STATUTORY INSTRUMENTS

2011 No. 99

The Electronic Money Regulations 2011

PART 3

PRUDENTIAL SUPERVISION AND PASSPORTING

Safeguarding

Safeguarding requirements

20.—(1) Electronic money institutions must safeguard funds that have been received in exchange for electronic money that has been issued (referred to in this regulation and regulations 21 and 22 as "relevant funds").

(2) Relevant funds must be safeguarded in accordance with either regulation 21 or regulation 22.

(3) Where—

(a) only a proportion of the funds that have been received are to be used for the execution of a payment transaction (with the remainder being used for non-payment services); and

(b) the precise portion attributable to the execution of the payment transaction is variable or unknown in advance,

the relevant funds are such amount as may be reasonably estimated, on the basis of historical data and to the satisfaction of the Authority, to be representative of the portion attributable to the execution of the payment transaction.

(4) Funds received in the form of payment by payment instrument need not be safeguarded until they—

(a) are credited to the electronic money institution's payment account; or

(b) are otherwise made available to the electronic money institution,

provided that such funds must be safeguarded by the end of five business days after the date on which the electronic money has been issued.

(5) In paragraphs (1) to (4) and in regulations 21 to 24 references to an electronic money institution include references to a credit union.

(6) Regulation 19 of the Payment Services Regulations 2009 applies in relation to funds received by electronic money institutions and credit unions for the execution of payment transactions that are not related to the issuance of electronic money with the following modifications—

(a) references to an "authorised payment institution" are to be treated as references to an authorised electronic money institution;

(b) references to a "small payment institution" are to be treated as references to—

(i) a small electronic money institution; and

(ii) a credit union; and

(c) references to a "payment transaction" are to be treated as references to a payment transaction that is not related to the issuance of electronic money.