



Central Bank of The United Arab Emirates

Rules of the

UAE Direct Debit System

الخصم المباشر  
DIRECT > DEBIT

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Banking Supervision Department

Monetary Policy & Financial Stability Department

Banking Operations & Payment Systems Department

Payment Systems Oversight Unit

IT Division

Legal Affairs Division.

All UAEDDS Participants

UAE Banks Federation

All Originators

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## 1. Glossary of Terms

In this document, unless the context otherwise requires:

- a) **Banking Participants** shall mean all banks operating in the UAE and licensed by the CBUAE
- b) **Central Bank or CBUAE** shall mean the Central Bank of the UAE established under the Union Law (10) of 1980, concerning the Central Bank, the monetary system and the organization of banking
- c) **Current Account** shall mean an account held with the CBUAE and maintained by a Participant for the purpose of settlement of payment obligations incurred through using UAEDDS
- d) **UAEDDS CWG** means the UAEDDS Consultative Working Group.
- e) **Debit Request** means a particular transaction where a debit is made for a specified amount, according to the direct debit authority, based on a request from the Originator through their Sponsoring-Bank.
- f) **Direct Debit Authority (DDA)** means a documented form signed by the Payer authorizing the Paying-Bank to direct debit his account for payment(s) to the Originator
- g) **Fees** shall mean the normal processing fees which are levied by the CBUAE in respect of providing the UAEDDS service
- h) **Funds Transfer** shall mean the respective debiting and crediting of payer and payee accounts held at the CBUAE as a consequence of and in

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accordance with UAEDDS claims processing

- i) **H.E the Governor** shall mean the Governor of the CBUAE
- j) **ITD** shall mean the Information Technology Division of the CBUAE which is responsible for the implementation and operation of the IT systems which support the UAEDDS
- k) **Mandated Turnaround Times** mean the time period stipulated in UAEDDS Document UAEDDS AUX 002 - UAEDDS MANDATED TATS (as amended, supplemented or replaced from time to time) (see Appendix C) for a relevant action to be taken under the UAEDDS.
- l) **Non-Banking Participants** shall mean non-banking financial institutions such as governmental bodies
- m) **Notice** shall mean a notification communicated electronically or in writing.
- n) **OIC** The Originator Identification Code that uniquely identifies the originator in the UAEDDS generated and issued by the CBUAE
- o) **Originator** shall mean service or good providers including financial services.
- p) **Originator Indemnity** shall mean the indemnity provided by the Originator to the Sponsoring Bank and all Participants of the UAEDDS
- q) **Participant** shall mean a signatory to the UAEDDS Participant Undertaking maintaining a current account with the CBUAE.

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- r) **Participant System** shall refer collectively to all components of the system implemented at the Participants premises for processing of messages with the UAEDDS.
  - s) **Participant Undertaking** shall mean an undertaking signed by the Participant to abide by the UAEDDS rules.
  - t) **Payer** shall mean the person making the Direct Debit Authorization
  - u) **Paying-Bank** means the bank where the Payer holds the account and authorized to carry the direct debit arrangement.
  - v) **Presenter** shall mean the Originator/Sponsoring Bank who submits a UAEDDS claim for settlement
  - w) **PSOUU** shall refer to the Payment Systems Oversight Unit
  - x) **BOPSD** shall refer to the Banking Operations and Payment Systems Department
  - y) **Sponsoring Bank** shall mean the Participant who sponsors the Originator in the UAEDDS
  - z) **System Specification Manual (SSM)** shall mean the document issued by the CBUAE covering the technical specification of the UAEDDS message formats
  - aa) **The Rules or UAEDDS Rules** shall mean the body of rules governing the UAEDDS and constituted by this Rulebook and any UAEDDS Document

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- bb) The Rule Book or the UAEDDS Rulebook shall mean this Rulebook as, from time to time, amended, supplemented or replaced.
  - cc) UAE shall mean the United Arab Emirates
  - dd) UAEDDS shall mean Direct Debit system operated by the CBUAE.
  - ee) UAEDDS Documents shall mean any document (as shall be amended, supplemented or replaced from time to time) as specified in Section 3.3 of this Rulebook



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## 2. Objective of the UAEDDS

The objective of introducing UAE Direct Debit system (UAEDDS) by the Central Bank of the UAE (CBUAE) is to provide the residents of UAE with an automated payment method that will facilitate recurrent payments from their bank accounts to pay, for example, utility bills (telephone, electricity and water), insurance premiums, and to service and repay credit cards, finances and loans payments. CBUAE allows for extending the UAEDDS services to non-residents at the sole discretion of the commercial banks.

## 3. The UAEDDS Structure and Management

- 3.1. The UAEDDS is owned and operated by the CBUAE the final Authority and Regulator with respect to the management and governance of the UAEDDS.
- 3.2. The UAEDDS and its operations constitute the 'UAEDDS Service'.
- 3.3. The CBUAE shall exercise its management, oversight and governance role and authority through:
  - a. The CBUAE's UAEDDS Management, comprising of :
    - i. the CBUAE's Banking Operations and Payment Systems Department (BOPSD);
    - ii. the CBUAE's Payment Systems Oversight Unit (PSOU);
    - iii. the CBUAE's Information Technology Division (ITD) -with respect to the technical support for the operation of the CBUAE's IT systems and infrastructure;
  - b. UAEDDS Consultative Working Group (CWG)
  - c. This Rulebook
  - d. The Participant Undertaking
  - e. The System Specification Manual
  - f. The Originator Indemnity
  - g. Forms stipulated to be used by Participants, Originators and Customers in connection with the UAEDDS
  - h. The Compliance Criteria published on the CBUAE website by the PSOU
  - i. All other standards and procedures, circulars and notices issued by or on behalf of the CBUAE with respect to the UAEDDS.

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## 4. The UAEDDS Consultative Working Group

- 4.1. Members of the UAEDDS Consultative Working Group (CWG) are representatives of the Participant community.
- 4.2. Membership of the CWG is by invitation of the Executive Director of the CBUAE's Banking Operations and Payments Systems Department.
- 4.3. The role of the CWG is to serve as a forum in which Participants may
  - a. request system enhancements,
  - b. propose changes to operational procedures, or
  - c. voice complaints or concerns with respect to the UAEDDS Service.
- 4.4. The CWG shall meet at least quarterly, and its meetings shall be chaired by a representative of the BOPSD.

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## 5. The Rulebook and Rules of the UAEDDS

- 5.1. The Rulebook and the Rules govern the operation of the UAEDDS and the rights, liabilities and responsibilities of Participants, Originators and Payers under the UAEDDS and governs the relationships between them
- 5.2. Eligibility into the UAEDDS and becoming a Participant requires signing the Participant Undertaking. By signing the Participant Undertaking, the Participant agrees and accepts:
- a. to be bound by and comply with the Rulebook and all UAEDDS Documents
  - b. that the CBUAE has sole authority to decide upon the contents, interpretation and all matters in respect of the Rules and the UAEDDS Service.
- 5.3. In utilizing the UAEDDS, Originators are also bound by and shall comply with the Rulebook and all UAEDDS Documents to the extent that their provisions apply to them. Sponsoring Banks are required to obtain the agreement of the Originator to be so bound before applying to the Central Bank for an OIC on their behalf, and in making such application, the Sponsoring Bank is warranting to the Central Bank, all Participants and the UAEDDS that such agreement has been obtained and that the Originator has executed the relevant Originator Indemnity
- 5.4. In the event of its non-compliance to the above the CBUAE may exclude/ suspend the Originator from the UAEDDS and withdraw its OIC for such period as shall be determined.
- 5.5. The Payer shall also be subject to the Rulebook and the UAEDDS Documents non-compliance of the above may:

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- a. prejudice any rights they may have against the Originator or the Paying Bank and
  - b. influence the CBUAE in its determination of any complaint or request for the CBUAE to act under the UAEDDS Dispute Resolution Process submitted by the Payer alleging that a Participant or Originator has failed to comply with the Rules.
- 5.6. **UAEDDS Forms** - To the extent that the CBUAE has stipulated the use of a particular Form in respect to an activity within the UAEDDS, then such Form must be used by the relevant Participant, the Originator or, Payer.
- 5.7. **The Direct Debit Authority Forms** - must be used without deletion or amendment to the pre-printed text unless the Form itself indicates a deletion or addition may be necessary properly to complete it.
- 5.8. **The Originator Indemnity** - provided by the Originator must be in the form stipulated by the CBUAE with no amendments or deletions made to its Original text.
- 5.9. **The Participant's Undertaking** - The Participant's Undertaking must be provided by the Participant in the form stipulated by the Central Bank with no additions or deletions made to its Original text.
- 5.10. **Mandated Turnaround Times** - All parties shall be bound by the relevant time period stipulated within the UAEDDS framework

## 6. Role and Responsibilities of CBUAE

- 6.1. In exercising its management, oversight, governance and regulatory role and authority, the CBUAE shall have the following roles and responsibilities, but not limited to:
- a. Developing and maintaining the UAEDDS Service so as to ensure, as far as practicable, the system's high standard of efficiency and integrity, and that it continues to enjoy the trust of Participants Originators and Payers, and in particular:
    - i. Managing the UAEDDS Service in accordance with the Rules.
    - ii. Operating and maintaining the UAEDDS infrastructure (both test and production systems).
  - b. Taking rapid measures it deems necessary to achieve the objective as stated in 6.1 a. This may include ensuring the compliance of Participants/ Originators to resolve issues of:
    - i. Network and network security
    - ii. System access and controls
  - c. The CBUAE is responsible for the accurate processing of all items submitted to the UAEDDS within the stipulated time limit of the System's Framework (as per the attached appendices) .
  - d. The CBUAE shall archive all UAEDDS transaction items for a period of ten (10) years. These items shall be made available online for downloading only by the relevant Participant (Sponsoring Bank/Paying Bank) in connection to its transaction. For archived information of more than ten (10) years old, the Participant may send a specific request and, subject to availability, the CBUAE shall cater to such request and the archives may be made available:

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- i. to help resolve disputes between Participants or between Participants acting on behalf of Payer or Originator;
    - ii. upon request by a court of law; or
    - iii. to assist in the investigation of suspected unlawful (including unauthorized) transactions;
  
  - e. With respect to the Rules, either directly or through the PSOU:
    - i. issuing and making the Rulebook available to Participants;
    - ii. monitoring the application of the Rulebook and compliance with the Rules; and
    - iii. as necessary, updating the Rules.
  
  - f. Issuing and maintaining a database of Originator Identification Codes (OICs), regularly updating Participants of additions and deletions to the database.
  
  - g. The CBUAE will give reasonable notice to all Participants of:
    - i. Induction of any new Participant(s);
    - ii. the suspension/termination of existing Participant(s);
    - iii. additions and deletions to the OIC database;
    - iv. the suspension/termination of existing Originator(s);
    - v. changes, additions or deletions to/from the Rulebook and UAEDDS Documents (including changes to standards and procedures);
    - vi. new services or functionality;
    - vii. other changes to the UAEDDS Service;
    - viii. scheduled downtime for upgrades and maintenance; and
    - ix. changes to applicable charges and fees.
  
  - h. In its discretion, the CBUAE may, if requested, provide assistance to resolve disputes arising out of the UAEDDS between Participants,

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Originators or Payers pursuant to the UAEDDS Dispute Resolution Process, and, if called upon to do so, decide upon such disputes..

- i. Investigating and adjudicating any alleged breach of the Rules by a Participant or an Originator alleged by an affected Participant, Originator or Payer.
  - j. Investigating and adjudicating any breach of the Rules that it believes may have occurred.
- 6.2. The PSOU shall conduct periodic reviews of the UAEDDS Service and if instructed by the senior management, publish the results on the CBUAE website.



## 7. UAEDDS Participation

- 7.1. All commercial banks licensed by the CBUAE ('Commercial Banks') shall be Participants.
- 7.2. The CBUAE may, in its discretion, certify non-Commercial bank entities (for example government entities) as eligible to be a Participant.
- 7.3. Participants in their capacity as 'Paying Banks' shall be obliged to offer Payers access to the UAEDDS Service in accordance with the Rules. However, Commercial Banks shall have the discretion as to whether they offer Paying Bank services to Payers who are not residents of the UAE.
- 7.4. It is also mandatory for all financial institutions in the UAE extending credit to person(s) (like Personal loan, Car Loan, Mortgage Loan) to participate in the UAEDDS as 'Originators'.
- 7.5. At its sole discretion, a Participant may act as a 'Sponsoring Bank' to service providers such as but not limited to Utility companies, Educational Institutions, etc. henceforth also termed as 'Originators'.
- 7.6. A Sponsoring Bank shall be either a Primary or a Secondary Sponsoring Bank, the distinction between such roles being outlined in the System Specification Manual and other documents.

## 8. Eligibility of Participants to connect to the UAEDDS

- 8.1. A Participant shall first obtain CBUAE's approval to connect to the 'live' UAEDDS
- 8.2. For the purposes of assessing the Participant's eligibility to connect to the 'live' UAEDDS the CBUAE mandates that:
  - a. the Participant has duly executed the Participant Undertaking and submitted it to the CBUAE;
  - b. the Participant has carried out satisfactory certification testing with the CBUAE;
  - c. the Participant's data input and supervisory staff have been adequately trained in UAEDDS service operation and procedures;
  - d. the Participant has formulated and documented comprehensive UAEDDS working and reporting procedures; and
  - e. the Participant has formulated and documented proper control procedures.
- 8.3. Procedures and controls as specified in 8.2 (d) and (e) may be subject to assessment by the PSOU.
- 8.4. The CBUAE reserves the right to restrict or mandate specific UAEDDS Services in its certification of approval for connection to the UAEDDS.
- 8.5. The CBUAE reserves the right to develop and apply financial criteria for the purposes of determining the eligibility of a Participant to be connected to the UAEDDS.
- 8.6. Any major system change undertaken by a Participant which affects the Participant's System must be notified to the CBUAE prior to

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connecting to the UAEDDS. In such an event, the CBUAE may require the Participant's System to be re-certified and re-approved.

## 9. Settlement in UAEDDS

- 9.1. The detailed procedures and processes for settlement of transactions within the UAEDDS are provided in the System Specification Manual.
- 9.2. UAEDDS is a net deferred settlement system.
- 9.3. The CBUAE will settle based on information generated by the UAEDDS and on a net settlement basis (ie offsetting) as recognized by Articles 368-377 of the UAE Civil Transactions Law, Federal Law No 5 of 1985 and as may be amended from time to time.
- 9.4. Entries made on the Participants Account are binding as between a Participant and the CBUAE. If the entries made are found to be / reported to be in error due to one or more reasons, then CBUAE reserves the right to investigate the circumstances and determine if the entries are valid and, if not, execute the appropriate reversal
- 9.5. Settlement reports generated by the UAEDDS are made available to Participants for those transactions conducted by the Participant either as a Paying Bank, Sponsoring Bank or both.
- 9.6. Settlement by a Paying Bank in the UAEDDS fully discharges the Paying Bank's obligations to the Sponsoring Bank.
- 9.7. For every payment presented for collection through UAEDDS, the Paying Bank communicates a PAY or NO-PAY decision to the Sponsoring Bank within the Mandated Turnaround Time for such communications. If, due to exceptional circumstances, the Paying Bank is unable to communicate the relevant decision within the relevant Mandated Turnaround Time then CBUAE will auto generate NO-PAY responses on

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behalf of the Paying Bank.

- 9.8. Participants are mandated to reconcile their settlement figures with those calculated and published by the CBUAE.
- 9.9. However, in the event of difficulty, Participants may seek the assistance of the BOPSD to investigate and resolve any reconciliation differences.
- a. Participants are expected to reconcile the settlement figures and inform the BOPSD of any differences latest by the next business day.

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## 10. Rights, Duties and Obligations of those using the UAEDDS

### 10.1. The Sponsoring Bank and the Originator

- a. Minimum provisions relating to the registration of an Originator with the UAEDDS and the assignment to it of an OIC are provided in UAEDDS Document: UAEDDS Originator Registration and Conformity Review (see Appendix C) and as provided in this section.
- b. With respect to the registration of an Originator, the Sponsoring Bank shall comply with Mandated Turnaround Times as provided in the relevant documents.
- c. Prior to lodging an Originator Registration Request with the UAEDDS, the Sponsoring Bank must satisfy itself that the Originator:
  - i. has a registered office in the UAE and a bank account in the books of a Bank licensed and regulated by the CBUAE; and
  - ii. is suitable to be an Originator within the UAEDDS, and for this purpose, the Sponsoring Bank shall undertake an assessment of the Originator taking into account at a minimum the following factors relating to the Originator:
    1. its contractual capacity;
    2. its financial standing;
    3. the quality of its administrative controls; and
    4. the length of time it has been established.
- d. Prior to permitting the Originator to participate in the UAEDDS, the Sponsoring Bank shall:
  - i. ensure that it has provided the Originator a copy of the latest UAEDDS Rule Book.

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- ii. ensure that it has received a duly executed Originator Indemnity;
    - iii. that it has conducted, and is satisfied with the results of, an Originator Conformity Review.
  - e. The Sponsoring Bank will correctly process within the Mandated Turnaround Times: DDA Requests, DDA Responses, DDA Amendment Requests, DDA Cancellation Requests, claims with respect to unauthorized payments properly submitted to it.
  - f. With respect to the terms and conditions that govern the contractual relationship between the Sponsoring Bank and the Originator, the Sponsoring Bank should ensure:
    - i. the terms conform and are consistent with the Rules;
    - ii. the terms provide for the Sponsoring Bank's right to conduct the due diligence it considers necessary, to monitor the activity of the Originator under the UAEDDS and to terminate the service if the Sponsoring Bank believes that the Originator is misusing the service;
    - iii. the terms provide for arrangements in the event that the Originator moves its account elsewhere;
    - iv. the terms provide for the succession of the Sponsoring Bank (eg if it merges with another entity);
    - v. that the Originator is provided with adequate information on the respective rights and obligations of the Originator, the Sponsoring Bank and the Payer under the UAEDDS;
    - vi. that the terms outline the tasks that the Sponsoring Bank will perform;
    - vii. the terms do not restrict the Originator from using the services of another bank;
    - viii. the terms require the Originator to use the correct Mandate Form and to comply with its terms;

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- ix. the terms require compliance with the Rules and, in particular, in relation the timetable for providing applicable advance notices to the Payer and initiation of collections;
  - x. the terms provide that the resolution of disputes between the Originator and the Debtor in relation to the underlying contract between them is a matter for the Originator, and that the Sponsoring Bank, the Paying Bank, the UAEDDS and the CBUAE have no responsibilities or role in that regard.
- g. Fees and charges: with respect to the processing services it provides to an Originator in connection with the UAEDDS, the Sponsoring Bank is permitted to levy charges only in respect of the following:
- i. Original Registration Request
  - ii. Originator Conformity Notification
  - iii. Lodgement of DDA Request
  - iv. Confirmation of DDA
  - v. DDA Cancellation
  - vi. Processing of Direct Debit Requests
  - vii. Processing of Direct Debit Responses
- h. The Originator will comply with the Mandated Turnaround Times, where applicable to it, with respect to: DDAs, DDA Amendment Requests, DDA Cancellation Requests and any claim made under the Originator's Indemnity.
- i. All Originators are provided with statement of accounts to once every month in a manner preferred by the Originator(s), subject to at least one Direct Debit related transactions has been posted to the account of the Originator, unless requested otherwise by



the Originator.

## 10.2. The Paying Bank and Payer

- a. The Paying Bank will correctly process within the Mandated Turnaround Times: DDA, DDA Responses, DDA Amendment Requests, DDA Cancellation Requests, DDA Payment Stop Requests (subject to b.v immediately below), and claims with respect to unauthorized payments properly submitted to it.
- b. In particular, the Paying Bank is responsible for debiting Payer's accounts in respect of UAEDDS claims submitted by Sponsoring Banks, and in this regard, the Paying Bank must:
  - i. comply with the Rules;
  - ii. promptly download and process UAEDDS claim files each business day
  - iii. reconcile claims against:
    1. [Payer] debits; and
    2. Returns to the UAEDDS
  - iv. Submit PAY or NO-PAY instructions to the UAEDDS before the cut-off time stipulated by the CBUAE, supplying with a NO-PAY instruction at all times the applicable NO-PAY Reason Code.
  - v. In cases where the Direct Debit Authority relates to credit cards or finances or loans, then the Paying Bank shall not be obliged to act upon a DDA Amendment Request, DDA Cancellation Request or DDA Payment Stop Requests from the Payer.
- c. With respect to the terms and conditions that govern the contractual relationship between the Paying Bank and the Payer, the Paying Bank should ensure:
  - i. the terms conform and are consistent with the Rules;

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- ii. the terms provide for arrangements in the event that the Payer moves her/his/its account elsewhere;
  - iii. the terms provide for the succession of the Paying Bank (eg if it merges with another entity);
  - iv. that the Payer is deemed to have read and understood the respective rights and obligations of the Payer, the Paying Bank and the Sponsoring Bank under the UAEDDS as indicated in the forms signed by the Payer;
  - v. that the terms outline the tasks that the Paying Bank will perform;
  - vi. that the terms clearly outline the fees and charges to which the Payer may be subject to in connection with the UAEDDS;
  - vii. that the terms provide that the Payer can only claim refunds in accordance with the Rules and that a claim can only be made within stipulated period after the receipt of the account from the Paying Bank indicating that the relevant payment has been made.
  - viii. that the terms inform the Payer of her/his/its limited rights to lodge a complaint to the CBUAE or to request the CBUAE implement the Dispute Resolution Process, in the event that she/he/it believes that the Paying Bank is in breach of the Rules or has incorrectly determined that a direct debit payment was authorized has incorrectly determined that payment in respect of a Variable Direct Debit was correctly made;
  - ix. the terms allow the Payer to stipulate that direct debits may not be applied to a particular account;
  - x. the terms do not restrict the Payer from using the services of another bank;

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- xi. that the Payer acknowledges that the CBUAE shall have no direct or indirect liability to the Payer with respect to the operation of the UAEDDS;
  - xii. the terms provide that the resolution of disputes between the Payer and the Originator in relation to the underlying contract between them is a matter for the Payer and Originator, and that the Sponsoring Bank, Paying Bank, the UAEDDS and the CBUAE have no responsibilities or role in that regard.
- d. Fees and charges: with respect to the processing services it provides to a Payer in connection with the UAEDDS, the Paying Bank is not permitted to levy additional charges for making payments from their account into the UAEDDS. Paying Banks may, however, levy additional charges with respect of the following:
- i. Lodgement of DDA Request
  - ii. Confirmation of DDA
  - iii. DDA Cancellation
  - iv. Processing of a Direct Debit Stop Request in circumstances where
    - 1. the Direct Debit Stop Request is Permitted, and
    - 2. the reason for the Direct Debit Stop Request resulting in a NO-PAY decision using the codes provided is
      - a. Payment Refused,
      - b. Bill Amount Refuted, or
      - c. Payment Stopped;

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- v. Any NO-PAY response to a Direct Debit Request as a result of Insufficient Funds;
  
  - e. All Customers (Payers) must be provided with statement of accounts once every month in a manner preferred by the Customer(s) (Payers), subject to at least one Direct Debit related transaction being posted to the account of the Customer, unless requested otherwise by their customer (Payer).
  
  - f. Paying Banks will not act upon account closure requests from the Payer until such time all active DDA's are cancelled. If there are active DDA's. Payer will be mandated to submit cancellation notifications for all active DDA's that can be cancelled from the Paying Bank. Payer will be mandated to arrange for cancellation notifications from the Originator(s) for all active DDA's that can only be cancelled by the Originator(s).
  
  - g. If the account of the Payer held in the books of the Paying Bank has been ordered to be closed by the CBUAE or other competent law enforcement authorities then the Paying Bank will close the account;
  
  - h. Paying Banks are also allowed to close the account of the Payer due to internal compliance/commercial reasons;

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## 11. Obligations applicable to all Participants

- 11.1. Each Participant must conduct periodic audits (at least once every year) to ensure its full compliance with the Rules.
- 11.2. Each Participant must provide the full audit report if so requested by CBUAE.
- 11.3. Each Participant shall seek to resolve disputes with other Participants, Originators and Payers before approaching the CBUAE to activate the dispute Resolution Process, and should co-operate fully and in a timely manner with the CBUAE and other Participants to resolve disputes. The Participant's own documented dispute and error rectification processes should not conflict with Rules or the Dispute Resolution and seek, as far as reasonably practicable, to promote the efficiency of the UAEDDS.
- 11.4. Participants and Originators shall maintain a readily accessible archive of documents relevant to Customers and Originators for at least the minimum period required by applicable UAE law. To the extent that a Participant holds an original DDA, original of an Originator's Indemnity or any original executed Form then it must ensure safe custody of such documents for the minimum required by applicable UAE law and submit them to a court of law and other competent authorities in the UAE if requested, and provide copies of the same when requested by the CBUAE or in response to bona fide requests of other Participants, an Originator or Payer.
- 11.5. The use of codes.
  - a. The CBUAE stipulates codes to be used in connection with processes involved in the UAEDDS. These codes include but are not limited to:

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- i. OIC Codes, DDA Codes and Funding Accounts; and
  - ii. Reason codes in connection with the generation of a PAY or NO-PAY instruction into the UAEDDS by a Paying Bank.
- b. Where a code is stipulated by the CBUAE in a UAEDDS Document or otherwise notified to a Participant, then the Participant is required accurately to use such code in relation to the process assigned to it by the CBUAE.
- 11.6. In accordance with UAE laws, a Participant shall not submit any transaction to the UAEDDS if it knows or should know it to be fraudulent. Such transactions should instead be reported to the relevant authorities via the CBUAE.

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## 12. Legal Framework of UAEDDS

### 12.1. Hierarchy of Laws

- a. In the case of conflict between laws, rules, regulations and any UAEDDS Document, the UAEDDS will continue to operate on the basis of the following hierarchy:
  - i. the Laws of the UAE;
  - ii. regulations issued by the CBUAE;
  - iii. the Rules; and
  - iv. the Participant Undertaking.

### 12.2. Effect of Insolvency

- a. In the event of a Participant's insolvency, the CBUAE has the right to net (offset) the Participant's debits and against credits. For this purpose, 'credits' include any funds held in the Participant's current and reserve accounts and other collateral deposited with the CBUAE.
- b. Participants shall have no right in claiming funds until claims have been offset by the CBUAE.

### 12.3. Force Majeure

- a. The CBUAE shall use its best efforts to provide the UAEDDS in accordance with its obligations under the terms of the Rules and the Participant Undertaking.
- b. However neither the CBUAE nor any Participant shall be liable for any act or failure to act caused by events beyond the control of the CBUAE. Such events include, but are not limited to, natural disasters and acts or war.

- c. CBUAE shall not be liable in any way for the Participant's limitations/ acts / or failure to act in reference to this Clause.

## 12.4. Liability of the CBUAE

- a. The CBUAE shall not be liable for any direct or indirect damages or loss of revenue, profits, business, and goodwill, direct or indirect consequential loss arising from or with respect to use of the UAEDDS.
- b. Except in the case of fraud or deliberate mischief, the CBUAE shall not be liable for any act or omission by a member of staff or other agent working on behalf of the CBUAE or for anything done or omitted to be done in the discharge of its objectives and functions.
- c. Notwithstanding the preceding disclaimer, any liabilities owed by the CBUAE shall be limited to the value of the actual loss incurred.
- d. Save in the case of fraud or deliberate mischief no action, suit, prosecution or other proceeding shall be brought, instituted or maintained in any court or before any authority against the CBUAE.

## 12.5. Indemnity in favour of the CBUAE and Participants

- a. Sponsoring Banks and Paying Banks are indemnified by the Originator by way of the Indemnity provided by the Originator.
- b. The relevant Participant or Originator who causes loss will be primarily liable.



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- c. No liability will exist in cases where the loss is caused to the CBUAE by virtue of force majeure affecting the relevant party.
- 12.6. Transfer of participation rights
- a. The applicable 'participation rights' of a Participant / Originator as per the Rules shall not be transferable unless approved so in writing by the CBUAE.
- 12.7. Confidentiality
- a. The CBUAE shall keep confidential any information obtained about a Participant concerning its operation in the UAEDDS. This obligation shall be waived if disclosure is required by law.
  - b. The Participant shall not seek to gain commercial advantage of any information gained through the UAEDDS. Moreover, it shall keep confidential any information concerning other Participants and Payers in respect of the UAEDDS. This (latter) obligation shall be waived if disclosure is required by law.

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## 13. Violation of UAEDDS Rules

- 13.1. The CBUAE shall initiate an investigation if the Participant is suspected/ has been found to commit a breach of the Rules.
- 13.2. The CBUAE shall promptly notify the Participant of its decision to conduct investigations and (save in the case of extreme urgency) provide the Participant with particulars of the alleged Rule breach.
- 13.3. The CBUAE shall be entitled to gather information from parties relevant parties for the purposes of its investigation. It shall inform the Participant of its intention to do so and provide the Participant with a copy/ transcript (where relevant) of such information.
- 13.4. Prior to issuing its decision upon the alleged breach, the CBUAE shall grant the Participant an opportunity to make representations (both oral and in writing) in respect to its alleged breach.
- 13.5. The PSOU may examine a Participant upon giving the Participant two (2) weeks prior notice in writing.
- 13.6. If the examination by the PSOU or an audit conducted by the Participant reveals weaknesses in the Participant's System then the matter shall be referred to the UAEDDS Management who may recommend remedial action to be taken by the Participant.
- 13.7. If the CBUAE decides that the Participant has breached the Rules, then it may stipulate either one or a combination of the following measures:
- a. A private warning
  - b. A public censure

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- c. Remedial action to ensure future compliance with the Rules
  - d. The stipulation of corrective measures to be taken by the Participant in respect to its System
  - e. A non-compliance fee may be levied proportionally to losses sustained
  - f. The payment of a sum to a Payer, Originator or another Participant in respect of losses that the CBUAE determines such third party may have suffered attributable to the breach of the Rules by the Participant.
  - g. Suspension either indefinitely or for a specified period of the Participant from being connected to the UAEDDS and offering services to Payers or Originators in connection with the UAEDDS.
- 13.8. If the Participant fails properly to implement the recommended remedial action within the stipulated timescale, then the matter shall be referred to the CBUAE to determine the appropriate corrective measures.

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## 14. Miscellaneous

### 14.1. Unpaid Direct Debits

- a. Direct Debits may only be returned unpaid by the Paying Bank using the pre-defined Unpaid Reason Codes as specified in the UAEDDS Systems Specification Manual.
- b. All unpaid Direct Debits must be returned electronically to the Sponsoring Bank using the pre-defined message formats as specified in the UAEDDS Systems Specification Manual.
- c. A Paying Bank is not permitted to return a Direct Debit unpaid after the day upon which the direct debit is presented for payment on the Payer's account, except in exceptional circumstances. Such circumstances would be regarded as applying in the event that the Paying Bank's electronic systems have failed, in which case the Paying Bank is required to ensure that the Central Bank is informed of the Paying Bank's inability to return unpaid Direct Debits prior to the business day when the Direct Debits were presented.

### 14.2. Sponsoring Bank

- a. The Sponsoring Bank shall provide to the Originator an automated report of returned unpaid Direct Debits relating to that Originator.
- b. The Sponsoring Bank is required to process a NO-PAY response on the day of its receipt.

### 14.3. Originator

- a. If a Direct Debit is returned unpaid,

- i. The Originator is not permitted to amalgamate the amount of such unpaid Direct Debit with future Direct Debit Payments unless advance notice thereof is given to the Payer.
- ii. Such amalgamated amount must be less than the maximum amount specified in the DDA for a variable payment.
- iii. Amalgamation is not permitted with respect to fixed amount Direct Debits.

#### 14.4. Re-presentation of Unpaid Direct Debit

- a. In the event that Originator instructs the Sponsoring Bank to re-present a Direct Debit that has been returned unpaid:
  - i. the amount of the re-presented Direct Debit must be equal to the corresponding unpaid Direct Debit;
  - ii. the same Direct Debit reference number must be quoted;  
and
  - iii. the maximum number of re-presentations of the same Direct Debit is not restricted to any maximum number
  - iv. no charges can be applied to the account of the customer for any represented unpaid direct debits being returned again for any of the permitted reasons.

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## Appendix A: Fees and Charges

The CBUAE may raise standard processing fees and impose other charges in respect of additional services or non-compliance with these Rules. See the latest version of the document entitled

*UAEDDS AUX001 - UAEDDS CHARGES.doc* for details of fees and charges.

The CBUAE reserves the right to alter existing fees and charges and to apply new fees and charges in the future.

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## Appendix B: Contact Points

All queries relating to the UAEDDS service should be referred to:

UAEDDS Help Desk

Payment Systems Operations Division

CBUAE of the UAE

PO Box 854

Abu Dhabi

Or by email to:

[banking@cbuae.gov.ae](mailto:banking@cbuae.gov.ae)

## Appendix C: Reference Documents

- UAEDDS AUX001 - UAEDDS CHARGES
- UAEDDS AUX002 - UAEDDS MANDATED TATs
- UAEDDS AUX003 - UAEDDS ORIGINATOR REGISTRATION AND CONFORMITY REVIEW
- UAEDDS AUX004 - UAEDDS HANDLING OF PARTIAL SETTLEMENTS AND ASSOCIATED REPRESENTMENTS
- UAEDDS AUX005 - UAEDDS CLAIMS AND COUNTER CLAIMS
- UAEDDS AUX006 - UAEDDS DISPUTE RESOLUTION PROCESS
- UAEDDS AUX007 - UAEDDS OIC-DDAPC-FAC
- UAEDDS AUX008 - UAEDDS DD300 AMENDMENT FORMS AND FIELDS
- UAEDDS AUX009 - UAEDDS RECONCILIATION
- UAEDDS AUX010 - UAEDDS SETTING UP DDA FOR EXISTING LOANS-FINANCES-CREDITCARDS
- UAEDDS AUX011 - UAEDDS DDA Frequency Validations in DDR Processing
- UAEDDS AUX012 - UAEDDS DDA Dormancy Rules in DDR Processing
- UAEDDS AUX013 - UAEDDS Switching Sponsoring Banks in DDA Processing
- UAEDDS AUX014 - UAEDDS Impact of Mergers and Acquisitions in DDA and DDR Processing
- UAEDDS AUX100 - UAEDDS HANDLING OF OFF-US REPRESENTMENTS
- UAEDDS AUX900 - UAEDDS DATA DOWNLOADS
- UAEDDS AUX998 - Guideline Document for Pre-Approved DDA in UAEDDS
- UAEDDS AUX999 - Guideline Document on Alternate Channels for UAEDDS
- UAEDDS SSM



## Appendix D: Forms

- ✚ Direct Debit Originator Registration Request
- ✚ Direct Debit Originator Indemnity
- ✚ Direct Debit Originator Amendment Request
- ✚ Direct Debit Authority Loans
- ✚ Direct Debit Authority Finances
- ✚ Direct Debit Authority Cards
- ✚ Direct Debit Authority Others
- ✚ Direct Debit Authority Amendment Loans
- ✚ Direct Debit Authority Amendment Finances
- ✚ Direct Debit Authority Amendment Cards
- ✚ Direct Debit Authority Amendment Others
- ✚ Direct Debit Cancellation Request
- ✚ Direct Debit Stop Request
- ✚ Direct Debit Request Return Memo
- ✚ Direct Debit Dispute Lodgement Request