



CENTRAL BANK OF MYANMAR
Automated Clearing House (CBM-
NET ACH)

GUIDELINES

Version 1.0

May, 2021

Effective Date: May, 2021

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1 GENERAL PRINCIPLES AND OBJECTIVES

1.1 INTRODUCTION

The Central Bank of Myanmar Financial Network System (CBM-NET) is a computer network that transmits and processes payment instructions. It links with the Central Bank's computer center, its head office/branches, and the system's Participants. The CBM-NET comprises four systems: (i) a system for funds transfer services (CBM-NET FTS), (ii) a system for the custody and settlement of Government and Central Bank securities (Central Securities Depository -CBM-NET CSD),(iii) a system for automated clearing house (CBM-NET ACH), and (iv) a system for cheque truncation (CBM-NET CTS).

The purpose of this document is to define the System Guidelines for the CBM-NET ACH which is owned and operated by the Central Bank of Myanmar (CBM). The Guidelines are issued in accordance with the Central Bank of Myanmar Law (2013). It defines various aspects of the CBM-NET ACH operations, together with the duties and obligations of all Participants and System Operator including the CBM , which acts as participants and the System Operator, .

CBM-NET ACH performs the following payment message transfer functions:

ACH covers payment instructions transferred between ACH participants including financial institutions (FIs), government agencies and mobile financial service providers (MFSPs). The CBM-NET ACH consists of bulk payment (BP) system and faster payment (FP) system transferring (switching) payment messages from sender to receiver. ACH BP provides services such as direct credit and direct debit. Payroll payment is an example of direct credit. Utility payment for electricity, water, gas, etc. is an example for direct debit. ACH FP provides services transferring payment messages real-time between customers of the ACH participants (a payer and a payee). The ACH provides services 24 hours a day, 7 days a week, and 365 days a year.

ACH payment instructions are cleared, and settled by designated time net settlement (DTNS) using central bank money twice a day. Number of DTNS may be changed from time to time under the discretion of the CBM by monitoring market circumstances.

Risk management measures of DTNS Settlement are implemented (refer to 6.9).

The ACH Participants can be connected with CBM-NET ACH system by CBM-NET terminals with file interface and/or straight through processing (STP) directly connecting CBM-NET ACH with core banking systems (CBSs), internal systems of MFSPs, or the systems of the Participants through gateways. The STP connection supports huge volume than CBM-NET terminals with file interface at ACH services.

The Participants can provide CBM-NET ACH BP services with STP and/or CBM-NET terminal connections. In order to provide CBM-NET ACH FP services, the Participants need to be connected with CBM-NET using STP which is mandatory.

The Participants of CBM-NET ACH act in their own name, executing transactions on their own behalf and on behalf of their Customers.

1.1.1 SCOPE OF THE GUIDELINES

These Guidelines shall be applicable to, and are binding on, Participants which have signed the Participants' Agreement: "*the Agreement for Participating in CBM-NET ACH*" (refer to Annex 2). Reference to the Central Bank (the CBM) herein, unless the context indicates otherwise relates to its role as Operator of the CBM-NET ACH.

1.1.2 CONTENTS OF THE GUIDELINES

The Guidelines include substantive provisions relating to, *inter alia*, the following:

- i) The legal relationships between the CBM and each Participant and between Participants;
- ii) The qualifications and standards for participation;
- iii) The process and criteria for the admission, suspension and termination of Participants;
- iv) A description of the nature of the services offered by the CBM-NET ACH;
- v) The legal obligations and rights of the CBM and Participants arising from the use of the CBM-NET ACH;
- vi) The legal obligations and rights of the CBM and Participants relating to the clearing and settlement of Transactions;
- vii) The process for adopting and amending the Guidelines; and
- viii) The legal obligations and rights of the CBM and Participants relating to the confidentiality and use of information and the overall governance of the CBM-NET ACH.

1.1.3 DATE OF EFFECT OF THE GUIDELINES

These Guidelines shall have effect as at the date of the commissioning of the CBM-NET ACH. They will remain in force until such time as they are either:

- i) Cancelled, terminated or withdrawn by the System Operator; or
- ii) Replaced in whole or in part by amendment or substitution in accordance with Section 7.3 herein (Amendment of the Guidelines).

1.1.4 RELATED DOCUMENTS

These Guidelines describe how Participants interact at the business level with each other and with the Central Bank of Myanmar. Separate documentation provided by the developer describes and supports these interactions at the operator level and provides the technical information including User Manual/ Business Manual and other materials that aids the use of the system and gives effect to the Guidelines. The “Guidelines” shall mean these Guidelines and each related Annex and attachment thereto.

Participants should make reference to the following related documentation in interpreting and operationalizing these Guidelines:

- CBM-NET Business Manual
- CBM-NET FTS Guidelines
- CBM-NET CSD Guidelines
- CBM-NET CTS Guidelines
- CBM BCP at FIs Guidelines
- Current Account and Overdraft Guidelines
- Financial Institutions Law
- Regulation on Mobile Financial Services

1.2 INTERPRETATION

1.2.1 PRIORITIES

If a provision of these Guidelines is inconsistent with the *Agreement for Participating in CBM-NET ACH*, the Agreement shall govern and take precedence. Where any inconsistency arises between these Guidelines and the User documentation that guides the operation of the CBM-NET ACH, these Guidelines shall prevail.

1.2.2 LANGUAGE AND ORGANIZATION

In these Guidelines:

- a) Words importing one gender include the other gender.
- b) The plural includes the singular and vice versa.
- c) References in the Guidelines to "include" or "including" shall mean "include, without limitation," and "including, without limitation," respectively.
- d) A reference to a specific time of day means that time in Myanmar, unless the context dictates otherwise.
- e) A reference to any legislation includes any statutory regulations, Guidelines, orders or instruments made or issued pursuant to that legislation and any amendment to, re-enactment of, or replacement of that legislation.
- f) The division of the Guidelines into sections and subsections, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Guidelines.

1.2.3 DEFINITION

In these Guidelines unless the context requires otherwise, the following terms shall have the meaning attaching thereto:

Term	Definition
ACH	Automated Clearing House
Administrator	Authorized official involved with the administration of CBM-NET ACH. An Administrator appoints or terminates the individuals to act as Users for the Participant.
Agent	A Participant named by a CBM-NET ACH member to act on its behalf to facilitate payment processing in the event that the member is unable to carry out this function.
Agreement	The Agreement executed (i) between the CBM and the Participants and (ii) between Participants, that governs their participation in the CBM-NET ACH
Authentication Mechanism	Confidential authentication information for individuals and for systems (including log-on identifications, addresses, passwords and personal identification numbers) assigned to each Participant.
Authorization	The confirmation by a system or supervisor that a User has the right to perform a pre-defined action.
Authorized Person or Authorized	A Signing Officer appoints or terminates an individual as an Authorized Person. An Authorized Person may be authorized to perform any of the duties set out in the

Signatory	User documentation, including to sign, take delivery of, or deliver documents in connection with the participation of the Participant in the CBM-NET ACH.
CBM	The Central Bank of Myanmar (CBM), the Central Bank, established under the Central Bank of Myanmar Law (2013)
Beneficiary	The final recipient of funds credited to a receiving bank's Settlement Account as a result of a Payment Instruction
Business Day	A day not being a Saturday, Sunday or Public Holiday on which Participant banks and the CBM are open for general banking business in Myanmar and on which the CBM-NET FTS is operating to process Payment Instructions and Funds Transfers.
CBM-NET FTS	The real time gross settlement (RTGS) system owned and operated by the Central Bank used for interbank funds transfer and for the settlement of other clearing systems.
Central Securities Depository or CSD	The facility for recording and holding securities which allows securities transactions (sale, purchase, transfer of securities) to be processed by book entry. The CBM-NET CSD maintains the register of Government of the Republic of Myanmar and Central Bank of Myanmar domestic securities. It also provides securities settlement services.
Contingency Situation	Any situation which disrupts normal processing to the extent that contingency procedures are brought into effect. This may or may not include transfer of operations to the CBM-NET backup site and/or running CBM-NET ACH in stand-alone mode, without communication links to other systems.
Court	A Myanmar court of competent jurisdiction
Customer	Any Person or institution that uses the services of a Participant into whose Account payments are credited, or from whose Account payments are debited.
Direct account participant (DAP)	DAP (Direct account participant) is the direct participant of CBM-NET FTS holding current account with CBM. DAP effects clearing and settlement of ACH transactions for its own and for Indirect account participants (IAPs) which are direct participant of ACH but not direct participant of CBM-NET FTS without holding current account at CBM.
Dispute	A dispute or difference between: a) the CBM and a Participant; or b) two or more CBM-NET Participants arising out of, or in any way connected with these Guidelines
Indirect account participant (IAP)	IAP (Indirect Account Participant) means the bodies which do not hold current account with CBM and delegate clearing and settlement to DAP (Direct Account Participant). In case of CBM-NET ACH, IAP also a direct participant of the ACH

