



CENTRAL BANK OF
TRINIDAD & TOBAGO

Licensing Procedures for Payment System Operators

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Key Abbreviations and Acronyms

AML	Anti-Money Laundering
Central Bank/CBTT	Central Bank of Trinidad and Tobago
CFT	Combatting the Financing of Terrorism
FMI	Financial Market Infrastructure
Guideline No. 1	Payments System Guideline No. 1 - Licensing and Operation of Interbank Payment Systems
Guideline No. 2	Payments System Guideline No. 2 - Registration and Operation of Non-Interbank Payment Systems
IPSO	Interbank Payment System Operator
NIPSO	Non-interbank Payment System Operator
PFMI	Principles for Financial Market Infrastructure
PQD	Personal Questionnaire and Declaration
PSO/Operator	Payment System Operator
RTGS	Real-Time Gross Settlement System
SIPS	Systemically Important Interbank Payment System
SRPSs	Significant Retail Payment Systems

1. Key Terms and Definitions

Term	Definition
PSO/Operator	Refers to the Central Bank or a person that is, either independently or with other persons, licensed or authorised to operate a payment system and develop payment system rules.
SIPS	Refers to a payment system that is systemically important where, if the system were insufficiently protected against risk, disruption within it could trigger or transmit further disruptions amongst participants or systemic disruptions in the financial area more widely (Bank for International Settlements glossary).
SRPS	Refers to a Prominent Retail Payment System (PRPS) that is used for everyday economic transactions that, while not systemically critical (i.e., its failure wouldn't instantly cause a financial crisis), is vital to daily commercial activity and public confidence. These systems process a high volume of low-value transactions between consumers, businesses, and governments (European Central Bank).

2. Purpose

The regulation of Payment System Operators (PSOs) is fundamental to ensuring the stability, security, and integrity of modern financial infrastructures. As financial technology advances, comprehensive legal frameworks have become essential to safeguard users and foster



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innovation. To this end, the procedures for licensing PSOs draw on existing and proposed legislation:

- 1) [Central Bank Act, Chap. 79:02 \(“CBA”\)](#)
- 2) [Financial Institutions Act, Chap. 79:09 \(“FIA”\)](#)
- 3) [Payments System Guideline No. 1 - Licensing and Operation of Interbank Payment Systems \(“Guideline No. 1”\)](#)
- 4) [Payments System Guideline No.2 - Registration and Operation of Non-Interbank Payment Systems \(“Guideline No. 2”\)](#)
- 5) [Draft Payments System and Services Bill](#)
- 6) [Draft Payment System and Services \(Licensing, Supervision and Oversight\) Regulations](#)

The procedures are also aligned with the **CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI) Assessment Methodology**, particularly **Responsibilities A–E of authorities** (Refer to *Appendix 1*) and **Principles 1–3, 8, 9,13,15, 17, 18, and 23** for payment systems (Refer to *Appendix 2*).

Key PSO licensing objectives of the Central Bank of Trinidad and Tobago (the Central Bank) include ensuring:

- 1) **Safety and Efficiency:** A payment system should operate in a manner that reduces systemic risk and ensures the smooth functioning of financial markets.
- 2) **Risk Management:** A payment system must have robust frameworks to manage credit, liquidity, operational, and legal risks, including maintaining sufficient financial resources to cover potential exposures.
- 3) **Transparency and Governance:** A payment system should have clear governance structures, an enforceable legal basis, and transparent rules to support stakeholder confidence and regulatory oversight.
- 4) **Resilience and Recovery:** A PSO is expected to develop plans for recovery and orderly wind-down in case of financial stress, including guidance for central counterparty and other critical infrastructures.
- 5) **Cybersecurity:** A PSO should implement measures to enhance cyber resilience, mitigating risks from cyber threats that could disrupt financial stability.



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3. Scope

This document provides guidance on the Payment System Operator (PSO) licensing process.

