under the terms of the current regulation.
4. To the extent permitted by the aforesaid Law, powers enumerated herein are exclusively accorded to Da Afghanistan Bank. Exercise and implementation of those powers, including related omission, are the sole and exclusive discretion of Da Afghanistan Bank. Ambiguities herein shall be resolved at sole and exclusive discretion of Da Afghanistan Bank.

§ 2.1.3 Definitions:

- a) *Active User*” means any natural person or legal person who/which conducts at least twelve mobile money transactions per annum (or any equivalent pro-rata number of transactions during any period of time). As used herein, “mobile money transactions” include “cash-in,” “cash-out,” send/transfer money, receive money, and balance inquiry.
- b) *Applicant*” means an individual or legal entity who submits a notice or an application to DAB for the acquisition of a license to provide money services.
- c) *Authorized agent*” means a person who, according to the provisions of this regulation, has been authorized by a licensee to operate a business engaged in the provision of money services on behalf of the licensee.

- d) *“Authorized e-money agent”* means a legal entity or individual who has been authorized by an EMI to perform e-money account opening, cash-in, and cash-out services for customers of the EMI.
- e) *“cash-in”* means accepting banknotes, coins, or other items of monetary value and performing the necessary steps to initiate the crediting of that monetary value to the customer’s e-money account.
- f) *“cash-out”* means giving out banknotes, coins, or other items of monetary value and performing the necessary steps to initiate the debiting of that monetary value from the customer’s e-money account.
- g) *“check cashing”* means receiving compensation for taking payment instruments or stored value, other than traveler’s checks, in exchange for money, payment instruments, or stored value delivered to the person delivering the payment instrument or stored value. Examples include: a) the presentation to a money service provider by a customer of a check payable to the order of the customer, in exchange for cash of equivalent or lesser amount; b) the presentation to a money service provider by a customer of a check payable to the order of the money service provider, in exchange for cash of equivalent or lesser amount; c) the presentation by a money service provider to a customer of a check payable to the order of the customer, to be exchanged for cash of equivalent or lesser amount at a credit institution or any other institution where the money service provider maintains a current account; or d) the provision by a money service provider to a customer of a reference number, the presentation of which number and personal identification at a credit institution or any other institution where the money service provider maintains a current account entitles the customer to receive cash of a predetermined amount.
- h) *“Credit institution”* means a person holding a valid license or permit from DAB whose business it is to receive deposits or other repayable funds from the public and to grant credits for its own account. Credit institutions include banks, foreign bank branches, and depository microfinance institutions.
- i) *“e-money customer”* means an individual who uses an EMI to make or receive small payments and/or to store value. The term does not include legal entities that use an EMI to pay salaries, disburse loan proceeds and receive loan repayments, and receive billing payments according to a regular schedule. These entities are defined below as “partners.”
- j) *“DAB”* means Da Afghanistan Bank, the central bank of Afghanistan, its head office and branches;
- k) *“Domestic transmission”* means a money transmission where both the remitter and the recipient are located inside Afghanistan.
- l) *“e-money”* means monetary value that is stored on an electronic device or server, accepted in exchange for undertakings other than the issuer, and generally intended to make payments or transfer money for another purpose, of a limited amount. E-money is not considered to be a deposit, as that term is defined in Article 1 of the Law of Banking in Afghanistan. Rather, cash-in/cash-out activities of EMIs are considered to be “check cashing,” and MVT transactions are considered to be “money transmission” as those terms are defined in Article 1 of the Law on Da Afghanistan Bank.

- m) “*e-money float*” means the total outstanding e-money liabilities of the EMI to its customers at any one point in time.
- n) “*e-money institution*” or EMI means a legal entity, other than a commercial bank or depository microfinance institution that accepts banknotes, coins, or other means of payment in exchange for e-money, and facilitates the transfer of this e-money to make payments. A commercial bank or depository microfinance institutions that allows its accountholders access to their funds, located in individual, numbered accounts that are liabilities of that commercial bank or DMFI, by means of an electronic device, such as a mobile telephone handset, is not considered to be an EMI for the purposes of this regulation. Similarly, the third-party vendor of a commercial bank or DMFI that provides EMI technology to give customers additional electronic access channels to their funds are not considered to be money services providers for the purposes of this regulation.
- o) “*Foreign transmission*” means a money transmission where either the remitter or the recipient is located outside of Afghanistan.
- p) “*FSD*” means Financial Supervision Department which supervises the banking and non-banking financial institutions.
- q) “*franchiser*” means a legal entity that enters into agreements with individual money service providers (franchisees) located in more than one country to a) act as an intermediary among them in transmitting money across international borders; b) provide the franchisees with a common name, common corporate identity, and common marketing; and c) indemnify the remitter against any losses caused by negligence, fraud, or illiquidity by a franchisee.
- r) “*Inbound transmission*” means a foreign money transmission disbursed to a recipient in Afghanistan.
- s) “*mMoney Volume*” means the number of mobile money transactions conducted through an EMI in a calendar month. For the avoidance of doubt, “mobile money transactions” as used herein means, in addition to cash-in, cash-out, and send/transfer money activities, balance inquiries and PIN modifications.
- t) “*mMoney Value*” means the total amount of currency transferred by virtue of mMoney Volume through an EMI in a calendar month.
- u) “*mobile value transfer*” or MVT means the transfer of e-money from one mobile network subscriber to another that is initiated by means of an instance of mobile communication, such as a call or a text message.
- v) “*Money service provider (MSP)*” means a person or entity that engages in funds transfers, and may also provide safekeeping and check cashing services.
- w) “*Legal entity*” includes a single proprietorship, partnership, or corporation that is incorporated either in or outside of Afghanistan.
- x) “*Licensee*” means an individual or legal entity that has been granted a license to provide money services.
- y) “*Material change*” means any change that is not trivial, and that, if not reported, would cause an investigation or examination to be misled or delayed. Such a change would include, but not be limited to, changing the physical and/or mailing address, responsible individuals, licensee’s name or “doing business as,” and other similar activities.

- z) “*Outbound transmission*” means a foreign money transmission submitted by a remitter in Afghanistan.
- aa) “*Historical average e-money*” means the average of an EMI’s preceding 6 month-end financial liabilities related to electronic money.
- bb) “*Partner*” means a legal entity that has a contractual relationship with an EMI to use the EMI for salary payments, loan disbursements and receipt of loan repayments, and receipt of billing payments according to a regular schedule. Partners may be units of the Afghan government; corporations, with or without the participation of foreign capital; foreign embassies, consulates, and missions; other financial institutions licensed or permitted by DAB; domestic and foreign non-governmental organizations; foreign donor-financed projects, and other foreign organizations.
- cc) “Policies and procedures” are a set of documents that describe an organization's rules and regulations that are necessary for operations, risk management, continuous improvement and compliance. They are often initiated because of some external requirement, such as compliance or other governmental regulations, full openness and transparency. Policies and procedures may have many names, including but not limited to, “business policies and procedures,” “standard operating procedures,” or “SOP,” or “department operating procedures,” or “DOP.”
- dd) “*Qualifying holding*” has the same meaning as given in Article 1 of the Law of Banking in Afghanistan.
- ee) “*Remitter*” means the individual or legal entity submitting money to be transmitted to another party.
- ff) “*Recipient*” means the individual or legal entity authorized to receive money transmitted from another party. *Right of redemption*” means the right of a customer of an e-money institution to cash out all or part of his/her e-money account balance at any time.
- gg) “**Report**” is a piece of information describing, or an account of certain events given or presented to someone or to group or to an organization. Written reports are documents which present focused, salient content to a specific audience. Reports are often used to display the result of an experiment, investigation, or inquiry. The audience may be public or private, an individual or the public in general. Reports are used in government, business, education, science, and other fields. Some examples of reports are: scientific reports, recommendation reports, white papers, annual reports, auditor's reports, workplace reports, census reports, trip reports, progress reports, investigative reports, budget reports, policy reports, demographic reports, credit reports, appraisal reports, inspection reports, military reports, bound reports, etc.
- hh) “**systems**” means a set of detailed methods, procedures, and routines established or formulated to carry out a specific activity, perform a duty, or solve a problem. Open systems means that it is non-proprietary system based on publicly known standard set of interfaces that allow anyone to use and communicate with any system that adheres to the same standards. Open system standards have four basis requirements (1) they must be defined fully, so that vendors can work within the same framework, (2) be stable over a reasonable length of time, so that the vendors have fixed targets to aim at, (3) they must be fully published, so that their interfaces are publicly available, and (4) they are not under the control any one firm or vendor.

- ii) “*Service interruption*” means a breakdown in equipment, power outage, or IT problem that results in EMI customers not being able to transfer e-money balances or verify that e-money balances have been transferred to them. A service interruption that lasts more than two hours is considered an event triggering a mandatory report, as outlined in §2.5.11 below.
- jj) ‘stakeholder’ means a person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives, and policies. Key stakeholders in a business organization include creditors, customers, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources.
- kk) “*volume of money transmissions*” means the sum of money or its equivalent value placed by remitters in Afghanistan for outbound transmissions, plus the sum of money or its equivalent value disbursed to recipients in Afghanistan from inbound transmissions, measured over a certain period of time.
- ll) EMI *Large cash transaction* – exclusively for the purpose of this regulation, a transaction effecting the transfer, conveyance, receipt of value equal to or in excess of 10,000 AFN. Any two (2) transactions by and between the same 2 parties that occur within 2 business days of one and other, which transactions aggregate 10,000 AFN or greater constitute a Large Cash Transaction.
- mm) MSP Large Cash Transaction - exclusively for the purpose of MSP regulation, a transaction effecting the transfer, conveyance, receipt of value equal to or in excess of 100,000 AFN or equivalent to other foreign currencies.
- nn) *Suspicious transaction* – a transaction, regardless of amount or means of payment, where any of the following circumstances exist: 1) there is no underlying legal or trade obligation, purpose, or economic justification; 2) the client is not properly identified; 3) the amount involved is not commensurate with the business or financial capacity of the client; 4) taking into account all known circumstances, it may be perceived that the client’s transaction is structured in order to avoid being the subject of reporting requirements under law and regulations; 5) there are circumstances relating to the transaction which are observed to deviate from the profile of the client and./or the client’s past transactions with the financial institution; 6) the transaction appears to be in any way related to an unlawful activity or offense that is about to be, is being, or has been committed; or 7) it is a transaction that is similar or analogous to any of the foregoing.
- oo) *Multiple account transactions* – means any undertaking in which value is conveyed into or out of more than one account owned or controlled by the same individual or legal person.
- pp) *Mobile Network Operator* (MNO) is a telephone company legally in possession of a radio spectrum license granted by the Government of the Islamic Republic of Afghanistan, which telephone company provides services for mobile telephone subscribers on Afghanistan.

§ 2.1.4 Filing

- a. An applicant must file an application acceptable to DAB and resulting in a license to conduct a money service provider business.
- b. A successful applicant must sign and agree to abide by the terms of the “Money Service Providers Licensing Agreement” prior to issuance of a license.

- c. Sample forms and instruction for filings are available from Financial Supervision Department, Licensing Division, Da Afghanistan Bank, Ibni-Sina-Watt, Kabul, Afghanistan.

Part B – Issuance of License

§ 2.2.1. Characteristics of approved money service providers.

DAB will grant a license to an applicant for the establishment and operation of a money service provider business only if the applicant:

- Can demonstrate that the owners or proprietors of the business are fit and proper persons deserving of public trust;
- Has established at least one fixed address from which the business will be operated;
- Agrees to apply the appropriate procedures for the prevention of money laundering and terrorist financing;
- Agrees to abide by the terms of the “Money Service Providers Licensing Agreement”;

§ 2.2.2. Contents of application

Applications for the granting of a license to a business intending to provide money services must be submitted in writing and in the form designated by DAB. Each application shall contain:

- a. Identifying information about the applicant and his business organization;
- b. Proposed money services to be offered;
- c. Proposed start date for provision of services;
- d. Proposed location(s) and addresses where money services business will be conducted;
- e. List of proposed agents, associates, and employees that are allowed to conduct business in the name of the licensee;
- f. Reference information for applicant;
- g. A declaration of fitness to operate a money service business, signed by the applicant;
- h. Identifying information for bank accounts used in the conduct of the money service business;
- i. Filing fee prescribed by DAB;

§ 2.2.3 Grounds for rejecting application

An applicant for a license to provide money services may be rejected on any of the following grounds, if in the opinion of DAB:

- The applicant does not possess all of the characteristics of an approved money service provider described above;
- The applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has been convicted of any felony in any jurisdiction within the past 10 years;

- the applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has been convicted of a crime involving a financial transaction in any jurisdiction within the past 10 years;
- The applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has charges pending against him/her/them in any jurisdiction for violations relating to a financial transaction within the past 10 years;
- The applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person of the applicant has falsified any information supplied in connection with the application;
- The applicant, individuals with a qualifying holding in the applicant, or any proposed responsible person or authorized agent of the applicant has had an adverse action taken against any business license by any jurisdiction within the past three years;
- The applicant fails to respond to a request from DAB for additional information within 10 days of a third request for the same information;
- The applicant fails or otherwise refuses to sign the “Money Service Providers Licensing Agreement”;
- The documents submitted are incomplete, deceptive or misleading;
- The documents submitted do not comply with Afghanistan laws or regulations.

