Version 3.0

**MIPS**

Macedonian Interbank Payment System

**Operating RULES**

National Bank of the
Republic of Macedonia

Real Time Gross Settlement System among Banks and Other Participants

# I. Definition

# Article 1

# The Macedonian Interbank Payment System (hereinafter: MIPS) is a real time gross settlement system (RTGS system) of the National Bank of the Republic of Macedonia available to authorized participants under Article 3 of the MIPS Operating Rules (hereinafter: Rules).

# II. Accounts in MIPS

# Article 2

Opening an account at the National Bank of the Republic of Macedonia shall be regulated by a special agreement between the National Bank of the Republic of Macedonia and the participant. The cash on accounts shall be in denars.

Any changes to the account shall be recorded on a gross basis in real time.

"Gross" shall imply individual processing of all messages. "Real time" shall imply processing of messages in the system as soon as possible.

Any participant's accounts opened in the National Bank of the Republic of Macedonia shall be available to such participant through MIPS.

Any participant may authorize other participants in MIPS to debit such participant's accounts by submitting the form - **Authorization for debiting an account of another participant**.

Any participant may authorize the National Bank of the Republic of Macedonia to block outflows from the account within a certain period, in accordance with the form - **Authorization for blocking outflows from an account**.

Any MIPS participant may service accounts of other entities that have opened an account at the National Bank of the Republic of Macedonia. Entities whose accounts are serviced shall submit a form - **Authorization for servicing an account of the applicant** in the National Bank of the Republic of Macedonia by a participant in the Macedonian Interbank Payment System.

**III. Authorized participants**

**Article 3**

MIPS is a closed system with a known number of participants.

Participants in MIPS may be:

1. National Bank of the Republic of Macedonia,

2. payment operation carriers,

3. brokerage companies,

4. clearing systems,

5. the treasury system and

6. other institutions in accordance with an agreement with the National Bank of the Republic of Macedonia.

**IV. Participation in MIPS**

**Article 4**

Any participant shall submit information related to MIPS operations on the forms prescribed by the National Bank of the Republic of Macedonia, unless there is no form for a specific purpose. The patterns of the prescribed forms are attached to these Rules.

The forms shall be verified by:

* stamp and signature of the person authorized to represent the participant, in case of an **AGREEMENT for participation in MIPS, APPLICATION for participation in MIPS, APPLICATION for participant's MIPS officer** or **AUTHORIZATION for debiting an account of another participant**,
* signature of the security officer in case of an **public key report** or
* signature of the MIPS Officer for other forms.

The participant must not fill in the fields shaded in gray that are designated for filling in by the National Bank of the Republic of Macedonia.

The latest version of the forms shall be delivered. Incorrectly completed forms shall be considered invalid.

In case of change of previously submitted data, a new form shall be completed. When submitted to the National Bank of the Republic of Macedonia, it shall supersede the data from the previous form with the same title.

In case of documents and forms designated to be signed by responsible persons previously declared on the forms in the National Bank of the Republic of Macedonia, their signature may be replaced with the signature of a person authorized to represent the participant.

**Article 5**

To become a member of MIPS, the participant must submit an **APPLICATION for participating in MIPS**.

In the application, the participant must report the bank identification code (BIC) which will be used for operations in MIPS. This code shall be owned by the participant.

The application shall be submitted no later than 30 days before the date intended for commencing the MIPS operations. Notwithstanding, the National Bank of the Republic of Macedonia may allow commencement of operations in a shorter notification.

After processing the application, the participant shall sign an **AGREEMENT for participating in MIPS** and appoint a MIPS Officer by submitting an **APPLICATION for participant's MIPS Officer**.

Any MIPS issue shall be communicated through the responsible officer, unless otherwise specified in these rules.

**Article 6**

Participants may connect to MIPS applying one of the prescribed methods of transmitting messages to MIPS, and shall use reliable connections for receiving and transmitting messages.

Participants shall report the method of transmitting messages in MIPS. For this purpose, participants shall submit an **APPLICATION** **for the method of transmitting messages in MIPS.**

The documents on the methods of transmitting messages in MIPS are an integral part of these Rules.

Participants shall report technical data on the system to be used to connect to MIPS on the form - **INFORMATION from the participant about the connection for participating** **in MIPS**, and to use the parameters specified by the National Bank of the Republic of Macedonia in the form - **INFORMATION on the participant about the connection for participating in MIPS**.

Participants unconditionally undertake:

1. to inform the National Bank of the Republic of Macedonia on every problem related to services they use in MIPS,
2. to cooperate regarding the examination, identification and resolution of any issue,
3. to observe the instructions received from the authorized persons in the National Bank of the Republic of Macedonia,
4. to correct promptly any errors that may occur during the operation, which are within their responsibility,
5. to respond correctly and quickly to any error correction procedure or measures undertaken by authorized persons in the National Bank of the Republic of Macedonia in order to eliminate any problem related to the provision of MIPS services,
6. to inform promptly the responsible officers in the National Bank of the Republic of Macedonia on any known safety deficiencies that may affect the services they use in MIPS,
7. to inform promptly the responsible officers in the National Bank of the Republic of Macedonia on any known unauthorized activities in MIPS.

Any contact with the National Bank of the Republic of Macedonia related to MIPS shall be made through the MIPS Officers whose contact details are given in the Annex to these Rules.

**Article 7**

The National Bank of the Republic of Macedonia may temporarily or permanently remove any MIPS participant, if:

1. the participant loses the status which makes them participants under Article 3 of these Rules,
2. the participant undergoes bankruptcy proceedings,
3. the participant violates the regulations of the National Bank of the Republic of Macedonia,
4. the participant no longer meets one or more criteria for participation in MIPS,
5. the participant causes serious problems to the MIPS operations and thus represents a serious risk to the system,
6. the participant undertakes activities that hinder the MIPS operations, and
7. the participant does not meet the obligations arising from the Agreement for participation in MIPS, the MIPS Operating Rules and documents deriving from these Rules.

The participant shall be informed in writing on the reasons for the removal from MIPS.

**Article 8**

Participants shall be responsible for the authenticity of messages transmitted by the participant, the participant's right to transmit and receive messages, the encoding and the contents of messages received from MIPS, the messages transmitted to MIPS and their timely arrival at MIPS.

Any violation concerning employees, sectors or other restrictions on the right to send and receive messages in the internal relations of the participant, shall have no effect on the validity of messages in relation to other participants and to the National Bank of the Republic of Macedonia.

Data held by the participant arising from electronic communication of MIPS may not be used for purposes that breach legal regulations. Using data for such purposes is the full responsibility of the participant.

**Article 9**

Participants shall assign and report a MIPS Security Officer by filling in the **APPLICATION of participant's MIPS Security Officer**.

The security officer shall be responsible for generating electronic key for authentication for the bank's logical terminal, reporting of electronic keys for authentication and installing of the electronic public key of MIPS with the participant.

If necessary, the participant's security officer shall submit an Application of a public key of the participant and beneficiaries to the MIPS Security Officer in the National Bank of the Republic of Macedonia, shall install and change passwords to access the system and shall ensure security of the logical terminal.

While carrying out its activities, the security officer must not disrupt the communication system.

**Article 10**

The exchange of public keys of the MIPS participants shall be made in presence of the MIPS Security Officer, whose contact details are provided in addition to these Rules. The exchange of keys may take place in two different ways:

1. Regular exchange of keys and

2. Extraordinary exchange of keys.

Regular key exchange shall take place in a specific time period for which participants are informed by a notice from the National Bank of the Republic of Macedonia. In addition, all participants shall, through the security officer, report new public keys within the specified period.

The National Bank of the Republic of Macedonia may schedule a term for regular exchange before the expiration of the previous public keys.

Extraordinary key exchange may be made before the regular exchange, at the request of the participant in MIPS, where the following procedures may be performed:

* Submitting a new key of a participant; and
* Cancellation of previously exchanged public key of a participant.

In the new exchange, the keys should be valid until the prescribed period of validity from the last report of the National Bank of the Republic of Macedonia for a regular exchange of keys. Keys can be valid starting from the first day of the submission to the National Bank of the Republic of Macedonia.

The participant's public key shall be cancelled at the request of the participant's MIPS Security Officer. Notwithstanding, in emergency cases, it may be cancelled immediately by phone call of the participant's MIPS Security Officer to the MIPS Officer at the National Bank of the Republic of Macedonia. After receiving the phone call, the officer in the National Bank of the Republic of Macedonia shall examine the reliability of the phone call by calling back the participant's MIPS Security Officer using the phone number data previously reported in the National Bank of the Republic of Macedonia on the relevant form, and the participant shall, within 60 minutes of the phone call, request for cancellation of the public key by fax. The written request for cancelling the public key shall arrive at the National Bank of the Republic of Macedonia within 48 hours from the time of the phone call.

The National Bank of the Republic of Macedonia undertakes to implement the necessary changes in MIPS associated with the cancellation, within a period not longer than 60 minutes after receiving the application for cancelling a public key, and to inform the participant through MIPS.

The participant is responsible for all consequences arising within the period referred to in the preceding paragraph of this Article.

**Article 11**

In case of changes in the responsible officers and their data, such as resigning from job, change of job, change of phone numbers etc., the participant shall notify the National Bank of the Republic of Macedonia by submitting a new form.

**Article 12**

The responsible officers who are reported in the National Bank of the Republic of Macedonia shall understand the MIPS Operating Rules and relevant documents arising from these rules.

Consequences arising from the ignorance or failure to implement the provisions of the MIPS Operating Rules and relevant documents arising from these rules shall be borne by the participant who assigned these responsible officers.

**V. Processing of messages**

**Article 13**

Any transfer of funds between participants and the performance of other MIPS activities shall be carried out by appropriately prescribed messages. The purpose of messages is defined in the **Standard for the purpose and the format of MIPS messages**, which is an integral part of these rules. The messages will be processed only if they meet the following conditions:

1. the message shall be received in the method of transmitting messages selected by the participant,
2. the message shall be in the format prescribed by the National Bank of the Republic of Macedonia in accordance with the **Standard for the purpose and the format of MIPS messages**,
3. the message shall contain data on authentication,
4. the message shall arrive at the National Bank of the Republic of Macedonia during the working hours of MIPS for each type of message,
5. the principal's and/or payee's account with the National Bank of the Republic of Macedonia used to process messages must clearly contain the necessary information, and
6. the operations with accounts or participants involved in the transaction must not be prohibited.

Any message that cannot be processed by MIPS shall be rejected by sending an appropriate error message and shall not be accepted.

Electronic messages and documents that observe paragraph 1 of this Article, used by MIPS to communicate with the participants, shall have the same validity as if they were issued in a paper form.

**Article 14**

Messages for transfer of funds, which are received in MIPS, shall be effectuated if there is sufficient cover in the participant's account and if there are no messages for transfer of funds with equal or higher priority in the queue, as defined by Article 18 of these Rules.

Any message for transfer of funds which will be implemented in accordance with paragraph 1 of this Article shall be placed in the queue.

The National Bank of the Republic of Macedonia shall activate the procedure for resolving the messages in queue through net settlement in the following cases:

* if there are payment messages in queue for two or more participants, where the first message for each participant waits longer than 60 minutes,
* at request of two or more participants who have messages in the queue.

In the resolution procedure in terms of the previous paragraph of this Article, in case of messages that are in queue with different level of priority initiated by the same participant, priority of execution shall be given to messages with higher priority regardless of the time of arrival, and in case of messages that are in queue with the same level of priority initiated by the same participant, priority of execution shall be given to messages that arrived first at MIPS (first in - first out).

Messages for transfer of funds that are in queue after Moment 8 shall be returned to the participant.

**Article 15**

The National Bank of the Republic of Macedonia may allow daily overdrafts on the participants' accounts during the workday.

The National Bank of the Republic of Macedonia may perform multiple changes to the daily overdrafts on the participants' accounts during the workday.

**Article 16**

The National Bank of the Republic of Macedonia may prescribe daily limits on the participants' accounts during the workday.

The National Bank of the Republic of Macedonia may perform multiple changes to the daily limits on the participants' accounts during the workday.

**Article 17**

Cover of participant's account shall mean the account balance less the daily limits prescribed by the National Bank of the Republic of Macedonia.

In the case of orders issued by the participant or officer authorized by the participant through the prescribed form, the cover shall increase for the allowed daily overdraft, prescribed by the National Bank of the Republic of Macedonia.

**Article 18**

When sending messages to transfer funds, the participant may set different levels of priority. Transfer messages with higher priority will be processed before those with a lower level of priority that are not settled. Within a priority level, individual messages for transfer of funds shall be processed in order of arrival (first in - first out).

The messages may have a priority level in the range of 1 to 99 where 1 is the highest and 99 is the lowest priority.

The participant may set priority levels in the range of 10 to 99. When a participant is issuing an **AUTHORIZATION for debiting his account from another participant**, he may authorize the other participants to send debit messages on his account with priorities from 6 to 99, from 6 to 9 or from 10 to 99.

If no priority level has been assigned to the message, it shall be considered that its level of priority is 99.

Priorities shall have integer values.

The priority level of a message for transfer of funds may be changed by the participant who has issued this message. Changes can be made until the moment of realization of the message for transfer of funds.

**Article 19**

The participant shall make payment in favor of:

* another participant who has an account at the National Bank of the Republic of Macedonia or
* another own account in the National Bank of the Republic of Macedonia

through its account at the National Bank of the Republic of Macedonia, which is specified in the message or through another account designated in the message, if the participant has the authority to debit such account.

**Article 20**

Any complaints about the executed transactions in MIPS shall be considered if received within three days as of the time of processing.

When considering complaints, the participant shall cooperate and submit all requested information regarding the operations in MIPS, and valid information shall be considered those from MIPS and the participant's emails from MIPS, which may be authenticated to have originated from MIPS.

**VI. Withdrawal of payment orders**

**Article 21**

A message for transfer of funds may be withdrawn by a participant only if the message is in queue in accordance with Article 14 paragraph 2 of these Rules or if it has not yet been executed.

**VII. Working days**

**Article 22**

MIPS system is available to participants all working days.

For the purposes of these Rules, working day is any day except Saturday, Sunday and holidays declared to be non-working days in the Republic of Macedonia.

**VIII. Working hours**

**Article 23**

System activation starts at the SYSTEM START moment and ends at the SYSTEM END moment.

The working hours are divided into the following phases:

**a) SYSTEM START moment**

From this moment, the system is available to the participants given below, and they can communicate messages for transfer of funds:

* Payment operations carriers,
* Brokerage houses,
* Treasury System, and
* Other participants in accordance with Article 3 paragraph 6 of these Rules.

**b) Moment 1**

From this moment, MIPS is available for clearing settlements of the International Card System AD Skopje (hereinafter: CaSys).

**c) Moment 2**

From this moment, MIPS is available for clearing settlements of the Central Securities Depositary AD Skopje (hereinafter: CSD).

**d) Moment 3**

At this moment, MIPS ceases receiving messages for clearing settlement of CSD. Until this moment, CSD should reduce its securities settlement account to 0.00 (zero) denars.

At this moment, MIPS ceases receiving messages for clearing settlement of CaSys. Until this moment, CaSys should reduce its settlement account to 0.00 (zero) denars.

**e) Moment 4**

From this moment, MIPS is available to the Clearing House AD Skopje (hereinafter: KIBS) and from this moment KIBS may communicate messages for clearing settlement.

**f) Moment 5**

At this moment, MIPS ceases receiving messages for clearing settlement of KIBS. Until this moment, KIBS should reduce its settlement account to 0.00 (zero) denars.

**g) Moment 6**

At this moment, MIPS ceases receiving messages for transfer of funds from:

• the Treasury System and

• other participants in accordance with Article 3 paragraph 6 of these Rules.

**h) Moment 7**

At this moment, MIPS ceases receiving messages for transfer of funds from the payment operation carriers for their clients.

**i) Moment 8**

At this moment, MIPS ceases receiving any messages for transfer of funds.

By way of derogation, after this moment, MIPS receives orders for Lombard credits from the Central Bank Operations Department at the National Bank of the Republic of Macedonia.

**j) Moment 9**

From this moment, MIPS ceases receiving orders for Lombard credits.

From this moment, MIPS issues statements on all accounts for all participants.

**k) SYSTEM END moment**

Turn-off of MIPS.

The starting point of the prescribed moments is defined in the **Time Schedule**, which is an integral part of these Rules.

**Article 24**

For all other messages that do not represent transfer of funds, MIPS is available from the SYSTEM START to the SYSTEM END.

**Article 25**

In events of emergency or contingency, the National Bank of the Republic of Macedonia shall have the right to change the MIPS working hours, and shall inform all participants in MIPS thereon.

The National Bank of the Republic of Macedonia may terminate the MIPS operations during the day due to:

* routine maintenance,
* necessary technical intervention,
* making changes to MIPS,
* upgrade of MIPS,
* on request of the authorized institutions and
* changes in the certificate of earlier certified public key.

**Article 26**

Working hours may be extended on request of one or more participants.

The request for extension of working hours in terms of paragraph 1 of this Article shall be submitted by MT 999 message, and if there are no technical conditions, the request shall be submitted by fax and the MIPS on-call operator shall be notified by phone.

The MIPS working hours in terms of paragraph 1 of this Article may be extended for no more than 60 minutes, regardless of whether there are more requests one after another.

If the National Bank of the Republic of Macedonia considers that systemic problem might occur, the extension of the working hours may be longer than 60 minutes.

When working hours are extended all other moments from the Time Schedule shall be rescheduled for the approved period of extension.

**IX. Statement**

**Article 27**

For all implemented changes to an account in one working day, a statement shall be issued at the end of the day.

The statement shall contain an initial statement, amount and reference of messages that changed the account and end balance of the account.

The National Bank of the Republic of Macedonia has the right to issue a new statement for the same currency date after the **System End** moment. In that case, the last generated statement shall be considered a final statement, and all previous statements within the same currency date shall be considered preliminary.

If within 3 days after the issuance of the statement, the National Bank of the Republic of Macedonia does not receive any written complaint to the contents of the statement, it shall be considered that the participant agrees with the account balance.

The National Bank of the Republic of Macedonia shall not perform any changes to the participants' account balance for periods before the current working day.

**X. Blocking an account**

**Article 28**

The National Bank of the Republic of Macedonia has the right to block participant's account.

The account may be blocked for all inflows, all outflows or all inflows and outflows.

Blocking the account shall come into effect immediately and it shall be communicated to the participant.

Blocking the account causes messages for inflow and/or outflow of the particular accounts not to be immediately executed and to remain in the queue. If the account is unblocked during the day, they shall be executed. If not, they shall be canceled at the end of the day.

In case a participant pays funds to an account that is blocked for inflows, such participant shall be properly notified that the account is blocked, and the message shall remain in the queue.

**XI. Remuneration**

**Article 29**

Fee shall be charged for MIPS operations under the Decision on the single tariff for levying fees for services rendered by the National Bank of the Republic of Macedonia.

**XII. Archiving**

**Article 30**

The participant undertakes to archive data emerging from its communication with MIPS.

The participant shall store archived data as required by the existing regulations.

**Article 31**

The National Bank of the Republic of Macedonia undertakes to submit a copy of the message to the participant through MIPS if it not older than 7 currency days.

The participant may also request a copy of the messages with an older currency date by a prior written request signed by the participant's MIPS Officer.

**XIII. Transitional and Final Provisions**

**Article 32**

To increase the reliability and efficiency of MIPS operations, the National Bank of the Republic of Macedonia may amend these Rules and any documents deriving from such rules, and shall notify all participants in writing thereon.

Failure of a participant to communicate a written notice signed by the participant's MIPS Officer within 7 days of receipt of the documents referred to in paragraph 1 of this Article shall mean that such participant agrees with the amendments.

MIPS Operating Rules and any documents deriving from such rules in electronic form are also available to participants at the official website of the National Bank of the Republic of Macedonia.

**Article 33**

The forms submitted in accordance with the previous versions of these rules shall continue to apply.

**Article 34**

This version of the Rules shall come into force on 20 June 2008.

**Annex 1**

**Time Schedule of MIPS**

SYSTEM START moment 07:30

Moment 1 09:00

Moment 2 10:00

Moment 3 11:00

Moment 4 14:30

Moment 5 15:30

Moment 6 16:30

Moment 7 16:30

Moment 8 17:00

Moment 9 17:05

SYSTEM END moment 17:30

#### Annex 2

#### MIPS Officers of the

#### National Bank of the Republic of Macedonia

#### MIPS Officer may be contacted by:

#### • phone: (02) 3108 282 or

#### • e-mail: mips@nbrm.gov.mk

#### MIPS Security Officer may be contacted by:

#### • phone: (02) 3108 447 or

#### • e-mail: mirceskit@nbrm.gov.mk