Using the **PFMI Assessment Methodology**, the licensing and oversight functions cover wholesale (large-value) and retail payment systems. As of June 2026, four (4) payment systems, categorised as Interbank Payment Systems exist domestically:

Domestic payment systems	Category	Systemic Designation
Real-Time Gross Settlement System (RTGS)²	Interbank Payment Systems (IPSO)	Systemically Important Interbank Payment System (SIPS)
Automated Clearing House Electronic Fund Transfer system (ACH-EFT)		Significant Retail Payment Systems (SRPS)
Automated Clearing House Electronic Cheque Clearing System (ACH-ECCS)		
LINX Debit Card Switch		
Not applicable (N/A) at present (no current licensees).	Non-interbank Payment Systems (NIPSO)	N/A

Notes:

¹ Categories are expected to be extended over time.

² The RTGS is a Central Bank operated system which is exempted from licensing but must meet certain regulatory requirements.

A prospective applicant refers to an entity seeking to operate a payment system that clears, settles, or transfers funds between multiple participants via a switching service or digital platform.

4. Licensing Requirements

PSO licensing/registration requirements are fundamental components that ensure only qualified entities operate within the financial system. It involves a comprehensive application process where Operators must demonstrate their legal, financial, and operational capacity. PSOs should be subject to stringent criteria related to technical infrastructure and managerial expertise. This facilitates the assessment of an Operator's ability to manage payment systems securely and efficiently. Requirements include:

4.1 Legal and Corporate Information (PFMI Principle 1)

A PSO should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions. Key requirements include the submission of:



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- ☒ Incorporation documents and ownership structure
- ☒ Articles and Memorandum of Association
- ☒ Operating System Rules and Procedures
- ☒ Company By-laws
- ☒ Participant agreements
- ☒ End-user, vendor, participant, third-party service provider and settlement agency contracts
- ☒ Evidence of compliance with domestic and cross-border legal requirements (as necessary)
- ☒ Data Protection and User policies

4.2 Governance Arrangements (PFMI Principle 2)

A PSO should have governance arrangements that are clear and transparent, promote the safety and efficiency of the payment system, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders. Key requirements include submission of:

- ☒ Board and senior management structure (reflecting, risk, audit and compliance functions)
- ☒ Fit-and-Proper assessments in accordance with Central Bank guidelines
- ☒ Conflict-of-interest policies

4.3 Business Plan Submission

A PSO should submit a detailed multi-year plan including;

- ☒ Strategic objectives and market analysis
- ☒ Revenue model and pricing structure
- ☒ Projected financial statements (preferably 3–5 years)
- ☒ Growth and scalability strategy

4.4 Risk Management Framework (PFMI Principle 3)

A PSO should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

- ☒ Comprehensive Risk Framework, covering legal, credit, liquidity, operational, cyber¹, and general business risks
- ☒ Risk Appetite and Escalation Procedures
- ☒ Internal Controls and Audit Functions
- ☒ Compliance Regime (AML/CFT, Data Protection)

¹ Refer to [CPMI-IOSCO Cyber Guidance](#).



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4.5 Technology and System Architecture

A PSO should provide detailed information on the technology and system architecture of the payment system. This includes:

- ☒ Description of payment system:
 - Clearing and settlement mechanisms
 - Messaging standards (for example, ISO 20022)
- ☒ Infrastructure:
 - Hosting environment (cloud/on-premises)
 - Redundancy and failover mechanisms
- ☒ Cybersecurity controls:
 - Encryption standards
 - Access controls
- ☒ System availability targets (for example, 99.9 per cent uptime and Recovery Time Objectives)

4.6 Settlement and Operational Design (PFMI Principle 8)

A PSO should provide a clear and certain final settlement, at a minimum by the end of the value date. Including:

- ☒ Operational process flows
- ☒ Description of clearing and settlement processes
- ☒ Rules on settlement finality and irrevocability
- ☒ Settlement arrangements: Central Bank settlement vs commercial bank
- ☒ Business continuity and disaster recovery

4.7 Financial Resources (PFMI Principle 15)

A PSO should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should be sufficient at all times to ensure a recovery or orderly wind-down of critical operations and services. Including:

- ☒ Capital adequacy and liquidity arrangements
- ☒ Business continuity funding and recovery planning
- ☒ Insurance (if required)

4.8 Operational Resilience (PFMI Principle 17 and CPMI-IOSCO Cyber Guidance)

A PSO should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for



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timely recovery of operations and fulfilment of the payment system's obligations, including in the event of a wide-scale or major disruption. Including:

- ☒ Security architecture and cyber resilience measures
- ☒ Business continuity and disaster recovery plans

4.9 Access and Participation (PFMI Principle 18)

A PSO should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access. Including:

- ☒ Participant on-boarding and exit rules
- ☒ Participant access criteria:
 - Eligibility rules for banks, Payment Service Providers (PSPs), fintechs etc.
 - Transparent, risk-based access criteria

4.10 Compliance Obligations

- ☒ Reporting Requirements
 - Transaction reporting
 - Suspicious Activity reporting
- ☒ Ongoing Regulatory reporting
 - Financial Statements
 - Operational Performance metrics

4.11 Transparency (PFMI Principle 23)

A PSO should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the PSO. All relevant rules and key procedures should be publicly disclosed. Including:

- ☒ Operating Rules and Procedures:
 - Transaction Processing Rules
 - Dispute Resolution Mechanisms
- ☒ Public disclosure framework consistent with PFMI Disclosure Framework

4.12 Application Submission

The payment of an Application fee and a completed Application form with supporting documentation initiate the licensing/registration process.

4.13 Additional Supervisory Tools

In addition to the application, the Central Bank may also require:

- System Testing for functionality



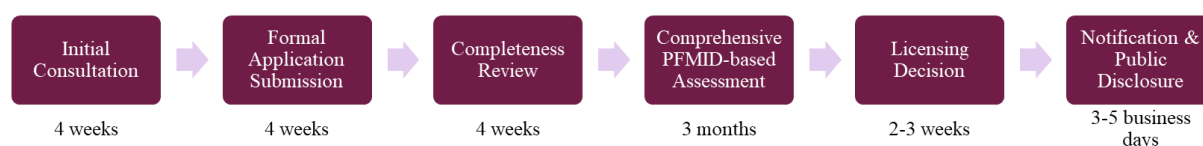
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- Cybersecurity and Stress testing
- User Acceptance Testing (UAT)
- Certification or Approval by Regulator
- Pilot phase (Sandbox or limited Roll out) – refer to the Joint Regulatory Sandbox Framework (under development)
- Conduct onsite inspections or system demonstrations to determine the system use and operational functionality
- Require independent audits of the system
- Coordinate with foreign authorities for cross-border payments systems

These requirements demonstrate compliance with *PFMI Responsibility E for Central Banks – Cooperation with other authorities*.

5. Licensing Process Overview

The licensing process shall follow a six-stage approach:²



5.1 Stage 1: Initial Consultation

Prior to submitting a formal application, an Initial Consultation will be conducted with the applicant regarding the proposed business model, target market and system architecture within a 2 to 4 week timeframe.

5.2 Stage 2: Formal Application (Application Receipt and Completeness Check)

Following the consultation, once a formal application is received,³ the submission is confirmed in accordance with applicable legislation and guidelines.⁴

5.3 Stage 3: PFMI-Based Comprehensive Assessment

Once the applicant has been deemed eligible, a full assessment is conducted (within a 3-month timeframe). This assessment ensures prospective Operators demonstrate sufficient financial stability, technical expertise, and operational capacity. The PSO's suitability and sustainability going forward are prioritised.

² Also see [Appendix 4](#) for a high-level snapshot of the process.

³ [Appendix 5](#) provides the PSO Application form.

⁴ Note, the submission of application documents may become obsolete when the SupTech system becomes operational.



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Overall, the assessment focuses on key criteria for a PSO to operate, emphasising transparency, robustness, and compliance readiness and alignment with the overarching goals of the payment systems law, regulation and guidelines to secure efficient and trustworthy payment operations.

5.3.1 Assessment Methodology

6.3.1.1 Ratings

To ensure a standardised, consistent, and comparable approach, the PFMI Assessment Methodology is applied, whereby key considerations under each relevant principle are evaluated and rated as Observed, Broadly Observed, Partly Observed, or Not Observed.⁵

Assessment Ratings	Meaning
Observed	Compliant and meets all PFMI and Central Bank requirements; no material gaps
Broadly Observed	Largely Compliant; Minor gaps; low supervisory concern
Partly Observed	Notable weaknesses; remediation required
Not Observed	Significant deficiencies; high risk
Not Applicable (N/A)	The principle, key consideration, or requirement is not relevant to the nature, design, scale, or operations of the payment system being assessed and therefore does not require evaluation.

6.3.1.2 System-Specific Requirements

Note, each system also has specific nuances that must be considered in the evaluation process. *Appendix 4* provides system-specific assessment considerations.

6.3.1.3 Scoring Framework

Incorporating scoring to the methodology helps to align the assessment of the PSO operations to PFMI principles based on application documents submitted, onsite reviews and demonstrations. Using the Assessment Ratings (see *Section 6.3.1.1*), each principle will be scored as follows:

Assessment Rating	Score Given
Observed	4
Broadly Observed	3
Partly Observed	2
Not Observed	1
N/A	0

Once completed, the scores for **Principles 1–3, 8, 15, 17, 18, and 23** are accumulated and an average score is computed. The average score obtained for all assessment areas (PFMI principles) reviewed will determine if the applicant has attained the minimum approval requirements for a PSO licence.

⁵ See *Appendix 2* for guide.



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- 1) **Scores with an Average ≥ 3.5** will be recommended for a PSO licence
- 2) **Scores with an Average 2.5–3.4** → will be recommended for a conditional PSO licence, Pilot or Sandbox testing
- 3) **Scores with an Average < 2.5** → will be rejected or asked to re-submit

A formal assessment and scoring template will be used to support a consistent and risk-based approach to licensing/registering PSOs. Applications will be evaluated based on the applicable legislative and regulatory framework, relevant guidelines, supervisory considerations and the specific characteristics and the risk profile of the proposed payment system.

7.3.1.4 Systemic Importance

The minimum approval requirements for a SIP and SRPS are as follows:

SIPS:

- PFMI Assessment Rating: “*Observed*” or “*Broadly Observed*” only.
- Gaps or Weaknesses: Have no material gaps in legal, liquidity, or operational resilience

SRPS:

- PFMI Assessment Rating: At least “*Partially Observed*” in critical areas
- Key risks mitigated (especially settlement and operational risks)

5.4 Stage 4: Licensing Decision

5.4.1 Decision Framework

5.4.1.1 Decision Outcomes for Initial Licensing of a PSO

Following the comprehensive assessment, the Central Bank may:

- 1) Grant a license (unconditional);
- 2) Grant a license subject to conditions, remedial actions, or testing in a sandbox environment;
- 3) Defer the decision pending further information; or
- 4) Refuse the application with written reasons.

5.4.2 Conditions for Licensing

Conditions may include:

- 1) Capital or liquidity buffers;
- 2) Limits on transaction values or participants;
- 3) Mandatory system testing prior to going live;
- 4) Time-bound remediation of PFMI gaps.



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This approach satisfies the Central Bank's **PFMI Responsibility C (Disclosure of policies)** and promotes transparency.

