



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 64 paragraph 1 item 22 of the Law on the National Bank of the Republic of Macedonia (“Official Gazette of the Republic of Macedonia” no. 3/02, 51/03, 85/03, 40/04, 61/05 and 129/06), and Article 45 paragraph 1 of the Law on Payment Operations (“Official Gazette of the Republic of Macedonia” no. 113/07), the National Bank of the Republic of Macedonia Council adopted the following

DECISION

on the criteria and standards for payment systems operations (“Official Gazette of the Republic of Macedonia” no. 159/07)

I. General provisions

1. This Decision lays down the criteria on payment systems classification by their significance for the payment system of the Republic of Macedonia and the standards which shall be fulfilled for their efficient, reliable and smooth operating.

II. Classification and criteria

2. The payment systems shall be classified in the following categories:
 - a) Systematically important payment systems;
 - b) Important payment systems;
 - c) Other payment systems.
3. The National Bank of the Republic of Macedonia (hereinafter refer to as: National Bank) shall classify the payment system by the following criteria:
 - Market share of the value of payment transactions of the given payment system relative to the total value of the payment transactions performed by all payment systems of the same type, in percentage on annual level.
 - Total financial risks assessed through the following indicators:
 - a) participation of the aggregate value of payment transactions performed through the given payment system relative to the total value of the payment transactions performed through the MIPS of the National Bank, in percentage on annual basis, and
 - b) average daily liquidity value of the payment transactions performed through the given payment system, on annual level.
 - The risk of the domino effect (the bankruptcy of one participant in the given payment system to have serious financial implications on the rest of the participants in the same payment system) which is assessed through the following indicators:

- a) net correlation which represents participation of the value of payment transactions which resulted from the netting after finishing the procedure of netting, relative to the value of all payment transaction which participate in the netting, in percentage on annual level;
 - b) concentration of value which means participation of the value of payment transactions initiated by the five largest participants in the payment system relative to the total value of payment transactions performed through the same system, in percentage on annual level and
 - v) the largest net negative participants' stock in the payment system after finishing the netting on annual level.
4. Systematically important payment systems are the systems which fulfill at least one of the following groups of criteria:
- market participation higher than 75%, aggregate value higher than 10% of the total value and value concentration higher than 80%;
 - market participation higher than 75%, aggregate value lower than 10% of the total value, average daily value higher than Denar 60 thousand and the value concentration higher than 80%;
 - market participation higher than 75%, aggregate value higher than 10% of the total value, value concentration lower than 80% and net correlation lower than 10%;
 - market participation higher than 75%, aggregate value higher than 10% of the total value, value concentration lower than 80%, net correlation higher than 10% and highest negative stock higher than Denar 6 thousand;
 - market participation higher than 75%, aggregate value lower than 10% of the total value, average daily value higher than Denar 60 thousand, value concentration lower than 80% and net correlation higher than 10%;
 - market participation higher than 75%, aggregate value lower than 10% of the total value, average daily value higher than Denar 60 thousand, value concentration lower than 80%, net correlation lower than 10% and highest negative stock higher than Denar 6 thousand.
5. Important payment systems are the systems which fulfill at least one of the following groups of criteria:
- market participation higher than 75%, aggregate value higher than 10% of the total value, value concentration lower than 80%, net correlation higher than 10% and highest net negative stock lower than Denar 6 thousand;
 - market participation higher than 75%, aggregate value lower than 10% of the total value, average daily value higher than Denar 60 thousand, value concentration lower than 80%, net correlation higher than 10% and highest net negative stock lower Denar 6 thousand;
 - market participation higher than 75%, aggregate value lower than 10% of the total value and average daily value lower than Denar 60 thousand;
 - market participation lower than 75%, but higher than 25%.
6. Other payment systems are the systems with market participation lower than 25%.

III. Standards on payment systems operations

7. Standards on the payment systems operations (hereinafter refer to as: basic principles) shall be the following:
- The system shall operate on well established legal ground on the basis of all relevant legal competence.

- The system rules and procedures shall enable the participants to perceive clearly any financial risk the system expose them to, during their participation in the system.
 - The system shall have clear defined procedures on managing the credit and liquidity risk, which shall specify certain responsibilities of the system operator and of participants, and shall ensure adequate mechanisms for management and control of such risks.
 - The system shall provide prompt final settlements with the currency date, during the day if it is possible, or at least at the end of the day.
 - If the system which performs multilateral netting is unable to settle the participant with highest single settlement obligation, shall be able to provide at least prompt daily settlement.
 - The assets for performing the settlements shall first of all be placed on the account with the central bank as claims, and if other assets are used (out of the central bank), they shall provide small or no credit risk at all and small or no liquidity risk at all.
 - The system shall provide high level of security and operative reliability and shall have arrangements for unexpected situations which shall ensure prompt termination of daily processing.
 - The system shall provide instruments for performing payment operations, which shall be practical for the participants and efficient for the economy.
 - The system shall have real and public available criteria on the participation which shall ensure fair and open approach for the participants.
 - The systems management shall be effective, responsible and transparent.
8. The payment systems classified by the National Bank in the category of systematically important payment systems, in its operating shall obligatory comply with all basic principles referred to in item 7 of this Decision.
 9. The payment system classified by the National Bank in the category of significant payment systems, in its operating shall obligatory comply with the basic principals of line 1, 2, 7, 8, 9 and 10 referred to in 7 of this Decision.
 10. The payment systems classified by the National Bank in the category of other payment systems, in its operating shall obligatory comply with the basic principles in lines 1, 2, 7, 9 and 10 referred to in item 7 of this Decision.
 11. This Decision shall enter into force on the day of its publishing in the "Official Gazette of the Republic of Macedonia.

D. no. 02-15/XII-3/2007
December 27, 2007
Skopje

Petar Goshev, MSc.
Governor

President
of the National Bank of the Republic of
Macedonia Council