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 to the payment system, the Board of the Central Bank of the Republic of Kosovo, in its meeting held on June 27, 2016, approved the following:

Regulation on the Interbank Payment System

Article 1
Purpose

The purpose of this regulation is to establish rules and procedures for functioning of the Interbank Payment System in Kosovo.

Article 2
Definitions

Pursuant to this Regulation, the following terms have the following 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 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. "EUR" means the Euro currency;

1.10. "E-token" device that carries an integrated memory chip and / or processor and certificate functions.

1.11. "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;

1.12. "Payment system" means a set of instruments, banking procedures and Interbank transaction transfer systems that provide cash flow;

1:13. *"IPS"* means Interbank Payment System;

1:14. *"Business Continuity Centre"* means the entire hardware and software system serving in emergencies, when the primary system is out of function;

1:15. *"ISO"* means International Standardization Organization;

1:16. *"PAT"* means Processing Automatic Transfers;

1:17. "BIC" means the identification code of the institutions participating in IPS;

1:18. *"IDL"* means intraday liquidity;

1:19. *"Liquidity"* means the payment ability of a participant in IPS system;

1:20. *"Client"* means the holder of an account at a bank;

1:21. *"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;

1:22. *"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;

1:23. *"Sufficient funds"* means the net available funds in a settlement account of a participant in the system IPS after net settlement of payment transactions;

1:24. *"RTGS"* means Real Time Gross Settlement System;

1:25. *"RTGS CUG"* means SWIFT users grouped with the aim of using the SWIFT service;

1:26. *"PO"* (Payment Originator) means recording transactions manually by ordering payment institution in web-based component of the IPS;

1:27. *"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;

1:28. *"Settlement"* means the act of settling the obligations by transferring funds, securities or other financial instruments between two or more parties;

1:29. *"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;

1:30. *"Log file"* means describing the history of the working day in IPS system;

1:31. *"The initial cutting"* means the initial time specified in the operation schedule of IPS for accepting payments from customers;

1:32. *"Cut of time"* means the maximum time specified in the operation schedule of IPS for accepting bank to bank payments;

1:33. *"Backup"* the process of keeping the backup copies of IPS;

1:34. *"Gateway"* means a module that enables automatic exchange of messages between IPS and main bank systems;

1:35. *"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;

1:36. *"Direct Participant"* means a participant in the IPS, which can perform all activities allowed in the system without using any intermediaries;

1:37. *"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;

1:38. *"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;

1:39. "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;

1:40. *"Net settlement instructions"* means the settlement on net basis of payment transactions from ACH component by clearing sessions.

1:41. *"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;

1:42. *"Instruction"* means a written recommendation issued by the Executive Board of the CBK;

1:43. *"VPN"* means the local network used exclusively by participants in the IPS system;

1:44. *"Computer"* means the computer through which participants monitor the respective payments and manage their queue;

1:45. *"ASR"* means Accounting System Registry.

1:46. *"Instruction for payment"* means an order or message to transfer funds to the beneficiary. The order can be associated with a credit or debit transfer.

Article 3
Scope

1. Subjects of application to this Regulation are participants of Interbank Payment System and the Central Bank of Kosovo.

Article 4
Organization and regulation of the Interbank Payments System

CBK's role in the regulation of interbank payment system is as follows:

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.

2. CBK manages the accounts of settlement; it could provide intraday liquidity and facilities to ensure efficient and sustainable clearing and settlement systems;

3. Draft bylaws to ensure the functioning and security of the payment system;

4. Accepts new participants or changes in IPS information held for participants in IPS;

5. Opens and maintains settlement accounts, develops the process in the quality of the settlement agent;

6. Signs Agreement with participants of IPS.

7. Sets temporary restrictions and suspension of a participant's access to the system.

8. Ensures the development of the interbank payment system in Kosovo in accordance with the following standards:

> 8.1. BIS principles on netting and principles of financial market infrastructure by the Committee on Payment System;
>
> 8.2. International Standards Organization (ISO) 20022;
>
> 8.3. The European Central Bank.

Article 5
Management and operation of the interbank payment system

1. 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. Administers 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 and SWIFT Net;

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 6
Supervision of interbank payment system in Kosovo

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.

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.

3. Conducts research in the field of payment and settlement systems, with the aim of developing the system.

4. Intervenes in developing the IPS through:

4.1. cooperation with other participants and authorities in this field,

4.2. coordination of activities of participants in the system,

4.3. necessary system changes that are in line with the objectives of safety and efficiency; and

5. 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 7
The system of inter-bank payments and its components

1. Interbank Payment System 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.

4. IPS enables the exchange of transfer orders according to the international standard ISO 20022 through dual network connections, VPN and SWIFT.

5. the communicating component of IPS participants includes:

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 8

Information from the Interbank Payment System

1. IPS provides real-time information about:

1.1. the liquidity of the banking system;

1.2. the value and volume of individual and group payment transactions, settled for each participant;

1.3. individual and group payment transactions waiting to be executed;

1.4. sufficient funds to the settlement account of each participant in the system;

1.5. total value and volume of individual and group payment transactions waiting for each participant in the system;

1.6. contents of individual and group payment transactions file;

1.7. net settlement positions.

Article 9

Settlement of payment transactions through the RTGS

1. Through the RTGS are executed these settlements in EURO:

1.1. of payment transactions between participants in the system;

1.2. of payment transactions with unlimited value;

1.3. of net payment transaction instructions from ACH component;

1.4. of securities transactions;

1.5. of obligatory payments:

1.5.1. settlement requests from other payment systems;

1.5.2. payment transactions between banks and clients of the participants;

1.5.3. payment transactions equal to or greater than the maximum limit established for large-value payments;

1.5.4. payment transactions related to interest and fees applied by the CBK;

2. 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.

3. Withdrawal of payment transactions cannot be carried out after the execution of the payments, but could be returned by the receiving party.

Article 10

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 files.

3. The ACH system processes payments in group.

4. The composition of a group of payment transactions could be:

    4.1. payment transactions of small value (credit transfer from an ordering bank);

    4.2. direct debit (debit transfer, initiated by the beneficiary bank);

    4.3. rejection of direct debiting.

5. Payment Transactions in a group all have the same value date, the same bank and the same beneficiary payment type.

6. 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, approved during a clearing session cannot be withdrawn (cancelled).

Article 11

Reconciliation, auditing and reporting

1. Interbank Payment System saves log file, within 12 months.

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 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 reports automatically from IPS's database at any time and for this purpose it has access to all the data of participants.

Article 12

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. Pension funds licensed by the CBK;

1.5. Health Financing Agency / Health Insurance Fund;

1.6. Payment systems operators licensed by the CBK.

Article 13

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;

    1.4. participate in IPS only through headquarters.

Article 14

Conditions for admission to the Interbank Payment System

1. The participant can join the RTGS CUG after having fulfilled the following conditions:

    1.1. have signed a contract for operation with SWIFT and have the BIC code assigned by SWIFT;

    1.2. have CBK approval for membership on IPS.

Article 15

Procedure for membership in IPS

1. The institution submits a written application for membership in the System of Interbank Payments, at the CBK;

2. CBK considers the request of the institution and requires additional clarification as needed within 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 user officers of the institution.

6. For participating the institution must fulfil the relevant form of participation in the system.

7. The Institution signs the Participation to the Interbank Payment System Agreement with CBK.

8. CBK carries out its duties on IPS registration of participants, as well as creates users and submits safety equipments to the participants.

9. 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 10 working days before it starts the activity.

10. CBK provides the VPN connection and the necessary equipment.

Article 16

The temporary restriction on the Interbank Payment System

1. CBK has the right to temporarily restrict a participant in IPS.

2. Can access to the system, but cannot settle payments from / for the other participants.

3. If can be confirm Failure of a participant to execute a request for settlement.

4. CBK decides to lift the restrictions imposed when the participant provides in its settlement account, sufficient funds to satisfy all obligations in the IPS.

5. CBK informs participants immediately on lifting of restrictions by an official letter or through SWIFT message Camt.998.

Article 17

Suspension measure of access to participants in Interbank Payments System

1. CBK has the right to suspend access of a participant in 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 in IPS under Article 16;

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. CBK announces the decision of suspension of access to a participant in the IPS with an official document or / and with a SWIFT message Camt.998 directly to the IPS participants.

2. CBK decides to remove the suspension measure when the participant provides in its settlement account, sufficient funds to meet all its obligations in IPS.

3. CBK informs participants for removal of the suspension measure immediately.

Article 18

Exclusion of participants from the of 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 who has 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 12 months.

2. CBK informs participants through an official letter and through SWIFT message generated by Camt.998 regarding the decision of his exclusion from the IPS.

3. CBK closes the account of excluded participant.

Article 19

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 for irregularities observed or suspected on security of IPS.

8. Channel payments at IPS, only on the basis of a valid justifying document.

9. Ensure the integrity of payment transactions and user approaches within the respective institutions;

     9.1. setting location for access to primary and secondary (backup) in the IPS, only where there are suitable conditions for digital tools and telecommunications, 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 principle of *"four eyes"* 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 of control by supervisory personnel for any rejected, corrected or deleted payment;

     9.5. by registering all electronic communications related to payment transactions, scoring airtime.

10. Maintain records of payment transactions in paper copy and electronic format for a period of not less than five 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 20

Access of participants at Interbank Payments System

1. Each participant has one or more 'computer' for on-line communication in IPS;

2. Participants are responsible for the operation of their respective 'computer'.

3. Through the 'computer', participants can perform the following actions:

     3.1. on-line access to the system:

3.1.1. verify the adequacy of the funds in its settlement account and payment activity;

3.1.2. obtain information on his payment transactions order,

3.2. On-line administration of order of payments in queue;

3.3. Monitor IPS status.

Article 21

The information required in ISO 20022 messages

1. In all cases, messages 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. amount expressed in EURO.

2. Combination of the reference number along with the payment amount and the SWIFT BIC code of the beneficiary bank, are unique to the ordering bank within the working day.

3. IPS receives payment transactions on future value date up to 5 (five) working days from the date of delivery of the message.

4. Payment transactions with value date on the same business day on which they were sent and received by IPS, executed the same day.

5. Other payment transactions received by IPS, are kept until the working day of IPS suit on the value date specified by the participant.

6. If the value date is not a work day on IPS, the latter refuses payment transactions received for that day.

Article 22

Modifications to the system working hours

1. The CBK may extend or reduce the working hours of IPS in unforeseen emergency situations,

2. Participants will be informed of any changes to the schedule with Camt.998 SWIFT message, and e-mail.

Article 23

Control on sufficiency of funds

1. A payment transaction is executed only if there are sufficient funds in the account to be debited.

2. Availability of funds in the participant's account is determined by the balance of the account and the minimum reserve requirement.

3. Participants will 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; generating confirmatory messages, according to the relevant IPS format.

5. A payment transaction is considered to enter 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 24

Order of payment

1. The 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 rescan by the system anytime data on funds in the participant's settlement account change.

2. The order of payment and control for sufficiency of funds is carried out on the basis of FIFO method and based on the priority of payment transactions given by the participants.

3. Changing this alignment can be done only in cases provided for in Article 26 of this regulation.

Article 25

Priority Levels

1. Any payment is given one of the following priority levels:

    1.1. The first level is given to the settlement of net instruction;

    1.2. The second level is given to payments initiated by the CBK;

    1.3. The third level is given to priority payments sent from participants with urgency;

    1.4. Fourth given level is given to payments sent with normal priority level by participants.

Article 26

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 reclassification of their payments

status from emergency to normal status and vice versa, 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.

3. Reclassification of payments in the queue can be also performed by the CBK when the participant has required reclassification.

Article 27

Deleting a payment in queue

1. During the working day CBK may delete a payment in queue for as long as the payment is not settled:

      1.1. upon a specific request from the participant;

      1.2. when CBK estimates that the participant due to technical problems, cannot manage the respective queue.

2. During the closing day, if there are outstanding payments in the queue of a participant, they are deleted automatically from IPS and the participant is informed by a SWIFT message on their deletion.

Article 28

Administration of group payments

1. Participants create or import from their internal systems payment transactions in the ACH system, which then separates them in groups for each beneficiary bank;

2. Participants shall ensure that each set of payment transactions have a unique reference number.

3. 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.

4. The ACH system processes the groups of payment transactions of small value in the order in which they were sent (by the FIFO method).

5. 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, have a digital signature of the payment transaction order.

6. Groups with direct debit payment transactions are carried out in the last session of clearing of value date.

Article 29

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 refused, the reasons and the corresponding error code.

3. IPS verifies 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 value date and the same participant / debiting;

3.4. No payment transaction of small value or direct debit should 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 30

Operating procedures for clearing sessions

1. During a working day at the ACH component are developed three or more clearing sessions.

2. ACH generates the following information for participants in the system:

      2.1. reports of the previous day;

      2.2. beginning of Clearing the session;

      2.3. start of admission of files;

      2.4. end of receipt of files;

      2.5. sending net settlement 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. monthly billing report;

      2:11. addition, deletion of participants in the system.

3. ACH automatically rejects by the system:

     3.1. groups of small value payment transactions, which are not approved by the end of the period for accepting files of the last clearing session;

     3.2. groups of direct debit transactions and refusals of direct debit transactions, who are not approved until the final cut.

4. Group Payment Transactions, with over 10 thousand payments transactions, must be submitted by any participant no later than 30 minutes before the closure of the last session of clearing.

Article 31

Resolving the situation of 'Gridlock

1. CBK intervenes in order to resolve Gridlock situation through the mechanism of 'Gridlock.

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 mechanism of Gridlock, at predetermined time intervals.

4. CBK could manually activate Gridlock mechanism, when deemed necessary.

Article 32

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 33

Net settlement of payment transactions

1. Settlement order of net payment transactions at IPS arise as an outcome of the ACH clearing component.

2. Settlements of net orders are cleared only if all participants with net debit positions have sufficient funds in their settlement accounts.

3. Participants must make sure to have sufficient funds in their settlement account for immediate repayment of their net liabilities.

4. Each Party shall assign a contact person for CBK for cases when net settlement becomes impossible due to insufficient funds in their settlement account.

5. Closure of the schedule at IPS can be manually postponed from the CBK, until the finalization of requests for settlement of net transaction orders.

Article 34

Central Bank of Kosovo as participant in IPS

1. CBK makes payments transactions as follows:

    1.1. payment transactions related to reflection of emission the and maturity of securities in the IPS;

    1.2. withdrawals and cash deposits for operations initiated by the CBK and their payments arising from operational activity;

    1.3. payment of interest and penalties applicable under provisions issued by the CBK;

    1.4. payment by MF / Treasury and other customers of the CBK;

    1.5. CBK payments as participant in the IPS system, arising from its operating activities.

Article 35

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 destinated.

2. The beneficiary bank turns payment transactions contemplated under paragraph 1.1 of this Article to the instructing bank, within the next business day.

3. When returning the wrong transaction, the beneficiary bank should include all elements of the payment transaction has received, and describe the reason for the return.

Article 36

Interbank Payments System Accounts

1. Each participating bank has an account in IPS and technical reserve subaccounts. Funds can be moved from the settlement account to the accounts of reserves, which are a form of

settlement subaccount. The balance of the settlement account without amounts held in reserve accounts is the amount of funds available for the repayment purposes.

2. Repayment Account will be used for operations in the IPS. Settlement accounts shall not show a negative balance. The current account held in the CBK's ledger will be updated with the balance of the settlement account in IPS at the end of the day for each participant.

3. Any movement or improvement in the current account balance on the accounting ledger of CBK, which occurs after the end of the day and before the start of the next day in IPS, is reflected in the settlement account of IPS. While IPS starts to operate the next day, these transactions cannot be recorded on the IPS system with the currency date of the previous day.

Article 37

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, participants must provide sufficient funds from initial cutting to the final cut.

Article 38

Minimum intraday credit balance

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.

Article 39

Unforeseen events

1. Unforeseen events classified as follows:

      1.1. communication disruption of participants;

      1.2. communication disrupter on VPN and SWIFTNet of CBK;

      1.3. other unforeseen disruptions on IPS system;

Article 40

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 41

Unforeseen events during communication

1. In the event of a prolonged outage with VPN and / or SWIFTNet, CBK informs participants via e-mail or telephone on the disruption of the system, participants remain connected to IPS on their computer, so that it becomes possible receipt of notices or instructions required by the CBK.

2. In cases where it is impossible to reconnect to VPN and / or SWIFT, participants under the guidance of CBK, bring / send daily payment transactions to the CBK, in order to be entered manually into IPS.

3. In case there are problems of access to the main network and business continuity centre of the IPS, the participants bring to the CBK business day payments in order to be entered manually on the access point at IPS.

Article 42

Unforeseen events on network

1. In case of problems with VPN connections, SWIFTNet line is set on.

2. In case of failure of all the lines, then reports of the participants must be distributed by alternative means (either printed or electronic).

Article 43

Unforeseen event record

1. Each participant must record immediately all the contingency of unforeseen events and problems encountered in the system and report them to the CBK at t latest within two working days.

Article 44

Switching to Business Continuity Centre

1. CBK, at least once a year, carries out testing procedures for switching to the center for business continuity.

2. 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 45

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 46

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 argues.

Article 47

Authorized persons

1. Each participant delivers information on authorized persons who are responsible for communication with the CBK concerning:

      1.1. User configuration;

      1.2. Change user profiles;

      1.3. Delete users from the system;

      1.4. E-token management and delivery to the last 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 48

Support for users System Interbank Payments

1. The CBK maintains a support centre 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. For each request for security equipment (e-token), participants shall submits a written request to the CBK.

4. CBK annually renews the safety device (e-token) to system users from participants.

5. In case of inability to establish or deleting a user, the participant submits a written request to the CBK, which creates / deletes the user in / from the system.

6. In the event of inability to modify and change the password of a user, the participant submits a request by e-mail to the CBK, which performs these actions.

7. In case of deleting a user, the participant must bring to the CBK the security (e-token) equipment for cancellation.

Article 49

Responsibility for extraordinary cases

1. Participants in the system are not responsible for damages arising from a breach of the obligations defined in this Regulation, which come as a result of the state of emergency,

wars, demonstrations, natural disasters or any other circumstances beyond their control, also as a result of any other major force.

2. The participant who is unable to meet its obligations for the reasons set out 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 fulfilment of obligations;

2.2. make all reasonable efforts to resume the fulfilment 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 50

Confidentiality

1. Participants of the system should:

1.1. Implement the rules and confidentiality of information on all payment transactions received the Interbank Payment System;

1.2. IPS participants can exchange information with any other party 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 51

Guidelines for the operation of the Interbank Payments System

1. Within the framework laid down in this Regulation, the Executive Board of the Central Bank of Kosovo shall issue guidelines for the functioning of the Interbank Payment System.

Article 52

Implementation, remedial measures and penalties

1. 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 53
Entry into force

This Regulation shall enter into force on July 1, 2016

Chairman of the Central Bank of the Republic of Kosovo

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Prof. Dr. Bedri Peci