	sending messages directly to the CBM-NET ACH.
Insolvency Event	Any measure provided for in the laws of Myanmar or a third country, either to wind up the Participant or to reorganize it, when such measure involves the suspension of, or the imposition of limitations on transfers or payments, such as an adjudication order, a request for composition, extension or suspension of payment, moratorium, liquidation and other similar judicial procedures.
Intraday Liquidity Facility or ILF	The credit facility provided by the CBM in its sole discretion to Direct account participants during the Business Day to enable them to make payments in real time. The ILF is extended by way of a daylight overdraft and is to be repaid before the end of the Business Day
Kyat	The currency of Myanmar, abbreviation MMK
Net Settlement	The settlement of a number of obligations or transfers involving multiple debits and credits, which are accumulated and offset against each other, with only the net differential being transferred among the Participants.
Notice	To give Notice is to signal an intention or timeframe to perform or complete an action
Notifiable Event	Any event where the Participant's ability to authorize transactions or have the means to settle transactions may be in doubt. This includes any of the following: a) Its making a general assignment for the benefit of, or entering into a reorganization, arrangement or composition with, its creditors; b) Its admitting in writing its inability to pay its debts as they become due from its own resources; c) The appointment of a receiver/manager under any regulation; d) The occurrence of any event (e.g. bankruptcy) having a substantially similar effect to any of the events specified in a) to c) above under any applicable law; e) A system failure that renders the Participant unable to send its normal level of payment messages through the CBM-NET ACH; f) The Participant has good reason to doubt its authority or ability to continue to make payments or send payment messages through the CBM-NET ACH.
Operator or System Operator	The department established in the Central Bank of Myanmar to manage the CBM-NET ACH operations.
Participant	A bank or institution which is authorized to access to CBM-NET ACH in accordance with these Guidelines. Unless preceded by an adjective, or the context indicates otherwise, the term as used herein refers to a Direct account participant

	and/or Indirect account participant of the CBM-NET ACH.
Payment Instruction	In respect of a Participant, an instruction received via a communications network to debit its customer account/stored value etc. and credit the customer account/stored value of another Participant.
Payments System Overseer or Overseer	Refers to the CBM in fulfilling its responsibility of providing oversight for the FMIs to ensure their safety and efficient operation.
Person	An individual, sole proprietorship, body corporate, partnership, limited partnership, unincorporated organization or association, Trust, State or Government agency, or any other legal or commercial entity.
Real Time Gross Settlement System or RTGS System	The funds transfer system, the CBM-NET FTS, for the electronic clearing and settlement of payment obligations in real time on a gross basis over Accounts held with the CBM
Sender net debit cap	Sender net debit cap is a risk management measure to keep the net debit position of direct account participant (DAP) less than the cash deposit to secure completion of designate time net settlement (DTNS). Sender net debit cap is same as the ACH debit cap described in the Business Manual.
Sender net debit limit or net debit limit	Sender net debit limit or net debit limit is a risk management measure to keep the net debit position of indirect account participant (IAP) less than the balance of the Trust account opened at the DAP outsourced the IAP's clearing and settlement at DTNS. The Sender net debit limit is same as the IAP debit limit in Business Manual. With respect to the Trust account, please refer to the Regulation on Mobile Financial Services.
Settlement Account	The Participant's Account maintained on the books of the Central Bank used to post for value debits and credits based on Payment Instructions or Account Transfer orders.
Signing Officer	A Signing Officer is a person legally authorized and empowered by the participant to act on behalf of the Participant for all matter related to participant in CBM.
Switching	Switching may be described as payment switching or message switching sending (delivering) payment instructions (information) from sender (sending bank) to receiver (receiving bank) one-by-one gross bases.
System Administrator	The legal entity or person appointed by the Central Bank of Myanmar to supervise the CBM-NET ACH operations.
User	An Authorized Signatory who on behalf of a Participant is given the ability (whether by the assignment of an Authentication Mechanism or otherwise) to access

	computer processing facilities to receive, transmit, approve and/or confirm data and Payment Instructions.
Value Date	The date on which financial value is transferred. In CBM-NET, it is the same as the transaction date.

2 PARTICIPATION AND ACCESS

2.1 TYPE OF PARTICIPATION

The participants of CBM-NET ACH shall comprise of Direct account participants and Indirect account participants.

- a) Direct account participant (DAP): Direct account participants send payment instructions to CBM-NET ACH directly for their customers and for by themselves by connecting their system such as core banking systems with the CBM-NET ACH by STP and/or CBM-NET terminals. Direct account participants can send and receive ACH transactions any time, 24 hours a day, 7 days a week, and 365 days a year. Direct account participants clear and settle payment instructions at a specified time of a day using central bank money which is named as designated time net settlement (DTNS).
- b) Indirect account participant (IAP): Indirect account participants send payment instructions to CBM-NET ACH directly for their customers and for by themselves by connecting their systems with the CBM-NET ACH by STP and/or CBM-NET terminals. IAPs can send and receive ACH transactions if they are registered any time, 24 hours a day, 7 days a week, and 365 days a year. IAPs can't conduct clearing and settlement processes by themselves. As such, IAPs need to outsource their clearing and settlement of ACH transactions to DAPs.

2.2 ELIGIBILITY OF PARTICIPANTS

Eligibility criteria of participants for both DAP and IAP are stipulated as follows:

2.2.1 ELIGIBILITY FOR DIRECT ACCOUNT PARTICIPANTS

Eligibility should not be a “right to access CBM-NET but a privilege”. Financial institutions directly participating in the CBM-NET FTS operating settlement account with the Central Bank are eligible to be DAPs of the CBM-NET ACH.

The financial institutions need to be allowed by the Central Bank to be DAPs by exchanging agreements for participating in CBM-NET ACH (refer to Annex 2a – Direct Account Participant Application Form/Agreement for Participating in CBM-NET ACH).

2.2.2 ELIGIBILITY FOR INDIRECT ACCOUNT PARTICIPANTS

Financial institutions and non-financial institutions such as mobile financial service providers (MFSPs) and government agencies are eligible to be IAPs of CBM-NET ACH as follows:

- a) A financial institution licensed by the CBM under the Financial Institutions Law is eligible to be registered as an IAP of CBM-NET ACH.
- b) A mobile network operator or a non-financial institution that is granted Registration Certificate by the Central Bank as a mobile financial service provider (MFSP) is eligible to be registered as an IAP.
- c) A government agency such as Ministry of Planning, Finance, and Industry participating in the CBM-NET FTS is eligible to be registered as an IAP of the CBM-NET ACH.

Financial institutions, non-financial institutions, and government agencies need to be allowed by the CBM to be IAPs by exchanging agreements for participating in CBM-NET ACH (refer to Annex 2b – Indirect account participant Application Form/Agreement for Participating in CBM-NET ACH).

2.3 QUALIFICATIONS FOR PARTICIPATION

2.3.1 LEGAL

A Participant must satisfy all of the conditions set out below:

- a) Execute, undertake and agree to be irrevocably bound by the terms and conditions of the Agreement for Participating in CBM-NET ACH and these Guidelines;
- b) The Participant must hold, and must have done all things required to hold, every registration, license, permit, authorization or approval required in connection with its business from each regulatory body having jurisdiction over the Participant; and
- c) The Participant and each of its partners, directors and officers must be in compliance with all applicable regulations, Guidelines, orders or directions of each regulatory body having jurisdiction over the Participant, including such minimum capital requirements and financial stability standards as are applicable to the Participant.

