



CENTRAL BANK OF MYANMAR

FUNDS TRANSFER SERVICE

(CBM-NET FTS)

GUIDELINES

Version 1.1

DECEMBER 2015

Effective Date: January 2016

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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 transfer instructions. It links the Central Bank's computer centre, its head office/branches, and the system's Participants. The CBM-NET comprises two systems: a system for funds transfers (the CBM-NET Funds Transfer Service (FTS)) and a system for the custody and settlement of Government and central bank securities – the CBM-NET central securities depository (CBM-NET CSD). The CBM-NET FTS processes funds transfers through Accounts that Participants hold with the Central Bank.

The purpose of this document is to define the System Guidelines for the CBM-NET FTS which is owned and operated by the Central Bank of Myanmar (CBM). These Guidelines, issued in accordance with the Central Bank of Myanmar Law (2013) define various aspects of the CBM-NET FTS operations, together with the duties and obligations of all Participants including the CBM, and the System Operator. Aspects related to the CBM-NET CSD are addressed in the CSD Guidelines.

CBM-NET FTS performs the following funds settlement functions:

- The settlement of Payment Instructions in Participants' Settlement Accounts on the books of the Central Bank;
- The settlement in Participants' Accounts of the net positions arising from deferred net settlement (DNS) operations of the Mechanized Clearing House (MCH);
- The settlement of net positions resulting from DNS operations of other clearing systems that may be approved from time to time by the Bank, such as the Myanmar Payment Union (MPU) card network;
- The settlement of transactions involving Government and Central Bank securities processed through the Central Securities Depository (CSD).

The Participants of CBM-NET FTS 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 FTS*". Reference to the Central Bank (the Bank or the CBM) herein, unless the context indicates otherwise relates to its role as Operator of the CBM-NET FTS.

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 FTS;
- v) The legal obligations and rights of the CBM and Participants arising from the use of the CBM-NET FTS;
- 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 FTS.

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 FTS.

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 7.5 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 material 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 CSD Guidelines
- Current Account and Overdraft Guideline

1.2 Interpretation

1.2.1 Priorities

If a provision of these Guidelines is inconsistent with the *Agreement for Participating in CBM-NET FTS*, 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 FTS, 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
Account	Settlement (cash) Account in the CBM-NET FTS.
Account Transfer	The transferring of funds between the Settlement Account of one Participant and another Participant on the books of the CBM.
Administrator	Authorized official involved with the administration of CBM-NET FTS. An Administrator appoints or terminates the individuals to act as Users for the Participant.

Agreement	The Agreement executed (i) between the CBM and the Participants and (ii) between Participants, that governs their participation in the CBM-NET FTS
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 Signatory	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 User documentation, including to sign, take delivery of, or deliver documents in connection with the participation of the Participant in the CBM-NET FTS.
Bank	The Central Bank of Myanmar (CBM), the Central Bank, licensed 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 or Banking 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 Account Transfers.
CBM-NET FTS	The real time gross settlement (RTGS) system owned and operated by the Central Bank used for interbank funds transfers 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.
Collateral	An asset that is delivered by the collateral provider to secure an obligation to the collateral taker. Collateral arrangements may take different legal forms; collateral may be obtained using the method of title transfer or pledge.
Contingency Event	Any event 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 FTS in stand-alone mode, without communication links to other systems.
Counterparty	The Participants engaged in a payment or securities transaction.

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.
Delivery versus Payment or DVP	A link between a securities transfer system and a funds transfer system that ensures that delivery of securities occurs if and only if payment occurs, and conversely
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
Final Cut-off	The time the CBM-NET closes to all Participants. At Final cut-off, no further Payment or Securities transfer instructions can be entered.
Finality	Irrevocable and unconditional settlement
GRM	The Union Government of the Republic of the Union of Myanmar
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 CBM-NET FTS 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
Issuer	In relation to any Security, the Person on whose behalf any money paid in consideration of the initial allotment of Security is received
Kyat	The currency of Myanmar, abbreviation MMK
Mechanized Clearing House or MCH	A clearing system in which payment orders are exchanged among financial institutions and the cheques are processed using Magnetic Ink Character Recognition (MICR) technology. The issue of instruments in the standard MICR format facilitates mechanized processing using readers/sorters.
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.
Nominated Agent	A Participant named by a CBM-NET FTS member to act on its behalf to facilitate payment processing in the event that the member is unable to carry out this function.
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 authorise transactions or have the means to settle transactions may be in doubt. This includes any of the following: <ul style="list-style-type: none"> a) Its making a general assignment for the benefit of, or entering into a reorganisation, 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 FTS; 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 FTS.
Operating Day	Any day in which the CBM is open for the clearing and settlement of transactions between Participants and on which CBM-NET is operating to process Payment Instructions and Account Transfers.
Operating Hours	The hours during which the CBM-NET is in operation and is accessible by Participants.
Operator or System Operator	The department established in the Central Bank of Myanmar to manage the CBM-NET FTS operations.
Participant	A bank or institution which is authorized to maintain a Settlement Account with the CBM and participates in the CBM-NET FTS in accordance with these Guidelines. Unless preceded by an adjective, or the context indicates otherwise, the term as used herein refers to a Direct Participant of the CBM-NET FTS.
Payment Instruction	In respect of a Participant, an instruction received via a communications network to debit its Settlement Account and credit the Account of another Participant.
Payments System Overseer or Overseer	Refers to the CBM in fulfilling its responsibility of providing oversight for the national payments system and payment instruments to ensure their safe 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
Settlement Finality	The successful and irrevocable posting for value of debits and credits to the relevant Accounts in the CBM of the amounts notified in the Payment Instruction or Account Transfer.
Settlement Account or 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 authorized and empowered to act on behalf of the Participant for all purposes.
SWIFT Network	The telecommunications network and services provided by SWIFT to individual Participants and the Bank.
System Administrator	The person appointed by the Central Bank of Myanmar to supervise the CBM-NET FTS 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 Account Maintenance

CBM-NET FTS Participants are required to operate a Settlement Account with the Central Bank and must meet the conditions established by the Bank to maintain such an Account.

2.2 Eligibility for Participation

Participation in the CBM-NET FTS may be direct or indirect. Direct Participants are allowed to initiate payment transactions on their own behalf and on behalf of their Customers. An indirect Participant will undertake payment transactions through a direct Participant subject to an agreement entered into by both parties, apart from these Guidelines.

Participation in the CBM-NET FTS is open to:

- a) The Central Bank

- b) Commercial banks, licensed under the Banks and Financial Institutions Law of Myanmar (as amended)¹;
- c) The clearing house and any other legal Person acting in the capacity of a clearing agent (for example, a card network operator such as the Myanmar Payment Union)
- d) The Ministry of Finance or any Government Agency
- e) Any entity approved by the Central Bank and that maintains a Settlement Account with the Bank.

Clearing agents constitute a special class of Participants. Once they have executed the *Agreement for Participating in CBM-NET FTS* and have agreed to be bound by the Agreement and these Guidelines, clearing houses shall be permitted access to the CBM-NET FTS as ‘technical Participants’ solely for the purpose of submitting Net Settlement Instructions for settlement over Participants’ Accounts.

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 FTS* 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 Bank 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 FTS;
- b) It has sufficient qualified personnel and adequate physical facilities, back-up facilities, communication facilities, security procedures and facilities, information technology

¹ The draft Banks and Financial Institutions Law has not yet been passed into law.

- capabilities, records and procedures to meet the operational requirements of the CBM-NET FTS and fulfill its commitments to other Participants with promptness and accuracy;
- c) It conforms with the standards established by the Bank 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 FTS and other Participants, does and will conform to the standards established by the Bank 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 FTS within a timeframe acceptable to the Bank;
 - g) It satisfies such other standards as the Bank may from time to time establish for Participants.

The Bank shall give notice to Participants of standards established pursuant to subsection (g) above and of any changes to such standards and shall stipulate a reasonable time within which Participants must comply with such standards. The Bank 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 Primary Computer Site as well as its Back-up Computer Site.

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

2.3.3.2 Physical Security Requirements

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

- a) Access to the processing area is controlled by a keypad, swipe card or similar security device; or
- b) Access to the CBM-NET terminals is controlled by the use of individual User IDs and passwords.

The System configuration includes two-part release functionality; that is, payments are input and approved/released by different users, controlled by appropriate password security.

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:

- i) The System has been established for the benefit of its Participants;
- ii) By becoming a Participant, it must comply with, and fulfill every obligation imposed on it by or pursuant to these Guidelines;
- iii) For the avoidance of doubt, a Participant's use of the CBM-NET FTS constitutes full acceptance of these Guidelines; and
- iv) 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 Bank the *Agreement for Participating in CBM-NET FTS* (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 FTS Application form and submit to the Bank. Upon acceptance, the executed Application form becomes the Participation Agreement. The Bank 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. Withdrawal, Suspension and Termination of Participants

3.1 *Suspension*

The Bank may exclude any Participant provisionally or permanently from the CBM-NET FTS. Immediately upon the suspension of a Participant, the Bank 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 Bank in its discretion as may be required to complete an orderly discharge of the Participant's obligations within the CBM-NET FTS.

3.1.1 Discretionary Suspension

The Bank 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 FTS or other Participants. In exercising its discretion whether or not to suspend a Participant, the Bank 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 FTS for three (3) consecutive months;
- f) The Participant breaches its obligations under the CBM-NET FTS Guidelines or Procedures and fails to rectify the breach within the timeframe mandated by the Bank;
- g) The Participant is engaging in or is about to engage in an unsafe or unsound practice which in the opinion of the Bank is likely to hinder the satisfactory functioning of the system.

3.1.2 Appeal of Suspension

A Participant who is suspended by the Bank pursuant to Guideline 3.1.1 above may appeal the suspension. The Bank 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 Bank 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 FTS. The Bank 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 Bank 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 Bank 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 Bank 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 Bank.

3.2.2 Adequate Cause for Termination

The Bank 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 Bank to the Participant;
- c) The occurrence of a Notifiable Event in relation to the Participant; or
- d) Any other event as the Bank in its discretion determines constitutes adequate cause for termination.

3.2.3 Automatic Termination

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 Bank: “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 FTS. A Participant’s eligibility to participate in the CBM-NET FTS 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;
- d) The bank is wound up, dissolved or otherwise ceases to exist.

The converse is also true, so that the resignation or withdrawal of a licensed bank as a Participant in the CBM-NET FTS shall require and imply the revocation of its banking license.

Where a Participant is suspended or terminated, this will cause the immediate freezing of its Settlement Account. If a terminated or suspended Participant’s Settlement Account has a positive balance denominated in any currency, the central bank shall exercise the right of retention in respect of any such positive balance until the Participant’s obligations are settled.

As soon as practicable the Bank shall inform the other Participants simultaneously of the Participant’s termination or suspension.

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 Bank. 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 Bank 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 Bank shall advise the relevant regulatory authority of the Participant's intention to withdraw and of the date such withdrawal is to take effect. The Bank shall inform all other CBM-NET FTS 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, a Nominated Agent, 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.

A Clearing House may not withdraw from the CBM-NET FTS without the agreement of the Clearing House members.

3.4 *Survival of Obligations*

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

The Bank may in its sole discretion approve or reject a request for reinstatement. If approved, the Bank 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 FTS in accordance with these Guidelines. Participants are responsible for making payments in a timely way and shall not economise on liquidity by delaying payments. It is the responsibility of each Participant to fund its Settlement Account to allow the settlement of its payment obligations. Payment orders shall be settled only if adequate cover is available in the Settlement Account.

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 FTS. 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 FTS.

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

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

Subject to the foregoing, the Bank 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 Bank 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.

5. Role and Responsibilities of the CBM

5.1 General

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

- A settlement authority maintaining Accounts for Participants,
- Operator, providing a service to Participants,
- Participant and
- Overseer.

5.2 Settlement Authority

In its capacity as settlement authority, the Bank administers the Settlement Accounts of the Participants and in addition to the settlement services, provides credit services through the provision of intraday liquidity facilities to Participants.

5.3 Operator

5.3.1 Responsibilities

The Bank as owner and operator of the CBM-NET FTS has full responsibility and control of the business operations and the management of the daily activities in the CBM-NET FTS. All data generated and maintained in the CBM-NET FTS is the property of the Bank. The Bank 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 FTS.

The Bank is authorized to impose a charge on Participants for services provided using the CBM-NET FTS 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 Bank will notify Participants of any change to the Guidelines prior to its coming into effect.

5.3.2 Access to services

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

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

The Bank 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 terminals and these will be dedicated for CBM-NET FTS use. When introducing a CBM-NET FTS terminal, Participants must apply to the Bank for the registration of the MAC address of the new terminal. The CBM-NET allows only 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 Bank may, at its own discretion, delegate operational tasks to third parties. This delegation will not in any way affect Bank's responsibilities towards Participants as set out above.

5.3.3 Limitation of Liability

If the Bank 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 Participant

As a *Participant* in the CBM-NET FTS, the Bank conducts transactions on its own behalf and on behalf of its Customers: the Government and the commercial banks or other approved entity for which it maintains Settlement Accounts.

5.5 Overseer

As *overseer*, the Bank is responsible for overseeing each Systemically Important Payment System (SIPS), 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 Bank's powers '*promoting and overseeing a safe, sound and efficient payment system.*' Participants agree to provide to the Bank in writing, and within five(5) Business Days of any request, any information relating to the Participant's operation in the CBM-NET FTS that the Overseer may request. Failure to supply information as requested by the Overseer may be grounds for suspension under Section 3.1.1 of these Guidelines.

6. Operating Guidelines

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

6.1 Authority to Act

All Participants authorize the Bank 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 Bank and at the request of the Participant, the Bank may initiate transactions on behalf of Participants using the Central Bank user interface. Participants also authorize the Bank as Operator to collect payments due in respect of fees and charges by debiting their Settlement Accounts.

Where a correctly formatted and authenticated Net Settlement file is received from an authorized Clearing House Operator, the Participants agree that Payment Instructions therein can be applied directly to their Settlement Accounts in the CBM-NET FTS.

6.2 Payments Allowed

6.2.1 Currency and Mode of Payment

Participants currently maintain Settlement Accounts with the Bank in the local currency, Myanmar Kyats (MMK), as well as certain foreign currencies². Payment Instructions in CBM-NET FTS are settled individually on a gross basis in the particular currency.

6.2.2 Transaction Limits

The primary purpose of the CBM-NET FTS is for the clearing and settlement of large value and time critical transactions; however the system can be used for transactions of all types and sizes. The use of the CBM-NET FTS is mandatory for all amounts equal to or greater than any threshold³ as designated by the Bank from time to time.

6.2.3 Message Types

Payment Instructions entered in the CBM-NET FTS must comply with the applicable procedures and standards as set out in the Business Manual or other User documentation covering:

- a) Single Customer Payment Instruction
- b) Bank to Bank Payment Instruction
- c) Multiple Customer Payments.

6.2.4 Value Date

All Payment Instructions entered in the CBM-NET FTS will have a Value Date of the current Business Day and this date is automatically derived from the calendar maintained in the system. Future dated transactions are not permitted.

6.3 Settlement Conditions

The CBM-NET FTS will not accept for settlement a Payment Instruction where this would reduce the balance of the Participant's account below zero, except where an intraday liquidity facility is provided by way of a daylight overdraft.

² Currently foreign currency accounts are maintained in United States Dollar (USD), Singapore Dollar (SGD) and Euro (EUR).

³ The CBM will institute a threshold for cheques after the system is operational and stable. The aim is to reduce risk by reducing the systemic importance of the cheque clearing house.

A Payment Instruction in the CBM-NET FTS is deemed to be irrevocable at the point when the Participant's account is debited; and the payment is completed when the receiving Participant's account is credited. In a transaction involving the movement of funds and securities on a delivery versus payment (DVP) basis, funds settlement is held pending until the counterparty has sufficient securities to meet its delivery obligation, and conversely.

Each leg of a foreign currency transaction is discrete so that payment versus payment (PVP) will not be achievable in the CBM-NET FTS.

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. 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:

- a) Within four hours of receipt of the original payment message; or

- b) If the Receiver is unable to return the payment within that four hour period because of End of Day closure of the CBM-NET, within two (2) hours after the commencement of the next Business Day's Daily Settlement Session.

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.

6.7 *Incorrectly Applied Items*

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.

6.8 *Intraday Liquidity Facility (ILF)*

6.8.1 Overview

Participants are required to manage their liquidity on an ongoing basis to ensure they have sufficient funds to effect payments in a timely way. The Bank will make domestic liquidity available to each Participating commercial bank on an intraday basis to fund their Settlement Accounts⁴. The ILF will be provided on a fully collateralized basis. The amount of ILF available is therefore dependent on the amount of securities the Participant sets aside for this purpose. There is no charge to Participants for use of the ILF. By its very nature – i.e. 'intraday' – ILF drawings are required to be repaid before Final Cut-off at the end of the Business Day.

⁴ The CBM plans to institute reserve requirements in accordance with Section 50 of the Central Bank of Myanmar Act (2013). The reserves of the Participant banks will form part of the CBM-NET Settlement Account balances and be available for transacting intraday. Participants in managing their liquidity must take full account of the cash reserve requirements and replenish these reserves by the end of the Business Day to avoid breaching the statutory requirement. These reserve requirements are not enforceable by the CBM-NET.

6.8.2 Accessing the ILF

Each CBM-NET Participant will be able to maintain a separate 'Pledged Account' for Securities to be provided as collateral. To access intraday liquidity from the Bank, a Participant will move securities into its Pledged Account. It will then be able to drawdown, that is, incur an overdraft up to the market value of the Securities/collateral in the Pledged Account. The ILF will be automatically available without the intervention of the CBM-NET Operator. A Participant may move securities into and out of the Pledged Account at any time during the Business Day.

6.8.3 ILF Repayment

The repayment of the ILF is automatically carried out as funds are received (credited) to the Settlement account. In order to fulfill the terms of the ILF, a Participant must ensure its Settlement Account balance is returned to a credit position before end of day.

6.8.4 Failure to Repay ILF

If a Participant fails to repay the ILF, the overdraft becomes an extension of overnight lending. Penalties, as determined by the Central Bank, will apply, in addition to interest calculated at the overnight discount rate⁵ in respect of overnight lending on a default basis.

6.9 *Overnight Liquidity*

6.9.1 Interbank

Participants are expected to borrow from the interbank market as a first option where overnight liquidity is needed to square their end of day position. This must take place before Final Cut-off.

6.9.2 Overnight Liquidity from the Bank

Apart from the default circumstances described in Clause 6.8.4 above, the Central Bank will if requested, and in its sole discretion, provide overnight liquidity to Participants through its Discount Window. This will be done on the basis of a reverse repurchase agreement. Alternatively, the Bank in its sole discretion may purchase outright the collateral it is holding under the ILF, with a view to both restoring its own position and negating the impact of any unplanned overnight lending on monetary policy.

6.10 *Net Settlement Instructions*

The MCH and legal entities acting in the capacity of a clearing agent shall initiate Net Settlement Instructions (NSI) in the CBM-NET FTS to settle net obligations. For the MCH, NSIs arising from the clearing of cheques shall be entered by the Bank into CBM-NET FTS in the stipulated window during the Operating Day. The Bank may permit additional net settlements such as for card operations at its discretion in future.

⁵ Or such other rate as determined by the CBM

NSIs shall be settled on an ‘all-or-nothing’ basis. If all positions can be settled, settlement is completed. Settlement will be deferred if the account of one or more Participant has insufficient funds to cover a net debit position. Participants that are net debtors shall ensure that there are sufficient funds in their Accounts to allow prompt processing of the Net Settlement Instruction during the designated window.

7. Governance Arrangements

7.1 Ownership

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

7.2 Operating Hours

The Operating Hours shall be set by the Bank in consultation with Participants. These hours identify times during the Operating Day when particular transactions will be accommodated and specific windows for settlement of obligations emanating from other systems. A payment is deemed to have been made within the appropriate window once it has been settled over the Settlement Accounts in the CBM-NET FTS. The Bank will have a single Operating schedule applicable to both the funds transfer and securities components of the CBM-NET.

7.3 Operating Day

The CBM-NET FTS shall operate on normal Banking Days, that is, any day other than Saturday, Sunday, public holidays, bank holiday⁶ and any other day as may be notified by the Central Bank. The Bank shall use its best efforts to ensure that the CBM-NET FTS is available to process transactions on any Banking Day in accordance with its Operating schedule. Each Participant shall ensure that it has facilities and resources available to meet any obligation it may have in relation to the settlement of Payment Instructions throughout the Business Day and must be capable of sending and receiving payments during the hours of operation of the system.

In exceptional circumstances, as may be advised by the Bank, such as a natural disaster affecting the entire banking and payment system, and at the sole discretion of the Bank, a normal Banking

⁶ Section 160 of the draft BFI Law (amended) states:

(a) The Central Bank may, at any time by notice to the public, declare any day or days to be a bank holiday or holidays.

(b) No bank in Myanmar shall do any business without the approval of the Central Bank on any day declared a bank holiday under subsection (a).

(c) A bank holiday declared under subsection (a) shall not necessarily be a public holiday...”

day may be declared a non-Business Day and a non-Business Day may become a normal Banking Day. In such an event Participants will ensure that there is no penalty or loss of interest to any party where transactions normally carried out on the affected day are processed on an alternate day.

7.4 *Communication*

7.4.1 **Notice from the Bank to Participants**

(a) *Method of Giving Notice to Participants*

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

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

(b) *Effective Time for Notice*

Notice given by the Bank to a Participant in accordance with one of the foregoing methods is effective:

1. At the time that the Bank sends or delivers such notice, if the notice is sent or delivered when the CBM-NET FTS is open for business; or
2. At the next time that the CBM-NET FTS is open for business, if the notice is sent when the CBM-NET FTS is closed,

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 Bank with an appropriate e-mail address, street address and post office box number where applicable for purposes of this Guideline, and the Bank may rely upon the most recent notification provided by each Participant.

(d) *Notice, not Communication*

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

(e) *Court Process*

This Guideline does 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.

7.4.2 Notice from Participants to the Bank

(a) *Method of Giving Notice to the Bank*

When a Participant gives notice to the Bank 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@gmail.com
cbmnet.ft@gmail.com
- ii) Delivered to: The Central Bank of Myanmar
Office No. 55,
Yaza Thingaha Rd,
Naypyitaw, Myanmar
Attention: Director General, Financial Supervisory Department/
Deputy Director General, Payment and Settlement System
Department

(b) *Effective Time for Notice*

Notice given by a Participant to the Bank in accordance with one of the foregoing methods is effective at the time that the Bank confirms receipt of such notice. The Bank 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 Bank.

(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 Bank. All other communication between a Participant and the Bank shall be made in keeping with standard business practice and protocols.

7.4.3 Publication of Documents

The Bank shall maintain a website, identified as www.cbm.gov.mm or such other identification as is provided by notice to Participants from time to time. The Bank shall publish on the website the Guidelines for the CBM-NET FTS, and all communication to be given in accordance therewith. The Bank shall also provide the current version of the CBM-NET FTS 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 Bank shall maintain a master document list evidencing the version of each document that is in effect at any time.

7.5. Amendment of Guidelines

7.5.1 Review Period

A Participant may submit to the Bank 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 an existing Guideline; 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 Bank may reject the proposed amendment or may approve the amendment with or without variation. The Bank 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 Bank. The notice to Participants shall indicate the date on which the proposed amendment will become effective.

7.5.2 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 Bank 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.

7.6 Confidentiality

7.6.1 Confidentiality of Data

The Bank 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 FTS, exercising the same degree of care as is used with respect to their own confidential information. The Bank will not use such information except for the purpose of operation or oversight of the CBM-NET FTS. 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 this Guideline 7.6. Such confidentiality obligation shall not preclude the disclosure of confidential information to any officer, director, employee or agent of the Bank where this is necessary for the CBM-NET FTS operation or for the effective discharge of the Bank'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.

7.6.2 Release of Information

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

- a) The Bank may release such information at the request of or with the prior written consent of the Participant.
- b) The Bank 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 Bank shall give notice to the Participant of the request coincident with making the disclosure unless the request prohibits such notice.

The Bank 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 Bank 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 Bank 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 this Guideline, the Bank 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 Bank, 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.”*

7.6.3 Retention of Data

The Bank shall retain the CBM-NET FTS data for a period of seven (5) years from the transaction date. This mirrors the statutory requirement for the retention of cheque images.

7.6.4 Confidentiality of Materials

The Materials – that is the Guidelines and supporting documentation – provided in connection with the use of, and access to, CBM-NET FTS are the exclusive and confidential property of Bank. 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.

7.7 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 FTS shall rest solely upon the Participants who are parties to the dispute. The parties shall continue to use the CBM-NET FTS and fulfill their obligations in relation thereto pending the resolution of the dispute.

7.8 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.

7.9 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 FTS specifically and the financial system generally during that period.

In this Clause 7.9 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.”

7.10 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 and Financial Institutions Law.

8. Fees and Charges

8.1 CBM’s Responsibility

Charges will be assessed for the use of the CBM-NET services and a statement of charges will be provided to Participants at set times as agreed with Participants. Participants acknowledge that the Bank has the right to set such fees and other charges as shall be notified to Participants and to amend such fees and charges from time to time. The Bank will levy an annual membership fee on all Participants, to be effected by a debit to Participants’ Settlement Accounts at the start of each calendar year. Additionally the Bank may charge penalties for infringement of the

Guidelines or breaches of the operating procedures. The Bank agrees to apply the same fee structure to all Participants using the same services within the CBM-NET FTS.

8.2 *Entrance Fees / initial fee*

The Bank shall from time to time establish entrance fees/ initial fee to be paid by an applicant whose application to become a Participant has been approved. The entrance fees may be expressed as a fixed amount. The Bank shall not be obligated to consider an application until it has received payment of the applicant's entrance fee. If an application is rejected, the Bank shall refund the entrance fee. If an application is accepted, the entrance fee shall not be refunded for any reason, including the subsequent suspension, termination or withdrawal of the Participant.

8.3 *User Fees*

The Bank may charge and the Participants shall pay fees for the use of the services as determined by the Bank from time to time. A schedule of fees shall be provided to Participants and published on the Bank's website. These may be revised from time to time and the Bank shall give notice to Participants of any increase in fees not less than thirty (30) days prior to the implementation of such increase. The Bank may specify a shorter notice period or may implement the revised fees immediately where the circumstances require, but not retroactively.

8.4 *Taxes and Charges for Unusual Expenses*

A Participant shall pay to the Bank the amount charged for any unusual expense caused directly by the Participant relating to its use of the CBM-NET FTS. Without limiting the generality of the foregoing, such expenses include the cost of producing records pursuant to an order or other legal process in any litigation or legal or regulatory proceeding or investigation. A Participant shall also pay any taxes and other governmental charges levied or imposed on the Participant in respect of the services, entrance fees, user fees and charges.

Annex 1 – Daily Operating Schedule – CBM-NET

Time	FTS	CSD	Activities/ Transactions
9:00am – 9:30am	Start of Day	Start of Day	<ul style="list-style-type: none"> • CBM initiates start up • CSD opens for movement of ILF securities • Value Date is automatically set, access is enabled, the servers are brought on line • General Ledger adjustments made from overnight processing
9:30am – 3:00pm	Daily Settlement Session	Movement of securities	<ul style="list-style-type: none"> • Participants send and receive all types of Payment Instructions – funds and securities • Participants access ILF and arrange funding to repay ILF before the Final Cut-off • Participants negotiate overnight loans (interbank or from CBM) • CSD secondary market closes
1:30pm – 2:30pm	Multilateral Net Settlement Session		<ul style="list-style-type: none"> • Net Settlement Instructions from the MCH and other approved Clearing Houses uploaded to the CBM-NET FTS.
3:00pm – 4:00pm	Final Cut-off/ Inquiry	Final Cut-off/ Inquiry	<ul style="list-style-type: none"> • Transfers no longer permitted from Participants; inquiry access only
4:00pm – 5:00pm	System Close and End of Day	System Close and End of Day	<p>Except for the CBM, no further inputs accepted from Participants</p> <p>End-of-day processes such as report generation and download, archiving and reconciliation.</p> <p>CBM-NET shut down</p>

Annex 2 – Participant Application Form/Agreement for Participating in CBM-NET FTS

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

Application

The above named body corporate (“Applicant”) hereby applies for membership as a Participant in CBM-NET FTS. 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 FTS 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 FTS.
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 FTS or obstruct or threaten its smooth functioning after becoming a Participant.
4. The Applicant undertakes not to impair the overall efficiency of CBM-NET FTS 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 FTS*.
7. The Participant hereby authorizes CBM to take any action deemed necessary in respect of the management of its Settlement Account with CBM for the purpose of ensuring the proper functioning of CBM-NET FTS.
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]

The Agreement for Participating in CBM-NET FTS

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 FTS 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 3: Change Request Form for CBM-NET FTS Guidelines

Change Request Number _____

TO: SYSTEM ADMINISTRATOR
CENTRAL BANK OF MYANMAR

FROM (Name of Participant): _____

NAME OF CONTACT PERSON: _____

TELEPHONE NUMBER: _____

EMAIL ADDRESS: _____

Priority: (<i>high, medium or low</i>)	
Document affected: (<i>CBM-NET Guidelines, Business Manual</i>)	
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: