



AFAQ Operating Rules & Regulations for Direct Participants

Cross Currency Payments

02 Aug 2021

Version 1.0

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Definitions

In the AFAQ Service Operating Rules & Regulations (ORR) for Direct Participants, the following terms will have the following meanings except as the context may otherwise require:

Term	Definition
AFAQ	The “Arabian Gulf System for Financial Automated Quick Payment Transfer” (AFAQ), (formerly GCC RTGS), is the Real Time Gross Settlement (RTGS) service for cross-currency cross-border payments between GCC countries, as described in Section 1: Introduction.
AFAQ CC	The Central Component (CC) of the AFAQ Service.
AFAQ Service	This term is used throughout this ORR to relate to the overall service or scheme for the processing of eligible payments within the GCC and not just the computer systems or components used in the provision of this service.
AFAQ System	This term is used to refer to the computer systems or components used in the provision of AFAQ service.
Confirmed Exchange Rate	The exchange rate to be used for conversion between a pair of GCC currencies. This rate is confirmed and guaranteed by the relevant NCBs on every Business Day for use throughout that Business Day for both Payment Messages and end-of-day Settlement.

Term	Definition
Cross-currency payment	Payment from the bank of one country to a bank from another country through the AFAQ Central Component. The Paying Bank sends funds in its country domestic currency, and the Receiving bank receives funds in its country domestic currency.
CSM	<p>Country Specific Model. The functions of a Domestic RTGS system in respect of both inward and outward cross-border payment processing and the management and control of Direct Participants' accounts and the relevant NCB accounts are performed in the AFAQ CC.</p> <p>More detailed information about the CSM is contained in Section 3.1.6: Country Specific Model (CSM).</p>
Direct Participant	<p>Financial Institutions may become Direct Participants as described in Section: 2.2 Direct Participants of this ORR.</p> <p>Direct Participants act in both Sending and Receiving mode.</p> <p>For clarity purposes in this ORR references to the "Receiving Direct Participant" and the "Sending Direct Participant" are used to illustrate various actions performed by the Direct Participant acting in either Receiving or Sending mode.</p>
Domestic RTGS	<p>The local RTGS system operated by each NCB for processing domestic and eligible cross-currency cross-border payments.</p> <p>The Domestic RTGS systems act in both Sending and Receiving mode. For clarity purposes in this ORR references to the "Receiving</p>

Term	Definition
	<p>Domestic RTGS" and "Sending Domestic RTGS" are used to illustrate various actions performed by these systems while they are acting in either Receiving or Sending mode.</p> <p>See also "CSM" above.</p>
Eligible Payments	<p>Payments that are suitable for processing through the AFAQ Service are described in Section 6: Payment Transactions.</p>
GPC	<p>Gulf Payments Company.</p>
Multi-currency payment	<p>See "Cross-currency payment" Term above.</p>
NCB	<p>National Central Bank (NCB) or Monetary Authority of each of the six GCC countries. NCBs may participate in the AFAQ Service as described in Section 1: NCBs of this ORR.</p> <p>NCBs act in both Sending and Receiving mode. For clarity purposes in this ORR references to the "Receiving NCB" and the "Sending NCB" are used to illustrate various actions performed by NCBs acting in either Receiving or Sending mode.</p>
ORR	<p>The AFAQ Operating Rules and Regulations as approved by the GPC Board.</p>
RPG	<p>Regional Payment Gateway. The RPG acts in both Sending and Receiving mode.</p>

Term	Definition
	For clarity purposes in this ORR references to the “Receiving RPG” and “Sending RPG” are used to illustrate various actions performed by the RPG acting in either Receiving or Sending mode.
RPG Behind	The RPG gets cross-border payment transactions once they have been validated and account entries have been made by the Domestic RTGS system.
RPG Beside	The RPG gets cross-border payment transactions immediately after they have been received by the Domestic RTGS system. Once the RPG has confirmed the technical validity of the transaction, the Domestic RTGS makes its validations and accounting entries. Thereafter the payment is forwarded again to the RPG for cross-border submission.

1. Introduction

1.1. General

The Gulf Payments Company (GPC) was established based on the decisions made by the Supreme Council of the Gulf Cooperation Council to build and operate the AFAQ Real Time Gross Settlement system (RTGS) (formerly GCC RTGS), which is owned and managed by the National Central Banks (NCBs) of the six GCC countries (United Arab Emirates, Kingdom of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, Qatar, and Kuwait).

The AFAQ cross-currency RTGS service involves the GCC NCBs as account holding and customer service providing institutions and the GPC as technical service provider for the smooth functioning of the cross-currency RTGS service as a whole. The GPC support involves shadow accounting, reconciliation, information services, network management and overall coordination with the NCBs.

The AFAQ service will contribute to the stability and efficiency of the banking system in the six GCC countries by facilitating the processing of a significant proportion of the cross-border cross-currency payments in the region. It will provide essential infrastructure to enable the on-going integration of financial markets across the GCC.

This document contains information for Direct Participants on the AFAQ Operating Rules and Regulations (ORR) needed to provide an end-to-end comprehensive cross-currency service for banks in GCC countries. This document does not create any rights or obligations of GPC or the

National Central Banks (NCBs). The concrete legal rights and obligations of direct participants derive exclusively from the respective agreement with the NCB in whose RTGS they participate.

The cross-currency service is implemented, run, maintained and enhanced by GPC under its own responsibility and in collaboration with NCBs. GPC is also responsible for the overall coordination of the service (conflict resolution, interaction with technical service providers for shared infrastructure, etc.).

1.2. Scope

This document covers the following:

- a) Key operational activities across the AFAQ Service,
- b) Business Rules for access and eligibility of NCBs and Direct Participants, registration, suspension, termination and withdrawal of Direct Participants,
- c) Payment Rules for eligible payments services, currencies and FX conversion,
- d) Business day timetable and calendar,
- e) Claims and dispute management covering treatment of claims, compensation and dispute resolution,
- f) Business continuity and contingency arrangements.

1.3. Governance

1.3.1. GPC board

The GPC board, consisting of representatives of the six NCBs, is the supreme decision maker for the AFAQ Service. GPC is managed by its CEO. NCBs, through their membership in the GPC Board, steer and control the activities of the company. The board will give directions to the CEO

of GPC for the operation of the company and will take appropriate decisions in accordance with the company charter and the needs of the AFAQ Service.

1.3.2. GPC Management

GPC management works under the guidance of the GPC Board.

GPC manages and operates the overall cross-border payments service, including the business-day timetable and working days calendar, and any kind of exceptional situation in collaboration with the NCBs. GPC decides on operational issues like extension of business hours etc.

GPC is in charge of managing the service evolution reaching from mandatory changes (e.g., SWIFT releases) to new features and new legal arrangements.

1.3.3. GCC Payment System Committee

The GCC Payment System Committee (PSC), consisting of representatives of the six NCBs, acts in an advisory capacity to the Gulf Cooperation Council and may be consulted by GPC Management on various matters relating to the ongoing development of payment services.

1.4. AFAQ ORR and Domestic RTGS systems

Unless specified differently in this document, the AFAQ ORR deals with the processes and systems from the point in time after a payment message has been sent from the Sending Domestic RTGS system up to the point when the payment message is received by the Receiving Domestic RTGS system. All matters relating to before and after these points are governed by the respective Domestic RTGS ORRs.

1.5. Changes to the System or ORR

All significant changes to the system and/or the ORR must be approved by the GPC board before they are implemented.

As for any other payment service, the AFAQ Service will evolve over time. Due to the decentralized nature of the service, changes, enhancements and new features will be coordinated with NCBs and Direct Participants. In this respect, GPC Management, acting in accordance with the company statute and governance, may decide to consult NCBs (e.g., through national RTGS user groups) or other stakeholders.

1.6. Guidelines for Compensation Claims and Dispute Resolution

The guidelines of compensation claims and dispute resolution are contained in Appendix 2 of this document.

2. Participants

2.1. NCBs

All NCBs of the six GCC countries are eligible for participation in the AFAQ Service, provided they have formally accepted and signed all the relevant agreements, have been certified by GPC as having complied with all the legal, technical and operational requirements of the system and have been approved by the GPC Board for participation.

2.2. Direct Participants

Financial Institutions in any of the six GCC countries, who are Participants in the Domestic RTGS system of their home country, are eligible to become Direct Participants in the AFAQ Service. They must be nominated by their country's NCB and certified as having complied with all the legal, technical and operational requirements of the system and be approved by the GPC Board for participation.

NCBs are responsible for performing the certification process. GPC assesses the certification documentation delivered by NCBs and proposes to the GPC Board whether to accept or reject the nominated institution as a Direct Participant in the AFAQ Service. The decision is with the GPC Board.

A subsidiary of a Financial Institution, whether their parent institution is in another GCC country or a foreign third country, who meets all the criteria of, and is or becomes a Participant in, the Domestic RTGS system of the country in which they operate, is also eligible to become a Direct Participant in the AFAQ Service. The nomination and certification process will be handled by the NCB where the subsidiary is located on the same basis as set out in this section.

A list of all Direct Participants will be maintained in the Central Component (CC) of the AFAQ Service. A Direct Participant will:

- a) Hold a local settlement account with their respective NCB, and the NCB has agreed their settlement account may be used for the purpose of settling cross-border payment obligations,
- b) Be a member of the Domestic RTGS of their respective NCB,
- c) Be able to comply on a continuous basis with all the requirements of the AFAQ Service as set out in the AFAQ documents and implemented by the respective NCB for their own payments and those of their customers,
- d) Pay any fees as determined by their respective NCB.

The NCBs or GPC may impose other requirements necessary to participate in the AFAQ Service and will communicate this accordingly.

2.3. Certification and Compliance

Certification checklists and Certification Declaration Forms will be issued by GPC to all NCBs. These declaration forms must be completed by each NCB for each of the Direct Participants within their jurisdiction and for the NCB itself.

It is the responsibility of each NCB to examine and certify that each Direct Participant and the NCB satisfies all the criteria for participation in the AFAQ Service. The completed Certification Declaration Forms must be forwarded to GPC for review and approval.

2.4. Monitoring

GPC may from time to time review the activities of NCBs to ensure that they are using the AFAQ Service in accordance with the ORR and/or the Controlled Documents and in the best interests of all the stakeholders. This may include requests for an NCB to examine the activities of one or more Direct Participants under its jurisdiction.

2.5. Suspension, Termination or Withdrawal of a Direct Participant

A Direct Participant may be temporarily suspended, permanently terminated or may withdraw from the AFAQ Service as set out below.

Suspension of a Direct Participant from the AFAQ Service will have the effect of preventing that Direct Participant from sending and/or receiving cross-border payments during the period of the suspension.

Termination of a Direct Participant from the AFAQ Service will have the effect of permanently removing that institution from the AFAQ Service. Reinstatement must be dealt with as set out below in Section [2.5.4](#): Reinstatement of a Direct Participant.

2.5.1. Suspension or Termination of a Direct Participant

The decision to Suspend or Terminate a Direct Participant rests with the NCB of that country. The NCB must advise GPC of the change in status of any Direct Participant. GPC will make the necessary updates to the systems to suspend or terminate the relevant Direct Participant and advise all other NCBs of its action.

The relevant NCB can decide to have a Direct Participant suspended or terminated in the AFAQ Service if:

- a) The Direct Participant no longer meets the access criteria for participation in the AFAQ Service,
- b) The Direct Participant is suspended or expelled from their Domestic RTGS system,
- c) Any other event occurs that, in the NCB's or GPC's assessment, would threaten the overall stability, soundness and safety of any part of the AFAQ Service.

The NCB, at its discretion, will decide on any term or grace period, taking into account the specific situation of the Direct Participant concerned. The NCB will inform GPC of its decision.

An NCB may request GPC to temporarily block a Direct Participant if it experiences technical issues that impact its ability to send and/or receive payments. The temporary blocking will be lifted once the Direct Participant is able to restore service.

The NCB will determine whether an announcement will be made asking other Direct Participants to stop sending payments to the blocked Direct Participant and immediately inform GPC. GPC will temporarily block any payments to that Direct Participant and inform the other NCBs of the issue. The NCBs will take appropriate actions and inform their Direct Participants of the blockage.

GPC will continue to liaise with the affected Direct Participant's NCB in case there is any need to extend cut-off times and end-of-day to facilitate the resolution of the issue(s).

The NCB should take whatever actions it can in the Domestic RTGS system to give immediate effect to the blocking of the Direct Participant in question.

2.5.2. Withdrawal of a Direct Participant

A Direct Participant may withdraw as a Participant on giving a minimum of one month's written notice to its NCB. The NCB must promptly advise GPC of the Participant's request to withdraw as set out below. The withdrawal will only take effect after approval by the GPC Board and may include a withdrawal charge based on the relevant NCB's fee policy.

A Direct Participant is entitled, at its own discretion, to withdraw voluntarily from the AFAQ Service for any reason.

To withdraw as a Direct Participant, an institution must:

- a) Provide written notice to their respective NCB with a proposed date of withdrawal no shorter than one month, with any other period to be agreed between the parties,

- b) On receiving a written notice of withdrawal, the concerned NCB will notify GPC in writing, as soon as reasonably practicable but not more than 10 days after receipt,
- c) GPC will update the Participant Directory accordingly.

2.5.3. Obligations of a Direct Participant on Cessation

If a Direct Participant is terminated or withdraws and the status change has taken effect in the domestic RTGS system, any remaining unsettled payment messages that are addressed to or from that Direct Participant will be rejected or returned.

The Direct Participant will remain liable for all its accrued and accruing obligations under the AFAQ Service ORR.

The NCB of the terminated or withdrawn Direct Participant will be responsible to ensure that the Direct Participant discharges its obligations towards the AFAQ Service and any other stakeholders.

The NCB will give such directions to give effect to the termination or withdrawal of the Direct Participant, including the surrender of its rights, software and materials in respect of the AFAQ Service and the continued use or non-use of the AFAQ Service.

2.5.4. Reinstate a Direct Participant

If a Direct Participant is terminated or withdraws from the AFAQ Service it must follow all the steps and certification procedures, as if it was a new Direct Participant before being permitted to rejoin the service, including fresh approval by the GPC Board.

2.6. Suspension, Termination or Withdrawal of an NCB

An NCB cannot withdraw or be suspended or terminated during the business day.

An NCB may be temporarily suspended, permanently terminated or may withdraw from the AFAQ Service.

Suspension of an NCB from the AFAQ Service will have the effect of preventing that NCB and all the Direct Participants in the same country from sending and/or receiving payments during the period of the suspension.

Termination of an NCB from the AFAQ Service will have the effect of permanently removing that NCB and all the Direct Participants in the same country from the AFAQ Service.

3. Components and high-level operation of the system

Some of the processes and procedures described in this ORR are controlled by the system(s) while others are intended as rules that all parties must adhere to.

3.1. Components

The AFAQ Service is made up of the following components:

- a) Sending Domestic RTGS system,
- b) Sending Regional Payment Gateway (RPG), hereafter referred to as the Sending RPG,
- c) Central Component, hereafter referred to as the AFAQ CC,
- d) Receiving Regional Payment Gateway (RPG), hereafter referred to as the Receiving RPG,
- e) Receiving Domestic RTGS system,
- f) Communications network linking all of the other components of the full system,
- g) In the case of the countries using the CSM, the functions of the Domestic RTGS system, for both Sending & Receiving cross-border payments, will be performed at the AFAQ CC. The service is technically hosted by GPC. The service is managed by the NCB of the country using the CSM as part of their Domestic RTGS services.

3.1.1. Sending Domestic RTGS

The Sending Domestic RTGS system, operated by that country's NCB, handles all communications with the Direct Participants in the sending country. It also deals with all aspects of the processing of outward cross-border payments in accordance with the ORR of that country's Domestic RTGS system, including, message validation, accounting, verification of availability of funds on the account of the Sending Participant, debiting the account of the Sending Participant, crediting the account of the Receiving NCB and translation of the messages, if necessary, to the format required by the Sending RPG.

3.1.2. RPG

The RPG will sit “Behind” or “Beside” the Domestic RTGS system at each of the NCBs or as a CSM (separate service for cross-border payments). Its main functions are to validate, transform and route the cross-border payment messages.

At a high level, the RPG will provide the following features to the AFAQ Service:

- a) Message routing and validation,
- b) Message queuing in any event causing the AFAQ or RPG to queue messages until they can be delivered,
- c) Handling of Payment Completion Confirmations,
- d) Exception handling and return of payments,
- e) Systems management and access control,
- f) Synchronization of static data with the AFAQ CC.

3.1.2.1. Sending RPG

The Sending RPG, operated by that country’s NCB, receives individual payment messages from the Sending Domestic RTGS system, validates the message format, encrypts all the sensitive data, adds the summary data required for settlement and prepares the full message for transmission to the AFAQ CC. The Sending RPG also processes Payment Completion Confirmation messages from the AFAQ CC and matches them with the previously sent payment messages.

3.1.2.2. Receiving RPG

The Receiving RPG, operated by that country’s NCB, receives payment messages from the AFAQ CC, decrypts the sensitive data, translates the messages into the format required by the Receiving Domestic RTGS system and forwards the messages to the Receiving Domestic RTGS.

Any data not included in the message from the Receiving RPG to the Receiving Domestic RTGS system is retained and available in the Receiving RPG. Receiving Direct Participants and Receiving NCBs have access to this data.

The Receiving RPG also processes Payment Completion Confirmation messages from the Receiving Domestic RTGS, matches them with the previously sent payment messages and transmits the Completion Confirmation to the AFAQ CC.

3.1.3. AFAQ CC

The AFAQ CC will perform the following main functions:

- a) Receive payment messages from the Sending RPG,
- b) Validate the message format and content,
- c) Perform the accounting entries over the shadow accounts of sending and receiving NCBs, and the Primary Accounts of Direct Participants in the case of countries using the CSM,
- d) Transmit the payment message to the Receiving RPG, or, to the Direct Participants in the case of countries using the CSM,
- e) Process Payment Completion Confirmation messages from the Receiving RPG, match them with the previously sent payment messages and transmit the Completion Confirmation to the Sending RPG, or, to the Direct Participants in the case of countries using the CSM,
- f) Process payment rejections and returns,
- g) Maintain the Direct Participants directory,
- h) Maintain FX Exchange Rates for cross-currency conversion and end-of-day Settlement,
- i) Maintain the Business Day Timetable and Calendar,
- j) Provide enquiry services to NCBs, and to the Direct Participants in the case of countries using the CSM,
- k) Produce and transmit MT950 Shadow Account statements at end-of-day, and

- l) Perform end-of-day Settlement activities.

3.1.4. Receiving Domestic RTGS

The Receiving Domestic RTGS system, operated by that country's NCB, handles all communications with the Direct Participants in the receiving country. It also deals with all aspects of the processing of inward cross-border payments in accordance with the rulebook of that country's RTGS system, including, debiting the account of the Sending NCB, crediting of the account of the Receiving Participant, sending of the Payment Completion Confirmation to the Receiving RPG and transmission of the inward payment message to the Receiving Participant.

3.1.5. Communications Network

The secure network linking all the components of the AFAQ Service is operated and managed by GPC. The network carries all payment messages, Payment Completion Confirmations, rejection and return messages, exchange rate messages and confirmations and text messages between GPC and the NCBs as well as a range of enquiry messages.

The operation of the communications network may be outsourced by GPC to a separate entity. However, the overall responsibility and control over the network rests with GPC.

At a high level, the Network will provide the following features:

- a) A separate layer of line encryption,
- b) The use of certificates issued by the AFAQ Certificate Authority,
- c) Independence from existing Domestic Private Networks,
- d) Built-in redundancy by duplication of all components, and
- e) Management by the Network Operations Centre.

3.1.6. Country Specific Model (CSM)

The architecture for the CSM is the same as for the standard RPG configuration except that there is no automated communication with the country's Domestic RTGS system that processes domestic transactions. While the functions of a Domestic RTGS system in respect of both inward and outward cross-border payment processing and the management and control of Direct Participants' primary accounts and the relevant NCB shadow accounts are performed in the AFAQ CC, all the rules, regulations and responsibilities set out in this ORR will apply to the NCB using the CSM and that country's Direct Participants on the same basis as if that country's Domestic RTGS system was a separate system.

The processing steps that relate to the Domestic RTGS functions, while performed in the AFAQ CC, are in all respects subject to Domestic RTGS system ORR of the country using the CSM and are under the control and responsibility of that country's NCB.

The Primary Accounts of the Direct Participants are housed in the AFAQ CC. Such accounts are in all respects deemed to be held in the books of the relevant NCB.

3.2. Accounts of Direct Participants

The accounts of Direct Participants will be held in the Domestic RTGS system of their own country. These accounts will be operated by the NCB of that country in accordance with the Domestic RTGS ORR of that country. These accounts will be used for the settlement of outward and inward cross-border cross-currency payments as well as domestic payments.

In the CSM, while the accounts of Direct Participants will be housed in the AFAQ CC, they will be under the control of the NCB of that country and will be subject to the same rules and regulations as if they were part of that country's Domestic RTGS system.

3.3. Contingency Arrangements and Business Continuity

Each NCB will be responsible for ensuring that all the Direct Participants in their country have adequate business continuity and contingency facilities and that these facilities are tested at regular intervals.

4. Business Day Timetable and Calendar

The Business Day Timetable and a table of Calendar Days are maintained in the AFAQ CC. Detailed times for the various business day events as well as the Business Day Calendar will be issued by GPC by way of official circular to all NCBs.

Changes to the Business Day Timetable will be avoided as much as possible. However, if time changes are requested, GPC will carefully review the requests and the justifications for such changes.

Such changes will be advised to NCBs as soon as possible, but in any event, not later than the Open for Business phase of the business day with the exception of extensions to the cut-off time if justified which will be advised to NCBs as soon as possible.

All NCBs must advise the Direct Participants in their country of the Business Day Timetable and the Business Day Calendar and any changes to the timetable or calendar.

4.1. Timetable

The Business Day Timetable may be updated from time-to-time by GPC. Every effort will be made to ensure that the timetable provides reasonable time for all countries to send and receive their cross-currency cross-border payments. The timetable will allow all Direct Participants to provide a high level of service to their customers. The Business Day Timetable will be impacted by providing adequate time for the completion of start-of-day and end-of-day business processes and to allow reasonable time for extending the period required for "pre end-of-day activities" in the event of problems or delays.

Requests to extend the cut-off times may be made by an NCB or a Direct Participant, through their NCB. Such requests must be accompanied by a clear justification and business case. GPC will give full consideration to such requests bearing in mind the impact on all users of the system including both the party requesting the extension and other users of the system. Charges for extensions will be applied as specified in the relevant NCB's fee policy. Any extension will impact all users in the GCC region including NCBs, commercial banks, and all categories of customers. The extension may cause extreme operational issues and costs for Participants and NCBs because of the need to keep resources, systems, communications etc. in operation later than normal.

Some of the Business Day times are controlled by the system(s) while others are intended as times that all parties must adhere to.

The following key events occur during the course of the business day (Business Day Period):

- 1. System Start.**
- 2. FX Translation Rate adjustment** – NCBs can send messages with FX Translation Rates: the official rate for their currency against the USD.
- 3. FX Translation Rate authorization** - at the beginning of the period AFAQ CC calculates the cross-rates for all currency pairs and delivers them to NCBs for approval. NCBs send authorization messages: either approval or decline. In case no approval or decline is received, the FX rate is considered as unconfirmed. The system will prohibit cross-border payments for unconfirmed pairs of currencies.
- 4. System Housekeeping** - at the beginning of the period, the system sends FX Translation rates notifications to the NCBs for all approved currency pairs. This period is also used for other housekeeping e.g. Business Day Calendar changes and Participant Directory updates.

5. **Exchange Period for All Types of Payments** – exchange window for any type of operations including returns initiated by Direct Participants.
6. **Exchange Period for Interbank Payments Only** – only interbank payments will be accepted during this period.
7. **Cut-off** - automated return of cross-currency payments by Central Component which cannot be delivered to the RPGs of the receiving countries. RPGs do not automatically return the payments which cannot be delivered to the Domestic RTGS systems – as this should be only RPG operator’s decision.
8. **Reporting, Reconciliation, and Confirmation** – generation of statements and Net Position reports, reconciliations, and confirmations by NCBs.
9. **Net Settlement Window** – end-of-day settlement operations through the Settlement Agent.
10. **End of Business Day**

4.2. Calendar

The Business Day Calendar is maintained as a table in the AFAQ CC. The table contains a calendar of working days and holidays for cross-currency payments per country. Cross-currency payments are processed only if there is a working day in both the Sending and Receiving countries.

The system allows declaring a working day as a holiday in case of an unexpected event or a holiday the date of which is not fixed and known in advance.

The AFAQ system will deliver the country calendars to the NCBs for information purposes. Each NCB will advise GPC of any changes to their country's calendar. GPC will maintain the calendar in the AFAQ CC. Any updates to the calendar will be made within the AFAQ CC.

5. FX Rates and Currency Conversion

5.1. Currency conversion

The Sending Direct Participant, or the Sending Domestic RTGS system, must include the currency code and amount in the currency of the sending country as well as the exchange rate and the currency code and amount in the currency of the receiving country in the appropriate fields of payment messages. The exchange rate must be the correct confirmed exchange rate for the pair of currencies for that business day. The exchange rate and the converted amount will be validated by the RPG and AFAQ CC. Payment messages with an incorrect exchange rate and/or converted amount will be rejected.

Participants sending AFAQ cross-currency payments should be equipped to calculate the equivalent amount from the amount instructed by their customer, be that expressed as the amount to send in local currency or the amount they wish the beneficiary to receive in the other currency.

In the AFAQ cross-currency service, the two scenarios will use different formulas:

- 1) If the customer instructs the payment as a specified amount in the local sending currency, then the equivalent receive amount is calculated from the pay amount as: **tag 33B = tag 32A / tag 36**
- 2) If the customer instructs the payment as a specified amount in the receiving currency, then the equivalent send (pay) amount is calculated from the receive amount as: **tag 32A = tag 33B * tag 36**

Where, tag 32A is the settlement amount in local currency, tag 33B is the equivalent amount in receive currency, and tag 36 is the exchange rate as used in the FIN MT103 message format.

The exchange rate applied is the agreed daily cross-currency rate of the receiving currency to the sending currency, and the result is rounded 'five-up' to the number of decimal places of that currency.

The participants should use the above formula variants when determining the equivalent amount in a cross-currency payment dependent on whether they know the sending (pay) or the receive amount and the calculation does not include charges.

5.2. Exchange Rates

Before the start-of-day all NCBs have the option to send messages to the AFAQ CC specifying the Official Rate for their currency against USD. If there is no change in the rate for their currency against the USD since the previous business day, the previously advised rate will continue to be used.

Each day, whether there have been rate changes or not, the AFAQ CC will calculate the exchange rates for each of the six GCC currencies against each of the other GCC currencies and send a message to each NCB asking them to confirm the exchange rate for their currency against each of the other five GCC currencies.

All NCBs are required to send a confirmation message on each business day to the AFAQ CC that the advised exchange rates are all correct. After receipt of confirmation messages from all six NCBs, AFAQ CC will set the exchange rates in the central system and in all the RPGs. These rates will be used throughout that business day for the transformation of payment messages and for the calculation of end-of-day positions.

If the exchange rate for a pair of currencies is not confirmed by both NCBs, after all reasonable efforts have been made by GPC to obtain the confirmation, that pair of currencies will be excluded for that business day and no payments between those two countries will be accepted.

Confirmation of exchange rates from NCBs is not required if it is a non-working day in their country. Refer also to Section [4.2](#): Calendar.

The “open for business” phase of the business day will not be activated until all required exchange rate confirmations, other than those currencies excluded as above, have been received by GPC.

No changes to exchange rates are permitted during the business day.

6. Payment Transactions

6.1. Types of Payment Messages

Payment messages transmitted for processing by the AFAQ CC must meet the following criteria:

- a) Single Payment Messages only,
- b) Customer or Interbank payments in the format specified in the Controlled Documents,
- c) Same day value only – must be a working day in both the Sending and Receiving countries,
- d) Must include the currency code and amount in the currency of the Sending country as well as the exchange rate for that business day and the currency code and amount in the currency of the Receiving country in the appropriate fields,
- e) Be for credit to:
 - a. The Receiving Direct Participant itself (interbank payment),
 - b. A Financial Institution holding an account with the Receiving Direct Participant (Interbank payment), or,
 - c. A non-financial institution or person holding an account with the Receiving Direct Participant (Customer payment).

6.2. Unique Transaction Reference

6.2.1. Unique Message Reference

The Unique Message References are assigned by the Sending RPG. Three references are assigned: (Reference1) Reference of the Full payment message; (Reference2) Reference of the short message in the Sending Currency; (Reference3) Reference of the short message in the Receiving Currency.

The original message reference (the reference of the payment message received from the Domestic RTGS system or from the Direct Participant of the countries using the CSM) is placed

in the Full message only and after transformation will be available in the message sent to the Receiving Domestic RTGS system after /OREF/ keyword in Field 72 or equivalent Field according to Receiving Domestic RTGS system message format.

The payment message sent to the Receiving Domestic RTGS system of the Receiving country has the same Message reference as the Full message, i.e. Reference1.

The algorithm of RPG reference generation guarantees the reference uniqueness inside the AFAQ cc.

The Return Payment should refer to the Message Reference (Reference1) of the payment to be returned. The reference of the message to be returned is placed in field 72 or equivalent field according to Domestic RTGS system message format.

6.2.2. Unique End-to-End Transaction Reference: UETR

UETR must be assigned to each transaction as specified in the Controlled Documents. The UETR may be assigned by the Sending Direct Participant or the Sending Domestic RTGS system. If not assigned by the Sending Participant or the Sending Domestic RTGS system, the UETR will be added by the Sending RPG.

The Return Payment should contain the same UETR as it was present in the original payment message as well as the Message Reference (Reference1).

6.3. Message Transformation – Sensitive Data Protection

Each payment message from the Domestic RTGS system of the Sending country (or from the Direct Participant of countries using the CSM) will be transformed by the Sending RPG into 3 parts:

a) Short Message in the Sending currency,

- b) Short Message in the Receiving currency, and**
- c) Full encrypted payment message, without loss of data.**

The Full payment message will be transformed to the message to be sent to the Receiving Domestic RTGS system or to the Direct Participant for countries using the CSM.

Short payment messages contain:

- a) Debiting NCB – BIC of the Sending NCB;
- b) Crediting NCB – BIC of the Receiving NCB;
- c) Value date;
- d) Amounts – in the currencies of the Sending and Receiving countries respectively;
- e) Exchange rate – conversion rate for the payment date between the currency of the Sending Country and the currency of the Receiving Country
- f) Unique Message Reference;
- g) UETR (the same for short and full messages).

The payment for the Receiving Country, when transformed by the AFAQ system, contains the opposite exchange rate and the two currency amounts in the opposite order. The Receiving Direct Participant, for checking of correct calculation of amounts, should use the original exchange rate used by the Sending Direct Participant (or Sending Domestic RTGS system).

The AFAQ CC will process the transaction based on the contents of the Short Messages only:

1. Short payment message in the Sending Currency (all sending countries except those using the CSM):
 - a) DR: Control Account of the NCB of the Sending country;
 - b) CR: Shadow Account of the NCB of the Receiving country.
2. Short payment message in the Receiving Currency (all sending countries except for those using the CSM):
 - a) DR: Shadow Account of the NCB of the Sending country;
 - b) CR: Control Account of the NCB of the Receiving country.

3. Payments from countries using the CSM

- a) Short Payment Message in the Sending Currency of countries using the CSM:
 - i. DR: Settlement Account of the Sending Direct Participant (of countries using the CSM),
 - ii. CR: Shadow Account of the NCB of the Receiving Country;
- b) Short Payment Message in the Receiving Currency:
 - i. DR: Shadow Account of the NCB of countries using the CSM,
 - ii. CR: Control (Technical) Account of the NCB of the Receiving Country.

4. Payment to countries using the CSM

- a) Short Payment Message in the Sending Currency:
 - i. DR: Control (Technical) Account of the NCB of the Sending Country,
 - ii. CR: Shadow Account of the NCB of the countries using the CSM.
- b) Short Payment Message in the Receiving Currency of countries using the CSM:
 - i. DR: Shadow Account of the NCB of the sending country,
 - ii. CR: Settlement Account of the Receiving Direct Participant (in the countries using the CSM).

In all cases the entries of both short payment messages are posted simultaneously.

If the payment cannot be processed by the AFAQ CC for any of the reasons listed under Reasons for Rejection in [Appendix 1](#), a rejection message will be sent back to the Sending RPG. The Sending RPG will generate a return payment and send it to the Sending Domestic RTGS system stating the reason for rejection.

A returned payment message must not be resent with the same Unique Message Reference as the original one. It may, after correction of the reason(s) for rejection, be sent as a new payment by the Sending Direct Participant with a different Unique Message Reference, but UETR can be the same.

The Full payment message will be forwarded to the Receiving RPG. The Receiving RPG will decrypt the message received from the AFAQ CC and transform it into the appropriate form for processing by the Receiving Domestic RTGS system (or to the Direct Participant in countries using the CSM).

6.4. Completion of a Payment

A payment is deemed to be completed, for the purpose of sending the Payment Completion Confirmation, once it has been validated and accepted by the Receiving Domestic RTGS system for onward transmission to the receiving Direct Participant.

The final stage of processing of a payment within the receiving country is subject to the rules, regulations and processing procedures that govern the Receiving Domestic RTGS system.

6.5. Confirmation of Completion

The Receiving Domestic RTGS system, after it has validated the incoming payment and accepted it for onward transmission to the Receiving Direct Participant, must generate and send a Payment Completion Confirmation through the Receiving RPG to the AFAQ CC quoting the Unique Message Reference of the Full payment message.

The AFAQ CC will match the Payment Completion Confirmation with the Sent Payment with the same Unique Message Reference and forward the Payment Completion Confirmation through the Sending RPG to the Sending Domestic RTGS system.

The Sending NCB will monitor all payments sent to ensure that matching Payment Completion Confirmations have been received. If the relevant Payment Completion Confirmation has not been received after an interval of 10 minutes from the time the payment was sent by the Sending RPG, and the payment in question was not returned or rejected, the Sending NCB will

commence enquiries with GPC as to the cause of the missing confirmation. The Sending NCB is required to monitor receipt of all Payment Completion Confirmations. All payments must be confirmed as completed before the end-of-day process is started.

6.6. Crediting Beneficiary's Account

When a payment is received by the Receiving Direct Participant from its home country Domestic RTGS system, it must be processed and credited to the Beneficiary's account in accordance with the rules of the Domestic RTGS system. The funds must be credited to the Beneficiary's account as soon as possible after receipt of the payment message by the Receiving Direct Participant and not later than the close of the banking business day in the receiving country, except in the case of Returned/Delayed Payments as set out in [Section 6.8](#) below. Failure to credit the funds to the Beneficiary's account within the above timeframe may result in the Receiving Direct Participant having to pay penalties/fees as set out in the relevant NCBs fee policy.

If the Receiving Direct Participant is not able to credit the funds to the account of the Beneficiary within the time stipulated, they must either return the payment as set out in [Section 6.7: Returns and Rejections](#) or, advise their NCB of the reason(s) for the delay. That NCB will in turn pass this information to the Sending NCB who will advise the Sending Direct Participant.

6.7. Returns and Rejections

Payments may be rejected and returned at various points in the processing chain for any of the reasons specified in the Controlled Documents. The appropriate Return/Rejection Code must be included in the Return/Rejection message, refer to the list of Return and Rejections Codes in Appendix 1 – Return and Rejection Codes. The Return Payment should refer to the Message Reference (Reference1) of the payment to be returned. The reference of the message to be

returned is placed in field 72 or equivalent field according to Domestic RTGS system message format.

Payment messages that are being rejected or returned by the Sending Domestic RTGS systems, before they are sent to the Sending RPG, should be dealt with under the ORR of that Domestic RTGS system.

6.8. Returns by the Receiving Direct Participant

If the Receiving Direct Participant is unable to complete the payment for any reason they should return it to the Sending Direct Participant as soon as possible, preferably within the same business day. If the payment cannot be returned on the same business day, it should be returned before the cut-off time for that type of payment on the next business day or within two business days at the latest as set out in Section 6.8.1: Delayed Payments.

When a Direct Participant is returning a payment, they must use the same exchange rate and currency amounts as in the original received payment with no deductions. This rule applies even if the payment is being returned on the next or subsequent business day regardless of whether the Confirmed Exchange Rate between the two currencies has changed.

Any Payment being returned must be returned as a single message.

6.8.1. Delayed Payment

In exceptional circumstances where the Receiving Direct Participant is unable to credit the funds to the Beneficiary's account or not able to return a payment within the timeframe set out above, they must first advise their NCB of the reason for the delay, as set out in Section 6.6: Crediting Beneficiary's Account and, in any event, return the payment within 2 business days at the latest.

6.9. Reasons for Return or Rejection

The return/rejection code must be quoted in the appropriate field, as specified in the Controlled Documents, of the return/rejection message. A list of valid return and rejection codes is included in Appendix 1 – Return and Rejection Codes

6.10. Payments to the UAE

All payments sent to the UAE must contain the correct Purpose of Payment Code according to the list of such codes circulated by CBUAE to all Direct Participants, via the NCBs, in the other GCC countries. Failure to include a valid Purpose of Payment Code may be a valid reason for CBUAE to reject/return the payment.

The Purpose of Payment Codes and descriptions will be sent by CBUAE to GPC, GPC will in turn distribute the list of Codes to all other NCBs who are required to then distribute them to all their Direct Participants. It is the responsibility of CBUAE to advise GPC of any changes or updates to the list of Purpose of Payment Codes.

6.11. IBAN

All Customer Payments sent to those countries that use the International Bank Account Number (IBAN) standard must quote the IBAN in the Beneficiary Customer's account number field in the payment message in the format and following the rules published for the receiving country. Failure to include a valid IBAN may be a valid reason for the Receiving NCB to reject/return the payment.

The Receiving Direct Participant must credit the account of the Beneficiary based on the IBAN and Beneficiary Name after due verification or in accordance with the rules of the receiving country's Domestic RTGS system. In case of discrepancy observed between the IBAN and the

Beneficiary Name, unless the receiving country's Domestic RTGS system rules state otherwise, the Receiving Direct Participant should either return the payment or hold the payment and send a request through their NCB seeking clarification from the Sending Direct Participant as set out in Section **6.8.1: Delayed Payment**.

6.12. Finality Provisions

A payment is deemed to be Final after the account of the Sending Direct Participant has been debited in the Sending Domestic RTGS system or in the CSM in the case of countries using the CSM.

The sending of a Payment Message, as soon as it is received by the Sending Domestic RTGS system, creates a binding and enforceable obligation on the Sending Direct Participant to transfer to the Receiving Direct Participant the amount specified in the Payment Message in accordance with these Operating Rules and Regulations. From this moment on, the Payment Message can no longer be revoked by the Sending Direct Participant.

If, following the finality of the payment, a Payment Message is subsequently rejected or returned by either, the Sending RPG system, the AFAQ CC, the Receiving RPG, or the Receiving Domestic RTGS system this has the effect of reversing the transaction and the entire process starts again with the sending of the correct Payment Message by the Sending Direct Participant.

6.13. Cancellation

A Payment Message, once it has been debited to the account of the Sending Direct Participant in its Domestic RTGS system, cannot be cancelled or recalled. Earlier cancellation or recall is governed by the rules of the Domestic RTGS system.

If a Payment Message is subsequently rejected or returned by either, the Sending RPG system, the AFAQ CC, or the Receiving RPG, this has the effect of reversing the transaction. Return of

the Payment by either the Receiving Domestic RTGS system or the Receiving Direct Participant also has the effect of reversing the transaction.

6.14. Anti-Money Laundering and Counter Terrorism Financing

All the laws and regulations concerning anti-money laundering and counter terrorism financing must be dealt with by each NCB within the procedures and rules of its Domestic RTGS system at both the Sending and Receiving sides.

7. Miscellaneous

7.1. Emergencies

If any malfunction, breakdown, or interruption or any emergency affects the AFAQ Service or its operations, transactions will be handled in accordance with the directions of GPC. Without limiting the discretion of GPC, GPC may extend the hours of operation of the AFAQ Service, suspend any Direct Participant or NCB, direct the use of contingency facilities or close down the AFAQ Service in whole or in part. GPC shall not be liable for any directions given.

7.2. Liabilities of GPC

7.2.1. GPC

Notwithstanding anything to the contrary in these Operating Rules and Regulations or in any document or electronic communication referred to in these Operating Rules and Regulations, neither GPC nor any of its officers, employees or agents ("Specified Party") will be liable for any losses, or damages or expenses of any kind, whether direct or consequential ("Losses") suffered by a Direct Participant, a GCC NCB or any other person arising directly or indirectly from:

1. Any delays caused by or malfunctions or breakdowns or any inadequacy of the AFAQ system,
2. Any interruption or loss of the AFAQ systems or any of the services contemplated by the AFAQ systems,
3. Any Losses attributable to those parts of the AFAQ Service which are the responsibility of a Direct Participant or an NCB or to a Direct Participant's or NCB's fault or systems, or

4. (without limitation) any acts or omissions of a Specified Party in connection with the AFAQ Service or these Operating Rules and Regulations, except in each case (other than paragraph (3)) for:
- a. Any Losses caused by the gross negligence or willful misconduct of a Specified Party,
 - b. Any irrecoverable Loss of the principal of a payment resulting from negligence or breach of these Operating Rules and Regulations by a Specified Party or from the malfunction of those parts of the AFAQ Service for which GPC is responsible or controls, but excluding Losses from delays only and excluding consequential Losses.

7.2.2. Fraud

Notwithstanding Section 7.2.1: GPC, any Loss arising from a fraud originating at GPC or a Direct Participant or an NCB shall be borne by GPC or that Direct Participant or NCB, as the case may be.

7.2.3. Force Majeure

A Specified Party shall not be liable for any Losses or any non-performance of the Operating Rules and Regulations or of Payment Messages or of any obligation in relation to the AFAQ Service arising directly or indirectly from circumstances beyond its reasonable control.

7.2.4. GPC Personnel

Nothing in this Section 7.2: Liabilities of GPC shall prejudice the liability to GPC of officers, employees or agents of GPC for their acts of omissions.

7.3. Access to Systems and Data

7.3.1. Restrictions on Access to Systems

7.3.1.1. RPGs and AFAQ CC

Direct Participants have access rights to the RPG in their own country for enquiries only. They have no access rights to the AFAQ CC or RPGs in other countries. Their access rights to the Sending RPG are restricted to their own transactions and data only.

NCBs have access rights to the RPG in their own country and to the AFAQ CC via the RPG workstation function "**AFAQ CC monitoring (National Central Bank)**" providing NCB's users with online monitoring capabilities via Graphic User Interface. Monitoring is provided on real-time basis and includes all information related to a particular NCB including its payments, cross-currency rates, business day schedule, and other financial information. Their access rights to data in the AFAQ CC are restricted to transactions and data relating to themselves and their own Direct Participants only. NCBs have no access rights to RPGs or Domestic RTGS systems in other countries.

Operations of those countries using the CSM inside the AFAQ CC will be controlled by the users with role "Country Specific Operator" of the AFAQ CC. Direct Participants of the country using the CSM communicate with AFAQ CC via RPG via that country's network. The message interface allows that country's Direct Participants to send inquiries and to get reports on their own

detailed activity message exchange with the AFAQ CC. The on-line information facilities allow that country's Direct Participants to send inquiries and to get reports on their own activity.

NCBs allocate permissions in their RPG to their own staff and to their own Direct Participants' staff. GPC manages, or sub-contracts, all aspects of the network and allocates permissions for GPC staff and NCB staff access to the AFAQ CC.

Set up of Direct Participants data is restricted to GPC staff only. NCBs may request GPC to set up, amend or delete data relating to themselves and their Direct Participants in the format and communication methods specified by GPC from time to time.

7.4. GPC Help Desk

All requests from Direct Participants for information and assistance to the GPC Help Desk, whether related to business, technical or communication matters, must be routed through the relevant NCB. The format and communication methods to be used will be specified by GPC and may be changed from time to time.

7.5. Service Levels and Performance Targets

Service levels and performance targets will be set by the GPC Board from time to time. GPC will monitor performance and produce reports and statistics against these targets at agreed intervals. Such reports and statistics will be issued to the GPC Board who will decide when, how and to whom these reports and statistics will be distributed.

Statistics produced by GPC will be at Country level only as data relating to Direct Participants' transactions is not available within the AFAQ CC.

Statistical data at the level of Direct Participants is available to NCBs in the relevant RPG and Domestic RTGS systems.

While data relating to the Direct Participants of those countries using the CSM is held in the AFAQ CC, access to this data is restricted to the relevant NCB operators only.

Appendix 1 – Return and Rejection Codes

This table contains the list of Return and Rejection codes that can be used in status messages. The codes can be interpreted as having the meanings shown for each code.

Return reason codes based on payments Rejected by the RPG or Central Component	
Code	Explanation
RJ00	System error. Contact support.
RJ01	Incorrect FX Rate
RJ02	Incorrect Receiving Currency amount
RJ03	Invalid Value Date
RJ04	Currency code wrong for Receiving country
RJ05	A non-working day in the Receiving Country
RJ06	A non-working day in the Sending Country
RJ07	Invalid business day period
RJ08	Invalid Receiving Direct Participant
RJ09	Participant is not active
RJ10	Non delivery to Receiving Domestic RTGS
RJ11	FX rate is not authorized
RJ12	BIC is invalid
RJ13	Returned at cut-off time as not delivered
RJ14	Approved FX rate not found

RJ15	FX rate is absent
RJ16	Payments are not allowed
RJ17	No active business day found
RJ18	Invalid account
RJ19	Lack of funds
RJ20	No direct credit found
RJ21	Return period expired
RJ22	Incorrect return amount
RJ23	Return payment duplication
RJ24	Payment was cancelled
RJ25	Payment was rejected
RJ26	User is not active
RJ27	Currency code wrong for Sending country
RJ28	Account is not found
RJ90	Access rights check failed
RJ91	Wrong message format

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
AC01	Format of the account number specified is not correct
AC03	Wrong IBAN in SCT
AC04	Account number specified has been closed on the bank of account's books
AC06	Account specified is blocked, prohibiting posting of transactions against it.
AC13	Debtor account type is missing or invalid
AC14	An agent in the payment chain is invalid
AC15	Account details have changed
AC16	Account is in sequestration
AC17	Account is in liquidation
ADRM	Beneficiary account is dormant
AG01	Transaction forbidden on this type of account (formerly NoAgreement)
AG02	Bank Operation code specified in the message is not valid for receiver
AM01	Specified message amount is equal to zero

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
AM02	Specific transaction/message amount is greater than allowed maximum
AM03	Specified message amount is a non processable currency outside of existing agreement
AM04	Amount of funds available to cover specified message amount is insufficient.
AM05	Duplication
AM06	Specified transaction amount is less than agreed minimum.
AM07	Amount of funds available to cover specified message amount is insufficient.
AM09	Amount received is not the amount agreed or expected
AM10	Sum of instructed amounts does not equal the control sum.
ARDT	Already returned original SCT
BACL	Beneficiary account closed
BALC	Beneficiary account blocked
BADE	Beneficiary account does not exist
BADC	Beneficiary account is in a different currency

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
BDIN	Beneficiary Name does not match Beneficiary account number
BE01	Identification of end customer is not consistent with associated account number (formerly CreditorConsistency).
BE04	Specification of creditor's address, which is required for payment, is missing/not correct (formerly IncorrectCreditorAddress).
BE05	Party who initiated the message is not recognised by the end customer
BE06	End customer specified is not known at associated Sort/National Bank Code or does no longer exist in the books
BE07	Specification of debtor's address, which is required for payment, is missing/not correct.
BE08	Returned as a result of a bank error.
CCBJ	Customer Credits Blocked (Judiciary)
CN01	Authorization is cancelled.
CSUM	Checksum failure
CURR	Currency of the payment is incorrect
CUST	Cancellation requested by the Debtor

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
DS28	Return following technical problems resulting in erroneous transaction.
DT01	Invalid date (eg, wrong settlement date)
ED01	Correspondent bank not possible.
ED03	Balance of payments complementary info is requested
ED05	Settlement of the transaction has failed.
ERIN	The Extended Remittance Information (ERI) option is not supported.
FF05	Local Instrument code is missing or invalid
FOCR	Return following a cancellation request
FR01	Returned as a result of fraud.
FRTR	Final response/tracking is recalled as mandate is cancelled.
IBAN	Invalid Beneficiary account number
IBIC	Invalid Beneficiary BIC
MD06	Return of funds requested by end customer
MD07	End customer is deceased.
MS02	Reason has not been specified by end customer

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
MS03	Reason has not been specified by agent.
NARR	Reason is provided as narrative information in the additional reason information.
NOAS	No response from Beneficiary
NOCM	Customer account is not compliant with regulatory requirements, for example FICA (in South Africa) or any other regulatory requirements which render an account inactive for certain processing.
NOOR	Original SCT never received
PPCI	Purpose of Payment Code incorrect or invalid
RC01	Bank Identifier code specified in the message has an incorrect format (formerly IncorrectFormatForRoutingCode).
RC07	Incorrect BIC of the beneficiary Bank in the SCTR
RF01	Transaction reference is not unique within the message.
RR01	Specification of the debtor's account or unique identification needed for reasons of regulatory requirements is insufficient or missing
RR02	Specification of the debtor's name and/or address needed for regulatory requirements is insufficient or missing.

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
RR03	Specification of the creditor's name and/or address needed for regulatory requirements is insufficient or missing.
RR04	Regulatory Reason
RUTA	Return following investigation request and no remediation possible.
SL01	Due to specific service offered by the Debtor Agent
SL02	Due to specific service offered by the Creditor Agent
SL11	Whitelisting service offered by the Debtor Agent; Debtor has not included the Creditor on its "Whitelist" (yet). In the Whitelist the Debtor may list all allowed Creditors to debit Debtor bank account.
SL12	Blacklisting service offered by the Debtor Agent; Debtor included the Creditor on his "Blacklist". In the Blacklist the Debtor may list all Creditors not allowed to debit Debtor bank account.
SL13	Due to Maximum allowed Direct Debit Transactions per period service offered by the Debtor Agent.
SL14	Due to Maximum allowed Direct Debit Transaction amount service offered by the Debtor Agent.
SP01	Payment is stopped by account holder.
SP02	Previously stopped by means of a stop payment advise.

Payments Returned

Will be registered in AFAQ CC dictionary (which may be updated from time to time).

System will validate during return processing.

Code	Explanation
TM01	Associated message was received after agreed processing cut-off time.
TRAC	Return following direct debit being removed from tracking process.
ULBA	Unable to locate Beneficiary account
UPAY	Payment is not justified.
XX00	Unknown reason (system replaces when receives a reason not registered in the CC dictionary)

Appendix 2 – AFAQ Service Guidelines for Compensation Claims and Dispute Resolution

1. Compensation Claims

1.1. Scope of the Guidelines

The following Guidelines are intended to cover individual payments made through the AFAQ system. They are not intended to supersede other related market practices or bilateral agreements that previously existed. These Guidelines do not establish any legally enforceable rights or obligations. Compliance with applicable laws and regulations remains the responsibility of individual institutions. The objective is to establish a market standard throughout the GCC, equally applicable to all parties, in order to enhance market discipline with regard to payment processing.

The basic principle behind these Guidelines is that no Financial Institution or Customer should be unduly enriched or injured by the operational procedures or by errors of another party.

While compliance with these Guidelines is not legally binding in nature, Financial Institutions, NCBs and GPC are expected to comply with the guidelines.

Financial Institutions may make claims on their own behalf or on behalf of their customers. Customers may also submit claims, but it is expected that all customer claims will be submitted through their Financial Institution.

Claims may be submitted if the Guidelines listed below have not been complied with and subject to the limitations stated in 1.6 "Limitations" below.

Evaluation of compliance with these Guidelines will be performed by GPC Management who will decide if there are grounds for compensation and which party, Direct Participant, NCB or GPC, is liable to pay the compensation and the amount to be paid.

All claims must be accompanied by details of the payment involved and the reason(s) for the claim. Only one claim may be submitted in relation to a specific payment. The amount of compensation, if any, to be paid will be determined by GPC as set out in 1.7 “Compensation” below.

The cut-off time for submitting a claim under these Guidelines is **14 days** after the value date (the actual value date or, if the payments is delayed, the intended value date) of the payment in question, or **14 days** after the point in time when the reason for the claim has become known, whichever is the later.

All claims under these Compensation Guidelines must be routed through the NCB in the country of the Financial Institution making the claim. The NCB shall review the claim and may add any additional relevant information. All claims in respect of cross-border payments must be forwarded by the NCB to GPC as soon as possible after receipt of the claim.

The term “sufficient liquidity coverage” simply means that payments should be covered subject to the rules of the Domestic RTGS system in the Sending country, be it via eligible assets available for immediate provision of finance, a credit balance on a central bank account, or by incoming payments.

1.2. 1st Guideline – transactions agreed before the value date

- a) Payments related to interbank transactions including, but not limited to, the payment leg of money market, foreign exchange and derivative transactions which are traded before the value date (i.e. on Day X-1 or prior) should have sufficient liquidity coverage and be sent on the value date (i.e. Day X) as early as possible in the day but not later than 2 hours after the Open for Business window of the AFAQ service.
- b) Commercial payments received from the ordering party before the value date (i.e. on Day X-1 or prior) should have sufficient liquidity coverage and be sent on the value date

(i.e. Day X) as early as possible in the day but not later than 2 hours after the “Open for Business” window of the AFAQ service.

1.3. 2nd Guideline – transactions agreed on the value date

- a) Payments related to interbank transactions including, but not limited to, the payment leg of money market, foreign exchange and derivative transactions which are traded on the value date (i.e. Day X) should have sufficient liquidity coverage and be sent on the value date (i.e. Day X) as early as possible in the day but not later than 2 hours after the transaction has been agreed, or before the Interbank Payments Cut-off for the AFAQ Service, whichever is the earlier.
- b) Commercial payments received from the ordering party on the value date (i.e. Day X) should have sufficient liquidity coverage and be sent on the value date (i.e. Day X) as early as possible in the day but not later than 2 hours after the payment instruction has been received, or before the Commercial Payments Cut-off for the AFAQ Service, whichever is the earlier.

1.4. 3rd Guideline – returned or delayed payments

- a) Interbank and Customer Payments must be credited to the account of the Beneficiary in accordance with **Rule 6.6** “Crediting Beneficiary’s Account” of the AFAQ ORR.
- b) Where a payment is returned and the Receiving Direct Participant has not observed **Rule 6.8** “Returns by the Beneficiary’s Bank” of the AFAQ ORR, they will be liable to pay compensation as set out in **1.7** “Compensation” below.
- c) Where there is a delay in crediting the Beneficiary’s Account and the Receiving Direct Participant has not observed **Rule 6.8.1** “Delayed Payments” of the AFAQ ORR, they will be liable to pay compensation as set out in **1.7** “Compensation” below.

1.5. 4th Guideline – malfunctions of the AFAQ Service

This Guideline covers situations other than those set out in the AFAQ Service ORR Rule 7.1 “Emergencies” and Rule 7.2 “Liabilities of GPC”.

If there is a technical malfunction of the AFAQ system (RPGs or AFAQ CC) Direct Participants can submit a claim for compensation in accordance with the conditions set out below.

Subject to the under-mentioned limitations a Receiving Direct Participant may submit a claim if a payment message was not processed on the business day on which it was accepted by the Sending RPG.

1.6. Limitations

Claims for compensation shall not be permissible if the technical malfunction arises as a result of external events beyond the reasonable control of the NCBs and/or GPC or acts of omissions by third parties. Malfunctions of a Domestic RTGS system are subject to the rules and regulations of the Domestic RTGS system in question. However, such claims may be submitted through the same channels as set out in this appendix.

No claims may be made for any consequential losses or for delays within the same business day.

1.7. Compensation

The amount of compensation payable will be calculated on the following basis:

Administration Fee (equivalent of USD50.00)

Plus

$((\text{amount of the payment}) \times (\text{average of the closing interbank or Repo rate, whichever is the higher, of the two countries involved}) \times (\text{number of days}))/360.$

Alternative compensation calculation needed for Shariah compliant banks.

GPC may apply a higher compensation cost depending on the severity of the breach.

GPC will retain 50% of the Administration Fee.

2. Dispute Resolution

All disputes in respect of payments processed through the AFAQ Service or other matters relating to the Service should, whenever possible, be resolved amicably between the parties involved. In the first instance, all attempts to resolve disputes should be way of reference to the AFAQ ORR.

If a dispute between Direct Participant(s) cannot be resolved in the above manner the matter should be referred to the relevant NCB(s). If the dispute cannot be resolved by the NCB(s), the case should be referred to GPC for adjudication. The NCB(s) will review the case and may add any additional relevant information. Full details of the case, including any relevant documentation, should be forwarded by the NCB(s) to GPC as soon as possible.

Details of all cases that have been resolved by NCBs should be forwarded to GPC.

GPC management will, whenever possible, adjudicate on the dispute. If the dispute cannot be resolved by GPC management it will be referred to the GPC Board for decision.

If the affected parties are not satisfied with the decisions made by GPC they have the right to refer the matter to the GCC Commercial Arbitration Centre or an independent arbitrator.

GPC will periodically review all disputes and decide whether changes to the ORR are required.
All changes to the ORR will be made in accordance with Rule 1.5 of the ORR.