5.5 Stage 5: Notification and Public Disclosure

5.5.1 Public Disclosures

Upon receiving approval for the licensing/registration of an applicant, a **Notice of Licensing/Registration of a PSO** ("**Notice**") and any other list deemed necessary are also drafted for publication on the Central Bank's website and social media pages. The **Notice** will provide, *inter alia*, information on the type of licence/permit that has been granted to the Operator, the effective date, and a brief overview of the system.

6. Post-Licensing Obligations

Licensed PSOs shall be subject to ongoing oversight, including:

- Periodic PFMI self-assessments and disclosures;
- Regular reporting on transactional data;
- Timely incident reporting, including outages, irregular system activities, participant errors, etc.;
- Reporting on risk metrics;
- Notification and approval of material changes;
- Participation in crisis management and recovery planning;
- Periodic Audits; and
- Ensuring maintenance of Cybersecurity Standards.

PSOs will be subject to continuous oversight, ensuring sustained observance of PFMI standards over time. Applicants who have been granted a **Testing Permit** under the Central Bank Regulatory Sandbox framework will be subject to conditions imposed under the permit.

7. Enforcement, Suspension and Revocation

The Central Bank may impose corrective measures, suspend operations, or revoke a licence/permit where a PSO:

- Materially breaches PFMI requirements
- Threatens or possess a risk to financial stability
- Fails to remediate identified weaknesses
- Violates Sandbox conditions

Due process and proportionality shall be observed, consistent with international oversight best practices.



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8. Appendix

8.1 Appendix 1 - Key PFMI Responsibilities for Central Banks

Responsibility A (Regulation, Supervision, and Oversight) Authorities must ensure FMIs are subject to effective regulation and oversight.	Responsibility B (Powers and Resources) Authorities must possess the necessary powers and resources to fulfil their duties.	Responsibility C (Disclosure of Policies): Authorities are expected to clearly define and disclose their policies regarding FMIs.	Responsibility D (Application of Principles) Authorities should adopt and consistently apply the CPSS-IOSCO Principles	Responsibility E (Cooperation) Authorities must cooperate domestically and internationally to promote FMI safety and efficiency.
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8.2 Appendix 2 - PFMI Areas Applicable to the Licensing Process

Note: Applicable (●), Not Applicable (○)

Principle	Requirement
1: Legal basis	1. The legal basis should provide a high degree of certainty for each material aspect of a PSO's activities in all relevant jurisdictions. 2. A PSO should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations. 3. A PSO should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way. 4. A PSO should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the PSO under such rules and procedures will not be voided, reversed, or subject to stays. 5. A PSO conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.
2: Governance	1. A PSO should have objectives that place a high priority on the safety and efficiency of the PSO and explicitly support financial stability and other relevant public interest considerations. 2. A PSO should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public. 3. The roles and responsibilities of a PSO's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly. 4. The board should contain suitable members with the appropriate skills and incentives to fulfil its multiple roles. This typically requires the inclusion of non-executive board member(s). 5. The roles and responsibilities of management should be clearly specified. A PSO's management should have the appropriate experience, a mix of skills, and