2.3.2 OPERATING STANDARDS

A Participant shall demonstrate to the satisfaction of the CBM that it has the requisite operational capacity and meets all of the following standards:

- a) It has the financial ability to meet its obligations within the CBM-NET ACH;
- b) It has sufficient qualified personnel and adequate physical facilities, back-up facilities, communication facilities, security procedures and facilities, information technology capabilities, records and procedures to meet the operational requirements of the CBM-NET ACH and fulfill its commitments to other Participants with promptness and accuracy;
- c) It conforms with the standards established by the CBM from time to time, and uses all reasonable care (which shall not be less than the degree of care it uses for its own similar security procedures), to protect data and payments in transit and to control User access to the network which is necessary to assure data confidentiality and integrity;
- d) It maintains appropriate security standards, using at least the same degree of care as it uses for its own similar security procedures, with respect to its Signing Officers, Authorized Persons, Administrators and Users;
- e) All computer equipment and software used by the Participant for the processing of data, and for the exchange of data with the CBM-NET ACH and other Participants, does and will conform to the standards established by the CBM from time to time, and the Participant has implemented appropriate procedures and techniques to ensure ongoing compliance and conformity with the standards;
- f) In the event of a problem within its internal operations it shall be able to resume payment processing through the CBM-NET ACH within a timeframe acceptable to the CBM;
- g) It has sufficient capability to develop and maintain the interface with the customers such as mobile payments and QR code payments as well as to complete testing in accordance with the Business Manual.
- h) With respect to ACH transactions, both the Sender and Receiver need to be the participants of same service. More specifically, when the Sender is an FP participant and sending FP payment instructions to a Receiver, the Receiver also needs to be an FP participant.
- i) It satisfies such other standards as the CBM may from time to time establish for Participants.

The CBM shall give notice to Participants of standards established pursuant to subsection i) above and of any changes to such standards and shall stipulate a reasonable time within which Participants must comply with such standards. The CBM shall not be responsible for any expense incurred by a Participant in achieving compliance with any of the standards prescribed under this section.

2.3.3 SECURITY

2.3.3.1 SECURITY STANDARDS

Each Participant is responsible for the correct generation and transmission of its Payment Instructions and for the integrity of its payment operations. To safeguard Participants' interests and protect the integrity of the CBM-NET, it is necessary to impose certain minimum security standards. These apply equally to each Participant's Main Data Center as well as its Back-up (Disaster Recovery) Center.

Participants must ensure that all areas housing components of their Main Data Center configuration are secure and that access to the area is restricted to authorized persons only.

2.3.3.2 SECURITY REQUIREMENTS

Each Participant must restrict physical access to prevent the unauthorized entry of payments in the system. This must be achieved by implementing the following options:

- a) Access to the processing area is controlled by a keypad, swipe card or similar security device;
- b) Access to the CBM-NET terminals is controlled by the use of specified security measures; and
- c) Access to the CBS of the participant is controlled by a relevant security officer(s) of the participant in accordance with the way specified in the Business Manual.

Two factor authentication needs to be implemented controlled by an appropriate user ID/password and security token in accordance with the Business Manual.

Sufficient level of operational security needs to be observed controlled by a relevant security officers registered to the CBM in accordance with the Business Manual.

2.3.3.3 SYSTEM AVAILABILITY

Each Participant must be logged on during the CBM-NET Operating Hours and be able to resume payments processing promptly following any disruption.

Each Participant's system (which includes the hardware and software) must meet a minimum of 99.7% up-time during normal business hours. Following any disruption of processing, a Participant must resume payment processing within two (2) hours.

2.4 ACCEPTANCE OF THESE GUIDELINES

Each Participant acknowledges that:

- a) The System has been established for the benefit of its Participants;
- b) By becoming a Participant, it must comply with, and fulfill every obligation imposed on it by the Regulator or Operator or pursuant to these Guidelines;
- c) For the avoidance of doubt, a Participant's use of the CBM-NET ACH constitutes full acceptance of these Guidelines; and
- d) These Guidelines are a valid, binding and enforceable contract between each Participant and between Participants and the System Operator.

Each Participant shall indicate its acceptance of these Guidelines by submitting to the CBM the *Agreement for Participating in CBM-NET ACH* (the Participation Agreement) attached as Annex 2 to these Guidelines and forming an integral part hereof, executed by at least two Signing Officers of the relevant Participant.

New applicants shall complete and execute the CBM-NET ACH Application form and submit to the CBM. Upon acceptance, the executed Application form becomes the Participation Agreement. The CBM will signify its consent by countersigning the Participation Agreement and indicating on the Participation Agreement the date on which such accession shall become effective.

3 SUSPENSION, TERMINATION, AND WITHDRAWAL OF PARTICIPANTS

3.1 SUSPENSION

The CBM may exclude any Participant provisionally or permanently from the CBM-NET ACH.

Immediately upon the suspension of a Participant, the CBM shall restrict the right and ability of the Participant to use all system functionality. Such restriction may be lifted in whole or in part by the CBM in its discretion as may be required to complete an orderly discharge of the Participant's obligations within the CBM-NET ACH.

3.1.1 DISCRETIONARY SUSPENSION

The CBM may suspend a Participant if it determines, in good faith that the Participant is in such financial or operating condition that its continuation as a Participant would cause material disruption to the services or would jeopardize the interests of the CBM-NET ACH or other Participants. In exercising its discretion whether or not to suspend a Participant, the CBM may consider any pertinent facts, including the occurrence of any of the following events:

- a) The Participant ceases to satisfy the qualifications or standards prescribed in Section 2.3 of these Guidelines;
- b) The Participant is subject to prudential supervision and the relevant supervisor or regulatory body requests such suspension;
- c) The registration or license of the Participant has been cancelled or suspended by a regulatory body; a regulatory body has taken steps to restructure the Participant, or a receiver or trustee has been appointed with respect to the Participant or its assets or an Insolvency Event (as defined herein) occurs in respect of the Participant;
- d) An event occurs which affects, or may affect, the ability of the Participant to participate to the normal and usual extent in sending and receiving payments for a period of time;
- e) The Participant fails to effect payment through CBM-NET ACH for three (3) consecutive months;
- f) The Participant breaches its obligations under the CBM-NET ACH Guidelines or

Procedures and fails to rectify the breach within the timeframe mandated by the CBM;

- g) The Participant is engaging in or is about to engage in an unsafe or unsound practice which in the opinion of the CBM is likely to hinder the satisfactory functioning of the system.

3.1.2 APPEAL OF SUSPENSION

A Participant who is suspended by the CBM pursuant to Section 3.1.1 above may appeal the suspension. The CBM shall convene a meeting to give the Participant an opportunity, within ten (10) days *after* the effective date of the suspension, to make representations on its behalf. At its option, the Participant may also be represented by counsel.

3.2 TERMINATION

3.2.1 THE PROCESS

The CBM has sole authority to determine the existence of cause sufficient to warrant termination of an entity's designation as a Participant in the CBM-NET ACH. The CBM shall give the Participant an opportunity to make representation before its participation is terminated. At its option, the Participant may be represented by counsel. Prior to such termination, the CBM shall:

- a) Notify the Participant and the regulatory body that has jurisdiction over the Participant of the intention to terminate, giving at least five (5) Business Days' written notice of the termination.
- b) Give to the Participant a statement of the reasons for the proposed termination.

The CBM shall notify the regulatory body that has jurisdiction over the Participant when the meeting is called to review/authorize the termination of a Participant and of the subsequent termination decision. The CBM shall promptly inform all other Participants of the termination. The Participant shall cease to be a Participant as of the date and time specified by the CBM.

3.2.2 ADEQUATE CAUSE FOR TERMINATION

The CBM in its discretion, exercised reasonably, determines the events that constitute adequate cause for the termination of a Participant. Such events include:

- a) The suspension of the Participant for a period exceeding ninety (90) Days

consecutively;

- b) The failure of the Participant to cure its breach of any provision of the Guidelines within five (5) Business Days after notice of the breach and demand for rectification is given by the CBM to the Participant;
- c) The occurrence of a Notifiable Event in relation to the Participant; or
- d) Any other event as the CBM in its discretion determines constitutes adequate cause for termination.

3.2.3 AUTOMATIC TERMINATION

3.2.3.1 AUTOMATIC TERMINATION AS A DIRECT ACCOUNT PARTICIPANT

Under the Central Bank of Myanmar Law (2013) licensed banks are required to operate an Account with the Central Bank. Section 40, sub-sections (m) and (n) stipulate among the functions of the CBM: “acting as a banker to financial institutions” and “opening accounts with and accepting deposits from financial institutions”. Accordingly, the Central Bank of Myanmar Law requires financial institutions to maintain Settlement Accounts and, by extension, participate in the CBM-NET ACH as a Direct account participant. A Direct account participant’s eligibility to participate in the CBM-NET ACH will therefore cease and the bank’s participation will be terminated upon the occurrence of any of the following events:

- a) The withdrawal or suspension of the Participant’s banking license;
- b) The bank commences voluntary liquidation;
- c) The bank becomes insolvent or makes an arrangement or composition with its creditors; and
- d) The bank is wound up, dissolved or otherwise ceases to exist.

Where a Direct account participant is suspended or terminated, this will cause the immediate stopping of settlement functions for CBM-NET ACH.

As soon as practicable the CBM shall inform the other Participants simultaneously of the Direct account participant’s termination or suspension.

3.2.3.2 AUTOMATIC TERMINATION AS AN INDIRECT ACCOUNT PARTICIPANT

An IAP participating in the CBM-NET ACH under the eligibility being an IAP of CBM-NET ACH will be terminated its participation upon termination of prerequisite conditions specified as eligibility as follows:

If the IAP is

- a) a financial institution licensed by the CBM under the Financial Institutions Law, the eligibility will cease by withdrawal or suspension of the license, and
- b) a mobile network operator or a non-financial institution that is granted Registration Certificate by the CBM as a mobile financial service provider (MFSP), the eligibility will cease by withdrawal or suspension of the certificate.

3.3 WITHDRAWAL BY PARTICIPANT

a) Temporary

A Participant can request suspension for a limited period, not exceeding five (5) Business Days, where due to technical or other operational impairment, it is temporarily unable to fulfill its obligations under these Guidelines.

b) Permanent

A Participant may withdraw from the system at any time, provided it gives a minimum one-month prior notice in writing to the CBM. Such withdrawal implies the revocation or surrender of its banking license. The Participant shall cease to be a Participant at the later of the expiry of such notice period or the time determined by the CBM at which all of the Participant's obligations pursuant to its use of the system have been satisfied and any requirements for withdrawal have been met. The CBM shall advise the relevant regulatory authority of the Participant's intention to withdraw and of the date such withdrawal is to take effect. The CBM shall inform all other CBM-NET ACH Participants, simultaneously of the Participant's intention to withdraw.

In the event there are outstanding payment obligations, the withdrawing Participant must have an agreement with another Participant to process these obligations. Withdrawal from the system will not entitle a Participant to any refund of operating costs which it has paid or incurred and may incur a withdrawal fee covering administrative costs.

3.4 SURVIVAL OF OBLIGATIONS

The liabilities and obligations of a Participant to the CBM-NET ACH and to other Participants, and of the CBM-NET ACH and other Participants to the Participant, arising from its use of the system and pursuant to these Guidelines, shall survive the suspension, termination or withdrawal of the Participant as though the former Participant were still a Participant.

A Participant whose access to the CBM-NET ACH is terminated shall continue to be bound

by these Guidelines in respect of:

- a) Any act, matter or thing occurring prior to the time such termination took effect or as a result of such termination;
- b) Any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by the Participant in accordance with these Guidelines in respect of periods which commenced prior to the time such termination took effect or which relate to any such act, matter or thing;
- c) Any right of set-off or counterclaim, which is available at law, upon any termination of the access of a Participant.

The terminating Participant must immediately pay all sums of money (if any) owed by it to any other Participant in respect of obligations arising from the exchange of payments. All sums of money owed to the terminating Participant in respect of payments exchanged must be paid by that other Participant to the terminating Participant. A Participant whose access is terminated or suspended shall not be entitled to a refund of all or any part of any entrance, operating or other fee paid in accordance with these Guidelines.

3.5 LIABILITY

The CBM shall not incur any liability to any Participant, including the suspended or terminated Participant, as a result of any action taken in good faith in the exercise of any power or the discharge of any function or duty provided for in these Guidelines. The CBM shall not be liable for any loss, damage, cost, expense or claim suffered or incurred by any Participant, arising from the suspension of a Participant or the termination of an entity's designation as a Participant, or the exercise by the CBM of its discretion whether or not to suspend or take such action against a Participant, including any indirect or consequential loss, expense, liability or claim. Each Participant irrevocably releases the CBM from any such liability.

3.6 REINSTATEMENT

A Participant who has withdrawn or been terminated may later request reinstatement by doing the following:

- a) Meet the standards and qualification criteria for participation;
- b) Submit a written request to the CBM for reinstatement;

- c) Pay any entrance or reinstatement fee determined by the CBM; and
- d) Demonstrate to the satisfaction of the CBM that it has discharged all of its liabilities and indebtedness to the CBM-NET ACH and the other Participants arising from its prior use of the system.

The CBM may in its sole discretion approve or reject a request for reinstatement. If approved, the CBM shall promptly inform the relevant regulatory authority and all other Participants of the reinstatement and of the effective date.

4 RESPONSIBILITIES OF PARTICIPANTS

Participants shall issue their Payment Instructions to CBM-NET ACH in accordance with these Guidelines. Participants are responsible for making payments in a timely way. It is the responsibility of each Participant to process payment instructions real-time.

Each Participant is responsible for the authenticity, accuracy and completeness of Payment Instructions and messages and for ensuring that all Payment Instructions are properly delivered to the CBM-NET ACH. It is the Participant's responsibility to establish, secure and enforce appropriate User access and internal authorization procedures in order to achieve this. Participants are also responsible for complying with the technical requirements and standards for achieving and maintaining connectivity to the CBM-NET ACH.

The CBM shall be entitled to rely on each Participant, and each Participant shall be responsible to the CBM and to other Participants for:

- a) Every communication, transaction, authorization or instruction validated by an Authentication Mechanism assigned to the Participant;
- b) Every act of, document signed by, or communication, transaction, authorization or instruction given by, any of its Signing Officers or Authorized Persons; and
- c) Every communication, transaction, authorization or instruction received by the CBM from a third party on behalf of a Participant.

Subject to the foregoing, the CBM shall not be required to check the source of any communication, nor to confirm whether any other Person from whom a communication has been received on behalf of the Participant has been authorized by the Participant to send such communication. The CBM shall have no responsibility or liability for an act taken in good faith in reliance upon, and a Participant shall be bound by, a communication, transaction, authorization, instruction, act or document, notwithstanding any error that may occur in the course of transmission or recording of it, any forgery or fraud by a Signing Officer, Authorized Person, Administrator or User, or any other error, misunderstanding or lack of clarity in any communication, transaction, authorization, instruction, act or document.

Should notifiable events including system downtime either planned or unplanned be happening, participants will be required to inform the events to the CBM without delay.

5 ROLE AND RESPONSIBILITIES OF THE CBM

5.1 GENERAL

The Central Bank is involved in CBM-NET ACH as:

- a) A settlement authority maintaining Accounts for Direct account participants,
- b) Operator, providing a service to Participants,
- c) Participant and
- d) Overseer.

5.2 SETTLEMENT AUTHORITY

In its capacity as settlement authority, the CBM administers the Settlement Accounts of the Direct account participants and in addition to the settlement services, provides credit services through the provision of intraday liquidity facilities to Participants. These services are processed as DTNS of CBM-NET FTS.

5.3 OPERATOR

5.3.1 RESPONSIBILITIES

The CBM as owner and operator of the CBM-NET ACH has full responsibility and control of the business operations and the management of the daily activities in the CBM-NET ACH. All data generated and maintained in the CBM-NET ACH is the property of the CBM. The CBM is responsible for processing Payment Instructions in accordance with the Guidelines and Procedures and for ensuring the smooth and reliable operation of the CBM-NET ACH. The CBM is authorized to impose a charge on Participants for services provided using the CBM-NET ACH and to impose penalties in respect of breaches of the Guidelines and operating procedures as set out in the Business Manual or other User documentation. The CBM will notify Participants of any change to the Guidelines prior to its coming into effect.

The CBM can be a participant of CBM-NET ACH. As a Participant in the CBM-NET ACH, the CBM conducts transactions on its own and on behalf of its Customers: the Government and the commercial banks or other approved entity.

5.3.2 ACCESS TO SERVICES

In its capacity as System Operator, the CBM is responsible for:

- a) The authorization of Participants in CBM-NET ACH;
- b) The establishment and maintenance of these Guidelines and related procedures;
- c) The authorization of operating standards for CBM-NET ACH
- d) Ensuring adherence to these Guidelines by the Participants
- e) Administering the daily business cycle (The Daily Operating Schedule is presented in Annex 1 of these Guidelines.)
- f) Managing the creation of reports and charts
- g) Maintaining the security of CBM-NET ACH data, software and infrastructure, including managing backup and contingency situations.

The CBM shall not be obliged to supply to Participants any hardware or operating system software to enable utilization of the services. Participants are required to provide their own gateways for STP and terminals for file interface, and these will be dedicated for CBM-NET use. The CBM-NET allows only tested gateways and the registered CBM-NET terminals to access data. Only registered staff will be able to log in and execute and approve transactions, requests and inquiries.

The CBM may, at its own discretion, delegate operational tasks to third parties. This delegation will not in any way affect CBM's responsibilities towards Participants as set out above.

5.3.3 LIMITATION OF LIABILITY

If the CBM institutes appropriate and reasonable measures to fulfill its obligations under sub-Section 5.3.1 above, it shall not be liable for damage or loss resulting from non-execution, erroneous execution or delayed execution of a payment order, messages containing errors or for errors which cannot or have not been detected by the mechanisms instituted and which are envisaged and described in the User documentation provided by the System developers, or any action or outcome which could not have been predicted or avoided.

5.4 OVERSEER

As *overseer*, the CBM is responsible for overseeing each Financial Market Infrastructure (FMI), including the CBM-NET, other designated system or clearing house to ensure its safe

and efficient operation. This is a statutory mandate prescribed by Section 40, subsection (i) of the Central Bank of Myanmar Law (2013) which stipulates among the CBM's powers '*promoting and overseeing a safe, sound and efficient payment system.*' Participants agree to provide to the CBM in writing, and within five(5) Business Days of any request, any information relating to the Participant's operation in the CBM-NET ACH that the Overseer may request. Failure to supply information as requested by the Overseer may be grounds for suspension under Subsection 3.1.1 of the Guidelines.

6 OPERATING GUIDELINES

This section describes the operational aspects of the Guidelines, including the standards and processes adopted by the CBM and Participants.

6.1 AUTHORITY TO ACT

All Participants authorize the CBM to execute instructions permitted by these Guidelines and which are received in a format as described in the CBM-NET Business Manual or other User documentation on their behalf. Under exceptional circumstances, with the prior agreement of the CBM and at the request of the Participant, the CBM may initiate transactions on behalf of Participants using the Central Bank user interface. Participants also authorize the CBM as Operator to collect payments due in respect of fees and charges by debiting their Settlement Accounts of the Direct account participants. The fees and charges for an IAP will be debited from the Settlement Account of the Direct account participant which is designated as correspondent bank of the IAP outsourced its settlement operation from the IAP.

6.2 PAYMENTS ALLOWED

6.2.1 CURRENCY AND MODE OF PAYMENT

Direct account participants maintain Settlement Accounts with the CBM in the local currency, Myanmar Kyats (MMK).

6.2.2 TRANSACTION LIMITS

The transaction limit (maximum amount) for each ACH payment is specified by the CBM, the maximum transaction amount for faster payment is 10 million MMK and the maximum transaction amount for bulk payment is 3 billion MMK. It may be changed by the CBM from time to time considering the operating aspects. More detailed transaction limits for ACH payments may be specified separately based on the characteristics of the services by the CBM and changed from time to time considering the operating aspects. The Participants offering the services can get their own limits less than or equal to the limits specified by the CBM depending on how the payment is sent and type of the customer account of the sender, etc.

With respect to funds transfer (remittance) transactions having amount more than 10 million MMK in Myanmar, it is mandatory to use payment and settlement systems with risk

management measures such as CBM-NET ACH or to settle using central bank money directly using CBM-NET FTS. **The threshold amount 10 million MMK may be** changed from time to time under the discretion of CBM after consulting with the Participants.

6.2.3 MESSAGE TYPES

Payment Instructions entered in the CBM-NET ACH must comply with the applicable procedures and standards as set out in the Business Manual or other User documentations.

6.2.4 VALUE DATE

Each Payment Instruction entered in the CBM-NET ACH has a Value Date. Future dated transactions are also permitted up to 5 calendar dates. The maximum date limits on how far in advance the future dated transaction can be set up by the CBM separately depending on the characteristics of each service in Business Manual and may be changed from time to time.

6.3 PAYMENT INSTRUCTION (SWITCHING) PROCESSES

CBM-NET ACH provides payment instruction switching services to the participants of CBM-NET ACH.

After receiving a request of a payment instruction from a customer, the participant checks the instruction in accordance with the participant's internal practice and debit the specified value if the instruction satisfies with the internal conditions. The value could be mobile money stored in a mobile wallet or the balance of the customer's account opened at the participant. Then, the participant sends the instructions to CBM-NET ACH for switching to a receiving participant. CBM-NET ACH accepts payment instructions both Faster Payment (FP) and Bulk Payment (BP) entered to the system anytime 24x7x365.

The CBM-NET ACH processes the instruction in accordance with the business manual of CBM-NET ACH. In case of FP, the instruction should be processed immediately. In case of BP, the instructions are generally processed at a specific time specified by the CBM. More specifically, future dated BP instructions (both STP and file interfaces) are processed at 9:30 on the validate of the instructions though the time may be changed from time to time under the discretion of the CBM after consulting with the Participants. Same day BP instructions (both STP and file interfaces) are processed immediately after entered to the CBM-NET ACH except the instructions entered between 23:00 and 1:00. The same date BP instructions

(STP) entered between 23:00 and 1:00 are processed at 1:00 in the morning. The above processes may be changed from time to time under the discretion of the CBM.

Actual timing of processing the instructions at the receiving participant remains under discretion of the receiving participant.

When the payment instructions are processed the CBM-NET ACH calculates net debit position of the participant and compare the position with the sender net debit cap in case of direct account participant or the sender net debit limit in case of IAP. With respect to risk management measures, refer to section 6.9 of the Guidelines. If the payment instruction satisfies with the risk management measures, the instruction is forwarded (switched) to the receiving participant.

In case the instruction is from an IAP, the instruction is also sent to the direct account participant specified by the IAPs to outsource the settlement by DTNS using central bank money. The direct account participant debits the specified amount from the account of the IAP opened at the direct account participant.

The receiving participant credit the amount to a specified account of the customer such as mobile number or customer account. In case the receiving participant is IAP, the instruction is also sent to the direct account participant specified by the IAP to outsource the settlement by DTNS using central bank money. The direct account participant debits the amount from the account of the IAP opened at the direct account participant.

6.4 SENDER'S RESPONSIBILITY FOR PAYMENT MESSAGES

Each Participant is responsible for the correct generation and transmission of its Payment Instructions and for the authenticity of such payments. The sending Participant acknowledges that settled Payment Instructions are irrevocable, so it will not be able to reverse, recall or amend a Payment Instruction. Accordingly, any decision to return a payment that has been settled in response to a request from the Sender rests with the Receiver and the Receiver is under no obligation under these Guidelines to return a settled payment. Where the Receiver agrees to return the payment, it must be initiated as a new Payment Instruction. The Sender indemnifies the receiver in respect of any loss or claim arising in relation to the incorrect transmittal.

6.5 APPLICATION OF FUNDS IN PAYMENT ORDER

Payment Instructions will identify intended Beneficiaries using both account name and number including proxy number such as mobile number. It is the responsibility of the sending Participant to ensure that all fields are correctly completed. The receiving Participant is entitled to rely solely on account number details in all circumstances, regardless of whether any Beneficiary name details are transmitted with the account number details or are otherwise known to the receiver. Receivers are not obliged to check whether account number details are correct, and the account number shall take precedence over the name.

6.6 RECEIVER UNABLE TO APPLY PAYMENT

A receiving Participant must return any payment that cannot be applied, for example where:

- a) The receiving Participant is unable to apply the payment due to incorrect or incomplete Beneficiary account details, or
- b) The Beneficiary account is closed.

In such cases the payment must be returned:

- c) Within four hours of receipt of the original payment message

A Participant that receives a message containing multiple payments and has a problem with one payment must not reject the whole transaction but only return the payment with the problem and apply the other payments in the message. The Receiver should simultaneously advise the Sender of the 'problem payment' and obtain a directive as to its disposition.

CBS of a receiving Participant is obliged to return relevant messages to CBM-NET ACH in time in accordance with the processes specified in the Business Manual.

6.7 INCORRECTLY APPLIED ITEMS

With respect to the credit transfer, where either the Sender or the Receiver becomes aware that a payment has been misapplied, including where it has been applied to an account other than that of the intended Beneficiary because the Sender transmitted incorrect account number details on which the Receiver relied, and the funds are still available in the account, the Receiver must promptly reverse that payment from the account to which it has been applied and apply the funds to the intended account, if known; or if not known, return the

funds to the Sender. If any portion of the funds has been withdrawn from the account, the Receiver will return the portion that remains in the account and will bear no liability for the amount disbursed to the unintended recipient.

It is up to the Receiver to determine whether and how customers are to be notified, or authorization obtained in relation to the reversal of incorrectly applied items.

With respect to the debit transfer, same concept for the credit transfer needs to be applied for incorrectly applied items.

6.8 CLEARING AND SETTLEMENT PROCESSES

Payment instructions are cleared at a specific time (cut-off time) and settled at a designated time of a business day. In other words, designated time net settlement (DTNS) is adopted. DTNS is scheduled twice a business day, which can be change by the CBM from time to time after consultation with the participants. Operating schedule of a business day is shown in the Annex 1. For more detail, refer to Business Manual.

6.9 RISK MANAGEMENT MEASURES

In order to mitigate settlement risk, following risk management measures are implemented. When a Payment Instruction is entered to the CBM-NET ACH, net debit position of the participant is calculated. The position is compared with the sender net debit cap and the net debit limit, for direct account participant and IAP, respectively. Net debit position of the IAP is to be added to the net debit position of the direct account participant outsourced the clearing and settlement from the IAP. The net debit limit for the IAP should be specified by the direct account participant negotiating with the IAP. The net debit limit should be less than the sender net debit cap of the direct account participant.

The sender net debit cap is linked with the cash deposit of the direct account participant. The cash deposit (cash collateral) is central bank money secured to complete DTNS. If a direct account participant faces shortage of current account balance even using intraday overdraft, the cash deposit is used automatically to complete the DTNS.

It is an obligation of direct account participants to maintain an appropriate level of the cash deposit (sender net debit cap) to be able to appropriately process payment instructions including those for IAPs outsourcing their clearing and settlement businesses to the direct account participant. Refer to the business manual for the management of cash deposit.

7 GOVERNANCE ARRANGEMENTS

7.1 OWNERSHIP

The CBM NET ACH is owned and operated by the Central Bank of Myanmar.

7.2 OPERATING HOURS AND DAY

CBM NET ACH shall operate 24 hours a day and 7 days a week and 365 days (366 days for leap year) a year.

7.3 COMMUNICATION

7.3.1 NOTICE FROM THE CBM TO PARTICIPANTS

(a) Method of Giving Notice to Participants

When the CBM gives notice (of intended action) under the Guidelines that is directed to Participants, the notice shall be in writing and duly served if:

- i) Delivered personally to the street address provided by each Participant to whom the notice is directed; or
- ii) Sent by electronic mail to the e-mail address provided by the Participant; or
- iii) Sent by other means of communication in permanent written form.

(b) Effective Time for Notice

Notice given by the CBM to a Participant is effective at the time that the CBM sends or delivers such notice, provide that any notice that is sent by e-mail and directed to a particular Participant shall be effective only at the time that the Participant confirms receipt of such notice.

(c) Address for Notice

Each Participant shall provide the CBM with an appropriate e-mail address, street address and post office box number where applicable for purposes of these Guidelines, and the CBM may rely upon the most recent notification provided by each Participant.

(d) Notice, not Communication. These Guidelines apply only to matters where the Participant Agreement or the Guidelines specify that the CBM shall *give notice* to a

Participant or to Participants generally. All other communication between the CBM and a Participant shall be made in keeping with standard business communication protocols.

(e) Court Process

These Guidelines do not apply to the service of documents on a Participant as part of a legal process of a Court, which shall be governed by the applicable statutory or regulatory provisions.

7.3.2 NOTICE FROM PARTICIPANTS TO THE CBM

(a) Method of Giving Notice to the CBM

When a Participant gives notice to the CBM under these Guidelines, the notice shall be:

i) Sent in the format provided herein by e-mail to the following e-mail address:

servicedesk@cbm.gov.mm

cbmnet.ft@cbm.gov.mm

ii) Delivered to: The Central Bank of Myanmar

Office No. 55,
Yaza Thingaha Rd,
Naypyitaw, Myanmar

Attention: Director General, Accounts Department / Deputy Director General, Payment and Settlement System Department

(b) Effective Time for Notice

Notice given by a Participant to the CBM in accordance with one of the foregoing methods is effective at the time that the CBM confirms receipt of such notice. The CBM shall confirm receipt of any notice given by a Participant as soon as is practicable, taking into account all the circumstances, including whether notice was given during business hours at the registered office of the CBM.

(c) Notice not Communication

This Guideline applies only to matters where the Participant Agreement or the Guidelines specify that a Participant shall give notice to the CBM. All other communication between a Participant and the CBM shall be made in keeping with standard business practice and protocols.

7.3.3 PUBLICATION OF DOCUMENTS

The CBM shall publish on the CBM website the Guidelines for the CBM-NET ACH. The CBM shall also provide the current version of the CBM-NET ACH Guidelines to each Participant in electronic form. The electronic version of each document, as published on the website, shall be the definitive version of such document. The CBM shall maintain a master document list evidencing the version of each document that is in effect at any time.

7.4 AMENDMENT OF GUIDELINES

7.4.1 REVIEW PERIOD

A Participant may submit to the CBM for consideration a proposed amendment (other than a technical amendment) to the Guidelines. An amendment is a technical amendment if it is restricted to one or more of the following purposes: (i) correcting spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing in existing Guidelines; or (ii) revising stylistic formatting, including changes to headings or paragraph numbers. In submitting an amendment proposal, Participants should fully describe the purpose and benefit of the change being proposed using the format indicated in Annex 3 of these Guidelines. In its discretion, the CBM may reject the proposed amendment or may approve the amendment with or without variation. The CBM shall give notice to each Participant of the proposed amendment and shall provide Participants with a period of not less than thirty (30) days within which to review it and submit their comments in writing to the CBM. The notice to Participants shall indicate the date on which the proposed amendment will become effective.

7.4.2 IMPLEMENTATION OF AMENDMENT

The effective date of an amendment shall be not less than ten (10) Business Days following the initial 30-day review period indicated in the notice to Participants of such amendment. If the CBM determines that the circumstances require prompt or immediate action, it may specify a shorter period of time or make the amendment effective immediately. Amendments will not have retroactive effect.

7.5 CONFIDENTIALITY

7.5.1 CONFIDENTIALITY OF DATA

The CBM and all Participants shall preserve the confidentiality of any information concerning a Participant or its Customers, or provided by a Participant, that becomes known to them through the operation and use of the CBM-NET ACH, exercising the same degree of care as is used with respect to their own confidential information. The CBM will not use such information except for the purpose of operation or oversight of the CBM-NET ACH. Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of section 75 of the Guidelines. Such confidentiality obligation shall not preclude the disclosure of confidential information to any officer, director, employee or agent of the CBM where this is necessary for the CBM-NET ACH operation or for the effective discharge of the CBM's responsibilities under these Guidelines. Each Participant shall take all reasonable steps to ensure that this obligation is made a condition of any contract with its servants, employees and agents who are likely to come into possession of any information required to be kept confidential under this provision and such obligation shall be made binding on such servant, employee or agent even after their contract, employment or agency has ceased.

7.5.2 RELEASE OF INFORMATION

Each Participant authorizes the CBM to release any information concerning the Participant or provided by it in the circumstances listed below:

- a) The CBM may release such information at the request of or with the prior written consent of the Participant.
- b) The CBM may release such information to its auditors and the auditors of the Participant and other Participants, as may reasonably be required to perform their duties.

When the regulatory body of a Participant requests the disclosure of such information that is directed exclusively to the activities of a particular Participant, the CBM shall give notice to the Participant of the request coincident with making the disclosure unless the request prohibits such notice.

