



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 5 item 8 of the Law on Payment Operations ("Official Gazette of the Republic of Macedonia" no. 32/01, 50/01, 52/01, 103/01, 37/02, 41/02 and 61/02), Article 29 paragraph 2 and Article 64 item 22 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 3/2002), the National Bank of the Republic of Macedonia Council, at its II session, held on March 19, 2003, adopted the following

DECISION

on conducting oversight of the operations of the banks and other institutions that provide services in the payment operations (" Official Gazette of the R.M. no: 22/03")

I. General provisions

1. This Decision sets forth the subject and the manner of conducting an oversight of the legitimacy of the operations of the banks and other institutions that provide domestic payment operations services, as well as the procedure for undertaking measures for elimination of the identified irregularities.

For the purpose of this Decision, irregularities shall denote activities of the banks and other institutions which provide services in the payment operations that hinder the effective and secure performance of the payment operations within its system, as well as effective and secure overall performance of the payment operations.

II. Subject of the oversight

2. Subject of the oversight of item 1 of this Decision shall be:

- a. the performance of the domestic payment operations in accordance with the regulations and
- b. the continuity in the meeting of the criteria for issuing a license for performing domestic payment operations.

III. Manner of conducting the oversight

3. The National Bank of the Republic of Macedonia (hereinafter: National Bank) shall conduct the oversight of the operations of the banks and other institutions which provide payment operations services through:

- a) off-site oversight of the performance of the domestic payment operations and
- b) on-site oversight of the performance of the domestic payment operations

4. The oversight referred to in item 3 subitem a) of this Decision shall be conducted on a permanent, off-site basis, by gathering, analyzing and verifying the reports the banks and other institutions which provide payment operations services submit to the National Bank, in accordance with the existing regulations, at a special request of the National Bank.

5. The oversight referred to in item 3 subitem b) shall be conducted by an insight in the bank and the institution that provide payment operations services, and may be:

- targeted, for verification of the findings of the off-site oversight, and on-site oversight of the performance of the payment operations;
- targeted, on the basis of pointing by a participant in the payment operations to the failures in the operations of the bank and other institution which provide services in the payment operations, the ground of which will be determined by the National Bank and
- full-scope, with a subject to the oversight referred to in item 2 of this decision.

6. The oversight shall be conducted on the basis of a Decision of the Governor of the National Bank specifying the subject of the oversight and appointing the authorized employees of the National Bank.

7. Both the bank and the institution that provide payment operations services shall provide conditions for smooth conduct of the oversight by the authorized employees of the National Bank.

8. The authorized employees shall prepare a report on the situation identified in the oversight and shall submit it to the executive body and the Board of Directors of the bank and the institution that provided payment operations services.

9. The bank and the institution that provide payment operations services are entitled to an objection to the report within 5 days after the date of receiving the report.

IV. Undertaking measures for eliminating the identified irregularities in the conduct of domestic payment operations

10. If irregularities in the conduct of the domestic payment operations are identified during the oversight, the National Bank, in the oversight and after its completion, may:

- give recommendation to the bank and other institutions which provide services in the payment operations for their elimination;
- require from the bank and other institutions which provide services in the payment operations to eliminate the irregularities identified during the oversight within a certain period;

- undertake other measures, in accordance with the laws and by-laws regulating the domestic payment operations and
- revoke the domestic payment operation license.

11. This Decision shall enter into force on the eighth day after its publishing in the "Official Gazette of the Republic of Macedonia".

D. no. 02-15/II-15/2003
March 19, 2003
Skopje

President
of the National bank of the
Republic of Macedonia Council

Ljube Trpeski
Governor