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	<i>the integrity necessary to discharge their responsibilities for the operation and risk management of the PSO.</i> <i>6. The board should establish a clear, documented risk-management framework that includes the PSO's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk-management and internal control functions have sufficient authority, independence, resources, and access to the board.</i> <i>7. The board should ensure that the PSO's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.</i>
8: Settlement Finality	<i>1. A PSO's rules and procedures should clearly define the point at which settlement is final.</i> <i>2. A PSO should complete final settlement no later than the end of the value date, and preferably intraday or in real time, to reduce settlement risk. An LVPS or SSS should consider adopting RTGS or multiple-batch processing during the settlement day.</i> <i>3. A PSO should clearly define the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by a participant.</i>
9: Money settlements	<i>1. A PSO should conduct its money settlements in central bank money, where practical and available, to avoid credit and liquidity risks.</i>
12: Exchange-of-value settlement systems	<i>1. A PSO that is an exchange-of-value settlement system should eliminate principal risk by ensuring that the final settlement of one obligation occurs if and only if the final settlement of the linked obligation also occurs, regardless of whether the PSO settles on a gross or net basis and when finality occurs.</i>
13: Participant-default rules and procedures	<i>1. A PSO should have default rules and procedures that enable the PSO to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.</i> <i>2. A PSO should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.</i> <i>3. A PSO should publicly disclose key aspects of its default rules and procedures.</i> <i>4. A PSO should involve its participants and other stakeholders in the testing and review of the PSO's default procedures, including any close-out procedures. Such testing and review should be conducted at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.</i>
15: General Business Risk	<i>1. A PSO should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.</i> <i>2. A PSO should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity A PSO should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.</i>



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	3. A PSO should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, A PSO should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements. 4. Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the PSO to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions. 5. A PSO should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.
16: Custody and investment risks	1. A PSO should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices, safekeeping procedures, and internal controls that fully protect these assets. 2. A PSO should have prompt access to its assets and the assets provided by participants, when required. 3. A PSO should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each. 4. A PSO's investment strategy should be consistent with its overall risk-management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.
17: Operational risk	1. A PSO should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks. 2. A PSO's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the PSO's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes. 3. A PSO should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives. 4. A PSO should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives. 5. A PSO should have comprehensive physical and information security policies that address all potential vulnerabilities and threats. 6. A PSO should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the PSO to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The PSO should regularly test these arrangements. 7. A PSO should identify, monitor, and manage the risks that key participants, other PSOs, and service and utility providers might pose to its operations. In addition, A



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	<i>PSO should identify, monitor, and manage the risks its operations might pose to other PSOs.</i>
18: Access and participation requirements	<i>1. A PSO should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other PSOs, based on reasonable risk-related participation requirements.</i> <i>2. A PSO's participation requirements should be justified in terms of the safety and efficiency of the PSO and the markets it serves, be tailored to and commensurate with the PSO's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, A PSO should endeavor to set requirements that have the least- restrictive impact on access that circumstances permit.</i> <i>3. A PSO should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.</i>
19: Tiered participation arrangements	<i>1. A PSO should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the PSO arising from such tiered participation arrangements.</i> <i>2. A PSO should identify material dependencies between direct and indirect participants that might affect the PSO.</i> <i>3. A PSO should identify indirect participants responsible for a significant proportion of transactions processed by the PSO and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the PSO in order to manage the risks arising from these transactions.</i> <i>4. A PSO should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.</i>
21: Efficiency and effectiveness	<i>1. A PSO should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.</i> <i>2. A PSO should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk-management expectations, and business priorities.</i> <i>3. A PSO should have established mechanisms for the regular review of its efficiency and effectiveness.</i>
22: Communication procedures and standards	<i>1. A PSO should use, or at a minimum accommodate, internationally accepted communication procedures and standards.</i>
23: Disclosure of rules, key procedures, and market data	<i>1. A PSO should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.</i> <i>2. A PSO should disclose clear descriptions of the system's design and operations, as well as the PSO's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the PSO.</i> <i>3. A PSO should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the PSO's rules and procedures and the risks they face from participating in the PSO.</i>



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	<i>4. A PSO should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The PSO should provide clear descriptions of priced services for comparability purposes.</i> <i>5. A PSO should complete regularly and disclose publicly responses to the CPSS-IOSCO Disclosure framework for financial market infrastructures. A PSO also should, at a minimum, disclose basic data on transaction volumes and values.</i>	



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8.3 Appendix 3 - System-Specific Assessment Considerations

Applicable PFMI Area	Central Bank-operated or Privately-Operated Interbank Settlement Systems (e.g. RTGS)	Retail Batch Credit and Debit Transfer Systems (e.g. ACH-EFT)	Cheque Clearing & Truncation Systems	Card Payment Schemes & Switching Platforms	Fast Payment Systems	Cross-Border Clearing & Settlement Platforms
Legal Basis & Settlement Finality (PFMI 1 & 8)	Real-time irrevocable settlement; settlement finality protected by law; settlement in central bank money where applicable.	Netting arrangements are legally enforceable; final settlement is protected against participant insolvency.	Legal validity of cheque images and truncation processes; enforceable return and dishonour rules.	Clearly defined settlement obligations between issuers, acquirers and participants.	Immediate or near real-time settlement finality; clear treatment of failed or rejected transactions.	Cross-border settlement finality and enforceability across all participating jurisdictions; legal treatment of Foreign exchange transactions.
Credit, Liquidity & Settlement Risk (PFMI 4, 7 & 9)	Intraday liquidity facilities; throughput monitoring; gridlock resolution mechanisms; participant default procedures.	Net debit caps; prefunding, collateral or loss-sharing arrangements where applicable.	Return item controls; participant exposure limits. Prefunding, collateral or loss-sharing arrangements where applicable.	Prefunding, collateral or loss-sharing arrangements where applicable; settlement risk controls for participants.	Liquidity/collateral arrangements supporting continuous settlement; prefunding and risk controls where applicable.	Foreign exchange settlement risk controls; correspondent banking and settlement bank risk management.
Operational Resilience & Cybersecurity (PFMI 17)	Near-zero downtime tolerance; secondary processing/back-up site; 2-hour recovery capability.	Batch reprocessing capability; end-of-day settlement continuity; secondary processing/back-up site; 2-hour recovery capability.	Image integrity controls; secure record retention; continuity of clearing operations; 2-hour recovery capability; secondary processing/back-up site.	PCI-aligned security controls; fraud monitoring; third-party risk management; secondary processing/back-up site.	24/7/365 operational capability; real-time fraud monitoring; rapid incident response and recovery; secondary processing/back-up site.	Cross-border contingency arrangements; resilience of regional infrastructure; coordinated incident management.



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Governance & Access (PFMI 2 & 18)	Participation restricted to approved institutions; formal user committees; transparent access criteria; Fit & Proper directors; Risk management procedures and policies.	Objective participation criteria and onboarding requirements; Fit & Proper directors; Risk management procedures and policies	Objective participation criteria; onboarding requirements; Fit & Proper directors; Risk management procedures and policies	Defined scheme governance arrangements and participant obligations; Fit & Proper directors; Risk management procedures and policies.	Interoperability requirements; transparent access; participation standards; Fit & Proper directors; Risk management procedures and policies.	Multi-jurisdiction governance arrangements; regulatory cooperation mechanisms; participation requirements across jurisdictions; Fit & Proper directors; Risk management procedures and policies.
Efficiency, Interoperability & Communication Standards (PFMI 21 & 22)	ISO 20022 adoption; straight-through processing; System rule and operations transparency.	Standardised payment messaging; participant connectivity; System rule and operations transparency	Standardised image exchange and processing standards.	Network performance standards and interoperability arrangements.	Real-time messaging standards; API-based connectivity; interoperability with other payment infrastructures.	Cross-border interoperability standards; messaging standards supporting regional and international payments.
Transparency & Consumer Protection (PFMI 23)	Disclosure of participation rules, fees, risk controls and operating procedures.	Disclosure of settlement cycles, participant obligations and exception handling procedures.	Disclosure of cheque processing rules, return procedures and participant responsibilities.	Disclosure of scheme rules, fees, chargeback procedures and dispute resolution arrangements.	Disclosure of service levels, availability targets, transaction limits and customer recourse mechanisms.	Disclosure of fees, Foreign exchange arrangements, settlement timelines and participant obligations.



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8.4 Appendix 4 - High-Level Payment System Operator Licensing Process

