

**Regulation no. 3**  
**on payment services**  
**provided by entities carrying out financial activities on a professional basis**

THE FINANCIAL INFORMATION AUTHORITY,

*having regard to the Law no. XVIII on Transparency, Supervision and Financial Intelligence, of 8 October 2013;*

*having regard to the Regulation no. 1 on Prudential supervision of the entities carrying out financial activities on a professional basis entered into force on 13 January 2015, and in particular Articles 5 (2) (d), 6 (1) (b) e 34;*

*taking into account the Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, and in particular Title III and Title IV;*

*whereas:*

in recent years, significant progress has been achieved in integrating the systems of payments at international level;

the smooth and efficient functioning of a payment system depends on the user being able to rely on the payment service provider following definite rules and executing the payment transaction correctly and within the agreed time;

users of a payment service must be provided with clear and complete information on the nature and characteristics of the service;

*in execution of the decision taken by the Board of Directors on 5 April 2018;*

HAS ADOPTED THE FOLLOWING REGULATION

## Title I

### Scope of application, Criteria of application and Definitions

#### Article 1. *Scope of application.*

This Regulation applies to entities carrying out financial activities on a professional basis within the State, authorized for issuing and managing of means of payment.

#### Article 2. *Exclusion from the scope of application.*

1. This Regulation does not apply to the following:

- (a) payment transactions made exclusively in cash directly from the payer to the payee, without any intermediary intervention;
- (b) payment transactions from the payer to the payee through a commercial agent authorized via an agreement to negotiate or conclude the sale or purchase of goods or services on behalf of only the payer or only the payee;
- (c) professional physical transport of banknotes and coins, including their collection, processing and delivery;
- (d) payment transactions consisting of the non-professional cash collection and delivery within the framework of a non-profit or charitable activity;
- (e) services where cash is provided by the payee to the payer as part of a payment transaction following an explicit request by the payment service user just before the execution of the payment transaction through a payment for the purchase of goods or services;
- (f) cash-to-cash currency exchange operations where the funds are not held on a payment account;
- (g) payment transactions based on any of the following documents drawn on the payment service provider with a view to placing funds at the disposal of the payee:
  - (i) paper cheques governed by the Geneva Convention of 19 March 1931 providing a uniform law for cheques;
  - (ii) paper cheques similar to those referred to in point (i) and governed by the laws of States which are not party to the Geneva Convention of 19 March 1931 providing a uniform law for cheques;
  - (iii) paper-based drafts in accordance with the Geneva Convention of 7 June 1930 providing a uniform law for bills of exchange and promissory notes;
  - (iv) paper-based drafts similar to those referred to in point (iii) and governed by the laws of States which are not party to the Geneva Convention of 7 June 1930 providing a uniform law for bills of exchange and promissory notes;

- (v) paper-based vouchers;
- (vi) paper-based traveller's cheques;
- (vii) paper-based postal money orders, as defined by the Universal Postal Union;
- (h) payment transactions carried out within a payment or securities settlement system between settlement agents, central counterparties, clearing houses and/or central banks and other participants of the system, and payment service providers;
- (i) payment transactions related to securities asset servicing, including dividends, income or other distributions, or redemption or sale, carried out by persons referred to in point (h) and/or by other entities authorized to carry out financial activities listed in the Article 1(1) (g), (h), (i), (k) and (l) of the Law no. XVIII on a professional basis or to have the custody of financial instruments;
- (j) services provided by technical service providers, which support the provision of payment services, without them entering at any time into possession of the funds to be transferred, including processing and storage of data, trust and privacy protection services, data and entity authentication, information technology and communication network provision, provision and maintenance of terminals and devices used for payment services, with the exclusion of payment initiation services and account information services;
- (k) services based on specific payment instruments that can be used only in a limited way, that meet one of the following conditions:
  - (i) instruments allowing the holder to acquire goods or services only in the premises of the issuer or within a limited network of service providers under direct commercial agreement with a professional issuer;
  - (ii) instruments which can be used only to acquire a very limited range of goods or services;
  - (iii) instruments valid only in the State, provided at the request of a public Authority, regulated by a public Authority and for the purposes to acquire specific goods or services;
- (l) payment transactions by a provider of electronic communications networks or services - with the value of any single payment transaction not exceeding EUR 50 and with the cumulative value of payment transactions not exceeding EUR 300 per month - provided in addition to electronic communications services for a subscriber to the network or service:
  - (i) for purchase of digital content and voice-based services, regardless of the device used for the purchase or consumption of the digital content and charged to the related bill; or
  - (ii) performed from or via an electronic device and charged to the related bill within the framework of an institutional or a charitable activity;
- (m) payment transactions carried out between payment service providers, their agents or branches for their own account;

- (n) payment transactions and related services between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, without any intermediary intervention by a payment service provider other than an undertaking belonging to the same group;
- (o) cash withdrawal services offered by means of ATM by providers, acting on behalf of one or more card issuers, which are not a party to the framework contract between the user and the payment service provider.

Article 3. *Criteria of application.*

The provision of this Regulation shall be applied consistently:

- (a) with the institutional, legal, economic, commercial and professional framework of the State;
- (b) with the principle of proportionality, by taking into account operational size and complexity, the nature of the financial activity carried out, the type of services provided, as well as the economic and financial setting and macroeconomic conditions under which a supervised entity carries out its activity.

Article 4. *Definitions.*

For the purposes of this Regulation, the following definitions apply:

1. «*Direct debit*». Payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of the consent given by the payer to the payee, to the payee's payment service provider or to the payer's own payment service provider.
2. «*Agent*». Natural or legal person who acts on behalf of a payment institution in providing payment services.
3. «*Authentication*». Procedure which allows the payment service provider to verify the identity of a payment service user or the validity of the use of a specific payment instrument, including the use of the user's personalized security credentials.
4. «*Strong customer authentication*». Authentication based on the use of two or more elements categorized as knowledge (something only the user knows), possession (something only the user possesses) and inherence (something the user is), that are independent, in that the breach of one does not compromise the reliability of the others, and is designed in such a way as to protect the confidentiality of the authentication data.
5. «*Payee*» (or «*Beneficiary*»). Natural or legal person who is the intended recipient of funds which have been the subject of a payment transaction.
6. «*Credit transfer*». Payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the payment service provider which holds the payer's payment account, based on an instruction given by the payer.

7. «*Digital content*». Goods or services which are produced and supplied in digital form, the use or consumption of which is restricted to a technical device and which do not include in any way the use or consumption of physical goods or services.
8. «*Payment account*». Account held in the name of one or more payment service users which is used for the execution of payment transactions.
9. «*Framework contract*». Payment service contract which governs the future execution of individual and successive payment transactions and which contains the obligation and conditions for setting up a payment account.
10. «*Acquiring of payment transactions*». Payment service provided by a payment service provider contracting with a payee to accept and process payment transactions, which results in a transfer of funds to the payee.
11. «*Personalized security credentials*». Personalized features provided by the payment service provider to a payment service user for the purposes of authentication.
12. «*Value date*». Reference time used by a payment service provider for the calculation of interest on the funds debited from or credited to a payment account.
13. «*Sensitive payment data*». Data, including personalized security credentials, which can be used to carry out fraud. For the activities of payment initiation service providers and account information service providers, the name of the account owner and the account number do not constitute sensitive payment data.
14. «*Issuing of payment instruments*». Payment service by a payment service provider contracting to provide a payer with a payment instrument to initiate and process the payer's payment transactions.
15. «*Funds*». Banknotes and coins, scriptural money or electronic money.
16. «*Own funds*». Common equity as defined in Article 3 (12) of the Regulation no. 1.
17. «*Business day*». Day on which the relevant payment service provider of the payer or the payment service provider of the payee involved in the execution of a payment transaction is open for business as required for the execution of a payment transaction.
18. «*Unique identifier*». Combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously another payment service user and/or the payment account of that other payment service user for a payment transaction.
19. «*Payment brand*». Any material or digital name, term, sign, symbol or combination of them, capable of denoting under which payment card scheme card-based payment transactions are carried out.
20. «*Co-badging*». Inclusion of two or more payment brands or payment applications of the same payment brand on the same payment instrument.