Part C - Activities

§ 2.3.1. Permitted activities

A licensed money service provider may engage in any or all of the following activities:

- Money transmission;
- Safekeeping of funds to the extent necessary in order to facilitate a specific transaction;
- Check cashing;

In addition, a licensed money service provider may operate as an EMI and engage in MVT with a special license from DAB, provided that the MSP meets the added requirements contained in Part E below.

§ 2.3.2. Locations and Providers

A licensed money service provider may provide services indicated on his license from any location listed on his license. Business may be conducted at licensed locations by the licensee or any of his agents, associates, or employees listed on the license.

§ 2.3.3. Prohibited activities of money service providers

In the absence of a separate license or permit from DAB, a licensed money service provider may not engage in any of the following activities:

- Using other than DAB’s official record books for recording customer and transaction information ;

- Acceptance of deposits;
- Foreign exchange transactions;
- Granting of loans;
- Include in its name words such as bank, financial institution, investment company, trading company, real estate or any other word indicative of activities other than as a money service provider;
- Payment system operations as enumerated in Article 89 of the Law of DAB;
- Securities services, as enumerated in Article 94 of the Law of DAB;
- Securities transfer systems, as enumerated in Article 98 of the Law on DAB;
- Two Licensed legal or natural persons cannot carry Money Service Providing activities in one single location;

§ 2.3.7. Prevention of money laundering

Every licensee is obliged to take all necessary measures for the effective prevention of money laundering as provided for in legislation of Afghanistan and in the DAB regulation “Responsibilities of financial institutions in the fight against money laundering and terrorist financing.” These measures shall include, but not be limited to:

- Continuous training of staff so that they are able to recognize transactions that might be related to money laundering;
- Instructions as to what action they should take in such circumstances;
- Effective internal control and communication procedures;
- Submission of any required reports on suspicious transactions to the Financial Transactions and Reports Analysis Center of Afghanistan or any other repository of such reports as may be designated by the laws of Afghanistan and in DAB regulations;

Part D – Registry and Supervision

§ 2.4.1. Registry of money service providers

The forms of licenses are strictly controlled on the basis of printed license numbers and series by the Financial Supervision Department’s Licensing Section of DAB. For each issued license the following information is recorded:

- a. The licensed legal entity's title and location ;
- b. The license number;
- c. Taxpayer identification number;
- d. The date of issue and number of registration of the license;
- e. The type(s) of services to be provided according to the license;
- f. The location(s) where licensed provision of services may occur;
- g. The agents, associates, and employees allowed to conduct business under the license;

h. Information on re-registration, suspension and termination of license;

§ 2.4.2. Regular reporting

- a) Every licensee is required to submit reports to the Financial Supervision Department which will monitor compliance with reporting requirements and which will forward reports to the Financial Transactions and Reports Analysis Center of Afghanistan (FinTRACA). The following reports will be submitted by licensees within 10 business days of the end of each financial month: a report on the number and aggregate volume of transmissions, where transmissions are broken down according to the following parameters: inbound and outbound; foreign and domestic; and currency of denomination of amounts transmitted;
- b) Exact and unaltered signed duplicate copies of each month's transactions as provided in the official record books issued by DAB and bearing a number registered by DAB as having been issued to the licensee. No other means of duplication is allowed.

When justified by specific business circumstances, licensees may propose to the DAB Financial Supervision Department and the Financial Transactions and Reports Analysis Center of Afghanistan an alternative mode of providing required reports. Upon acceptance of the proposal by these two parties, the alternative reporting mode may be used in lieu of the official record books.

§ 2.4.3. Event-driven reporting

Every licensee is obliged to inform DAB in writing within ten (10) days of the reporting month due to the occurrence of the following circumstances:

- Material changes of any of the items required to be included in the licensee's application;
- Changes in the list of service locations and authorized agents, associates, and employees;
- If a legal entity, a transfer of shares that results in any shareholder acquiring or disposing of a qualifying holding;
- In the case of force majeure, which causes the licensee's business to be stopped, then the licensee is obliged to inform the financial supervision department of Da Afghanistan Bank in writing within due reporting month;
- If during the reporting month, the licensee doesn't have transactions at all, or transactions below one hundred thousand AFs or equivalent to all other currencies, he is therefore required to submit a letter mentioning their excuse and that letter should be certified by the Chief of the Association of the specific financial market;

§ 2.4.4. Inspection of money service providers

The Financial Supervision Department of DAB will supervise the money service providers and other non-banking entities providing money services. Inspections of licensees shall be made on a regular basis, after having given reasonable notice in advance of the scope and duration of the inspection, at the licensee's headquarters or any other location from where the licensee or its authorized agents provide money services.

DAB will have the authority to send internal personnel to the provincial branches of the DAB on an as needed basis for the purpose of extending the range of this regulation.

In addition, DAB may undertake inspection of the licensee or any of its authorized agents without any prior notice, if DAB reasonably believes that the licensee or his authorized agents are contravening the provisions of this regulation.

§ 2.4.5. Suspension and Revocation of the license

DAB may revoke the license if any of the following conditions apply:

- The licensee has failed to exercise the activities of a money service provider within twelve months from the date of the license's issue;
- The licensee submits in writing a request for the revocation of its license;
- If the licensee stops his operations for three months, in this case, the licensee is exempted from reporting, nor is it followed by monetary fine due to not providing such report, though his license will be suspended by DAB unless the licensee requests in writing for removal of suspension of his license.
- In case, the licensee does not provide report in regard to his transaction record or not having any transaction, within three consecutive months to DAB, then their license may be revoked by DAB or the licensee may pay a monetary fine of AFN 25000 for each month in which he has not submitted the transaction reports.
- If the licensee requests in writing for the suspension of his license but this period should not exceed six months of the suspension.
- Da Afghanistan Bank can suspend any license for none compliance of any conditions stated in this regulation by licensee. The license is then revoked, if there are no steps taken by licensee for the ratification of the none compliance within the period of three months.
- It has been ascertained that the licensee obtained the license on the basis of false or misleading information or by other irregular means;
- The licensee no longer satisfies the required conditions for the granting of a license;
- If a legal entity, the licensee (if a partnership) has been dissolved due to death or bankruptcy of any of the partners, or the licensee (if a corporation) has commenced liquidation;
- The licensee, its managerial staff, or individuals with a qualifying holding in the licensee have been convicted of a felony criminal offense or any crime involving a financial transaction;
- The licensee has failed to submit their official record books in a timely manner
- The licensee has violated any terms of his licensing agreement not already mentioned above;
- If the licensee loses all of its funds in the Deposit in Trust through fines and fees, then the license will be suspended unless the full deposit of AFN 50,000 or AFN 25,000 is repaid depending on primary location.

In the event of license revocation, the licensee shall immediately cease to provide money services. For some violations, DAB will issue a written warning before revoking the license.

§ 2.4. 6: Fees and Other Provisions

DAB shall charge the following fees in connection with money service providers:

§ 2.4.7. Application fee

A non-refundable license application fee of AF 15,000 shall be paid to DAB upon submittal of each license application.

§ 2.4.8. Deposit in Trust

Before obtaining a license, a money service provider must make a deposit in a trust account at DAB. This amount shall be refunded if the dealer subsequently leaves the profession and fulfills all the requirements for closing business specified by DAB within established timeframes. The following Deposit in Trust schedule applies for licensees with primary locations in the following cities:

Kabul, Kandahar, Herat, Jalalabad and Mazar-e -Sharif: Af 50,000

Other primary locations in Afghanistan: Af 25,000

§ 2.4.9. Annual Assessment

A licensee shall pay an annual license assessment according to the following schedule:

For the first licensed location: AF 10,000

For each additional licensed location: AF 5,000

For each authorized agent, associate or employee: AF 1,000

The annual assessment shall be prorated for the first year from the date of license issuance.

Incremental assessments may be made for updated applications submitted under the terms of § 2.4.3.

However, under no circumstance will refunds be issued. License assessments are not transferable among agents or among locations.

Additional fees will be determined by DAB for record keeping books issued in accordance with this regulation. These fees will be calculated on the basis of actual production costs to DAB and will be announced periodically by circular.

§ 2.4.10. Fines and Late fees

DAB shall assess fines and late fees for non-compliance with the provisions set forth in this regulation.

Fines and late fees shall be debited by the FSD directly out of the Deposit in Trust of each licensee held at the DAB. In order for each licensee to obtain an annual renewal of its license, all withdrawals must be paid back to the Deposit in Trust so that the total amount equals the required amount of AF 50,000 or Af 25,000 depending on location. The following is a schedule of fines for non-compliance:

Failure to submit monthly reports on time (after the tenth business day of the financial month).

First three monthly offenses: letter of warning

Consequent monthly offense: AF 500 per day until submitted

Failure to submit timely monthly reports for three consecutive months may result in the suspension or revocation of the license.

Failure to submit the monthly report for an entire month will result in an AF 25,000 fine and written notification of possible suspension or revocation of license.

Failure to submit annual license assessment on time after the Afghan New Year.

First 15 days: letter of warning

After thirty days: AF 1000 per location

Failure to submit the annual license assessment after 90 days shall result in a second fine of AF 5000 per location and a written notification of possible suspension or revocation of license.

Part E- APPLICATION REQUIREMENTS FOR AN EMI LICENSE:

§2.5.1: Any legal entity that applies for an EMI license (sometimes hereinafter referred to as an “EMI” or an “EMI Company”) from Da Afghanistan Bank must meet the following requirements (or possess the following attributes). Da Afghanistan Bank is not empowered to consider any application that does not comply with this Section 2.5.1, as well as Sections 2.5.2-2.5.6. For the avoidance of doubt, the word “comply,” as used in this section 2.5.1, means that an application that contains or otherwise addresses each of items a-b hereof, as well as each sub-item listed thereunder.

a. Must be a Stock Corporation

1. The EMI Company must be established as a for-profit organization;
2. The application must set forth the applicant’s name, corporate status, and by-laws of the legal entity operating as an EMI;
3. The application must contain a copy of the EMI’s corporate registration certificate;
4. The application must contain a list of the current and/or proposed shareholders possessing a qualifying holding of the EMI, and the percentage of shares owned or to be owned by each, currently and at the end of the five calendar years;
5. The application must set forth the name and full contact information of one designated individual who is authorized to act as the representative of the EMI through the licensing process;
6. The application must contain biographical information on the Board of Supervisors (if any), and executive officers (chief executive officer, chief operating officer, chief financial officer, chief compliance officer) at a minimum. Depending on the scope and scale of the proposed operations, some of these positions (except for the Chief Compliance Officer) may be occupied by a single individual, as long as all the functions listed above are covered, and the application package makes it clear which individuals are performing which functions. This biographical information must be sufficient for DAB to judge the fitness and propriety of the individuals, as well as their experience and capabilities.

b. Must be an Independent and/or wholly-owned subsidiary or entity of its parent company:

1. The company making the application to obtain an EMI license with Da Afghanistan Bank should be an independent organization or be a wholly-owned subsidiary of a parent company that may already be in operation inside or outside Afghanistan for a minimum of 5 years.
2. In the event that a company making an application for an EMI license is already an operational entity such as a Mobile Network Operator (MNO, that MNO must create a separate entity that is registered with other relevant and related Ministries of the Government and this entity must have its own set of Management Board, Audit Committee, Shareholders, and Supervisory Board.
3. In the event that establishing such Independent Entity for EMI business would take a considerable amount of time to set up, the MNO can apply for an EMI license on the condition that they will establish this Independent Entity within 12 months from the issuance of an EMI license. The EMI license will thus be transferred to this Independent Entity from the MNO upon this time.

§2.5.2. Capitalization Requirements

1. The Independent Entity completing an application for an EMI license must be adequately capitalized at all times in accordance to the requirements of Da Afghanistan Bank. These requirements are subject to change without prior written notice.
2. Each applicant must be, at the time of application, and throughout the pendency of any license granted hereunder, capitalized in the amount of at least the AFN equivalent of USD1,000,000.

§2.5.3: Business Plan

1. The entity completing an application for an EMI license must present a comprehensive business plan reflecting a realistic representation of the entity's capacity and capability.
2. The business plan must include long-term business objectives supported by comprehensive strategies in marketing, operations, technical, and finance. The minimum period to be covered within the business plan is three (3) years.
3. The business plan must include all assumptions to support the business objectives and any other requirements to be specified by Da Afghanistan Bank during the review process.

§2.5.4 Due Diligence

Consideration of an application for an EMI license is subject to, but not limited to Da Afghanistan Bank conducting its own independent study, examination, and interpretation of:

- a. The financial condition and soundness of the entity;
- b. The reputation of the entity and its shareholders and any other related parties, including business partners, in the market both within and outside Afghanistan;
- c. Risk Management Policies, Practices, and Procedures in areas such as Audit, Security, Internal Control, Liquidity Management and other areas that may be important to protect the financial stability and soundness of the entity;

- d. Technical expertise of the employees and staff, especially if it relates to the conduct of mobile money business;
- e. Compliance Policies, Practices, and Procedures in accordance with generally-acceptable standards and international best practices necessary to conduct sound business decisions;
- f. Proposed Anti Money Laundering/Counter Financing Terrorism (AML/CFT) Policies the reasonableness of the Business Plan;

§2.5.5 Contractual Agreements and Partnerships

a. Partners:

- a) The EMI entity must clearly and in full, to the extent possible, provide Da Afghanistan Bank information on its current and prospective business partners, including but not limited to banks, microfinance institutions, utility payment organizations, educational institutions and/or any other organizations which may be using the services of the entity, directly or indirectly, in relation to the entity's Mobil money services.
- b) This information must include the proposed standard contract between EMI and any organization with which the EMI intends to contract for the purpose of providing EMI services. At a minimum, this must detail the rights and responsibilities, contractual obligations, commissions and fees of each party.

b. Merchants:

- a) The EMI entity must clearly and in full, to the extent possible, provide Da Afghanistan Bank information and names of the entity's prospective merchants, including but not limited to department stores, small businesses and/or any other organization that will be using the services of this entity, directly or indirectly, in relation to the entity's mobile money services.
- b) This information must include the proposed standard contract between EMI and its merchants outlining in detail the right and responsibilities, contractual obligations, commissions and fees of each party and customers.

c. Agents:

- a) The EMI entity must clearly and in full, to the extent possible, provide Da Afghanistan Bank with the list of prospective businesses or individuals that the entity expects to use as its agents in expanding its mobile money business.
- b) This information must include the proposed standard contract between EMI and its agents outlining in detail the right and responsibilities, contractual obligations, commissions and fees of each party and customers.
- c) The EMI is responsible for carefully screening, selecting, and supervising their authorized E-money agents.

§2.5.6. General Provisions:

Any EMI entity applying for an EMI license must take into consideration the following provisions when providing mobile money services. Da Afghanistan Bank is empowered to revoke the license of any EMI company (or refuse to grant a license to any applicant) that fails to structure its activities so as to accommodate the following:

- a. E-money denomination must be limited to Afghani (AFN) currency only;
- b. E-money can be used to transfer and remit funds both for domestic and international use. However, initially all international remittance funds transfer via e-money can only be incoming and no remittances are to be transferred internationally from Afghanistan. It is the responsibility of the EMI entity to ensure that best practices and proper Know Your Customer (KYC) procedures are conducted during such international transactions. DAB may amend this limitation from time to time, at its sole discretion, by official circular, and not by further amendments to this regulation.

§2.5.7: E-money may be used in different forms such as:

1. Cash Card;
2. Debit Card;
3. Electronic Mobile Wallet;
4. Stored Value Account (SVA) Card;

§2.5.8. When making an application for an EMI license, the entity making such application must qualify and comply under one of the following categories, and must maintain its status as such throughout the (a.) pendency of any application; and (b.) the period of effectiveness of any license:

1. **EMI-Banks:** Such institutions can provide E-money services and are subject to the existing Banking Rules and Regulations.
2. **EMI-Non-Banking Financial Institutions (NBFI):** Such institutions can provide E-money services and are subject to the existing Non-Banking Financial Institutions Rules and Regulations.
3. **EMI-Special Institutions:** Such institutions are subject to the same provisions as stated in Section §2.5.1 EMI Company – of this regulation.

§2.5.9. FURTHER PREREQUISITES TO THE GRANTING AND/OR MAINTENANCE OF THE EFFECTIVENESS OF AN EMI LICENSE

1. Any entity that applies for or possesses an EMI license hereunder must be, at the time of application, and throughout the pendency of any license granted hereunder, capitalized in the amount of at least the AFN equivalent of USD1, 000,000 (one million USD);
2. Such entities shall only engage in the business of e-money;
3. Such entities are regulated by Da Afghanistan Bank and, as such, are considered to be reporting entities with legal obligations to Da Afghanistan Bank. Such institutions must comply with the laws and regulations of Da Afghanistan Bank that pertain to the EMIs, including, but not limited to, Anti-Money Laundering (AML) laws and regulations and Counter Financing Terrorism (CFT) laws and regulations;

§2.5.10. SPECIFIC PROVISIONS

All entities applying for or holding an EMI license to Da Afghanistan Bank must adhere to the requirements set forth in items a-g hereof. Da Afghanistan Bank is empowered to revoke the license of any EMI that fails to do so (or refuse to issue a license to any applicant that so fails).

- a. EMI entity must maintain accurate and complete records of all E-money transactions. It is required that access to historic data must be readily available online or through any electronic means up to a period of six (6) months by Da Afghanistan Bank. Additionally, all data must be stored offline for a minimum of ten (10) years for future access by Da Afghanistan Bank.
- b. EMI entity must not refer to or consider E-money as a deposit. E-money is to be redeemed at face value by the customer at any point in time. Since E-money is not considered a deposit, E-money shall not earn any interest for the customer.
- c. An EMI entity should not issue e-money at a discount; that is, credit the customer's account balance with more e-money than the banknotes or coins used to purchase it.
- d. E-money must not be insured individually. Collectively, however, E-money can earn interest as a "mother" or pooled account under the name of the EMI entity, but it must (i.) be deposited one hundred percent (100%) in the banking system; (ii.) be deposited in an account that is denominated a trusteeship account, the beneficiaries of which are the individual customers of the EMI entity that deposits the E-money; and (iii.) the trustee of which is the EMI entity that deposits the E-money. E-money so deposited shall remain the property of the customers of the said EMI entity, and the said EMI entity shall owe to said customers the fullest fiduciary duties recognized by applicable law regarding said E-money. Except with regard to (i.) the foregoing provision requiring that E-money be deposited in a trusteeship account; and (ii.) other requirements set forth in this regulation, the terms and conditions of deposit is totally dependent on bilateral arrangements between the EMI entity that deposits E-money and the bank that said EMI entity chooses as its depository. The "mother" or pooled account must be insured according to the provisions and limitations set forth by the Afghanistan Deposit Insurance Corporation (ADIC). In the event that ADIC does not exist (or fails to promulgate applicable provisions and limitations), the EMI entity shall otherwise ensure that E-money deposits are fully insured by a solvent, licensed insurer. Da Afghanistan Bank does not guarantee deposit accounts for any EMI entity. However, Da Afghanistan Bank, at its sole and exclusive discretion, may advise EMI licensees as to prudent depository operations. The EMI entity must address in its Dispute Resolution Policy an acceptable redress mechanism in place to ensure any instances where transactions may be misdirected or considered lost in the system.
- e. The EMI entity must continuously work to ensure reduction, to the point of elimination, of such possible occurrences regardless of their frequency. This Dispute Resolution Policy must include, but shall not be limited to:
 - a. EMI entity must provide, with availability at least during normal business hours, a free-of-charge telephone hotline for customer comments and complaints;
 - b. EMI entity, in their verbal and written explanations of functions to customers, must clearly explain how a customer may stop a transfer that was initiated erroneously or without the customer's consent; how the customer will be informed that a transfer has actually been executed; and how the customer can find out his current E-money balance and a list of recent transactions. An EMI entity must, at all times, fulfill the

right of redemption of any customer since the customer’s E-money account is a liability of the EMI entity,

- f. The EMI is responsible for ensuring that customers can verify that an enterprise representing itself as an authorized agent is actually an authorized agent. These measures should include a combination of some or all of the following mechanisms, at the discretion of the EMI: a publicly available database of agents; signage that cannot be copied; unique agent number and photo at every location along with customer assistance telephone numbers, and a general consumer awareness program.

Any determination made by Da Afghanistan Bank under this Section shall be made at Da Afghanistan Bank’s sole and exclusive discretion.

§2.5.11. Transaction and e-money balance limitations

The EMI entity offering mobile money services are required to enforce the following transaction limits:

| <u>From Entity</u> | <u>To Entity</u> | <u>Max. Amount per Trans.</u> | <u>No. of Trans per Day</u> |
|--------------------|------------------|-------------------------------|-----------------------------|
| <u>Business</u> | <u>Business</u> | <u>No Limit</u> | <u>No Limit</u> |
| <u>Business</u> | <u>Consumer</u> | <u>No Limit</u> | <u>No Limit</u> |
| <u>Consumer</u> | <u>Consumer</u> | <u>AFN 15,000</u> | <u>10 Transactions</u> |
| <u>Consumer</u> | <u>Business</u> | <u>No Limit</u> | <u>10 Transactions</u> |

Note that the Consumer to Consumer transaction is considered Peer-to-Peer (P2P) transaction. The maximum money mobile money balance on an account of a customer at any given time is AFN 150,000. For International Remittance, the maximum amount per mobile money transaction is AFN 150,000.

DAB may amend these limits from time to time, at its sole discretion, by official circular, and not by further amendments to this regulation.

§2.5.12. CORPORATE GOVERNANCE AND ORGANIZATIONAL REQUIREMENTS

Da Afghanistan Bank shall not issue an EMI license to any legal person that fails to maintain the organizational attributes contained in items a-b of this Section 2.5.12. To the extent that Da Afghanistan Bank has issued a license to a legal person that fails to maintain the said organizational attributes, Da Afghanistan Bank shall suspend such license until the relevant licensee shall have caused itself to observe and maintain said organizational attributes. For the avoidance of doubt, the word “fails” as used in this Section 2.5.12 shall mean the absence or inadequacy of systems and structures sufficient to ensure adherence to the letter and spirit of this Regulation. Da Afghanistan Bank shall, in its sole, exclusive, and non-appealable discretion, determine the presence or adequacy of said systems and structures.

- a) An EMI’s organizational structure shall, as part of its Corporate Governance, include at least all the safety, soundness, and security features of the EMI platform’s functionalities,

including all measures taken to ensure consumer protection in the event of breach or compromise of these security measures.

- b) The EMI entity's Management Team must have the following key positions to be considered a functional organization. None of these positions are to be shared with the Parent Company and the right to remain in this position is subject to Da Afghanistan Bank's Fitness and Propriety Test. However, for the first 12 months of the period of effectiveness of any license granted hereunder to duly-licensed Mobile Network Operators, provided that such grant is made within the 12 months following the date of effectiveness of this regulation, the following positions may be assumed by a single individual:

1. Chief Executive Officer (CEO);
2. Head of Operations;
3. Head of Finance

The following position must be held, and actual exercised, by an individual who does not hold any of the foregoing 3 positions:

4. Compliance Officer (CO):
 - i. The CO is subject to strict qualifications, training, accounting experience and the attainment of on-going professional training;
 - ii. The CO must pass the required qualification and certification testing provided by Da Afghanistan Bank through the Afghanistan Institute of Banking and Finance (AIBF).
 - iii. The CO should go through an annual Anti-Money Laundering (AML) and Counter Financing Terrorism (CFT) update with Da Afghanistan Bank or as may be required due to special cases or conditions.

Da Afghanistan Bank is empowered to conduct, at its sole and exclusive discretion, background checks of these key positions in conjunction with other government institutions.

§2.5.13. Mobile Money Systems Functionality

- a. The EMI entity must ensure that the mobile money system must use technological and other standards which will permit eventual interconnection and operation of other mobile money systems.

The mobile money system should have built-in Application Programming Interface (API) in order to have the capability to interconnect and/or interoperate with other payment systems such as, but not be limited to:

1. Mobile Banking;
2. Bill Payments;
3. Money Transfer System;
4. Others;

§2.5.14. Basic Functionality

The EMI entity must have a system that can provide basic mobile money functionalities such as, but not be limited to:

- a. Transfer virtual money from one virtual wallet to another virtual wallet via:
 - i. Peer-to-peer (P2P) or Person-to-person transfer;
 - ii. Bill Payments;
 - iii. Airtime Top-up or Electronic Voucher reload;
 - iv. Money Transfer or Remittance;
 - v. Domestic (within Afghanistan);
 - vi. International (outside Afghanistan);

§2.5.15. Advance Functionality

The EMI entity, may at its discretion, have a system that can provide advance functionalities or interconnect with other payment systems that can provide advance functionalities in the future. These advance functionalities may include, but not be limited to:

- a. Mobile Banking;
- b. Microfinance;
- c. Microcredit;
- d. Micro insurance;
- e. Others

§2.5.16. Internal Control Systems

The EMI entity must have a system that has built-in control mechanism for a complete audit trail. These control mechanisms include, but not limited to:

- a. Tracking and monitoring all E-money transactions;
- b. Automatic Alerts and Flags on suspicious transactions;
- c. Detection of Patterns of Transactions;
- d. Multiple Account Transactions (A Single person maintaining 2 or more mobile money wallets and doing mobile money transactions simultaneously);

§2.5.17. Security

The EMI entity must have a system that provides adequate security capabilities in order to ensure data integrity. These security capabilities should include, but not limited to:

- a. Data Security up to the lowest data structure;
- b. Authorization Levels according to Internal Control Policies and Procedures;
- c. Complete Audit Trail;
- d. Automated Reporting;
- e. All methods of reporting should be automated to ensure data integrity;
- f. Ad hoc reports should be provided due to special cases or conditions, as determined by Da Afghanistan Bank;

Part F: Operations and Procedures

§2.6.1: The EMI entity must strictly implement Operational Policies and Procedures that conform to the following principles:

- 1) Sound, Prudent Management, Administrative, Accounting Policies and Procedures;
- 2) Adequate Internal Control Mechanisms;
- 3) Properly designed Computer Systems and Applications that undergo rigorous testing procedures such as:
 - a. System Acceptance Testing (SAT);
 - b. User Acceptance Testing (UAT);
 - c. Pilot Testing;

§2.6.2: The EMI must strictly implement Security Policies and Procedures that ensure:

- 1) Data Integrity;
- 2) Data Authentication;
- 3) Confidentiality;
- 4) Approval Levels and Authorization;

§2.6.3. Business Continuity Policies and Practices

The EMI entity must ensure complete business continuity in case of natural (force majeure) or man-made disasters. This shall include, at a minimum, different levels of back-up procedures for:

1. Hardware Systems;
2. Software Systems;
3. Application Systems;
4. Data;

§2.6.4. Disaster Recovery Management

The EMI entity must ensure separate locations of hardware and software systems to protect the operations of these systems from all kinds of disruptions and total collapse.

§2.6.5. Audit Functions

The EMI entity shall perform periodic audit review both internally and externally with the professional assistance of a reputable external audit company to ensure that generally-acceptable accounting principles and procedures are strictly followed.

§2.6.6. Know-your-customer (KYC) Policies and Procedures

The EMI entity should strictly enforce KYC procedures based on a Risk-based approach that determines the different risk categories in implementing customer identification. The different risk categories are limited to Consumer-to-Consumer (C2C/P2P) transactions. These are as follows:

| <u>Risk Categories</u> | <u>Minimum Amount per Transaction</u> | <u>Highest Amount per Transaction</u> | <u>Customer ID Requirements</u> |
|------------------------|---------------------------------------|--|--|
| <u>Low Risk</u> | <u>AFN 1.00</u> | <u>AFN 2,500</u> | <u>Simple Customer ID</u> |
| <u>Medium Risk</u> | <u>AFN 1.00</u> | <u>AFN 12,500</u> | <u>TazKera ID</u> |
| <u>High Risk</u> | <u>AFN 1.00</u> | <u>As per Max. Limit P2P Amount per EMI Regulation</u> | <u>According to Banking Regulations on KYC</u> |

Simple Customer Identifications (IDs) shall mean any of the following:

- a. Any government-issued document or identity card that is specific as to the holder thereof;
- b. Any privately-issued document that adequately portrays the individual identity of the bearer thereof;

- c. Any device or practice, whether customary or otherwise, that specifically distinguishes or identifies an individual; or
- d. Otherwise consistent with relevant AML/CFT regulations;

DAB may amend these limits from time to time, at its sole discretion, by official circular, and not by further amendments to this regulation.

The KYC procedures must include, but are not limited to the following:

1. Clear and Pre-defined Process;
2. Customer Identification;
3. Record Keeping and Retention;
4. Covered Transaction Reporting (CTR);
5. Suspicious Transaction Reporting (STR);
6. Rejection Transaction Reporting (RTR);
7. EMI Large Cash Transaction Reporting (LCTR);
 - a. As to any transaction governed by this regulation, an EMI must report any transfer, inbound or outbound, of an amount equal to or greater than 10,000 AFN. Such transactions are known as “EMI Large Cash Transactions.” The report required hereby must be made to FinTRACA on a calendar-monthly basis and no later than the 5th business day of the month following the month covered (or to be covered) by the report. Any two (2) transactions by and between the same two parties that occur within 2 business days of one and other, which transactions aggregate 10,000 AFN or greater, constitute an EMI Large Cash Transaction.

§2.6.7. AML/CFT POLICY

The EMI must have a fully-articulated AML/CFT policy that addresses, and provides detailed mitigating strategies against the following potential AML/CFT risks:

1. Risk that authorized agents will not fully implement customer acceptance and customer identification requirements.
2. Risk that individual transactions, or patterns of transactions that are suspicious will not be detected.
3. Risk that the E-money Subscriber Identification Module (SIM) will be used for E-money by someone other than the original, identified subscriber, for the purposes of committing fraud, money laundering, or terrorist financing. Mitigating strategies against this risk must address the possibilities that the mobile device, including the SIM, may be stolen, bartered, or be traded for cash. At a minimum, access to SIM must be restricted to those in possession of related personal identification code (PIN).
4. Risk that a fraudulent, money-laundering, or terrorist-financing transaction will be concealed by dividing it among multiple E-money subscribers.
5. Risks that the E-money subscriber will acquire, possess, and utilize multiple SIMs, in contravention of this regulation.

The adequacy of the policy and the extent to which the EMI complies with its own policy will be a subject of DAB’s regular on-site examinations.

§2.6.8. Training Program

The EMI entity must conduct a complete and regular training program in order to ensure the proper implementation of procedures and practices on KYC, Audit, Security, Internal Control and Financial management. These training programs should be conducted on a quarterly or yearly basis depending on business needs and requirements. These training programs should be given to the following:

1. EMI entity Employees and Staff;
2. Third Parties such as:
 - a) Agents;
 - b) Merchants;
 - c) Partners;
 - d) External Auditors;

The EMI is responsible for ensuring that its authorized e-money agents, merchants, and partners have received proper and adequate training on their AML/CFT responsibilities, including customer acceptance and customer identification. DAB may, from time to time, at its discretion, specify the form, content, and frequency of this mandatory training.

§2.6.9. Reporting and Review

The EMI entity must provide automated reports to the appropriate regulatory institutions such as Da Afghanistan Bank, AML/CFT Councils, Financial Intelligence Unit, on a timely basis as required by these institutions.

- a) Da Afghanistan Bank will provide the proper templates and formats for these reports. These monthly reports shall include the following E-money transactions:
 1. Beginning Balance;
 2. Inflows or Cash-in;
 3. Payments;
 4. E-money Transfers;
 5. Outflows or Cash-out;
 6. Net (Inflows/Outflows);
 7. End-of-month Balance;

§2.6.10. Additional Reporting

- a. The EMI entity shall provide additional monthly reports on:
 1. Payment for goods and services;
 2. Salary payments;
 3. Bills payments;
 4. Loan disbursements for microfinance institutions (MFIs);
 5. Loan repayments for MFIs;
 6. Customer Complaints (number, nature, and manner of resolution thereof);
 7. Monthly Balance Sheet and Profit and Loss Statements;
 8. Quarterly report on authorized agents, merchants, partners, including a list of such agents, merchants, partners in each district or province in Afghanistan where these agents, merchants, partners are located or do business.

b. The EMI entity must provide the appropriate regulatory departments or Institutions the results and findings of the Internal Audit;

c. The EMI entity must provide audited Financial Statements to the appropriate regulatory institutions on a timely basis. Annual report of an external auditor, including audited financial statements with statement of financial condition, statement of profit and loss and statement of cash flows, in which the auditor comments on the accuracy of the information provided to DAB, the adequacy of internal audit and internal controls, and the adequacy of information security, business continuity, and disaster recovery;

Part-G: Fees, Charges & Penalties:

§2.7.1: The EMI entity is subject to licensing fees, administrative charges, and reporting penalties, all of which are subject to change. In addition, at no point in time should EMI entity together with other EMI entities or MNOs conduct charges or fees to their customers that may, directly or indirectly, indicate collusion or monopolistic practices to the detriment of their customers.

a. Application Fee:

All entities applying for an EMI license to Da Afghanistan Bank must pay a one-time application fee of AFN 25,000.00.

b. License Fee:

All entities that have successfully attained an approved EMI license from Da Afghanistan Bank must pay a licensing fee of AFN 10,000,000.00. This EMI license is valid over a period of five (5) years. This licensing fee will be payable over five (5) years with the following payment schedule:

Year 1: 250,000 AFN
Year 2: 750,000 AFN
Year 3: 2,000,000 AFN
Year 4: 3,500,000 AFN
Year 5: 3,500,000 AFN

§2.7.2: Recurring Fee:

After the 5th year of operating E-money services, all EMI entities will pay a recurring fee of AFN 5,000,000. This license fee will be valid from one (1) day after the 5th year to the 10th year of operations. This will be payable every year with a minimum payment of AFN 1,000,000. After the 10th year of operating E-money services, the EMI entity will pay a recurring license fee of AFN 3,000,000. This license will be valid from one (1) day after the 10th year to the 15th year of operations and shall be payable every year with a minimum payment of AFN 600,000.

§2.7.3. Assessment Fee:

The EMI entity shall pay an annual assessment fee of AFN 250,000.00. This assessment fee is payable one (1) day after the end of each Fiscal Year of the EMI entity.

§2.7.4. Transaction Fees:

All entities holding a valid EMI license shall charge the appropriate and reasonable transactions fees on their E-money services. These transaction fees may apply, but not be limited to businesses, partners, merchants, agents and consumers.

§2.7.5. Commission Charges:

All entities holding a valid EMI license are to declare in their business plan all sets of charges in their commission structure with consumers. This commission structure will be submitted to Da Afghanistan Bank as part of their reporting responsibility.

§2.7.6. Reporting Penalties:

All entities holding a valid EMI license are subject to the following reporting penalty:

1. AFN 5,000 – Penalty per day for late reporting;
2. AFN 500,000 – For one (1) month non-reporting in lieu of the daily rate; EMI entity will also receive a warning letter from Da Afghanistan Bank;
3. AFN 1,000,000 – For two (2) months non-reporting; EMI entity will also receive a warning letter from Da Afghanistan Bank;
4. AFN 2,500,000 – For three (3) months non-reporting; EMI entity will also receive a warning letter from Da Afghanistan Bank and one-month suspension without pay of Compliance Officer;
5. If the EMI entity fails to send the appropriate reports to Da Afghanistan Bank beyond three (3) months period, Da Afghanistan Bank reserves the right to revoke the EMI license and charge a flat monthly fee of AFN 500,000 per month plus the initial three (3) months of non-reporting penalty stated in point (4) above.

§2.7.7. Non-Compliance Penalties:

All entities holding a valid EMI license are subject to strict compliance measures as outlined by the AML/CFT Law and Regulations of Da Afghanistan Bank, violation of which can lead directly to reporting penalties outlined in Subsection(4) and (5) of **§2.7.6** mentioned above. Additionally, the EMI management may be subject to criminal liability and/or prosecution depending on the severity of violation.

§2.7.8: Fraud and Falsification of Documents:

All entities holding a valid EMI license are obliged to ensure all documents and information provided to any Da Afghanistan Bank representative are genuine and accurate, to the best of their abilities. Any intent to defraud Da Afghanistan Bank or non-reporting of any specific transaction is subject to penalties stated in points (iv) and (v) above.