

Guidelines on the Participation of Third-Party Payment Systems Providers in the Settlement Operations of *PhilPaSS*

I. Definition of Third-Party Payment Systems Provider

For the purpose of implementation of the *Guidelines on the Participation of Third-Party Payment Systems Providers in the Settlement Operations of PhilPaSS*, a third-party payment systems provider shall be defined as a non-bank institution providing payment services through the utilization of electronic-based media.

II. Scope of Coverage

The *Guidelines on the Participation of Third-Party Payment Systems Providers in the Settlement Operations of PhilPaSS* shall cover the guidelines for the admission, as well as actual participation, of all third-party payment system providers as participants in the settlement operations of *PhilPaSS*

III. Legal and Corporate Requirements

A third-party payment systems provider (TPPSP) shall be registered with the Securities and Exchange Commission (SEC) as a stock corporation. The same shall have a minimum paid-up capital as may be prescribe by the Bangko Sentral ng Pilipinas (BSP) and shall be at least sixty (60) percent (%) Filipino owned.

Prior to registration with the SEC, a third-party payment systems provider shall register with the BSP to operate as such, and shall be subject to the regulations of the BSP.

IV. Nomination of Settlement Bank

A TPPSP shall only allow banks that are already participating in the settlement operations of *PhilPaSS* to directly interface with the TPPSP's payment infrastructure.

Whereas, in case an institution directly interfacing with the TPPSP applying for participation in the settlement operations of *PhilPaSS* is a non-bank, the said TPPSP shall require the affected non-bank institution to nominate a bank that is also a participant in the TPPSP to act as a settlement agent for all its transactions.

V. Documentary Requirements for Admission to *PhilPaSS*

Upon approval of the BSP to operate as such and upon approval of registration with the SEC, a TPPSP applying for participation in settlement operations of *PhilPaSS* shall submit to the BSP Payments and Settlements Office (PSO) the following documents for initial screening:

Original copy

- a. Letter of Application for Participation in *PhilPaSS*
- b. Secretary's Certificate re: Board Resolution on Approval of Authorized Signatories
- c. Secretary's Certificate re: Board Resolution on Approval of Application for Participation in *PhilPaSS*
- d. Specimen Signature of Authorized Signatories

Photo copy

- a. Certificate of Registration from the SEC
- b. Certificate of Approval from the BSP
- c. Board Resolution on Approval of Authorized Signatories
- d. Board Resolution on Approval of Application in *PhilPaSS*
- e. Diagram of ICT architecture including the following:
 - i. Hardware brand and model
 - ii. Software
 - iii. Vendors and service providers
 - iv. Existing operational workflow
- f. Business Continuity Plan (BCP) manual

Whereas in case a TPPSP is already a participant in the settlement operations of *PhilPaSS*, the said TPPSP shall submit to BSP PSO the aforementioned documents for compliance purposes and shall inform BSP PSO in writing, of any updates in their operations, if any, and shall submit updates of the aforementioned documents accordingly.

VI. Information and Communications Technology (ICT) Requirements

ICT requirements shall be based on existing and readily available technologies for payment, clearing and settlement systems deemed as appropriate by the BSP.

VII. Step-by-step Procedure on Application for Participation

1. The TPPSP shall submit to the BSP all documentary requirements for admission to *PhilPaSS*.
2. The TPPSP application and rationale for participation in *PhilPaSS* shall be evaluated to determine the applicability of the intended/proposed payment services that will be coursed through *PhilPaSS* for settlement.
3. Upon PSO's initial evaluation and approval of application, the TPPSP shall prepare/draft a memorandum of agreement indicating the transaction flow, roles and responsibilities of the participating banks and the BSP.
4. The MOA shall be referred to the BSP-OGCLS for comments, prior to submission to the Monetary Board for approval.

5. Prior to implementation, the BSP and TPPSP shall conduct system connectivity testing and user training.

VIII. Agreement between the Bangko Sentral, the Third-party Payment System Provider and the Participant Banks

Upon fulfillment of the necessary documentary requirements, the TPPSP and the BSP shall execute an agreement to bind TPPSPs participation in the settlement operations of *PhilPaSS*.

All participating banks in the TPPSP shall execute a Participation Agreement indicating its conformity to the existing Rules and Regulations Governing *PhilPaSS*, as well as all other guidelines as may be agreed upon by the BSP and the TPPSP.

IX. Termination of Participation

A TPPSP who wish to terminate its participation in the settlement operations of *PhilPaSS* shall inform BSP PSO in writing its intention to terminate its participation and shall cite the reasons for termination of participation.

The BSP may terminate the participation of a TPPSP or a TPPSP's participant in the settlement operations of *PhilPaSS* on grounds deemed by BSP as sufficient to warrant the termination of participation.

X. Amendments

The BSP may, at any time, amend the *Guidelines on the Participation of Third-Party Payment Systems Providers in the Settlement Operations of PhilPaSS*, its parts or its entirety, deemed as necessary by BSP.

Approved:

ELEANOR S. TURARAY
Officer-In-Charge, PSO

Date:
