



Based on Article 35, paragraph 1, sub-paragraph 1.1 of the Law no. 03 / L-209 on Central Bank of the Republic of Kosovo, and Article 1, paragraph 1 of Law no. 04 / L-155 on the payment system, the Board of the Central Bank of the Republic of Kosovo, in its meeting held on 28 June 2018, approved the following:

REGULATION ON THE INTERBANK PAYMENT SYSTEM

Article 1

Purpose and scope

1. The purpose of this regulation is to establish rules and procedures for functioning of the Interbank Payment System in Kosovo.
2. The entities of the implementation of this regulation are participants of the Interbank Payment System.

Article 2

Definitions

1. For the purposes of this Regulation, the following terms shall have these meanings:
 - 1.1. “*Bank*” means an entity defined in the Banking Law;
 - 1.2. “*Ordering Bank*” means a bank that sends a payment order to debit its account in IPS system;
 - 1.3. “*Beneficiary Bank*” means a bank which receives a payment order to credit its account in the interbank payment system;
 - 1.4. “*CBK*” means the Central Bank of the Republic of Kosovo;
 - 1.5. “*BIS*” means the Bank for International Settlements;
 - 1.6. “*ATS*” means automatic transfer system;
 - 1.7. “*ACH*” means the automated interbank clearing system for small value payments realized by sessions on a net basis;
 - 1.8. “*Value date*” means the banking day on which the payment transaction is carried out;

- 1.9. *"DIT"* Department of Information Technology at CBK;
- 1.10. *"DSP"* Department of Payment Systems n CBK;
- 1.11. *"PSOD"* Payment Systems Operations Division at CBK;
- 1.12. *"EUR"* means the Euro currency;
- 1.13. *"E-token"* device that carries an integrated memory chip and / or processor and certificate functions;
- 1.14. *"Gridlock"* means a situation that happens with transfers of funds or securities, in which non-execution of a payment order (due to insufficient funds), prevents a number of other payments, ordered by other participants on system;
- 1.15. *"Payment system"* means a set of instruments, banking procedures and Interbank transaction transfer systems that provide cash flow;
- 1.16. *"IPS"* means Interbank Payment System;
- 1.17. *"Business Continuity Centre"* means the entire hardware and software system serving in emergencies, when the primary system is out of function;
- 1.18. *"ISO"* means International Standardization Organization;
- 1.19. *"PAT"* means Processing Automatic Transfers;
- 1.20. *"BIC"* means the identification code of the institutions participating in IPS;
- 1.21. *"IDL"* means intraday liquidity;
- 1.22. *"Liquidity"* means the payment ability of a participant in IPS system;
- 1.23. *"Client"* means the holder of an account at a bank;
- 1.24. *"Payment transaction"* means an action initiated by the payer or the payee, for the establishment, transfer or withdrawal of money, regardless of any corresponding obligation between the payer and the payee;
- 1.25. *"FIFO (First in - First out)"* means the principle which makes setting of payment orders in the queue, depending on the time of its payment order arrival in the system and where the first order in the row is the one to be first settled;
- 1.26. *"Sufficient funds"* means the net available funds in a settlement account of a participant in the system IPS after net settlement of payment transactions;
- 1.27. *"RTGS"* means Real Time Gross Settlement System;
- 1.28. *"PO"* (Payment Originator) means recording transactions manually by ordering payment institution in web-based component of the IPS;
- 1.29. *"Payment transaction"* means an action initiated by the payer or payee to establish, transfer or withdrawal of money, regardless of any corresponding obligation between the payer and the payee;
- 1.30. *"Settlement"* means the act of settling the obligations by transferring funds, securities or other financial instruments between two or more parties;

- 1.31. “*Settlement Account*” means the account of a participant in the IPS that is used to hold funds for the settlement of payments between participants in the system;
- 1.32. “*Log file*” means describing the history of the working day in IPS system;
- 1.33. “*The initial cutting*” means the initial time specified in the operation schedule of IPS for accepting payments from customers;
- 1.34. “*Cut of time*” means the maximum time specified in the operation schedule of IPS for accepting bank to bank payments;
- 1.35. “*Backup*” the process of keeping the backup copies of IPS;
- 1.36. “*Gateway*” means a module that enables automatic exchange of messages between IPS and main bank systems;
- 1.37. “*Participant in the system*” means a member of a clearing and settlement payment system of securities or party to an agreement, which a system establishes;
- 1.38. “*Direct Participant*” means a participant in the IPS, which can perform all activities allowed in the system without using any intermediaries;
- 1.39. “*Indirect participant*” means a participant in the IPS, which uses a direct participant as intermediary in order to perform some of the activities allowed in the system;
- 1.40. “*System business day*” means a day or part thereof during which the system is open for receiving, processing and transfer of payment transactions from participants in it;
- 1.41. “*Netting*” means the determination of net payment obligations or the determination of the final net value of settlement obligations between two or more participants in the payments system;
- 1.42. “*Net settlement instructions*” means the settlement on net basis of payment transactions from ACH component by clearing sessions;
- 1.43. “*Clearing*” means the process of transmission, reconciliation, and confirmation of instructions for transfer of funds and securities before settlement and includes netting of instructions and the establishment of final positions for settlement;
- 1.44. “*Instruction*” means a written recommendation issued by the Executive Board of the CBK;
- 1.45. “*VPN*” means the local network used exclusively by participants in the IPS system;
- 1.46. “*Computer*” means the computer through which participants monitor the respective payments and manage their queue;
- 1.47. “*ASR*” means Accounting System Registry;
- 1.48. “*Payment order*” means any instruction from the payer or the payee to his or her payment institution where the execution of the payment transaction is required;

- 1.49. “*Payment transaction*” means an action initiated by the payer or the payee for the placement, transfer or withdrawal of money, irrespective of any relevant obligation between the payer and the payee.

Article 3

Organization and regulation of the Interbank Payments System

1. CBK's role in the regulation of interbank payment system is as follows:
 - 1.1. CBK owns, operates and oversees the Interbank Payment System, and is a participant in the clearing and settlement of payments arising from its operational activity.
 - 1.2. CBK manages the accounts of settlement; it could provide intraday liquidity and facilities to ensure efficient and sustainable clearing and settlement systems.
 - 1.3. Draft bylaws to ensure the functioning and security of the payment system.
 - 1.4. Accepts new participants or changes in IPS information held for participants in IPS.
 - 1.5. Opens and maintains settlement accounts, develops the process in the quality of the settlement agent.
 - 1.6. Signs Agreement with participants of IPS.
 - 1.7. Sets temporary restrictions and suspension of a participant's access to the system.
 - 1.8. Ensures the development of the interbank payment system in Kosovo in accordance with the following standards:
 - 1.8.1. BIS principles on netting and principles of financial market infrastructure by the Committee on Payment System;
 - 1.8.2. International Standards Organization (ISO) 20022;
 - 1.8.3. The European Central Bank.

Article 4

Management and operation of the interbank payment system

1. CBK maintains the functioning of the system, allowing participants access to the system in accordance with the system working hours.
2. Sets the emergency plans that ensure timely fulfilment of daily processes in system at unforeseen circumstances.
3. Manages the system by enabling to participants in it equal access, based on safe mechanisms of access protection, verifying the sender of the payment instruction, protecting the reliability and confidentiality of the information received and stored by IPS.
4. Determines daily procedures of opening-closing, archiving and backup system.
5. Determines the operating hours of IPS.
6. Determines the involvement of participants in the system and carries out all membership and certification of a new participant in the system.

7. Administers the security of the system.
8. Monitors the interbank payment system and in particular:
 - 8.1. the functional state of the system;
 - 8.2. settlement of payments;
 - 8.3. IPS's interconnections with other systems;
 - 8.4. the state of the sending / receiving messages of payment transactions;
 - 8.5. VPN connection status;
 - 8.6. status of any technical account and net positions at any time;
 - 8.7. imported payment messages and their status;
 - 8.8. settlement account balance of participants;
 - 8.9. payments made by / for an account;
 - 8.10. queued payment transactions of a participant.

Article 5

Supervision of interbank payment system in Kosovo

1. In the framework of the interbank payment system supervision function, CBK:
 - 1.1. Assess and analyse the current system and the risks associated with the system and makes recommendations for improving the efficiency, reliability, security and stability of the system.
 - 1.2. Takes part in the drafting of regulations and methods for reducing systemic risk in accordance with the principles and recommendations for systemically important systems.
 - 1.3. Conducts research in the field of payment and settlement systems, with the aim of developing the system.
 - 1.4. Intervenes in developing the IPS through:
 - 1.4.1. cooperation with other participants and authorities in this field;
 - 1.4.2. coordination of activities of participants in the system;
 - 1.4.3. necessary system changes that are in line with the objectives of safety and efficiency; and
 - 1.4.4. Participates in the management of emergency situations, analysing the causes, technical or operational characteristics as well as impacts on the payments and financial system.

Article 6

The system of inter-bank payments and its components

1. Interbank Payment System (IPS) is an automated system for payment transactions (ATS) in the Republic of Kosovo.
2. IPS provides gross settlement of individual and urgent payments, settlement of net positions for transfer orders in batch and settlement of securities received by the Registry Accounting System (RAS) in CBK.
3. The central IPS system includes:
 - 3.1. RTGS component for processing large value payments and urgent payments;
 - 3.2. ACH component for processing small value payments;
 - 3.3. PO component for manual processing of payments in case of non-functioning component "*Gateway*" for automatic correlation of participants with IPS.
4. IPS enables the exchange of transfer orders according to the international standard ISO 20022 through dual network connections VPN.
5. The exchange of messages on payment transactions between the participants and ISPs may be performed through:
 - 5.1. gateway, for automatic exchange of messages between IPS and commercial banking system;
 - 5.2. workstations (PC), for liaison IPS participants through a web browser.

Article 7

Information from the Interbank Payment System

1. IPS provides to participants real-time information about:
 - 1.1. the liquidity position at CBK;
 - 1.2. the value and volume of individual and group payment transactions, settled for each participant;
 - 1.3. the list of individual and group payment transactions waiting to be executed;
 - 1.4. sufficient funds to the settlement account;
 - 1.5. contents of individual and group payment transactions file;
 - 1.6. net positions for payment settlement by ACH;
 - 1.7. users registered in IPS and their activities;
 - 1.8. IPS operating hours and clearing sessions.
2. Each participant is responsible for monitoring the payments settlement made during the day, and the CBK shall not be liable for losses incurred due to negligence of participants for monitoring and managing pending or rejected transactions.

Article 8

Settlement and execution of payment transactions through RTGS

1. Through the RTGS is executed settlement in Euro and with unlimited value:
 - 1.1. of payment transactions for the accounts of the participants in the system;
 - 1.2. of transactions between participants, which implies the transaction directly ordered for other participant;
 - 1.3. of net transaction of clearing from ACH component;
 - 1.4. of securities transactions and those of intraday liquidity (IDL);
 - 1.5. of requests for settlement from other payment systems;
 - 1.6. of payment transactions for withdrawal of cash;
 - 1.7. of international payment transactions initiated by banks from their accounts to CBK;
 - 1.8. payment transactions related with interests and applied fees by the CBK.
2. The moment of receipt of a transaction in the IPS is the moment of its technical validation, but before it passes the test of available funds for settlement or placement on the waiting list.
3. The settlement of a payment takes place at the time of acceptance of the payment transaction by IPS, if participants provide a sufficient amount of funds to cover the settlement. If the ordering participant does not have sufficient funds in the settlement account, the payment transaction shall be placed on the waiting list.
4. Procedures for settlement of pending payments, for participants or operators that are in the process of bankruptcy, are stipulated in Article 19 of Law no. 04 / L-155 on the Payment System.
5. Withdrawal of payment transactions cannot be carried out after the execution of the payments and sending the message to the receiving party. In this case it can only be made the request for return by the receiving party.
6. For each payment sent to the RTGS by the participants, the IPS will validate and notify the participant of its receiving or rejection.
7. The ordering bank executes an RTGS payment transaction in the IPS within 15 minutes after that transaction is initiated by the payer.

Article 9

Execution of payments through the ACH

1. Through ACH component, are executed only payments of group clearing transactions as follows:
 - 1.1. that are worth up to 10,000.00 Euro. This limit does not apply to the type of mass payments (payments UNIREF) and Kos Giro;

- 1.2. that are digitally signed and formatted in accordance with ISO20022 format.
2. Participants send payment transactions at ACH system in the form of messages grouped according to ISO 20022 standard.
3. The ACH system processes payments in group and composition of a group of payment transaction could be:
 - 3.1. payment transactions of small value (credit transfer from an ordering bank);
 - 3.2. direct debit (debit transfer, initiated by the beneficiary bank);
 - 3.3. rejection of direct debiting.
4. Payment Transactions in a group all have the same value date and the same type of payment.
5. Participants provide sufficient funds in their settlement accounts, so that the net settlement instruction generated by ACH shall be settled immediately at the end of each clearing session. Group of payment transactions, cleared during a clearing session cannot be withdrawn (cancelled).

Article 10
Reconciliation, auditing and reporting

1. Interbank Payment System saves log file for a 12 months period.
2. Details of IPS are accessible by participants for a period of 5 years from the date of creation of such data.
3. CBK at the request of a participant compiles within five (5) working days from the date of submission of the request, an informative report with the required data for the period earlier than the aforementioned deadline.
4. IPS produces summary reports for the reconciliation at the end of each working day.
5. IPS offers operational reports throughout the working day, which can be used for control purposes by the CBK and other participants.
6. Contents of the reports and their method of use are described in the user manual of the system, provided by the IPS's manufacturer.
7. CBK issues summary reports automatically from IPS's database at any time and for this purpose it has access to all the data of participants.

Article 11
Participants in the Interbank Payment System

1. Participants in the clearing and settlement in IPS are:
 - 1.1. CBK;
 - 1.2. Commercial banks;
 - 1.3. Department of Treasury, Ministry of Finance;

- 1.4. Kosovo Pension Savings Fund;
- 1.5. Health Financing Agency / Health Insurance Fund;
- 1.6. Payment systems operators licensed by the CBK.

Article 12

Membership in the of Interbank Payment System

1. Participants must meet the following requirements for membership in IPS:
 - 1.1. have developed internal operating rules for participation in IPS;
 - 1.2. have qualified and trained staff to operate with IPS;
 - 1.3. have signed an agreement to participate in IPS, Annex 1 of this Regulation;
 - 1.4. participate in IPS only through headquarters and business continuity centres.

Article 13

Procedure for membership in IPS

1. The institution submits a written application for membership in the IPS, at the CBK.
2. CBK considers the request of the institution and requires additional clarification as needed within ninety (90) calendar days from the date of submission of the application.
3. In case of approval of the application, the CBK within a week of approval shall inform the institution on the content of this regulation and the minimum technical requirements that it must meet based on standards and guidelines of IPS.
4. CBK in collaboration with the institution establishes and implements procedures for membership.
5. CBK trains and organizes tests for users of the institution.
6. For participating the institution must complete the relevant application and signs the permitting letter to participate in IPS.
7. CBK carries out its duties on IPS registration of participants, as well as creates users and submits safety equipment (e-tokens) to the participants.
8. CBK shall notify all participants of IPS on the name, exact address (BIC code) of new participants and on the date when the said participants will be given access to IPS, ten (10) working days before it starts the activity.
9. CBK provides the VPN connection and the necessary equipment.
10. Each participant in the event of merger, division, change of name or in case of any other change to the information required in the permitting letter shall immediately notify and provide the CBK with the information required for the change.

Article 14

Temporary restriction on the Interbank Payment System

1. The CBK shall temporarily restrict a participant to the IPS, in cases where participant's inability to execute a settlement request is verified.
2. After imposing the restriction on the participant, the same can access the system but cannot settle payments from/to other participants.
3. CBK decides to lift the restrictions imposed when the participant provides in its settlement account, sufficient funds to satisfy all obligations in the IPS.
4. CBK informs participants immediately on lifting of restrictions through an official letter.

Article 15

Suspension measure of access to participants in Interbank Payments System

1. CBK shall suspend the access of a participant to IPS, if:
 - 1.1. participant does not provide sufficient funds until the following day of the day on which it received the notification for the temporary suspension of his access to IPS, under Article 14 of this Regulation;
 - 1.2. notes that further access to the system by the participant may pose a threat to preserving the stability of the financial system;
 - 1.3. the participant does not comply with a request for participation or violates the obligations set forth in this regulation;
2. The CBK notifies directly the IPS participant on the decision to suspend the access of a participant to IPS through an official letter.
3. The participant whose access to the IPS is suspended under this Article has no right to participate in the IPS, but still has the right to access his/her data outside the system by a request to the CBK.
4. Suspension of a participant shall cause the immediate freezing of his payment account or any settlement account which is under his/her control.
5. A Participant may request a suspension when, due to provisional technical or operational issues, believes that he is temporarily incapable of meeting his obligations under this Regulation.
6. CBK shall not be liable to any participant for any loss, damage, cost, expense, liability or claim regarding the suspension of a participant.
7. CBK decides to remove the suspension measure when the participant provides in its settlement account, sufficient funds to meet all its obligations in IPS, or meets the conditions that have led to the suspension of participation.
8. CBK informs participants for removal of the suspension measure immediately.

Article 16

Exclusion of participants from the Interbank Payments System

1. CBK decides to exclude a participant from IPS system, in the cases presented as follows:
 - 1.1. by a written request from the participant itself and after its approval by the CBK;
 - 1.2. participant joins one or several banks;
 - 1.3. participant to whom has been suspended access to IPS does not provide sufficient funds in his settlement account within the next day from day of suspension;
 - 1.4. participant does not respect the provisions of this regulation;
 - 1.5. participant is placed under liquidation and is revoked licence by the CBK;
 - 1.6. participant does not uses IPS system for delivery or receipt of payment transactions within twelve (12) months.
2. CBK informs participants through an official letter regarding the decision of his exclusion from the IPS.
3. CBK closes the account of excluded participant.

Article 17

Obligations of the participants in the Interbank Payment System

1. Implement the rules and procedures of IPS.
2. Access the IPS at any time during the day of operation, respecting his work schedules.
3. Manage the local systems to ensure continuity and sending of payment instructions to the IPS.
4. Not allow temporary or external staff to operate in IPS.
5. Immediately inform the CBK in case of movement of personnel so that it will revoke the user's certificate that has operated in IPS.
6. Develop internal procedures for security and protection of the system, including organizational procedures (human resources and computer equipment), in accordance with the provisions of this Regulation.
7. Report to the CBK immediately on the irregularities observed or suspected on security of IPS.
8. Channel payments at IPS, only on the basis of a valid justifying document or electronic facts.
9. Ensure the integrity of payment transactions and user approaches within the respective institutions:
 - 9.1. setting location for primary and secondary access (backup) in the IPS, only where there are suitable conditions for digital and telecommunications equipment, as well

- as the security that the functioning of IPS will not be subject to interruptions or interventions caused by internal or external factors;
- 9.2. by applying the "*four eyes*" principle for the payment transaction authorization, providing different users to incorporate data and their approval;
 - 9.3. carrying out identification procedures at each step of communication between its internal systems and IPS;
 - 9.4. becoming subject to control by supervisory personnel for any rejected, corrected or deleted payment;
 - 9.5. by registering all electronic communications related to payment transactions, marking the time of transmission.
10. Maintain records of payment transactions in paper copy and electronic format for a period of not less than five (5) years, according to accounting standards and regulations in force at the CBK.
 11. Develop an emergency plan, which guarantees the fulfilment of the daily operations of IPS at unforeseen circumstances.
 12. Carry out periodic assessments of the integrity and stability of their internal equipment related to IPS.

Article 18

Access of participants at Interbank Payments System

1. For access and communication with IPS, participants should be prepared with hardware and software infrastructure. In addition to software components, 'Gateway' and digital certificate, the CBK has no obligation to support participants in other technical infrastructure.
2. Each participant has one or more 'computer' for on-line communication in IPS, and is responsible for the operation their respective 'computer'.
3. From their 'computers', participant users will shall access the IPS web application and perform the operations that this system provides.
4. The IPS application is accessible to participants only if their users are previously provided with an e-token, which contains a valid certificate issued by the CBK.
5. The CBK, each year, renews the certificate in e-token of the participant's system users. In case of a user's removal, the participant must notify the CBK of the cancellation of the existing certificate.
6. For each participant, the CBK shall register two users eligible to administer, then these users can register other users of that participant. At the request of the participants, the CBK may provide support for the registration in the IPS of other users as well, such as: users' registration/deleting, resetting of password, issuance of e-tokens with digital certificates, etc.

7. To request support for users' registration / deleting, receiving / handing over the token, re-installing / obtaining a certificate, participants submit to the CBK "User and Token Application", *Annex 2* of this Regulation.
8. Any application for CBK support related to users should be signed by the responsible officer of the respective institution and must be submitted to the CBK by pre-scanned e-mail, or even in hard copy.
9. The respond to the user application the CBK shall be returned to the participant at latest by the end of the next working day.
10. The CBK for each participating institution shall provide a default password that will be used for access to IPS for the first time after the user opens or after the request to change the password.
11. The request to change the password should be sent to the CBK by e-mail from the contact person of the participating institution.

Article 19

The information required in ISO 20022 messages

1. In all cases, messages of payment transactions that are sent to IPS should at least contain:
 - 1.1. determining information about the debtor and the creditor;
 - 1.2. the reference of the payment transaction;
 - 1.3. value dates of payment;
 - 1.4. description of the payment transaction;
 - 1.5. amount expressed in EURO.
2. For each transaction, combination of the reference number along with the payment amount and valid date shall be unique for every ordering bank within the working day.
3. IPS receives payment transactions on future valid date up to 5 (five) working days from the date of delivery of the message.
4. Payment transactions with valid date same as the date of the business day on which they were sent and received by IPS, shall be executed at the same day.
5. Other payment transactions received by IPS, are retained until the working day of IPS match with the valid date specified by the participant.
6. If the valid date is not of a working day of IPS, the latter refuses payment transactions received for that day.

Article 20
IPS working days and hours

1. The IPS shall operate every business day, from Monday to Friday, except for official holidays set forth in the Law on Official Holidays in the Republic of Kosovo and decisions of the CBK.
2. Operating schedule and clearing sessions at the IPS are regulated by the CBK and the same are entered / published in the application of this system (where all participants can see them at any time) and on the CBK web site.
3. The CBK may extend or reduce the working hours of IPS in unforeseen emergency situations, in certain cases for the transfer of necessary payments for liquidity of the participants, in cases of technical problems which may have affected the operating procedures, and in case of special requirements of national importance.
4. Participants will be informed of any changes to the schedule by official or by Camt.998 message.

Article 21
Control on sufficiency of funds

1. A payment transaction is executed only if there are sufficient funds in the account to be debited.
2. Sufficiency of funds in the participant's account is determined by the balance of the account and the minimum reserve requirement.
3. Participants shall monitor the state of the relevant account and take measures to provide the necessary liquidity for the settlement of payment transactions.
4. The accounts of two participants involved in the payment are debited and credited, respectively; by generating confirmatory messages, according to the relevant IPS format.
5. A payment transaction is considered as entered to the IPS when receiving the status "*Received*" and is considered irrevocable.
6. In the case of insolvency procedures to the participants, issues related to the finalization of the settlement are governed in accordance with the relevant regulations in CBK.

Article 22
Order of payment

1. Payments which cannot be executed due to insufficient funds in the settlement account of the participants are placed by IPS in a stand by queue and are rescanned by the system anytime data on funds in the participant's settlement account change.
2. The order of payments and control for sufficiency of funds is carried out on the basis of the priority of payment transactions given by the participants, as well as based on the time payment (FIFO principle).

3. Changing of this order can be done only in cases provided for in Article 26 of this Regulation.
4. Each type of payment transaction has priority codes within which participants must enter a code.

Article 23
Priority levels

1. Any payment is given one of the following priority levels:
 - 1.1. The first level is given to the transactions of net clearing by ACH;
 - 1.2. The second level is given to payments initiated by CBK;
 - 1.3. The third level is given to payments between participants;
 - 1.4. The fourth level is given to priority payments to the accounts of participants' clients.

Article 24
Re-classification of payments queue

1. With the exception to net settlement instructions, return of loans within the day and payments initiated by the CBK, each participant can make re-classification of their payments by changing the order of transactions in queue.
2. Each participant can change their order of payments, which are still unsettled in queue, within the same priority. The order is made by changing the priority code of the generation code for that type of transaction.
3. Re-classification of payments in queue can be also performed by the CBK, when the participant has requested re-classification.

Article 25
Cancelation of a payment in queue

1. During the business day, CBK may cancel a payment in queue for as long as the payment is not settled:
 - 1.1. upon a specific request by the participant;
 - 1.2. when CBK considers that the participant due to technical problems, cannot manage the respective queue.
2. During the end of business day, if there are outstanding payments in queue of a participant, they are cancelled automatically from the IPS, and the participant is informed by an adequate ISO 20022 message.

Article 26
Administration of group payments

1. Participants create/registered or import from their internal systems payment transactions in the ACH system, which then are grouped by the system separated for each beneficiary bank.
2. In the ACH component, credit transfers and debit transfers are processed. Credit transfers are divided into: normal, giro, massive, wages/pensions and refunded transactions.
3. Participants shall ensure that each set of payment transactions have a unique reference number.
4. Any payment transaction in the group rejected by ACH may be forwarded to the system after its correction by the respective participant. Resend group should have a new reference number.
5. The ACH system processes the groups of payment transactions of small value in the order in which they were sent (according to the FIFO principle).
6. Groups of payment transactions that are transmitted to the beneficiary bank after the settlement of net positions in RTGS at the end of the clearing session in ACH system shall have a digital signature of the payment transaction order.
7. Groups with direct debit payment transactions are carried out in the last session of clearing of valid date.

Article 27
Certification of group payments

1. Payment Transactions in group that fail authentication process are rejected by IPS.
2. IPS notifies the participant on the groups of payment transactions accepted or rejected by e files sent to the system. The rejection message contains the reference number of the group rejected, reasons of rejection and the corresponding error code.
3. IPS certifies group payment transactions according to the following criteria:
 - 3.1. All groups must have a digital signature;
 - 3.2. BIC codes for participants should be on the list of participants;
 - 3.3. All payment transactions within a group should have the same validity date and the same type of transactions and the same ordering participant / debtor;
 - 3.4. No payment transaction of small value, delivered as normal, should not have a value greater than the upper limit set by the CBK;
 - 3.5. Groups of payment transactions of small value are delivered within specified hours of operation of the IPS;
 - 3.6. The reference number of payment transactions group should be unique.

Article 28
Operating procedures for clearing sessions

1. During a working day at the ACH component are developed three or more clearing sessions.
2. ACH system generates the following information for the participants:
 - 2.1. reports of the previous days;
 - 2.2. start of the clearing the session;
 - 2.3. start of receiving files;
 - 2.4. end of receiving files;
 - 2.5. sending net settlements to IPS;
 - 2.6. end of the session;
 - 2.7. changes made in the final cut, in the schedule of the working day, on the calendar, modifying the status of a participant in the system;
 - 2.8. the latest reports of the day;
 - 2.9. reports generated in settlements;
 - 2.10. daily and monthly billing report.
3. Groups with direct debit transactions and direct debit rejections, which have not been approved until the final cut are automatically rejected by ACH.
4. Group payment transactions, over 10 thousand payment transactions, should be sent by any participant no later than thirty (30) minutes before the closure of the last clearing session.
5. Payment transactions that are not processed in a clearing session are transferred to the next session, while transactions that are not processed during the last clearing session are rejected.

Article 29
Procedures for direct debit transactions

1. The direct debit transfer that is performed through the IPS is a debit transfer to whom the ordering subject (initiator) is the payee, the ordering bank (initiator) is the payee's bank, the receiving bank is the payee's bank and the receiver of the direct debit transfer is the payer.
2. In IPS are processed several types of transactions related to direct debiting, such as; direct debit request, rejection of direct debit transaction, request for return of direct debit and direct debit authorization.
3. The IPS receives debit transactions directly at any time from opening of business day (Open for Business) until the initial cut-off. Upon receipt of these transactions, the IPS will group them and send them to the payer's bank.

4. Direct debit demand transactions must be sent at least two (2) business days prior to the settlement date.
5. The execution of direct debit transactions is carried out at the third (3) clearing session of the settlement date.
6. Refusal of direct debit transactions is accepted by the IPS only if sent prior to the opening of the third session (3) on the settlement day and until the refused transactions have the pending status.
7. For the settlement of direct debit transactions to the participant's account, along with all ACH transactions of that session, the IPS establishes a net clearing transaction.
8. For any type of direct debit transactions, the IPS uses different types of ISO 20022 messages which are explained in the technical documentation of the IPS.

Article 30

Resolving of the 'Gridlock' situation

1. CBK intervenes in order to resolve 'Gridlock' situation through the 'Gridlock' mechanism.
2. IPS applies the Gridlock mechanism to select those payments the settlement of which is possible on the basis of two or multilateral clearing sessions. This intervention is possible only in conditions of maintaining the FIFO order of payment transactions.
3. IPS automatically activates the 'Gridlock' mechanism, at predetermined time intervals.
4. CBK could manually activate Gridlock mechanism, when deemed necessary.

Article 31

Payments rejected during the day

1. Are rejected automatically by the IPS system:
 - 1.1. payment transactions of participating clients that enter the system after completion of the schedule for this type of payments;
 - 1.2. payment transactions between participants that enter the system after completion of the payment schedule.

Article 32

Settlement of net clearing transactions

1. Settlement order of net payment transactions at IPS arise as an outcome of the ACH clearing component.
2. In each clearing session in the ACH, the IPS creates for each participant a net payment transaction for the settlement of all transactions sent and received for that session.
3. Settlements of net orders are cleared only if all participants with net debit positions have sufficient funds in their settlement accounts.

4. Participants must make sure to have sufficient funds in their settlement account for immediate repayment of their net liabilities.
5. In cases of inability to settle net clearing transactions due to insufficient funds, participants may use daily liquidity support transactions.
6. Net transactions of the ACH component for a clearing session are final and registration or payment will not be refunded, re-paid or discarded.

Article 33

Central Bank of Kosovo as participant in the IPS

1. CBK makes payment transactions as follows:
 - 1.1. payment transactions related to reflection of emission the and maturity of securities in the IPS;
 - 1.2. withdrawal and depositing of cash for operations initiated by the CBK and their payments arising from the operational activity;
 - 1.3. payment of interest and penalties applicable under provisions issued by the CBK;
 - 1.4. payment by MoF / Treasury and other customers of the CBK;
 - 1.5. CBK payments as participant in the IPS system, arising from its operating activities.

Article 34

Return of erroneous transactions

1. A beneficiary bank is subject of a procedure to return the transaction received from an instructing bank if:
 - 1.1. If the beneficiary bank is not able to transfer funds to the account of the client due to:
 - 1.1.1. inaccurate or contradictory instructions of the account;
 - 1.1.2. closure of the account to which these funds were destined.
2. The beneficiary bank returns payment transactions contemplated under sub-paragraph 1.1 of paragraph 1 of this Article to the instructing bank, within the next business day.
3. When returning the wrong transaction, the beneficiary bank should include all identification elements of the payment transaction that has received, and describe the reason for the return.

Article 35

Interbank Payment System Accounts

1. Each licensed bank keeps its CBK balance in the IPS system in two sub-accounts; settlement account and obligatory reserve account. Funds may be relocated from the settlement account to the reserve account and vice versa.
2. The settlement account represents the balance of the funds that a bank holds in the CBK's main accounting book without the amounts held in the reserve account, and this balance is the amount of funds available for general settlement purposes.

3. The settlement account shall be used for operations in the IPS and this account cannot turn into negative balance.
4. Any movement or improvement in the current account balance of the CBK's main accounting book that occurs after the end of the day and before the start of the next day in the IPS is reflected in the IPS's settlement account. When IPS opens for work next day, these transactions in the IPS system cannot be registered with the validity date of the previous day.
5. For each participating bank, IPS automatically opens two additional temporary technical accounts; the collateral account of securities for intraday liquidity support (ILF), as well as the settlement account for net transactions of clearing sessions.
6. In addition to the accounts referred to in this Article, non-bank participants may also open other Transaction Clearing Accounts, known as PACS accounts.

Article 36

Support for intraday loan

1. Intraday loan may be provided by the CBK against collateral in the form of government negotiable securities held in ARS.
2. ARS informs IPS on the value of commitments held for each participant. IPS holds this value in a collateral account for each participant. This value is then available to IPS to be automatically withdrawn during the day, to automatically create an intraday loan to the value of collateral pledged. Intraday loans are used to increase the amount of funds available in the settlement account of the participant.
3. In cases of intraday loan application, at the end of the day the participants must provide sufficient funds in the settlement account.

Article 37

Minimum balance of the required reserve

1. Based on the Regulation on Minimum Bank Reserve, CBK sets a minimum balance to the account of each participating bank. On IPS system this balance is held in the sub-account of the required reserve and funds from this account cannot be used for settlement purposes.
2. Calculation of the minimum reserve balance is automatically carried out by the IPS based on the parameters previously reported by the participants in this system, in accordance with the CBK Bank Reserve Regulation, and 50% of cash that is by the participants.
3. The 50% cash parameter should be reported by the participants every working day no later than 11:00. After the first reporting, as needed, participants can update this parameter several times within the working day.

Article 38

Unforeseen events

1. Unforeseen events are classified as follows:

- 1.1. communication disruption of participants;
- 1.2. communication disruption at CBK;
- 1.3. other unforeseen disruptions of IPS system;

Article 39

Communication disruption of participants

1. If a participant has technical difficulties which prevent processing payment transactions or their monitoring through computer at IPS, he notifies the CBK within 30 minutes of encounter of these difficulties.
2. Participants will immediately notify the CBK on any change of circumstances or difficulties in operation.
3. Upon receipt of the notification by the participant, the CBK examines the problem and instruct the participant to alternative options within two hours of notification.

Article 40

Unforeseen events during communication

1. For connection to the IPS system, participants use two direct connections (from the CBK facility to main offices of participants) fibre optic VPNs provided by two different local telecommunications companies.
2. In the event of a prolonged outage of connection with VPN of up to 30 minutes, CBK notifies the participants by e-mail or phone about the disruption of the system and the participants stay connected to the computer in order to be able to receive notifications or necessary instructions from the CBK.
3. In the event when within two (2) hours it is impossible to re-establish the VPN connection, participants under the CBK instructions come to the CBK in order to register their payments manually at the point of access to IPS.

Article 41

Point of access to IPS

1. In the event of VPN connection failures that allow participants access the IPS from their locations, the DSP in its operations office maintains a point of emergency access for participants.
2. From this access point, participants can record RTGS payments through the PO module, to receive reports for reconsolidation, and perform other basic functions for monitoring their accounts. To access the IPS from the access point, the participant users must bring their e-token.

Article 42
Recording of unforeseen events

Each participant shall immediately record all unforeseen events and problems encountered in the system and report them to the CBK at latest within two (2) working days.

Article 43
Switching to Business Continuity Centre

1. The unusual cases of work with IPS can mainly be; cases of non-functioning of the IPS within two (2) hours, where due to network infrastructure problems one or more participants cannot access the IPS, as well as extraordinary cases when the entire IPS infrastructure along with its staff cannot operate from the ordinary location.
2. In cases where, despite the support from DIT and the IPS maintenance company, the problems reported for the non-functioning of the IPS cannot be resolved within two hours, then the CBK will link to the IPS system located in the Business Continuity Centre.
3. In exceptional cases when the entire IPS infrastructure along with staff and office, and other systems in the CBK, cannot operate from an ordinary location, then the CBK may decide to work from the Business Continuity Centre.
4. In case of working from the Business Continuity Centre, the CBK notifies the participating institutions, from where participants are sent as needed; new addresses for access to IPS and its components, contact list for communication with PSOD staff, and other necessary details regarding working time in this centre.
5. CBK, at least once (1) a year, carries out testing procedures for switching of IPS to the Business Continuity Centre.
6. CBK informs participants on the transfer of operations to the Business Continuity Centre and on actions they should take, not later than three working days before the test date.

Article 44
Interruptions on Interbank Payments System

1. The CBK may partially or completely interrupt functioning of IPS in circumstances where the continuation of its operations will have a negative impact on the stability of the system, notifying participants immediately.
2. During the period of interruption of operations by the system, operations are carried out in a manner specified by CBK.
3. CBK restores IPS function as soon as possible, by immediately notifying all participants.

Article 45
Change management and control over them

1. Changes in the IPS system are as follows:
 - 1.1. functional and technical changes to the IPS;

- 1.2. changes in SWIFT messaging standards;
- 1.3. changes in the VPN.
2. CBK informs and instructs participants before implementing planned changes to IPS, when these changes affect the participants.
3. Changes or necessary improvements in procedures and additional documentation of IPS system are made known to participants.
4. Any change is tested in the testing system, prior to be implemented in the main IPS system.
5. In the event of changes in the operation of the IPS, all participants are informed in advance, giving the time needed to prepare and to create the conditions necessary for testing their connections to the IPS system.
6. CBK by its own initiative or by a well-argued request of a participant can make changes to the IPS system, in order to ensure its smooth operation.
7. CBK after reviewing the argued request of the participant shall inform him of the acceptance or rejection providing also the respective arguments.

Article 46
Authorised persons

1. Each participant delivers information on authorized persons who are responsible for communication with the CBK concerning:
 - 1.1. User configuration;
 - 1.2. Changing of user profiles;
 - 1.3. Deleting users from the system;
 - 1.4. E-token management and delivery to the end user;
 - 1.5. Reporting of operational and technical issues.
2. CBK shall update the list of all authorized persons from participants, in a separate folder.
3. The same person of a participant can perform more than one function in the IPS, if the roles do not conflict with each other.
4. Participants in IPS shall immediately notify the CBK on any changes in the list of authorized persons.

Article 47
Support for Interbank Payment System users

1. The CBK maintains a support center for IPS users, where participants can address all the issues presented to IPS during the working day.
2. CBK delivers to participants by e-mail the information on contact persons.

3. The cases for which support will be provided are mainly cases of obstructions/interruptions of the IPS functioning which are noticed by the PSOD staff, as well as the cases reported by the participants.
4. For cases reported by participants, the relevant staff of these institutions should first analyse the instructions and technical documents on the functioning of the IPS, related to the problem presented. Also, the latter should send detailed information on the nature of the problem when reporting problems.
5. The case is reported by email to the official CBK address for user support, where explanatory / factual documents are attached to the nature of the problem.

Article 48

Responsibility for extraordinary cases

1. Participants in the system are not responsible for damages arising due to non-compliance with the obligations set forth in this regulation, which come as a consequence of unforeseen events referred to in Article 38 of this regulation, state of emergency, wars, demonstrations, natural disasters and any other circumstances beyond their control, and also as a consequence of force majeure.
2. The participant who is unable to comply with its obligations for the reasons set forth in paragraph 1 of this Article, shall:
 - 2.1. notify the CBK in written on the cause and degree that has hampered him/her in fulfillment of obligations;
 - 2.2. make all reasonable efforts to resume the fulfillment of obligations as soon as possible and at the same time, try to minimize the negative effects of the grounds set out in paragraph 1 of this Article.

Article 49

Confidentiality

1. Participants of the system should:
 - 1.1. Implement the rules of information confidentiality on all payment transactions received by the Interbank Payment System;
 - 1.2. IPS participants can exchange information with any other participant in relation to any aspect of the operation or administration of this system;
 - 1.3. Each of the participants train relevant personnel, who have the right to use the information on received payment transactions in IPS system for maintaining the confidentiality of this information, in accordance with the rules of confidentiality and the provisions of this regulation;
 - 1.4. CBK and participants, exercise the same level of care on protection of information considered confidential by another party;

1.5. Provisions of this Article shall continue to apply by the participants and CBK even after closure of the participant's settlement account.

Article 50
Interbank Payment System Fees

1. Banks and other participants in IPS shall pay the fees for the services provided by this system, such as; connection to the IPS, fees for maintenance of telecommunication connections, fees for realization of interbank payment transactions, fees for the maintenance of users, and any other fees that may be set by the CBK.
2. For transactions sent to the IPS in the first part of the business day, the CBK applies a percentage discount in relation to the main fee applied to that type of payment transaction.
3. For each transaction sent to the IPS, the CBK charges the transaction fee only for the sending institution, while the fee is not applied for the receiving institution.
4. SPS tariffs are calculated on a daily basis, while the total number of days invoiced for a given month is executed on the first working day of the following month by debiting the account of the participants in the IPS.
5. All participants in the payment system may obtain from this system invoices calculated on a daily basis for a given month and at the same time may see the transaction which has debited their account for the value of the invoice executed on the first day of the following month.
6. The CBK notifies the participants by e-mail of the execution of the invoice for one month fees, in one of the first two working days of the following month.
7. For interbank payments processed through the IPS, the beneficiary bank of the transaction shall not charge its customers for the received transactions, except in the case of collective payments, such as: Giro, Direct Debiting or other types of payments which are made by the agreement on tariff allocation.
8. IPS service fees may be changed by the CBK and will be published at least one month prior to their validity.

Article 51
Guidelines for the operation of the Interbank Payments System

In the framework set out in this Regulation, as deemed necessary, the Executive Board of the Central Bank of Kosovo issues guidelines for the functioning of the Interbank Payment System.

Article 52
Repealing

Upon entry into force of this Regulation, the Regulation on the Interbank Payment System approved by the CBK Board on 27 June 2016, the Regulation on Clearing and Functioning of the Settlement Accounts approved by the CBK Board on 26 March 2015, as well as the

Regulation for direct debit scheme of the interbank electronic clearing system approved by the CBK Board on 26 November 2013, shall be repealed.

Article 53

Annexes

1. Attached to this Regulation are the following Annexes:
 - 1.1. Letter of consent to participate in the Interbank Payment System - IPS;
 - 1.2. Application for users and e-token.

Article 54

Implementation, remedial measures and penalties

Any violation of the provisions of this Regulation shall be subject to penalties as stipulated in the Law on the CBK and the Law on Payment System.

Article 55

Entry into force

This Regulation shall enter into force on August 1, 2018.

Prof. Dr. Flamur Mrasori

Chairman of the Central Bank Board



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVO
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

Letter of consent to participate in the Interbank Payment System - IPS

Through this letter of consent, the participant agrees with the following criteria:

1. The participant shall respect and implement the rules of the IPS system and relevant operational instruction;
2. The participant confirms the receipt of the copy of the IPS Regulation and is familiar with the instructions for using the IPS;
3. The participant vows not to adversely affect the efficiency of the IPS and the integrity of the payment transaction sent or received, settlement of those transactions or to put to risk the IPS system;
4. The participant takes the responsibility to pay the fees and other mandatory fees determined in the framework of the respective CBK regulation;
5. The rights and obligations envisaged in this letter of consent are not limited to the IPS system, but also apply to all other participants who have agreed to respect and enforce the IPS regulation, relevant agreements and guidelines;
6. By this document, the participant authorizes the CBK to administer its accounts held in the IPS for the proper functioning of this system;
7. For the use of the IPS system, participants must complete the application, as follows:

Application to participate in the IPS	
To:	Department of Payments System Central Bank of the Republic of Kosovo
From:	Name of the applicant:
	Place:
	Business number:
	Address of the Head Office:
	SWIFT BIC:
	Settlement Account:

	Contact person for payments system operations:	
	Telephone number:	
	Fax number:	
	E-mail:	
	Contact person for IT services:	
	Telephone number:	
	Fax number:	
	E-mail:	
	Preferred start date: <i>(This is the preferred date from when the applicant wants to start using IPS.)</i>	

Signatures of participants:

Full name of the director:	Signature:	Date:



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Application for users and e-token		
To:	Department for Payments System Central Bank of the Republic of Kosovo	
From:	Name of the participant	
	Name of the Contact person:	
	Telephone number:	
	E-mail:	
Information on the user and type of request		
Type of request:	<input type="checkbox"/> <i>Opening of User</i> <input type="checkbox"/> <i>New e-token</i> <input type="checkbox"/> <i>Closing of User</i> <input type="checkbox"/> <i>Reinstalling of Certificate in e-token</i> <input type="checkbox"/> <i>Delivery of e-token</i>	
System:	<input type="checkbox"/> ATS <input type="checkbox"/> YES	
Name of the User:		
User/Username:		
Type of User:	<input type="checkbox"/> <i>Operator</i> <input type="checkbox"/> <i>Administrator</i>	
Position and Place of Work:		
E-mail and phone no.:		
Other details for the application, reasoning:		
Information of the approver of the participant's application		
Name and position:	Signature:	Date:

Approved by CBK

DSP:	DIT:	Date:
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