Syrian Arab Republic

Monetary and Credit Council

الجمهوريَّة العربيَّة السوريَّة

مجلس النقد والتسليف

No.: 153/M.C.C

Dated: 10/12/2017

Monetary and Credit Council,

Pursuant to:

- The provisions of Law No. /23/ dated 17/03/2002 and amendments thereto,
- Letter No. 998/11, dated 26/10/2017, sent by the Directorate of Information Technology,
- And the revision thereof in its session convened on 07/12/2017.

Decided the following:

Article 1- Approving the adoption of the regulations of the Syrian General Settlements System (SYGS), as set forth below:

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First – Scope of implementation:

These regulations govern all participants defined therein for the purposes of settling payment orders among them.

Second: Definitions:

For the purpose of implementation of the Immediate General Settlement System, the terms contained in these regulations are defined as follows:

1. The System: It is the Syrian General Settlement System, a centralized electronic system for settling accounts of the parties participating therein by executing payment orders and credit transfers issued by the participants, and enabling them to have real-time access to their balances.

2. The Participant: Any bank operating in the Syrian Arab Republic or the Central Bank of Syria (and branches thereof), and anyone deemed necessary by the Central Bank of Syria to participate in the System.

3. The Payer: The participant desiring to withdraw, transfer, or repay a specific amount to settle their transactions or execute orders of its clients.

4. Payment Order: The order issued by the Payer requesting the withdrawal, transfer, or repaying of a specific amount.

5. The Beneficiary: The participant (or entity) to whom the amount specified in the Payment Order is transferred, either for its benefit or the benefit of one of its clients.

6. Main Banking System: The system in which current accounts are opened for the parties dealing with the Central Bank of Syria.

7. Participant's Current Account with the Central Bank: The account opened for the Participant on the Main Banking System.

8. Initial Settlement Balance: The maximum amount that the participant allows to be reserved from its current account at the beginning of the working day.

9. Participant's Settlement Account: the account opened for the participant in the system, with a zero balance at the beginning of each working day, replenished with the Initial Settlement Balance from the Participant's Current Account to conduct settlement operations (debtor - creditor) during the working day, and registering the results of operations at the end of the working day on its current account, so that the settlement account balance is always zero at the end of the working day.

10. Settlement: The entry on the Payer's Settlement Account in favour of the Beneficiary's Settlement Account, and the process is considered final and irrevocable upon entry.

11. The Direct Participant: Any participant with a settlement account and access to the system, and this is the term intended by the word "Participant" in these regulations unless otherwise specified.

12. The Special Participant: A participant with access to the system, who settles its transactions according to the regulations set by the Central Bank of Syria for each special participant according to their nature (Electronic Clearence System (SyCS), the National Transfer System (N.S), or the Syrian Company for Electronic Payments System (S.E.P).)

13. The User: The person appointed by the Participant to use the system.

Third – Obligations

A. Obligations of the Participating Parties:

1. Each participant is obliged to open a settlement account in Syrian pounds and settlement accounts at the number of currencies allowed by the CBS to be dealt with on the system. Additionally, each participant is obliged to open additional settlement accounts as needed for the work requirements of special participants and as required by the CBS for the operation of its systems.

2. The participant bears full liability for any damages resulting from misuse or non-compliance with the procedures and regulations governing operating on the system.

3. Each participant shall be deemed liable, on each working day, for monitoring the accuracy of all payment orders issued by it, and tracking all pending payments, and the balance of each of its settlement accounts and replenishing it to execute any pending payment orders.

4. The participant shall bear full liability for all operations conducted by its users.

5. The participant is obliged to ensuring the confidentiality of its system and procedures, and protecting information in its dealings conducted on the system.

6. The participant is obliged to immediately inform the system administration at CBS of any proven or suspected cases of fraud in the operations of the system, regardless of the party responsible thereof.

7. The participant is obliged to execute the payment orders it receives on its own banking system, ensuring the execution of all received payment orders within the specified grace period specified in the operating rules.

8. The participant is obliged to execute received payment orders settled for its benefit or for the benefit of one of its clients during the same working day in which the settlement is made, or reversing them during the next working day at the latest, under penalty of punishment.

9. The participant is obliged to inform CBS of any emergency situation preventing it from operating on the system in accordance with the operating rules.

10. The participant is obliged to store and archive the data and documents related to its operations.

11. The participant, when sending any payment order, is obliged to adhere to the operating rules on the system, especially the following rules:

    - inclusiveness and accuracy of data.
    - compliance with the formats and technical coordination of inputs.
    - security of communications and monitoring and control terminals.
    - separation and proper distribution of responsibilities and tasks between operating, executing, monitoring, and auditing teams.
    - Participant's users shall maintain the confidentiality of information, especially the confidentiality of passwords, and preventing their leakage to anyone.

12. The participant is obliged to appoint a liaison officer from its employees (active and substitute), who shall be the main channel of communication with CBS regarding electronic payment systems. Under no circumstances should this position be vacant, and the participant is obliged to inform CBS of any changes regarding the liaison officer, under penalty of punishment.

B. <u>Obligations of the Central Bank of Syria:</u>

1. Establishing and implementing procedures, rules, and regulations for operating on the system.
2. Establishing measures and procedures to ensure the security and protection of the system.
3. Managing and operating the system.
4. Generating all necessary reports to monitor the system within the Central Bank or at the level of each participant.
5. Backup procedures and secure storage thereof, and retrieval of any former data in accordance with the operating rules.

6. Informing the participants of any system failure due to any emergency situation (or force majeure) in accordance with the operating rules.
7. Determining the maximum period available for any participant to access the details of his operations stored on the system in accordance with the operating rules.

Fourth – Procedures of operating on the system.

These procedures are categorized into administrative procedures, organizational procedures, operational procedures (work cycle), and settlement procedures (verification – settlement).

A. Administrative and organizational procedures:

The Immediate Settlement Department at the Directorate of Payment Systems at the Central Bank of Syria assumes the task of managing and operating the system as set forth below:

1. Receiving and verifying participant requests, including requests to determine or change the initial balance requested by the participant.
2. Receiving and verifying requests for registration of the users of the participant, amending their information or freezing their accounts.
3. Ensuring the exclusiveness of the participant's use of the system in accordance with the operating rules.

B. Operational procedures:

1. The system executes incoming orders and registers them in settlement accounts.
2. The system processes incoming orders according to the required execution date.
3. The system allows the participant to prioritize its outgoing payment orders, while ensuring that the execution privilege is granted according to the following priorities:
    1. Payments of clearance systems (Electronic clearance System and the National Transfer System).
    2. Payments to the Central Bank of Syria.
    3. Payments to the public sector.
    4. Other payments requested by the participant.

Payment orders are settled according to the priorities and within each priority based on the date on which the system received the payment order.

4. In case the Central Bank discovers an error in any operation on the system, it may request the participant to perform a reversing entry. As an exception, the Central Bank may, on behalf of the participant, carry out this entry if the participant is unable to do so if this action is not taken before the end of the working day.

C- Settlement Procedures:

1. Each payment is considered final and irrevocable, becoming the right of the beneficiary participant upon settlement on the system. The paying participant is not entitled to reclaim or reverse it except by agreement with the beneficiary participant. This agreement shall be made between both participants, and the Central Bank shall not have any relation thereto.

2. Any participant can replenish its settlement account during the working day through the following methods:
   A. Incoming payment orders from other participants.
   B. Cash deposit entered into its settlement account on the same working day in accordance with the operating rules.
   C. Transfers from its current account to the main banking system at the Central Bank by commission.

3. The participant can withdraw cash from its settlement account by issuing a payment order (cash withdrawal) in accordance with the operating rules.

4. At the end of each working day, the balance of each participant's settlement account is settled and recorded in its current account on the main banking system.

Fifth - General provisions:

1. Management of this system is exclusive to the Central Bank of Syria, and no other entity may be assigned thereof.
2. Each participant shall pay an annual subscription fee in accordance with the operating rules.
3. Each participant shall pay a commission for each payment order in accordance with the operating rules.
4. The system software is a property of the Central Bank, which responsible for the accuracy of its performance.
5. The Central Bank hosts the equipment of the system and manages it. And fees paid by participants shall be deemed as compensating for hosting, management, and development of the system. These fees shall be deposited in a dedicated account named "The Account of Management of Payment Systems Fees," and the Central Bank is authorized party for managing the account exclusively for purposes of maintenance, renovation, and repairing the system, or any other purpose deemed necessary by the Central Bank to achieve the system's operating objectives.
6. The minimum value of a payment order is determined in accordance with the operating rules.
7. There is no maximum limit for a payment order.

8. All participating parties are obliged to comply with the decisions, regulations, and instructions of the Central Bank, the Anti-Money Laundering and Counter-Terrorist Financing Committee, Banking Secrecy Law, and all banking laws, regulations, and systems.
9. Updating the participant’s own systems according to the main requirements of the system.
10. Operating rules and annexes thereto shall be issued by a decision of the Administration Committee of the Central Bank of Syria.

Article 2 – This decision shall be duly informed to personnel and entities concerned for implementation.

Chairman of the Monetary and Credit Council

Dr. Dureid Dirgham