

REGULATION ON PAYMENT SYSTEMS 2011

(unofficial English translation)

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CONTENTS

CHAPTER I PRELIMINARY

Section 1.	Purpose and Authorization.....	2
Section 2.	Short title.....	2
Section 3.	Application.....	2
Section 4.	Commencement	2

CHAPTER II RECOGNITION AND PROTECTION OF PAYMENT SYSTEMS

Section 5.	Real Time Gross Settlement System, Automated Clearing House and Switch ...	2
Section 6.	Netting.....	2
Section 7.	System Rules.....	2

CHAPTER III TRUNCATION OF CHEQUES

Section 8.	Electronic Presentment of Cheques	2
Section 9.	Legal Value of Truncated Cheque	2
Section 10.	Valid Presentment	2
Section 11.	Negotiability of Physical Cheque.....	3
Section 12.	Cheques remaining unpaid after Presentment.....	3

REGULATION ON PAYMENT SYSTEMS 2011

CHAPTER I PRELIMINARY

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| Purpose and Authorization | 1. This regulation is issued under section 65 of the Maldives Banking Act to give effect to the sections 36 (b), 37 (a), 65 (c) (4), 93 and 98 (b) (14) of the Law No. 24/2010 (Maldives Banking Act) |
| Short title | 2. This regulation may be cited as the ‘Regulation on Payment Systems 2011’. |
| Application | 3. This regulation shall apply throughout the Republic of Maldives. |
| Commencement | 4. This regulation shall come into force, with effect on 7 th April 2011. |

CHAPTER II RECOGNITION AND PROTECTION OF PAYMENT SYSTEMS

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| Real Time Gross Settlement System, Automated Clearing House and Switch | 5. The Real Time Gross Settlement, the Automated Clearing House and Switch launched and operated by MMA shall be ‘systems recognized as such by the MMA’ within the meaning of section 93 of the Banking Law. |
| Netting | 6. The netting orders within the Automated Clearing House and the Switch as governed by the System Rules shall be regarded as ‘eligible financial contract’, within the meaning of section 98 (b) (14) of the Banking Law. |
| System Rules | 7. The Real Time Gross Settlement, the Automated Clearing House and the Switch shall be operated in accordance with the System’s Rules to be adopted by MMA. |

CHAPTER III TRUNCATION OF CHEQUES

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| Electronic Presentment of Cheques | 8. A bank may instead of presenting the physical cheque for payment, present a truncated cheque to the bank on whom it is drawn.

For the purpose of this chapter “truncated cheque” means electronic image of the cheques. |
| Legal Value of Truncated Cheque | 9. The truncated cheque shall be deemed to be the same as the physical cheque it represents for the purposes of primary evidence in a court of law or otherwise. |
| Valid Presentment | 10. An electronic presentment made under section 8 shall be deemed as valid presentment for the purposes of honouring it. |

**Negotiability of
Physical Cheque**

11. Once the transfer of funds takes place on a truncated cheque, the original cheque shall no longer be negotiable.

**Cheques remaining
unpaid after
Presentment**

12. (a) Where a truncated cheque is not paid because of lack of funds or error, the Bank to whom the holder delivered the physical cheque for collection may return it to such holder, on request, and shall retain in its records the notice of non-payment sent by the drawer bank.
- (b) The drawer bank shall retain in its records the truncated cheque, as the case may be.
- (c) Where the physical cheque has not been returned to the holder, the truncated cheque together with the notice of non-payment shall be deemed to be the sufficient proof of non-payment and admissible as primary evidence.