21. «*Payment transaction*». Act, initiated by the payer or on his behalf or by the payee, of placing, transferring or withdrawing funds, irrespective of any underlying obligations between the payer and the payee.
22. «*Remote payment transaction*». Payment transaction initiated via internet or through a device that can be used for distance communication.
23. «*Payment order*». Instruction by a payer or payee to its payment service provider requesting the execution of a payment transaction.
24. «*Payer*». Natural or legal person who holds a payment account and allows a payment order from that payment account, or, where there is no payment account, a natural or legal person who gives a payment order.
25. «*Payment initiation service provider*». Payment service provider pursuing activities as referred to in point (g) of paragraph 31.
26. «*Account information service provider*». Payment service provider pursuing activities as referred to in point (h) of paragraph 31.
27. «*Payment service provider*». Natural or legal person whose activity includes the provision of payment services or transfer of funds, including, *inter alia*, the following subjects:
- (a) entities carrying out financial activities referred to in Article 1 (1) (a) (d) (e) of the Law no. XVIII on a professional basis within the State, as authorized by the Financial Information Authority pursuant to Article 54 (1) (3) of the same Law, including branches and subsidiaries;
  - (b) foreign legal persons, residing in foreign jurisdictions, falling in the following categories: credit institutions; electronic money institutions; post office giro institutions which are entitled to provide payment services; payment institutions; central banks when not acting in their capacity as monetary authority or other public Authorities; public Authorities, when not acting in their capacity as public Authorities.
28. «*Account servicing payment service provider*». Payment service provider providing and maintaining a payment account for a payer.
29. «*Electronic communications network*». Transmission systems and, where applicable, switching or routing equipment and other resources which permit the conveyance of signals by wire, by radio, by optical or by other electromagnetic means, including satellite networks, fixed (circuit- and packet-switched, including Internet) and mobile terrestrial networks, electricity cable systems, to the extent that they are used for the purpose of transmitting signals, networks used for radio and television broadcasting, and cable television networks, irrespective of the type of information conveyed.
30. «*Money remittance*». Payment service where funds are received from a payer, without any payment accounts being created in the name of the payer or the payee, for the sole purpose of transferring a corresponding amount to a payee or to another payment service provider acting on behalf of the payee, and/or where such funds are received on behalf of and made available to the payee.

31. «*Payment services*». Services which allow for the execution of deposits, withdrawals, transactions and payment orders, including the transfer of funds to a payment account, the issue and acquisition of payment instruments and money remittances.

In particular:

- (a) services enabling cash to be placed on a payment account as well as all the operations required for operating a payment account;
- (b) services enabling cash withdrawals from a payment account as well as all the operations required for operating a payment account;
- (c) execution of payment transactions, including transfers of funds on a payment account with the user's payment service provider or with another payment service provider:
  - (i) execution of direct debits, including one-off direct debits;
  - (ii) execution of payment transactions through a payment card or a similar device;
  - (iii) execution of credit transfers, including standing orders;
- (d) execution of payment transactions where the funds are covered by a credit line for a payment service user:
  - (i) execution of direct debits, including one-off direct debits;
  - (ii) execution of payment transactions through a payment card or a similar device;
  - (iii) execution of credit transfers, including standing orders;
- (e) issuing of payment instruments and/or acquiring of payment transactions;
- (f) money remittance;
- (g) payment initiation services;
- (h) account information services.

32. «*Electronic communications service*». Service, normally provided for remuneration which consists wholly or mainly in the conveyance of signals on electronic communications networks, including telecommunications services and transmission services in networks used for broadcasting, but exclude services providing, or exercising editorial control over, content transmitted using electronic communications networks and services; it does not include information society services, which do not consist wholly or mainly in the conveyance of signals on electronic communications networks.

33. «*Payment initiation service*». Service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider.
34. «*Account information service*». Online service to provide consolidated information on one or more payment accounts held by the payment service user with either another payment service provider or with more than one payment service provider.
35. «*Payment system*». Funds transfer system with formal and standardized arrangements and common rules for the processing, clearing and/or settlement of payment transactions.
36. «*State*». State of the Vatican City.
37. «*Home State*»:
- (a) the State in which the registered office of the payment service provider is situated; or,
  - (b) if the payment service provider has no registered office, the State in which its head office is situated.
38. «*Host State*». State other than the home State in which a payment service provider has an agent or a branch or it is authorized to provide payment services.
39. «*Payment instrument*». Personalized device(s) and/or set of procedures agreed between the payment service user and the payment service provider and used in order to initiate a payment order.
40. «*Branch*». Place of activity, other than the head office, which is a part of an entity, which has no legal personality and which carries out directly some or all of the transactions inherent in the activity of the entity. All of the places of activity set up in the same State by an entity with a head office in another State shall be regarded as a single branch.
41. «*Durable medium*». Any instrument which enables the payment service user to store information addressed personally to that payment service user in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored.
42. «*Reference exchange rate*». Exchange rate which is used as the basis to calculate any currency exchange and which is made available by the payment service provider or comes from a publicly available source.
43. «*Reference interest rate*». Interest rate which is used as the basis for calculating any interest to be applied and which comes from a publicly available source which can be verified by both parties to a payment service contract.
44. «*Means of distance communication*». Method which, without the simultaneous physical presence of the payment service provider and the payment service user, may be used for the conclusion of a payment services contract.
45. «*Payment service user*». Natural or legal person making use of a payment service in the capacity of payer, or payee, or both.



46. For the purpose of defining the general terms referred to in this Regulation and not defined in the preceding paragraphs, refer to Article 1 of the Law no. XVIII and to Article 3 to the Regulation no. 1.

## **Title II**

### **Transparency of conditions and information requirements for payment services**

#### **Chapter 1 General rules**

*Article 5. Scope of application.*

This Title applies to single payment transactions, framework contracts and payment transactions covered by them.

*Article 6. Other provisions on additional requirements on prior information.*

The provisions of this Title are without prejudice to any provision of the regulatory framework in place containing additional requirements on prior information to the users.

*Article 7. Charges for information.*

1. The payment service provider shall not charge the payment service user for providing information under this Title.
2. The payment service provider and the payment service user may agree on charges for additional or more frequent information, or transmission by means of communication other than those specified in the framework contract, provided at the payment service user's request.
3. Where the payment service provider may impose charges for information in accordance with paragraph 2, they shall be reasonable and in line with the payment service provider's actual costs.

*Article 8. Burden of proof on information requirements.*

The burden of proof lies with the payment service provider to prove that it has complied with the information requirements set out in this Title.

Article 9. *Derogation from information requirements for low-value payment instruments and electronic money.*

In cases of payment instruments which, according to the relevant framework contract, concern only individual payment transactions that do not exceed EUR 30 or that either have a spending limit of EUR 150 or store funds that do not exceed EUR 150 at any time:

- (a) by way of derogation from Articles 18, 19 and 23, the payment service provider shall provide the payer only with information on the main characteristics of the payment service, including the way in which the payment instrument can be used, liability, charges levied and other material information needed to take an informed decision, as well as an indication of where any other information and conditions specified in Article 19 are made available in an easily accessible manner;
- (b) it may be agreed that, by way of derogation from Articles 24 and 25, after the execution of a payment transaction:
  - (i) the payment service provider provides or makes available only a reference enabling the payment service user to identify the payment transaction, the amount of the payment transaction, any charges and/or, in the case of several payment transactions of the same kind made to the same payee, information on the total amount and charges for those payment transactions;
  - (ii) the payment service provider is not required to provide or make available information referred to in point (i) if the payment service provider is not otherwise technically in a position to provide it. However, the payment service provider shall provide the payer with a possibility to verify the amount of funds stored.

## **Chapter 2**

### **Single payment transactions not covered by a framework contract**

Article 10. *Scope of application.*

1. This Chapter applies to single payment transactions not covered by a framework contract.
2. Where a payment order for a single payment transaction is transmitted by a payment instrument covered by a framework contract, the payment service provider is not obliged to provide or make available information which is already given to the payment service user on the basis of a framework contract with another payment service provider or which will be given to him according to the same framework contract.

Article 11. *Information duty.*

1. Before the payment service user is bound by a single payment service contract or offer, the payment service provider makes available to the payment service user, in an easily accessible manner, the information and conditions specified in Article 12 with regard to its own services.

At the payment service user's request, the payment service provider shall provide the information and conditions on paper or on another durable medium.

The information and conditions shall be given in easily understandable words and in a clear and comprehensible form, in Italian and in any other language agreed between the parties.

2. If, at the request of the payment service user, the single payment service contract has been concluded using a means of distance communication which does not enable the payment service provider to comply with paragraph 1, the payment service provider shall fulfil its obligations under that paragraph immediately after the execution of the payment transaction.

Article 12. *Information and conditions.*

1. The payment service provider shall provide or made available to the payment service user the following information and conditions:

- (a) the specification of the information or unique identifier to be provided by the payment service user in order for a payment order to be properly initiated or executed;
- (b) the maximum execution time for the payment service to be provided;
- (c) all charges payable by the payment service user to the payment service provider and, where applicable, a breakdown of those charges;
- (d) where applicable, the actual or reference exchange rate to be applied to the payment transaction.

2. Payment initiation service providers shall, prior to initiation, provide the payer with, or make available to the payer, the following clear and comprehensive information:

- (a) the name of the payment initiation service provider, the geographical address of its head office in the State and any other contact details, including electronic mail address, relevant for communication with the payment initiation service provider; and
- (b) the contact details of the Financial Information Authority, including the electronic mail address, consistently with the indications provided by the same Authority in accordance with Article 67;
- (c) the law applicable to the service contract and the competent court;
- (d) the complains procedures in accordance with Article 65;

- (e) the appeal procedures to the Financial Information Authority in accordance with Articles 66 and 67.

3. Where applicable, any other relevant information and conditions specified in Article 19 shall be made available to the payment service user in an easily accessible manner.

*Article 13. Information for the payer and payee after the initiation of a payment order.*

In addition to the information and conditions specified in Article 12, where a payment order is initiated through a payment initiation service provider, the payment initiation service provider shall, immediately after initiation, provide or make available all of the following data to the payer and, where applicable, the payee:

- (a) confirmation of the successful initiation of the payment order with the payer's account servicing payment service provider;
- (b) the reference enabling the payer and the payee to identify the payment transaction and, where appropriate, the payee to identify the payer, and any information transferred with the payment transaction;
- (c) the amount of the payment transaction;
- (d) where applicable, the amount of any charges payable to the payment initiation service provider for the transaction, and where applicable a breakdown of the amounts of such charges.

*Article 14. Information for payer's account servicing payment service provider in the event of a payment initiation service.*

Where a payment order is initiated through a payment initiation service provider, it shall make available to the payer's account servicing payment service provider the reference of the payment transaction.

*Article 15. Information for the payer after receipt of the payment order.*

Immediately after receipt of the payment order, the payer's payment service provider shall provide the payer with, or make available to the payer in the same way as provided for in Article 11 (1), all of the following information with regard to its own services:

- (a) a reference enabling the payer to identify the payment transaction and, where appropriate, information relating to the payee;
- (b) the amount of the payment transaction in the currency used in the payment order;
- (c) the amount of any charges for the payment transaction payable by the payer and, where applicable, a breakdown of the amounts of such charges;

- (d) where applicable, the exchange rate used in the payment transaction by the payer's payment service provider or a reference thereto, when different from the rate provided in accordance with Article 12 (1) (d), and the amount of the payment transaction after that currency conversion;
- (e) the date of receipt of the payment order.

Article 16. *Information for the payee after execution.*

Immediately after the execution of the payment transaction, the payee's payment service provider shall provide the payee with, or make available to the payee, in the same way as provided for in Article 11 (1), all of the following information with regard to its own services:

- (a) a reference enabling the payee to identify the payment transaction and, where appropriate, the payer and any information transferred with the payment transaction;
- (b) the amount of the payment transaction in the currency in which the funds are at the payee's disposal;
- (c) the amount of any charges for the payment transaction payable by the payee and, where applicable, a breakdown of the amounts of such charges;
- (d) where applicable, the exchange rate used in the payment transaction by the payee's payment service provider, and the amount of the payment transaction before that currency conversion;
- (e) the credit value date.

**Chapter 3**  
**Payment transactions covered by a framework contract**

Article 17. *Scope of application.*

This Chapter applies to payment transactions covered by a framework contract.

Article 18. *Prior general information.*

1. Before the payment service user is bound by any framework contract, the payment service provider shall provide the payment service user, on paper or on another durable medium, with the information and conditions specified in Article 19.

The information and conditions shall be given in easily understandable words and in a clear and comprehensible form, in Italian and in any other language agreed between the parties.

2. If the framework contract has been concluded using a means of distance communication which does not enable the payment service provider to comply with paragraph 1, the payment service provider shall fulfil its obligations under that paragraph immediately after conclusion of the framework contract.

Article 19. *Information and conditions.*

1. The payment service provider shall provide or made available to the payment service user the following general information:

- (a) the name of the payment service provider, the geographical address of its head office established in the State and any other address, including electronic mail address, relevant for communication with the payment service provider; and
- (b) the date of the authorization to carry out financial activities on a professional basis, in particular for issuing and managing of means of payment;
- (c) the number and the date of registration of the payment service provider in the Register of the juridical persons of the Governorate of the State;
- (d) the contact details of the Financial Information Authority, including the electronic mail address, consistently with the indications provided by the same Authority in accordance with Article 67.

2. The payment service provider shall provide or made available to the payment service user the following information and conditions on use of the payment service:

- (a) the description of the main characteristics of the payment service to be provided;
- (b) the specification of the information or unique identifier that has to be provided by the payment service user in order for a payment order to be properly initiated or executed;
- (c) the form of and procedure for giving consent to initiate a payment order or execute a payment transaction and withdrawal of such consent in accordance with Articles 31 and 47;
- (d) the reference to the time of receipt of a payment order in accordance with Article 45 and the cut-off time, if any, established by the payment service provider;
- (e) the maximum execution time for the payment services to be provided;
- (f) whether there is a possibility to agree on spending limits for the use of the payment instrument in accordance with Article 35 (1);
- (g) in the case of co-badged, card-based payment instruments, the payment service user's related rights.

3. The payment service provider shall provide or made available to the payment service user the following information and conditions on charges, interest and exchange rates:

- (a) all charges payable by the payment service user to the payment service provider including those connected to the manner in and frequency with which information is provided or made available and, where applicable, the breakdown of the amounts of such charges;

- (b) where applicable, the interest and exchange rates to be applied or, if reference interest and exchange rates are to be used, the method of calculating the actual interest, and the relevant date and index or base for determining such reference interest or exchange rate;
- (c) if agreed, the immediate application of changes in reference interest or exchange rate and information requirements relating to the changes in accordance with Article 21 (2).

4. The payment service provider shall provide or made available to the payment service user the following information and conditions on communication:

- (a) where applicable, the means of communication, including the technical requirements for the payment service user's equipment and software, agreed between the parties for the transmission of information or notifications;
- (b) the manner in, and frequency with which, information is to be provided or made available;
- (c) the language or languages in which the framework contract will be concluded and communication during this contractual relationship undertaken;
- (d) the payment service user's right to receive the contractual terms of the framework contract and information and conditions in accordance with Article 20.

5. The payment service provider shall provide or made available to the payment service user the following information and conditions on safeguards and corrective measures:

- (a) where applicable, a description of the steps that the payment service user is to take in order to keep safe a payment instrument and how to notify the payment service provider for the purposes of Article 36 (1) (b);
- (b) the secure procedure for notification of the payment service user by the payment service provider in the event of suspected or actual fraud or security threats;
- (c) if agreed, the conditions under which the payment service provider reserves the right to block a payment instrument in accordance with Article 35;
- (d) the liability of the payer in accordance with Article 41, including information on the relevant amount;
- (e) how and within what period of time the payment service user is to notify the payment service provider of any unauthorized or incorrectly initiated or executed payment transaction in accordance with Article 38, as well as the payment service provider's liability for unauthorized payment transactions in accordance with Article 40;
- (f) the liability of the payment service provider for the initiation or execution of payment transactions in accordance with Article 55;
- (g) the conditions for refund in accordance with Articles 43 and 44.

6. The payment service provider shall provide or made available to the payment service user the following information and conditions on changes to, and termination of, the framework contract:

- (a) if agreed, information that the payment service user will be deemed to have accepted changes in the conditions in accordance with Article 21, unless the payment service user notifies the payment service provider, before the date of their proposed date of entry into force, that they are not accepted;
- (b) the duration of the framework contract;
- (c) the right of the payment service user to terminate the framework contract and any agreements relating to termination in accordance with Article 21 (1) and Article 22.

7. The payment service provider shall provide or made available to the payment service user the following information and conditions on claims:

- (a) the law applicable to the service contract and the competent court;
- (b) the complains procedures in accordance with Article 65;
- (c) the claims procedures to the Financial Information Authority in accordance with Articles 66 and 67.

*Article 20. Accessibility of information and conditions of the framework contract.*

At any time during the contractual relationship the payment service user shall have a right to receive, on request, the contractual terms of the framework contract as well as the information and conditions specified in Article 19 on paper or on another durable medium.

*Article 21. Changes in conditions of the framework contract.*

1. Any changes in the framework contract or in the information and conditions specified in Article 19 shall be proposed by the payment service provider in the same way as provided for in Article 18 (1) and no later than 2 months before their proposed date of application.

The payment service user can either accept or reject the changes before the date of their proposed date of entry into force.

Where applicable in accordance with Article 19 (6) (a), the payment service provider shall inform the payment service user that it is to be deemed to have accepted those changes if it does not notify the payment service provider before the proposed date of their entry into force that they are not accepted.

The payment service provider shall also inform the payment service user that, in the event that the payment service user rejects those changes, the payment service user has the right to terminate the framework contract free of charge and with effect at any time until the date when the changes would have applied.



2. Changes in the interest or exchange rates may be applied immediately and without notice, provided that such a right is agreed upon in the framework contract and that the changes in the interest or exchange rates are based on the reference interest or exchange rates agreed on in accordance with Article 19 (3) (b) (c).

The payment service user shall be informed of any change in the interest rate at the earliest opportunity in the same way as provided for in Article 18 (1), unless the parties have agreed on a specific frequency or manner in which the information is to be provided or made available.

Changes in interest or exchange rates which are more favorable to the payment service users, may be applied without notice.

3. Changes in the interest or exchange rate used in payment transactions shall be implemented and calculated in a neutral manner that does not discriminate against payment service users.

*Article 22. Termination.*

1. The payment service user may terminate the framework contract at any time, unless the parties have agreed on a period of notice. Such a period shall not exceed 1 month.

2. Termination of the framework contract shall be free of charge for the payment service user except where the contract has been in force for less than 6 months. Charges, if any, for termination of the framework contract shall be appropriate and in line with costs.

3. If agreed in the framework contract, the payment service provider may terminate a framework contract concluded for an indefinite period by giving at least 2 months' notice in the same way as provided for in Article 18 (1).

4. Charges for payment services levied on a regular basis shall be payable by the payment service user only proportionally up to the termination of the contract. If such charges are paid in advance, they shall be reimbursed proportionally.

5. The provisions of this Article are without prejudice to the laws and regulations of the State governing the rights of the parties to declare the framework contract unenforceable or void.

*Article 23. Information before execution of individual payment transactions.*

In the case of an individual payment transaction under a framework contract initiated by the payer, the payment service provider shall, at the payer's request for this specific payment transaction, provide explicit information on all of the following:

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

Article 24. *Information for the payer on individual payment transactions.*

1. After the amount of an individual payment transaction is debited from the payer's account or, where the payer does not use a payment account, after receipt of the payment order, the payer's payment service provider shall provide the payer, without undue delay and in the same way as laid down in Article 18 (1), with all of the following information:

- (a) a reference enabling the payer to identify each payment transaction and, where appropriate, information relating to the payee;
- (b) the amount of the payment transaction in the currency in which the payer's payment account is debited or in the currency used for the payment order;
- (c) the amount of any charges for the payment transaction and, where applicable, a breakdown of the amounts of such charges, or the interest payable by the payer;
- (d) where applicable, the exchange rate used in the payment transaction by the payer's payment service provider, and the amount of the payment transaction after that currency conversion;
- (e) the debit value date or the date of receipt of the payment order.

2. The framework contract shall include the condition according to which the payer may require the information referred to in paragraph 1 to be provided or made available periodically, at least once a month, free of charge and in an agreed manner which allows the payer to store and reproduce information unchanged.

Article 25. *Information for the payee on individual payment transactions.*

1. After the execution of an individual payment transaction, the payee's payment service provider shall provide the payee without undue delay in the same way as laid down in Article 18 (1) with all of the following information:

- (a) a reference enabling the payee to identify the payment transaction and the payer, and any information transferred with the payment transaction;
- (b) the amount of the payment transaction in the currency in which the payee's payment account is credited;
- (c) the amount of any charges for the payment transaction and, where applicable, a breakdown of the amounts of such charges, or the interest payable by the payee;
- (d) where applicable, the exchange rate used in the payment transaction by the payee's payment service provider, and the amount of the payment transaction before that currency conversion;
- (e) the credit value date.

2. The framework contract shall include the condition according to which the payee may require the information referred to in paragraph 1 to be provided or made available periodically, at least once a month, free of charge and in an agreed manner which allows the payee to store and reproduce information unchanged.

#### **Chapter 4 Common provisions**

##### *Article 26. Currency and currency conversion.*

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

##### *Article 27. Information on additional charges or reductions.*

1. Where, for the use of a given payment instrument, the payee requests a charge or offers a reduction, the payee shall inform the payer thereof prior to the initiation of the payment transaction.
2. Where, for the use of a given payment instrument, the payment service provider or another party involved in the transaction requests a charge, it shall inform the payment service user thereof prior to the initiation of the payment transaction.
3. The payer shall only be obliged to pay for the charges referred to in paragraphs 1 and 2 if their full amount was made known prior to the initiation of the payment transaction.

### **Title III**

#### **Rights and obligations in relation to the provision and use of payment services**

##### **Chapter 1 Common provisions**

###### *Article 28. Scope of application.*

This Title applies to the conditions of all the payment services, without prejudice to the conditions for granting advances on salaries or credit to users, under the specific legal framework applicable to the entities authorized to carry out the activity of granting advances on salaries or credit.

###### *Article 29. Charges applicable.*

1. The payment service provider shall not charge the payment service user for fulfilment of its information obligations or corrective and preventive measures under this Title, unless otherwise specified in Articles 46 (1), 47 (5) and 52 (2). Those charges, agreed between the payment service user and the payment service provider, shall be appropriate and in line with the payment service provider's actual costs.

2. For payment transactions provided within payment service providers located in Member States of the European Union, the payee pays the charges levied by his payment service provider, and the payer pays the charges levied by his payment service provider.

3. The payment service provider shall not prevent the payee from requesting from the payer a charge, offering him a reduction or otherwise steering him towards the use of a given payment instrument. Any charges applied shall not exceed the direct costs borne by the payee for the use of the specific payment instrument.

4. The payment service provider shall not offer or request a per transaction interchange fee of more than 0,2 % of the value of the transaction for any debit card transaction and a per transaction interchange fee of more than 0,3 % of the value of the transaction for any credit card transaction. For domestic debit card transactions and for domestic credit card transactions, the payment service provider may define a lower per transaction interchange fee cap.

5. For the purposes of the application of the caps referred to in paragraph 4, any agreed remuneration, including net compensation, with an equivalent object or effect of the interchange fee, received by an issuer from the payment card scheme, acquirer or any other intermediary in relation to payment transactions or related activities shall be treated as part of the interchange fee.

6. The payee shall not request charges for the use of payment instruments for which interchange fees are regulated under paragraphs 4 and 5 and for those payment services to which Title II, Chapter 4, of the Regulation No. 2 applies.

Article 30. *Derogation for low value payment instruments and electronic money.*

1. In the case of payment instruments which, according to the framework contract, solely concern individual payment transactions not exceeding EUR 30 or which either have a spending limit of EUR 150, or store funds which do not exceed EUR 150 at any time, payment service providers may agree with their payment service users that:

- (a) Articles 36 (1) (b), 37 (1) (c) (d) and 41 (3) do not apply, if the payment instrument does not allow its blocking or prevention of its further use;
- (b) Articles 39, 40 and 41 (1) (2) (3) (5) do not apply if the payment instrument is used anonymously or the payment service provider is not in a position for other reasons which are intrinsic to the payment instrument to prove that a payment transaction was authorized;
- (c) by way of derogation from Article 46 (1), the payment service provider is not required to notify the payment service user of the refusal of a payment order, if the non-execution is apparent from the context;
- (d) by way of derogation from Article 47, the payer may not revoke the payment order after transmitting the payment order or giving consent to execute the payment transaction to the payee;
- (e) by way of derogation from Articles 50 and 51, other execution periods apply.

2. Articles 40 and 41 of this Regulation applies also to electronic money, except where the payer's payment service provider does not have the ability to freeze the payment account on which the electronic money is stored or block the payment instrument.

## **Chapter 2**

### **Authorization of payment transactions**

Article 31. *Consent and withdrawal of consent.*

1. A payment transaction is considered to be authorized only if the payer has given consent to execute the payment transaction.

A payment transaction may be authorized by the payer prior to or, if agreed between the payer and the payment service provider, after the execution of the payment transaction.

2. Consent to execute a payment transaction or a series of payment transactions shall be given in the form agreed between the payer and the payment service provider.

Consent to execute a payment transaction may also be given via the payee or the payment initiation service provider.

In the absence of consent, a payment transaction shall be considered to be unauthorized.

3. Consent may be withdrawn by the payer at any time, but no later than at the moment of irrevocability in accordance with Article 47. Consent to execute a series of payment transactions may also be withdrawn, in which case any future payment transaction shall be considered to be unauthorized.

4. The procedure for giving consent shall be agreed between the payer and the relevant payment service provider(s).

*Article 32. Confirmation on the availability of funds.*

1. An account servicing payment service provider shall, upon the request of a payment service provider issuing card-based payment instruments, immediately confirm whether an amount necessary for the execution of a card-based payment transaction is available on the payment account of the payer, provided that all of the following conditions are met:

- (a) the payment account of the payer is accessible online at the time of the request;
- (b) the payer has given explicit consent to the account servicing payment service provider to respond to requests from a specific payment service provider to confirm that the amount corresponding to a certain card-based payment transaction is available on the payer's payment account;
- (c) the consent referred to in point (b) has been given before the first request for confirmation is made.

2. The payment service provider may request the confirmation referred to in paragraph 1 where all of the following conditions are met:

- (a) the payer has given explicit consent to the payment service provider to request the confirmation referred to in paragraph 1;
- (b) the payer has initiated the card-based payment transaction for the amount in question using a card based payment instrument issued by the payment service provider;
- (c) the payment service provider authenticates itself towards the account servicing payment service provider before each confirmation request, and securely communicates with the account servicing payment service provider in accordance with Article 64 (1) (d).

3. The confirmation referred to in paragraph 1 shall consist only in a simple 'yes' or 'no' answer and not in a statement of the account balance. That answer shall not be stored or used for purposes other than for the execution of the card-based payment transaction.

4. The confirmation referred to in paragraph 1 shall not allow for the account servicing payment service provider to block funds on the payer's payment account.

5. The payer may request the account servicing payment service provider to communicate to the payer the identification of the payment service provider and the answer provided.

6. This Article does not apply to payment transactions initiated through card-based payment instruments on which electronic money is stored.