The CBM may release such information as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a Court or other administrative or regulatory agency. When required to disclose such information that is directed exclusively to the activities of a particular Participant, the CBM shall give notice to the Participant of the request coincident with making the disclosure unless the request or the terms of any applicable statute, regulation, ruling or order prohibit such notice. The CBM may publish information that is in a statistical, summary or similar format, provided the information in that format does not specifically identify a particular Participant. In releasing any information pursuant to the Guidelines, the CBM shall take reasonable steps to avoid releasing any information that may identify a particular client or customer of a Participant, unless such information is requested in writing and the requestor has, in the opinion of the CBM, the legal right to obtain such information. This is consistent with the provisions of the Central Bank of Myanmar Law (2013). Section 70 of the Central Bank of Myanmar law mandates financial institutions to provide to the Central Bank on demand any information it requires for the discharge of its responsibilities. Meanwhile, Sections 71 and 84 stipulate that *“The Central Bank may disclose information obtained (under Sections 70 and 83) in whole or in part in aggregate form at such intervals as it considers appropriate, provided that information concerning any individual and not relating to the public shall not be published.”*

7.5.3 RETENTION OF DATA

Participants shall retain the CBM-NET ACH data for a period of five (5) years from the transaction time. Each Participant shall keep business records in connection with its participation in CBM-NET ACH including but not limited to any such records as may be expressly requested by CBM. Participants shall retain necessary documents for at least five (5) years after the termination of the relevant Participation Agreement.

7.5.4 CONFIDENTIALITY OF MATERIALS

The Materials provided in connection with the use of, and access to, CBM-NET ACH are the exclusive and confidential property of the CBM. The Participants agree to keep these Materials confidential, to limit access to their employees (under a similar duty of confidentiality) who require access for the proper use of the services, and to use all Materials in the manner designated therein and in the ordinary course of their business, and not to modify same. Nothing in these Guidelines will affect the copyright status of any of the Materials and the provisions of this paragraph will apply whether or not such Materials are

copyrighted.

7.6 DISPUTE RESOLUTION

The Participants agree that every effort shall be made to resolve amicably, by direct negotiation, any disagreement or dispute arising between them under or in connection with these Guidelines. Responsibility for resolving any dispute between Participants arising from the use of the CBM-NET ACH shall rest solely upon the Participants who are parties to the dispute. The parties shall continue to use the CBM-NET ACH and fulfill their obligations in relation thereto pending the resolution of the dispute. The decision by the CBM on the appeal of dispute arising between them shall be final.

7.7 SEVERABILITY

In the event that one or more of the terms and conditions contained in these Guidelines shall be determined to be invalid, unlawful or unenforceable in any respect, then such term(s) or condition(s) shall to the extent required be severed from the remaining terms and conditions which shall continue to be valid and enforceable to the fullest extent permitted by law.

7.8 FORCE MAJEURE

No Participant will be liable for any delay in performing or failure to perform any of its obligations under these Guidelines caused by a *Force Majeure Event*. Any costs arising from the delay or failure will be borne by the Participant incurring those costs.

The Participant claiming the *Force Majeure Event* shall immediately give notice of this to the other Participants and shall be obligated to immediately take all reasonable steps to overcome the delay or failure to perform.

If the Participant claiming the *Force Majeure Event* has complied with all other provisions, its performance under these Guidelines will be deemed to be suspended for the period that the *Force Majeure Event* continues and all Participants will work together to achieve the least disruption in the CBM-NET ACH specifically and the financial system generally during that period.

In this section a *Force Majeure Event* means “an act of God including, but not limited to fire, flood, earthquake, windstorm or other natural disaster; an act of any sovereign including but not limited to war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, nationalization, requisition, destruction or damage to property by or under the order of any

government or public or local authority or imposition of government sanction, embargo or similar action; law, judgment, order, decree, blockage; a labour dispute including but not limited to strike or lockout (and including strikes or lockouts involving a Participant's own employees) or boycott; and any other matter or cause beyond the reasonable control of a Participant.”

7.9 GOVERNING LAW

The Guidelines of the system and any agreement thereunder shall be governed by and construed in accordance with the Central Bank of Myanmar Law , Financial Institutions Law and other related Payment Law.

8 FEES AND CHARGES

The services provided by the CBM-NET are essential services which a central bank should provide to financial sector. Also, the CBM-NET development was financed by the Japanese (JICA) grant aid. As such, development cost does not have to be covered by the fee charged to the participants of CBM-NET. Operational and maintenance cost including for network may be covered by charging fees to participants.

The current account of the DAP opened at the CBM-NET FTS is debited for fees associated with CBM-NET services. Fees for an IAP is to be debited from the current account of DAP designated by the IAP.

The fees imposed for CBM-NET services are to be specified by the CBM as fee structure separately and informed to the participants. The fee structure may be amended from time to time under the discretion of the CBM.

Users of CBM-NET ACH shall pay to the CBM the amount charges for any charges by the relating to its use of the Function of CBM-NET ACH .

ANNEX 1 DAILY OPERATING SCHEDULE -CBM-NET ACH

Time	ACH events	Activities/Transactions
0:00-9:30	More time session	Accepting payment instructions both faster payment (FP) and bulk payment (BP), same date BP instructions entered before 1:00 are processed at 1:00.
9:30	Cut-off and clearing	Cut-off receiving payment instructions of more time session and calculate net positions for DTNS (clearing)
9:30-10:00	Liquidity management	In order to complete DTNS monitor the balance of current account and secure sufficient balance for the DTNS.
10:00	DTNS in the morning	Settlement of net positions of direct account participants (DTNS) by CBM-NET FTS. If there is shortage of balance of any current account, cash deposit should be used by providing the amount necessary for the settlement.
9:30-14:30	Core time session	Accepting payment instructions both faster payment and bulk payment Processing future dated bulk payment instructions at 9:30 (time may be change from time to time based on the situation of the market)
14:30	Cut-off and clearing	Cut-off receiving payment instructions of core time session and calculate net positions for DTNS (clearing) Value date changes at 14:30.
14:30-15:00	More time session and Liquidity management	In order to complete DTNS monitor the balance of current account and secure sufficient balance for the DTNS. Accepting payment instructions both faster payment and bulk payment
15:00	DTNS in the afternoon	Settlement of net positions of direct account participants (DTNS) by CBM-NET FTS. If there is shortage of balance of any current account, cash deposit should be used by providing the amount necessary for the settlement.
15:00-15:30	More time session and Sender net debit cap management	Accepting payment instructions both faster payment and bulk payment Move sufficient balance to cash deposit to secure sufficient sender net debit cap during the time when CBM-NET FTS is not under operation.
15:30	Cut-off of CBM-NET FTS	Closing of online operating hours of CBM-NET FTS for FIs
14:30-24:00	More time session	Accepting payment instructions both FP and BP Same date BP instructions accepted after 23:00 are regarded as the payment instructions for the next day and processed at 1:00 next day.

ANNEX 2 AGREEMENT FOR PARTICIPATING IN CBM-NET ACH

ANNEX 2A– DIRECT ACCOUNT PARTICIPANT APPLICATION FORM/AGREEMENT FOR PARTICIPATING IN CBM-NET ACH

To:	Director General, Accounts Department, Central Bank of Myanmar	
From:	Name of Applicant:	
	Bank License Number:	
	Registered Office Address/Principal Place of Business in Myanmar:	
	BIC:	
	Name of Contact Person:	
	Telephone Number:	
	Fax Number:	
	E-mail:	
	Preferred Start Date: (This is the preferred date on which the Applicant wishes to be admitted as a Participant in CBM-NET ACH.)	

Application

The above-named body corporate (“Applicant”) hereby applies for membership as a Direct account participant in CBM-NET ACH Bulk Payment (BP).

Note: If the Applicant also applies for membership as a Direct account participant in CBM-NET ACH Faster Payment (FP), add “Faster Payment (FP)” at the end of the previous sentence.

The Applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

1. The Applicant will observe and comply with the CBM-NET ACH Guidelines and Procedures as may be in force from time to time. The Applicant hereby acknowledges receipt of a copy of the Guidelines and Procedures.
2. The Applicant will observe and comply with the requirements and directives of the Central Bank and any relevant statutory authority relating to CBM-NET ACH.
3. The Applicant undertakes to ensure that its operations do not adversely affect the integrity of Payment Instructions sent and received between Participants or the settlement of those Payment Instructions, or otherwise introduce a significant risk into the operation of CBM-NET ACH or obstruct or threaten its smooth functioning after becoming a Participant.
4. The Applicant undertakes not to impair the overall efficiency of CBM-NET ACH in any manner after becoming a Participant.
5. The Applicant undertakes to pay the fees and other amounts payable under the Guidelines by a Participant.
6. The rights and obligations contained herein shall apply equally to every other Participant who has agreed to observe and comply with the Guidelines and Procedures and have executed the Agreement for Participating in CBM-NET ACH.
7. The Participant hereby authorizes CBM to take any action deemed necessary in respect of the management of its switching, clearing, and settlement services including the management of its Settlement Account with CBM for the purpose of ensuring the proper functioning of CBM-NET ACH.
8. The following information is enclosed with this application to demonstrate that the Applicant satisfies the applicable requirements for participation:

[List information and documents enclosed with the application]

[SBIC11 of the current account to be used for settlement]

The Agreement for Participating in CBM-NET ACH as a Direct account participant

This Agreement shall form part of, and be incorporated in the Guidelines and therefore the terms and conditions set out in the Guidelines shall unless otherwise excluded or varied hereunder, apply to this Agreement. All words and phrases defined in the Guidelines shall have the same meaning in this Agreement. Terms not defined in this Agreement have the same meaning as in the Guidelines for CBM-NET ACH and in the event of a conflict, the terms of this Agreement shall prevail.