*Article 33. Rules on access to payment account in the case of payment initiation services.*

1. The payer has the right to make use of a payment initiation service provider to obtain payment services.

The right to make use of a payment initiation service provider shall not apply where the payment account is not accessible online.

2. When the payer gives its explicit consent for a payment to be executed in accordance with Article 31, the account servicing payment service provider shall perform the actions specified in paragraph 4 of this Article in order to ensure the payer's right to use the payment initiation service.

3. The payment initiation service provider shall:

- (a) not hold at any time the payer's funds in connection with the provision of the payment initiation service;
- (b) ensure that the personalized security credentials of the payment service user are not, with the exception of the user and the issuer of the personalized security credentials, accessible to other parties and that they are transmitted by the payment initiation service provider through safe and efficient channels;
- (c) ensure that any other information about the payment service user, obtained when providing payment initiation services, is only provided to the payee and only with the payment service user's explicit consent;
- (d) every time a payment is initiated, identify itself towards the account servicing payment service provider of the payer and communicate with the account servicing payment service provider, the payer and the payee in a secure way, in accordance with Article 64 (1) (d);
- (e) not store sensitive payment data of the payment service user;
- (f) not request from the payment service user any data other than those necessary to provide the payment initiation service;
- (g) not use, access or store any data for purposes other than for the provision of the payment initiation service as explicitly requested by the payer;
- (h) not modify the amount, the payee or any other feature of the transaction.

4. The account servicing payment service provider shall:

- (a) communicate securely with payment initiation service providers in accordance with Article 64 (1) (d);

- (b) immediately after receipt of the payment order from a payment initiation service provider, provide or make available all information on the initiation of the payment transaction and all information accessible to the account servicing payment service provider regarding the execution of the payment transaction to the payment initiation service provider;
- (c) treat payment orders transmitted through the services of a payment initiation service provider without any discrimination other than for objective reasons, in particular in terms of timing, priority or charges vis-à-vis payment orders transmitted directly by the payer.

5. The provision of payment initiation services shall not be dependent on the existence of a contractual relationship between the payment initiation service providers and the account servicing payment service providers for that purpose.

*Article 34. Rules on access to and use of payment account information in the case of account information services.*

1. The payment service user has the right to make use of services enabling access to account information.

That right shall not apply where the payment account is not accessible online.

2. The account information service provider shall:

- (a) provide services only where based on the payment service user's explicit consent;
- (b) ensure that the personalized security credentials of the payment service user are not, with the exception of the user and the issuer of the personalized security credentials, accessible to other parties and that when they are transmitted by the account information service provider, this is done through safe and efficient channels;
- (c) for each communication session, identify itself towards the account servicing payment service provider(s) of the payment service user and securely communicate with the account servicing payment service provider(s) and the payment service user, in accordance with Article 64 (1) (d);
- (d) access only the information from designated payment accounts and associated payment transactions;
- (e) not request sensitive payment data linked to the payment accounts;
- (f) not use, access or store any data for purposes other than for performing the account information service explicitly requested by the payment service user, in accordance with data protection rules.

3. In relation to payment accounts, the account servicing payment service provider shall:

- (a) communicate securely with the account information service providers in accordance with Article 64 (1) (d); and



(b) treat data requests transmitted through the services of an account information service provider without any discrimination for other than objective reasons.

4. The provision of account information services shall not be dependent on the existence of a contractual relationship between the account information service providers and the account servicing payment service providers for that purpose.

*Article 35. Limits of the use of the payment instrument and of the access to payment accounts by payment service providers.*

1. Where a specific payment instrument is used for the purposes of giving consent, the payer and the payer's payment service provider may agree on spending limits for payment transactions executed through that payment instrument.

2. If agreed in the framework contract, the payment service provider may reserve the right to block the payment instrument for objectively justified reasons relating to the security of the payment instrument, the suspicion of unauthorized or fraudulent use of the payment instrument or, in the case of a payment instrument with a credit line, a significantly increased risk that the payer may be unable to fulfil its liability to pay.

3. In such cases the payment service provider shall inform the payer of the blocking of the payment instrument and the reasons for it in an agreed manner, where possible, before the payment instrument is blocked and at the latest immediately thereafter, unless providing such information would compromise objectively justified security reasons or is prohibited by other provisions of the legislative framework in force.

4. The payment service provider shall unblock the payment instrument or replace it with a new payment instrument once the reasons for blocking no longer exist.

5. An account servicing payment service provider may deny an account information service provider or a payment initiation service provider access to a payment account for objectively justified and duly evidenced reasons relating to unauthorized or fraudulent access to the payment account by that account information service provider or that payment initiation service provider, including the unauthorized or fraudulent initiation of a payment transaction.

In such cases the account servicing payment service provider shall inform the payer that access to the payment account is denied and the reasons therefor in the form agreed. That information shall, where possible, be given to the payer before access is denied and at the latest immediately thereafter, unless providing such information would compromise objectively justified security reasons or is prohibited by other provisions of the legislative framework in force.

The account servicing payment service provider shall allow access to the payment account once the reasons for denying access no longer exist.

6. In the cases referred to in paragraph 5, the account servicing payment service provider shall immediately report the incident relating to the account information service provider or the payment initiation service provider to the Financial Information Authority.

The information shall include the relevant details of the case and the reasons for taking action.

The Financial Information Authority shall assess the case and shall, if necessary, take appropriate measures.

*Article 36. Obligations of the payment service user in relation to payment instruments and personalized security credentials.*

1. The payment service user entitled to use a payment instrument shall:
  - (a) use the payment instrument in accordance with the terms governing the issue and use of the payment instrument, which must be objective, non-discriminatory and proportionate;
  - (b) notify the payment service provider, or the entity specified by the latter, without undue delay on becoming aware of the loss, theft, misappropriation or unauthorized use of the payment instrument.
2. For the purposes of paragraph 1 (a), the payment service user shall, in particular, as soon as in receipt of a payment instrument, take all reasonable steps to keep its personalized security credentials safe.

*Article 37. Obligations of the payment service provider in relation to payment instruments.*

1. The payment service provider issuing a payment instrument shall:
  - (a) make sure that the personalized security credentials are not accessible to parties other than the payment service user that is entitled to use the payment instrument, without prejudice to the obligations on the payment service user set out in Article 36;
  - (b) refrain from sending an unsolicited payment instrument, except where a payment instrument already given to the payment service user is to be replaced;
  - (c) ensure that appropriate means are available at all times to enable the payment service user to make a notification pursuant to Article 36 (1) (b) or to request unblocking of the payment instrument pursuant to Article 35 (4); on request, the payment service provider shall provide the payment service user with the means to prove, for 18 months after notification, that the payment service user made such a notification;
  - (d) provide the payment service user with an option to make a notification pursuant to Article 36 (1) (b) free of charge and to charge, if at all, only replacement costs directly attributed to the payment instrument;
  - (e) prevent all use of the payment instrument once notification pursuant to Article 36 (1) (b) has been made.
2. The payment service provider shall bear the risk of sending a payment instrument or any personalized security credentials relating to it to the payment service user.

*Article 38. Notification and rectification of unauthorized or incorrectly executed payment transactions.*

1. The payment service user shall obtain rectification of an unauthorized or incorrectly executed payment transaction from the payment service provider only if the payment service user notifies the payment service provider without undue delay on becoming aware of any such transaction giving rise to a claim, including that under Article 55, and no later than 13 months after the debit date.
2. The time limits for notification laid down in paragraph 1 do not apply where the payment service provider has failed to provide or make available the information on the payment transaction in accordance with Title II.
3. Where a payment initiation service provider is involved, the payment service user shall obtain rectification from the account servicing payment service provider pursuant to paragraph 1, without prejudice to Articles 40 (2) and 55 (1).

*Article 39. Evidence on authentication and execution of payment transactions.*

1. Where a payment service user denies having authorized an executed payment transaction or claims that the payment transaction was not correctly executed, it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the accounts and not affected by a technical breakdown or some other deficiency of the service provided by the payment service provider.

If the payment transaction is initiated through a payment initiation service provider, the burden shall be on the payment initiation service provider to prove that within its sphere of competence, the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the payment service of which it is in charge.

2. Where a payment service user denies having authorized an executed payment transaction, the use of a payment instrument recorded by the payment service provider, including the payment initiation service provider as appropriate, shall in itself not necessarily be sufficient to prove either that the payment transaction was authorized by the payer or that the payer acted fraudulently or failed with intent or gross negligence to fulfil one or more of the obligations under Article 36. The payment service provider, including, where appropriate, the payment initiation service provider, shall provide supporting evidence to prove fraud or gross negligence on part of the payment service user.

*Article 40. Payment service provider's liability for unauthorized payment transactions.*

1. Without prejudice to Article 38, in the case of an unauthorized payment transaction, the payer's payment service provider refunds the payer the amount of the unauthorized payment transaction immediately, and in any event no later than by the end of the following business day, after noting or being notified of the transaction, except where the payer's payment service provider has reasonable grounds for suspecting fraud and communicates those grounds to the Financial Information Authority in writing.

Where applicable, the payer's payment service provider shall restore the debited payment account to the state in which it would have been had the unauthorized payment transaction not taken place. This shall also ensure that the credit value date for the payer's payment account shall be no later than the date the amount had been debited.

2. Where the payment transaction is initiated through a payment initiation service provider, the account servicing payment service provider shall refund immediately, and in any event no later than by the end of the following business day the amount of the unauthorized payment transaction and, where applicable, restore the debited payment account to the state in which it would have been had the unauthorized payment transaction not taken place.

If the payment initiation service provider is liable for the unauthorized payment transaction, it shall immediately compensate the account servicing payment service provider at its request for the losses incurred or sums paid as a result of the refund to the payer, including the amount of the unauthorized payment transaction.

In accordance with Article 39 (1), the burden shall be on the payment initiation service provider to prove that, within its sphere of competence, the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the payment service of which it is in charge.

3. Further financial compensation may be determined in accordance with the law applicable to the contract concluded between the payer and the payment service provider or the contract concluded between the payer and the payment initiation service provider if applicable.

*Article 41. Payer's liability for unauthorized payment transactions.*

1. By way of derogation from Article 40, the payer may be obliged to bear the losses relating to any unauthorized payment transactions, up to a maximum of EUR 50, resulting from the use of a lost or stolen payment instrument or from the misappropriation of a payment instrument.

2. The paragraph 1 shall not apply if:

- (a) the loss, theft or misappropriation of a payment instrument was not detectable to the payer prior to a payment, except where the payer has acted fraudulently; or
- (b) the loss was caused by acts or lack of action of an employee, agent or branch of a payment service provider or of an entity to which its activities were outsourced.

3. The payer shall bear all of the losses relating to any unauthorized payment transactions if they were incurred by the payer acting fraudulently or failing to fulfil one or more of the obligations set out in Article 36 with intent or gross negligence. In such cases, the maximum amount referred to in the paragraph 1 shall not apply.

Where the payer has neither acted fraudulently nor intentionally failed to fulfil its obligations under Article 36, the payment service provider may reduce the liability of the payer, taking into account, in particular, the nature of the personalized security credentials and the specific circumstances under which the payment instrument was lost, stolen or misappropriated.

4. Where the payer's payment service provider does not require strong customer authentication, the payer shall not bear any financial losses unless the payer has acted fraudulently.

Where the payee or the payment service provider of the payee fails to accept strong customer authentication, it shall refund the financial damage caused to the payer's payment service provider.

5. The payer shall not bear any financial consequences resulting from use of the lost, stolen or misappropriated payment instrument after notification in accordance with Article 36 (1) (b), except where the payer has acted fraudulently.

If the payment service provider does not provide appropriate means for the notification at all times of a lost, stolen or misappropriated payment instrument, as required under Article 37 (1) (c), the payer shall not be liable for the financial consequences resulting from use of that payment instrument, except where the payer has acted fraudulently.

*Article 42. Payment transactions where the transaction amount is not known in advance.*

1. Where a payment transaction is initiated by or through the payee in the context of a card-based payment transaction and the exact amount is not known at the moment when the payer gives consent to execute the payment transaction, the payer's payment service provider may block funds on the payer's payment account only if the payer has given consent to the exact amount of the funds to be blocked.

2. The payer's payment service provider shall release the funds blocked on the payer's payment account under paragraph 1 without undue delay after receipt of the information about the exact amount of the payment transaction and at the latest immediately after receipt of the payment order.

*Article 43. Refunds for payment transactions initiated by or through a payee.*

1. The payer is entitled to a refund from the payment service provider of an authorized payment transaction which was initiated by or through a payee and which has already been executed, if both of the following conditions are met:

- (a) the authorization did not specify the exact amount of the payment transaction when the authorization was made;
- (b) the amount of the payment transaction exceeded the amount the payer could reasonably have expected taking into account the previous spending pattern, the conditions in the framework contract and relevant circumstances of the case.

2. At the payment service provider's request, the payer shall bear the burden of proving the conditions under paragraph 1 are met.
3. The refund under paragraph 1 shall consist of the full amount of the executed payment transaction. The credit value date for the payer's payment account shall be no later than the date the amount was debited.
4. Without prejudice to paragraph 6, in addition to the right referred to in paragraph 1, the payer has an unconditional right to a refund within the time limits laid down in Article 44.
5. For the purposes of paragraph 1 (b), the payer shall not rely on currency exchange reasons if the reference exchange rate agreed with its payment service provider in accordance with Articles 12 (1) (d) and 19 (3) (b) was applied.
6. It may be agreed in a framework contract between the payer and the payment service provider that the payer has no right to a refund where:
  - (a) the payer has given consent to execute the payment transaction directly to the payment service provider; and
  - (b) where applicable, information on the future payment transaction was provided or made available in an agreed manner to the payer for at least 4 weeks before the due date by the payment service provider or by the payee.
7. For direct debits in currencies other than euro, the payment service providers to offer more favorable refund rights in accordance with their direct debit schemes provided that they are more advantageous to the payer.

*Article 44. Requests for refunds for payment transactions initiated by or through a payee.*

1. The payer can request the refund referred to in Article 43 of an authorized payment transaction initiated by or through a payee for a period of 8 weeks from the date on which the funds were debited.
2. Within 10 business days of receiving a request for a refund, the payment service provider shall either refund the full amount of the payment transaction or provide a justification for refusing the refund and indicate the bodies to which the payer may refer the matter in accordance with Articles 65, 66 and 67 if the payer does not accept the reasons provided.

The payment service provider's right to refuse the refund shall not apply in the case set out in Article 43 (4).

### **Chapter 3** **Execution of payment transactions**

#### **Section 1** **Payment orders and amounts transferred**

##### *Article 45. Receipt of payment orders.*

1. The time of receipt is when the payment order is received by the payer's payment service provider.

The payer's account shall not be debited before receipt of the payment order. If the time of receipt is not on a business day for the payer's payment service provider, the payment order shall be deemed to have been received on the following business day. The payment service provider may establish a cut-off time near the end of a business day beyond which any payment order received shall be deemed to have been received on the following business day.

2. If the payment service user initiating a payment order and the payment service provider agree that execution of the payment order shall start on a specific day or at the end of a certain period or on the day on which the payer has put funds at the payment service provider's disposal, the time of receipt for the purposes of Article 50 is deemed to be the agreed day. If the agreed day is not a business day for the payment service provider, the payment order received shall be deemed to have been received on the following business day.

##### *Article 46. Refusal of payment orders.*

1. Where the payment service provider refuses to execute a payment order or to initiate a payment transaction, the refusal and, if possible, the reasons for it and the procedure for correcting any factual mistakes that led to the refusal shall be notified to the payment service user, without prejudice to the tipping-off prohibition under Article 44 of the Law no. XVIII.

The payment service provider shall provide or make available the notification in an agreed manner at the earliest opportunity, and in any case, within the periods specified in Article 50.

The framework contract may include a condition that the payment service provider may charge a reasonable fee for such a refusal if the refusal is objectively justified.

2. Where all of the conditions set out in the payer's framework contract are met, the payer's account servicing payment service provider shall not refuse to execute an authorized payment order irrespective of whether the payment order is initiated by a payer, including through a payment initiation service provider, or by or through a payee, unless prohibited by other relevant provisions of the juridical framework in place.

3. For the purposes of Articles 50 and 55, a payment order for which execution has been refused shall be deemed not to have been received.

Article 47. *Irrevocability of a payment order.*

1. The payment service user shall not revoke a payment order once it has been received by the payer's payment service provider, unless otherwise specified in this Article.
2. Where the payment transaction is initiated by a payment initiation service provider or by or through the payee, the payer shall not revoke the payment order after giving consent to the payment initiation service provider to initiate the payment transaction or after giving consent to execute the payment transaction to the payee.
3. In the case of a direct debit and without prejudice to refund rights the payer may revoke the payment order at the latest by the end of the business day preceding the day agreed for debiting the funds.
4. In the case referred to in Article 45 (2), the payment service user may revoke a payment order at the latest by the end of the business day preceding the agreed day.
5. After the time limits laid down in paragraphs 1 to 4, the payment order may be revoked only if agreed between the payment service user and the relevant payment service providers. In the case referred to in paragraphs 2 and 3, the payee's agreement shall also be required.

If agreed in the framework contract, the relevant payment service provider may charge for revocation.

Article 48. *Amounts transferred and amounts received.*

1. The payment service provider(s) of the payer, the payment service provider(s) of the payee and any intermediaries of the payment service providers shall transfer the full amount of the payment transaction and refrain from deducting charges from the amount transferred.
2. The payee and the payment service provider may agree that the relevant payment service provider deduct its charges from the amount transferred before crediting it to the payee. In such a case, the full amount of the payment transaction and charges shall be separated in the information given to the payee.
3. If any charges other than those referred to in paragraph 2 are deducted from the amount transferred, the payment service provider of the payer shall ensure that the payee receives the full amount of the payment transaction initiated by the payer.

Where the payment transaction is initiated by or through the payee, the payment service provider of the payee shall ensure that the full amount of the payment transaction is received by the payee.



## Section 2 Execution time and value date

Article 49. *Scope of application.*

1. This Section applies to:

- (a) payment transactions in euro;
- (b) domestic payment transactions in the currency other than euro of a Member State of the European Union;
- (c) payment transactions involving only one currency conversion between the euro and the currency other than euro of a Member State of the European Union, provided that the required currency conversion is carried out in the Member State of the European Union which does not adopt the euro as national currency concerned, and, in the case of cross-border payment transactions, the cross-border transfer takes place in euro.

2. This Section applies to payment transactions not referred to in the paragraph 1, unless otherwise agreed between the payment service user and the payment service provider, with the exception of Article 53, which is not at the disposal of the parties.

3. In case of payment transactions from and to Member State of the European Union, the provisions established in the paragraphs 1 and 2 are without prejudice of the possibility for the payment service user and the payment service provider to agree on a longer period than that of 2 days set in Article 50. That longer period shall not exceed 4 business days following the time of receipt of the payment order as referred to in Article 45.

Article 50. *Payment transactions to a payment account.*

1. The payer's payment service provider shall ensure that after the time of receipt as referred to in Article 45, the amount of the payment transaction will be credited to the payee's payment service provider's account by the end of the following business day. That time limit may be extended by a further business day for paper-initiated payment transactions.

2. The payment service provider of the payee shall indicate the value date and make available the amount of the payment transaction to the payee's payment account after the payment service provider has received the funds in accordance with Article 53.

3. The payee's payment service provider shall transmit a payment order initiated by or through the payee to the payer's payment service provider within the time limits agreed between the payee and the payment service provider, enabling settlement, as far as direct debit is concerned, on the agreed due date.

Article 51. *Absence of payee's payment account with the payment service provider.*

Where the payee does not have a payment account with the payment service provider, the funds shall be made available to the payee by the payment service provider who receives the funds for the payee within the time limit laid down in Article 50.

Article 52. *Cash placed on a payment account.*

Where a consumer places cash on a payment account with that payment service provider in the currency of that payment account, the payment service provider shall ensure that the amount is made available and value dated immediately after receipt of the funds.

Article 53. *Value date and availability of funds.*

1. The credit value date for the payee's payment account is no later than the business day on which the amount of the payment transaction is credited to the payee's payment service provider's account.

2. The payment service provider of the payee shall ensure that the amount of the payment transaction is at the payee's disposal immediately after that amount is credited to the payee's payment service provider's account where, on the part of the payee's payment service provider, there is:

- (a) no currency conversion; or
- (b) a currency conversion between the euro and a currency other than euro of a Member State of the European Union or between two currencies other than euro of two Member States of the European Union.

The obligation laid down in this paragraph shall also apply to payments within one payment service provider.

3. The debit value date for the payer's payment account is no earlier than the time at which the amount of the payment transaction is debited to that payment account.

### **Section 3 Liability**

Article 54. *Incorrect unique identifiers.*

1. If a payment order is executed in accordance with the unique identifier, the payment order shall be deemed to have been executed correctly with regard to the payee specified by the unique identifier.

2. If the unique identifier provided by the payment service user is incorrect, the payment service provider shall not be liable under Article 55 for non-execution or defective execution of the payment transaction.

3. The payer's payment service provider shall make reasonable efforts to recover the funds involved in the payment transaction. The payee's payment service provider shall cooperate in those efforts also by communicating to the payer's payment service provider all relevant information for the collection of funds.

4. In the event that the collection of funds under paragraph 3 is not possible, the payer's payment service provider shall provide to the payer, upon written request, all information available to the payer's payment service provider and relevant to the payer in order for the payer to file a legal claim to recover the funds.

5. If agreed in the framework contract, the payment service provider may charge the payment service user for recovery.

6. If the payment service user provides information in addition to that specified in Article 12 (1) (a) or Article 19 (2) (b), the payment service provider shall be liable only for the execution of payment transactions in accordance with the unique identifier provided by the payment service user.

*Article 55. Payment service providers' liability for non-execution, defective or late execution of payment transactions.*

1. Where a payment order is initiated directly by the payer, the payer's payment service provider shall, without prejudice to Articles 38, 54 (3) (4) and 60, be liable to the payer for correct execution of the payment transaction, unless it can prove to the payer and, where relevant, to the payee's payment service provider that the payee's payment service provider received the amount of the payment transaction in accordance with Article 50 (1). In that case, the payee's payment service provider shall be liable to the payee for the correct execution of the payment transaction.

2. Where the payer's payment service provider is liable under the paragraph 1, it shall, without undue delay, refund to the payer the amount of the non-executed or defective payment transaction, and, where applicable, restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place.

The credit value date for the payer's payment account shall be no later than the date on which the amount was debited.

3. Where the payee's payment service provider is liable under the paragraph 1, it shall immediately place the amount of the payment transaction at the payee's disposal and, where applicable, credit the corresponding amount to the payee's payment account.

The credit value date for the payee's payment account shall be no later than the date on which the amount would have been value dated, had the transaction been correctly executed in accordance with Article 53.

4. Where a payment transaction is executed late, the payee's payment service provider shall ensure, upon the request of the payer's payment service provider acting on behalf of the payer, that the credit value date for the payee's payment account is no later than the date the amount would have been value dated had the transaction been correctly executed.

5. In the case of a non-executed or defectively executed payment transaction where the payment order is initiated by the payer, the payer's payment service provider shall, regardless of liability under this paragraph, on request, make immediate efforts to trace the payment transaction and notify the payer of the outcome. This shall be free of charge for the payer.

6. Where a payment order is initiated by or through the payee, the payee's payment service provider shall, without prejudice to Articles 38, 54 (2) (3) (4) e 60, be liable to the payee for correct transmission of the payment order to the payment service provider of the payer in accordance with Article 50 (3).

7. Where the payee's payment service provider is liable under paragraph 6, it shall immediately re-transmit the payment order in question to the payment service provider of the payer.

In the case of a late transmission of the payment order, the amount shall be value dated on the payee's payment account no later than the date the amount would have been value dated had the transaction been correctly executed.

8. The payment service provider of the payee shall, without prejudice to Articles 38, 54 (2) (3) (4) and 60, be liable to the payee for handling the payment transaction in accordance with its obligations under Article 53.

Where the payee's payment service provider is liable under this paragraph, it shall ensure that the amount of the payment transaction is at the payee's disposal immediately after that amount is credited to the payee's payment service provider's account.

The amount shall be value dated on the payee's payment account no later than the date the amount would have been value dated had the transaction been correctly executed.

9. In the case of a non-executed or defectively executed payment transaction for which the payee's payment service provider is not liable under the first and second subparagraphs, the payer's payment service provider shall be liable to the payer.

Where the payer's payment service provider is so liable he shall, as appropriate and without undue delay, refund to the payer the amount of the non-executed or defective payment transaction and restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place.

The credit value date for the payer's payment account shall be no later than the date the amount was debited.

10. The obligation under the paragraph 9 shall not apply to the payer's payment service provider where the payer's payment service provider proves that the payee's payment service provider has received the amount of the payment transaction, even if execution of payment transaction is merely delayed.

If so, the payee's payment service provider shall value date the amount on the payee's payment account no later than the date the amount would have been value dated had it been executed correctly.

11. In the case of a non-executed or defectively executed payment transaction where the payment order is initiated by or through the payee, the payee's payment service provider shall, regardless of liability under this paragraph, on request, make immediate efforts to trace the payment transaction and notify the payee of the outcome. This shall be free of charge for the payee.

12. Payment service providers shall be liable to their respective payment service users for any charges for which they are responsible, and for any interest to which the payment service user is subject as a consequence of non-execution or defective, including late, execution of the payment transaction.

*Article 56. Liability in the case of payment initiation services for non-execution, defective or late execution of payment transactions.*

1. Where a payment order is initiated by the payer through a payment initiation service provider, the account servicing payment service provider shall, without prejudice to Articles 38 and 54 (2) (3) (4), refund to the payer the amount of the non-executed or defective payment transaction and, where applicable, restore the debited payment account to the state in which it would have been had the defective payment transaction not taken place.

The burden shall be on the payment initiation service provider to prove that the payment order was received by the payer's account servicing payment service provider in accordance with Article 45 and that within its sphere of competence the payment transaction was authenticated, accurately recorded and not affected by a technical breakdown or other deficiency linked to the non-execution, defective or late execution of the transaction.

2. If the payment initiation service provider is liable for the non-execution, defective or late execution of the payment transaction, it shall immediately compensate the account servicing payment service provider at its request for the losses incurred or sums paid as a result of the refund to the payer.

*Article 57. Additional financial compensation.*

Any financial compensation additional to that provided for under this Section may be determined in accordance with the law applicable to the contract concluded between the payment service user and the payment service provider.

*Article 58. Right of recourse.*

1. Where the liability of a payment service provider under Articles 40 and 55 is attributable to another payment service provider or to an intermediary, that payment service provider or intermediary shall compensate the first payment service provider for any losses incurred or sums paid under Articles 40 and 55. That shall include compensation where any of the payment service providers fail to use strong customer authentication.

2. Further financial compensation may be determined in accordance with agreements between payment service providers and/or intermediaries and the law applicable to the agreement concluded between them.

Article 59. *Abnormal and unforeseeable circumstances.*

No liability shall arise under Chapter 2 or 3 in cases of abnormal and unforeseeable circumstances beyond the control of the party pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary, or where the payment service provider is bound by other legal obligations covered by the national law.

#### **Chapter 4 Data protection**

Article 60. *Data protection.*

1. The processing of personal data by payment systems and payment service providers is permitted when necessary to safeguard the prevention, investigation and detection of payment fraud.
2. The provision of information to individuals about the processing of personal data and the processing of such personal data and any other processing of personal data for the purposes of this Regulation shall be carried out in accordance with the national law.
3. Payment service providers shall only access, process and retain personal data necessary for the provision of their payment services, with the explicit consent of the payment service user.
4. This Article is without prejudice to the provision on registration and record-keeping requirements established in Article 38 of the Law no. XVIII, and the provisions on access of competent Authorities established in Article 39 of the Law no. XVIII.

#### **Chapter 5 Operational and security risks and authentication**

Article 61. *Management of operational and security risks.*

1. Payment service providers shall establish a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks, relating to the payment services they provide.

As part of that framework, payment service providers shall establish and maintain effective incident management procedures, including for the detection and classification of major operational and security incidents, the mitigation measures and the responsible for the controls of first and second levels.

2. Payment service providers provide to the Financial Information Authority on an annual basis, or at shorter intervals as determined by the same Authority, an updated and comprehensive assessment of the operational and security risks relating to the payment services they provide and on the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

3. The Financial Information Authority, also taking into account the indications of the relevant European bodies, issues guidelines and regulatory technical standards on the classification of major operational and security incidents, as well as on the criteria and on the conditions for establishment, and monitoring, of security measures.

*Article 62. Incident reporting.*

1. In the case of a major operational or security incident, payment service providers shall notify the Financial Information Authority.

Where the incident has or may have an impact on the financial interests of its payment service users, the payment service provider shall, without undue delay, inform its payment service users of the incident and of all measures that they can take to mitigate the adverse effects of the incident.

2. The Financial Information Authority, also taking into account the indications of the relevant European bodies, issues guidelines and regulatory technical standards on the major operational or security incident reporting.

3. Payment service providers, at least on an annual basis, shall provide statistical data on fraud, including the attempted activities, operations or transactions reported under Article 40 (1) of Law no. XVIII, relating to different means of payment to the Financial Information Authority.

*Article 63. Authentication.*

1. The payment service provider applies strong customer authentication where the payer:

- (a) accesses its payment account online;
- (b) initiates an electronic payment transaction;
- (c) carries out any action through a remote channel which may imply a risk of payment fraud or other abuses.

2. With regard to the initiation of electronic payment transactions as referred to in paragraph 1 (b), for electronic remote payment transactions, payment service providers shall apply strong customer authentication that includes elements which dynamically link the transaction to a specific amount and a specific payee.

3. Before allowing for electronic remote payment transactions, including the accesses to payment account online, payment service providers shall have in place adequate security measures to protect the confidentiality and integrity of payment service users' personalized security credentials.

4. Paragraphs 2 and 3 shall also apply where payments are initiated through a payment initiation service provider. Paragraphs 1 and 3 shall also apply when the information is requested through an account information service provider.

5. The account servicing payment service provider allows the payment initiation service provider and the account information service provider to rely on the authentication procedures provided by the account servicing payment service provider to the payment service user in accordance with paragraphs 1 and 3 and, where the payment initiation service provider is involved, in accordance with paragraphs 1, 2 and 3.

*Article 64. Regulatory technical standards on authentication and communication.*

1. The Financial Information Authority, taking also into account the indications of the European Central Bank and the relevant European bodies, issues guidelines and regulatory technical standards specifying:

- (a) the requirements of the strong customer authentication;
- (b) the possible exemptions from the application of Article 63;
- (c) the requirements with which security measures have to comply in order to protect the confidentiality and the integrity of the payment service users' personalized security credentials; and
- (d) the requirements for common and secure open standards of communication for the purpose of identification, authentication, notification, and information, as well as for the implementation of security measures, between account servicing payment service providers, payment initiation service providers, account information service providers, payers, payees and other payment service providers.

2. The regulatory technical standards referred to in paragraph 1 shall be developed in order to:

- (a) ensure an appropriate level of security for payment service users and payment service providers, through the adoption of effective and risk-based requirements;
- (b) ensure the safety of payment service users' funds and personal data;
- (c) ensure technology and business-model neutrality;
- (d) allow for the development of user-friendly, accessible and innovative means of payment.



3. The possible exemptions referred to in paragraph 1 (b) shall be based on the following criteria:

- (a) the level of risk involved in the service provided;
- (b) the amount, the recurrence of the transaction, or both;
- (c) the payment channel used for the execution of the transaction.

## **Chapter 6**

### **Complaints management and Claims**

*Article 65. Complaints management by payment service providers.*

1. Payment service providers adopt and apply, in accordance with Article 34 of Regulation no. 1, adequate and effective procedure for managing complaints from the payment service users with respect to rights and obligations arising under Title II and Title III of this Regulation.

2. Payment service providers shall reply, on paper or, if agreed between payment service provider and payment service user, on another durable medium, to the payment service users' complaints.

Such a reply shall address all points raised, within an adequate timeframe and at the latest within 15 business days of receipt of the complaint.

In exceptional situations, if the answer cannot be given within 15 business days for reasons beyond the control of the payment service provider, it shall be required to send a holding reply, clearly indicating the reasons for a delay in answering to the complaint and specifying the deadline by which the payment service user will receive the final reply. In any event, the deadline for receiving the final reply shall not exceed 35 business days.

3. The payment service provider shall inform the payment service user that the Financial Information Authority is competent to receive claims concerning the rights and obligations arising under Title II and Title III of this Regulation. This communication includes the indication of the procedure for requesting additional information to Financial Information Authority and of the claims procedures in accordance with Articles 66 and 67.

4. The information referred to in paragraph 3 shall be mentioned in a clear, comprehensive and easily accessible way on the seat of the payment service provider and in the general terms and conditions of the contract between the payment service provider and the payment service user, as well as on the website of the payment service provider where one exists.

Article 66. *Claims to the Financial Information Authority.*

1. Having exhausted all internal complaint procedures in accordance with Article 65, the payment services users can submit a claim to the Financial Information Authority on rights and obligations arising under Title II and Title III of this Regulation.
2. Where appropriate, the Judicial Authority, potentially activated without a prior claim under paragraph 1, informs the claimant on the claims procedure at the Financial Information Authority.
3. The possibility for the payment services users to submit a claim to the Financial Information Authority is without prejudice of the cases established by law, falling within the exclusive competence of the Judicial Authorities of the State, and is without prejudice of any other legal remedy.

Article 67. *Conciliation and arbitration procedures.*

1. To the extent permitted by law, the Financial Information Authority, taking into account the indications of the relevant European bodies, put in place adequate and effective claims procedures concerning the rights and obligations arising under Title II and Title III of this Regulation. Such procedures apply to the payment service providers and to the activities of appointed representatives, and shall ensure an adequate degree of independency, impartiality and transparency.
2. The Financial Information Authority cooperates and exchanges information with foreign Authorities competent to receive claims concerning the rights and obligations arising under Title II and Title III of this Regulation, within extent permitted by Article 69 (b) of the Law no. XVIII.

## **Title IV**

### **Final and Transitional Provisions**

Article 68. *Transitional period.*

1. Entities falling under the scope of Article 1, within 30 days from the entry into force of this Regulation, shall provide to the Financial Information Authority a report on:
  - (a) the payment services provided to the users, including average monthly services volumes, as registered in the last year;
  - (b) the conditions applied to the payment service users, including: the nature and the frequency of the information provided, the timing and the costs of executions of the operations, the procedures to ascertain liabilities for non-execution or defective execution of the operations, the procedures for any reimbursement;
  - (c) risk management and mitigation procedures relating to payment services.

2. Entities falling under the scope of Article 1 shall comply with the provisions of this Regulation within 12 months from the date on which it enters into force.

Article 69. *Administrative sanction.*

1. In case of violation or non-compliance to the provisions established by this Regulation, the Financial Information Authority may apply the administrative sanctions established by Articles 47 and 66 of Law no. XVIII.

2. The sanctions applied are published according to what established by law, except where publication jeopardizes the payment system at international level or creates a disproportionate damage to parties involved.

Article 70. *Updates.*

The Financial Information Authority updates this Regulation consistently with the development of the institutional, legal, economic, commercial and professional framework of the State, also taking into account what established by the relevant international and European bodies.

Article 71. *Entry into force.*

This Regulation will enter into force on 1° June 2018.

Vatican City State, 23 May 2018

RENÉ BRÜLHART  
*President*

*Visto*

TOMMASO DI RUZZA  
*Director*