Authority

The Participant hereby represents and warrants as of the date that any part of this Agreement is executed and any Service is used or delivered that:

1. It is duly organized, validly existing and in good standing in every jurisdiction where it is legally required so to be;
2. It has the power and authority to execute and deliver, and to perform its obligations under the Agreement;
3. The Agreement is duly authorized, executed and delivered and is an enforceable, legal, valid and binding obligation.
4. All necessary consents, authorizations and instructions have been provided to and/or by each third party, if any, involved in reporting, receiving or transmitting instructions, funds transfers and/or data in connection with these services;
5. All necessary approvals, authorizations and consents, if any, have been obtained and all necessary filings or registrations have been made (and the same will be renewed if necessary) as are required by any governmental or other authority in connection with the execution and performance of the Agreement; and
6. The performance of the Agreement and delivery and use of the services will not violate or offend any applicable requirement, law, decree, regulation, order or judgment.

Upon request by CBM, the Participant agrees to supply copies of any such consents, instructions and authorizations required of the Participant under items 4. and 5. above. The Participant further agrees to immediately notify CBM if it suspects or knows of any circumstances that could or would cause a breach of any representation or warranty hereunder.

Authorized Persons

The Participant shall deliver upon execution of this Agreement and from time to time, as appropriate, the names and specimen signatures of at least two persons duly authorized to

access data and to provide instructions with respect to bank accounts, funds transfers and other financial transactions by electronic means (“instructions”), and/or to designate persons to access such data and to provide instructions, on behalf of the Participant in connection with the services and the limitations, if any, upon such authority, accompanied by a certificate signed by the appropriate Signing Officer, or equivalent documentation, attesting to the authorization of each Authorized Person and the authenticity of the signature. The Participant hereby authorizes CBM to act in reliance thereon in executing Payment Instructions. Any change in the name or other relevant information about Authorized Persons shall be delivered to CBM at least five (5) Business Days prior to the effective date of such change.

Dated:	
EXECUTED by THE APPLICANT/ PARTICIPANT	
By or in the presence of: (Secretary/Director)	
(Authorised signatory)	
(Authorised signatory)	

**ANNEX 2B– INDIRECT ACCOUNT PARTICIPANT APPLICATION
FORM/AGREEMENT
FOR PARTICIPATING IN CBM-NET ACH**

To:	Director General, Accounts Department, Central Bank of Myanmar	
From:	Name of Applicant:	
	Place of Incorporation:	
	Myanmar Company Registration Number:	
	Registered Office Address/Principal Place of Business in Myanmar:	
	BIC:	
	Name of Contact Person:	
	Telephone Number:	
	Fax Number:	
	E-mail:	
	Preferred Start Date: (This is the preferred date on which the Applicant wishes to be admitted as a Participant in CBM-NET ACH.)	

Application

The above named body corporate (“Applicant”) hereby applies for membership as an Indirect account participant (IAP) in CBM-NET ACH Bulk Payment (BP).

Note: If the Applicant also applies for membership as an IAP in CBM-NET ACH Faster Payment (FP), add “Faster Payment (FP)” at the end of the previous sentence.

The Applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

1. The Applicant will observe and comply with the CBM-NET ACH Guidelines and Procedures as may be in force from time to time. The Applicant hereby acknowledges receipt of a copy of the Guidelines and Procedures.
2. The Applicant will observe and comply with the requirements and directives of the Central Bank and any relevant statutory authority relating to CBM-NET ACH.
3. The Applicant undertakes to ensure that its operations do not adversely affect the integrity of Payment Instructions sent and received between Participants or the settlement of those Payment Instructions, or otherwise introduce a significant risk into the operation of CBM-NET ACH or obstruct or threaten its smooth functioning after becoming a Participant.
4. The Applicant undertakes not to impair the overall efficiency of CBM-NET ACH in any manner after becoming a Participant.
5. The Applicant undertakes to pay the fees and other amounts payable under the Guidelines by a Participant.
6. The rights and obligations contained herein shall apply equally to every other Participant who has agreed to observe and comply with the Guidelines and Procedures and have executed the Agreement for Participating in CBM-NET ACH.
7. The Participant hereby authorizes CBM to take any action deemed necessary in respect of the management of its switching services for the purpose of ensuring the proper functioning of CBM-NET ACH.
8. The following information is enclosed with this application to demonstrate that the Applicant satisfies the applicable requirements for participation:

[List information and documents enclosed with the application]

[Name of the Direct account participant to outsource settlement functions and its BIC11 of the current account to be used for settlement]

The Agreement for Participating in CBM-NET ACH as an Indirect account participant

This Agreement shall form part of, and be incorporated in the Guidelines and therefore the terms and conditions set out in the Guidelines shall unless otherwise excluded or varied hereunder, apply to this Agreement. All words and phrases defined in the Guidelines shall have the same meaning in this Agreement. Terms not defined in this Agreement have the same meaning as in the Guidelines for CBM-NET ACH and in the event of a conflict, the terms of this Agreement shall prevail.

Authority

The Participant hereby represents and warrants as of the date that any part of this Agreement is executed and any Service is used or delivered that:

1. It is duly organized, validly existing and in good standing in every jurisdiction where it is legally required so to be;
2. It has the power and authority to execute and deliver, and to perform its obligations under the Agreement;
3. The Agreement is duly authorized, executed and delivered and is an enforceable, legal, valid and binding obligation.
4. All necessary consents, authorizations and instructions have been provided to and/or by each third party, if any, involved in reporting, receiving or transmitting instructions, funds transfers and/or data in connection with these services;
5. All necessary approvals, authorizations and consents, if any, have been obtained and all necessary filings or registrations have been made (and the same will be renewed if necessary) as are required by any governmental or other authority in connection with the execution and performance of the Agreement; and
6. The performance of the Agreement and delivery and use of the services will not violate or offend any applicable requirement, law, decree, regulation, order or judgment.

Upon request by CBM, the Participant agrees to supply copies of any such consents, instructions and authorizations required of the Participant under items 4. and 5. above. The Participant further agrees to immediately notify CBM if it suspects or knows of any circumstances that could or would cause a breach of any representation or warranty hereunder.

Authorized Persons

The Participant shall deliver upon execution of this Agreement and from time to time, as appropriate, the names and specimen signatures of at least two persons duly authorized to

access data and to provide instructions with respect to bank accounts, funds transfers and other financial transactions by electronic means (“instructions”), and/or to designate persons to access such data and to provide instructions, on behalf of the Participant in connection with the services and the limitations, if any, upon such authority, accompanied by a certificate signed by the appropriate Signing Officer, or equivalent documentation, attesting to the authorization of each Authorized Person and the authenticity of the signature. The Participant hereby authorizes CBM to act in reliance thereon in executing Payment Instructions. Any change in the name or other relevant information about Authorized Persons shall be delivered to CBM at least five (5) Business Days prior to the effective date of such change.

Dated:	
EXECUTED by THE APPLICANT/ PARTICIPANT	
By or in the presence of: (Secretary/Director)	
(Authorized signatory)	
(Authorized signatory)	

ANNEX 3: CHANGE REQUEST FORM FOR CBM-NET ACH GUIDELINES

Change Request Number _____

TO: SYSTEM ADMINISTRATOR
CENTRAL BANK OF MYANMAR

FROM (Name of Participant): _____

NAME OF CONTACT PERSON: _____

TELEPHONE NUMBER: _____

EMAIL ADDRESS: _____

Priority: (high, medium or low)	
Document affected: (CBM-NET Guidelines, Business Manual)	
Description of change:	
Reason(s) for change:	
Benefit(s) of changing:	Disadvantage(s) of changing:
Effect(s) of not changing:	
Author and Contact Details:	Authorized by: