



National Bank of the Republic of Macedonia

Pursuant to Article 47 paragraph 1 item 6 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15 and 06/16), and in relation to Article 45 paragraph 1 of Law on Payment Operations (Official Gazette of the Republic of Macedonia No. 113/07, 22/08, 159/08, 133/09, 145/10, 35/11, 11/12, 59/12, 166/12, 170/13, 153/15 and 199/15), the National Bank of the Republic of Macedonia Council adopted the following

DECISION on criteria and standards for payment systems operations

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 operation.

II. Classification and criteria

2. The payment systems shall be classified in the following categories:
 - Systemically important payment systems (hereinafter: SIPS);
 - Important payment systems (hereinafter: IPS);
 - Other payment systems (hereinafter: OPS).

The settlement system of the National Bank of the Republic of Macedonia (hereinafter: National Bank) is classified as SIPS.

3. The classification of payment systems is made by the National Bank based on the following criteria:
 - financial impact presented by the average daily value of payment transactions executed via the given payment systems during the previous calendar year;
 - market share presented by the number of payment transactions of the given payment system relative to the total number of payment transactions executed by all payment systems of the same type during the preceding calendar year, expressed as a percentage; and
 - settlement of other payment systems or securities settlement systems in the given payment system.

The payment system is classified as SIPS if at least two of the following requirements are met:

- the average daily value of payment transactions exceeds Denar 90 billion;
- the market share of the number of payment transactions of the given payment system is greater than or equal to 75%, and/or

- other payment systems or securities settlement systems settles in the given payment system.

The payment system that is not SIPS is classified as IPS if the market share of the number of payment transactions processed through it is greater than or equal to 25%. Otherwise the payment system is classified in OPS.

When the payment system meets one of two of the requirements defined in paragraph 2 indent 1 and 2 of this point, it should comply with Principle 7, Key Consideration 3, indicated in Table 2.

III. Payment System Standards

4. The payment systems standards applicable in the Republic of Macedonia are in line with the internationally accepted Principles for Financial Market Infrastructure (hereinafter Principles) of the Committee on Payment and Settlement Systems at the Bank for International Settlement and the Technical Committee of the International Organization of Securities Commissions pertaining to payment systems. The principles of payment systems operation are as follows:

4.1. Principle 1: Legal basis

A payment system should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

4.2. Principle 2: Governance

A payment system should have governance arrangements that are clear and transparent, promote the safety and efficiency of the payment system, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

4.3. Principle 3: Framework for the comprehensive management of risks

A payment system should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

4.4. Principle 4: Credit risk

A payment system should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. The payment system should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.

4.5. Principle 5: Collateral

A payment system that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. The payment system should also set and enforce appropriately conservative haircuts and concentration limits.

4.6. Principle 7: Liquidity risk

A payment system should effectively measure, monitor, and manage its liquidity risk. The payment system should maintain sufficient liquid resources

in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the payment system in extreme but plausible market conditions.

4.7. Principle 8: Settlement finality

A payment system should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, the payment system should provide final settlement intraday or in real time.

4.8. Principle 9: Money settlements

A payment system should conduct its money settlements in central bank money where practical and available. If central bank money is not used, the payment system should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.

4.9. Principle 12: Exchange-of-value settlement systems

If the payment system settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

4.10. Principle 13: Participant-default rules and procedures the payment system should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the payment system can take timely action to contain losses and liquidity pressures and continue to meet its obligations. General business and operational risk management

4.11. Principle 15: General business risk

A payment system should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

4.12. Principle 16: Custody and investment risks

A payment system should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. The payment system's investments should be in instruments with minimal credit, market, and liquidity risks.

4.13. Principle 17: Operational risk

A payment system should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the payment system's obligations, including in the event of a wide-scale or major disruption.

4.14. Principle 18: Access and participation requirements

A payment system should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

4.15. Principle 19: Tiered participation arrangements

A payment system should identify, monitor, and manage the material risks to the payment system arising from tiered participation arrangements.

4.16. Principle 21: Efficiency and effectiveness

A payment system should be efficient and effective in meeting the requirements of its participants and the markets it serves.

4.17. Principle 22: Communication procedures and standards

A payment system should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

4.18. Principle 23: Disclosure of rules, key procedures, and market data

A payment system should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the payment system. All relevant rules and key procedures should be publicly disclosed.

5. Payment systems in SIPS, IPS and OPS category are required to comply with the principles listed in Table 1 of this item by the category in which they are classified, whose full text is indicated in item 4 of this Decision and must comply with respective key considerations listed in Table 2 of this item.

Table 1. Principles applicable to payment systems

Principles		SIPS	IPS	OPS
<i>Total number of applicable principles</i>		18	13	9
Principle 1:	Legal basis	X	X	X
Principle 2:	Governance	X	X	X
Principle 3:	Framework for the comprehensive management of risks	X	X	X
Principle 4:	Credit risk	X		
Principle 5:	Collateral	X		
Principle 7:	Liquidity risk	X	X*	
Principle 8:	Settlement finality	X	X	X
Principle 9:	Money settlements	X	X	
Principle 12:	Exchange-of-value settlement systems	X		
Principle 13:	Participant-default rules and procedures	X	X	X
Principle 15:	General business risk	X	X	
Principle 16:	Custody and investment risks	X		
Principle 17:	Operational risk	X	X	X
Principle 18:	Access and participation requirements	X	X	X
Principle 19:	Tiered participation arrangements	X		
Principle 21:	Efficiency and effectiveness	X	X	X
Principle 22:	Communication procedures and standards	X	X	

Principle 23:	Disclosure of rules, key procedures, and market data	X	X	X
---------------	--	----------	----------	----------

* According to item 3 paragraph 4 of this Decision.

Table 2. Key considerations of the principles that must be fulfilled by the payment systems

	Key considerations (KC)	SIPS	IPS	OPS
Principle 1: Legal basis		5 KC	5 KC	5 KC
1.	The legal basis should provide a high degree of certainty for each material aspect of a payment system's activities in all relevant jurisdictions.	X	X	X
2.	A payment system should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.	X	X	X
3.	A payment system should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way.	X	X	X
4.	A payment system should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the payment system under such rules and procedures will not be voided, reversed, or subject to stays.	X	X	X
5.	A payment system conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.	X	X	X
Principle 2: Governance		7 KC	2 KC	1 KC
1.	A payment system should have objectives that place a high priority on the safety and efficiency of the payment system and explicitly support financial stability and other relevant public interest considerations.	X		
2.	A payment system should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.	X	X	X
3.	The roles and responsibilities of a payment system's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The	X		

	board should review both its overall performance and the performance of its individual board members regularly.			
4	The board should contain suitable members with the appropriate skills and incentives to fulfil its multiple roles. This typically requires the inclusion of non-executive board member(s).	X		
5.	The roles and responsibilities of management should be clearly specified. A payment system's management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the payment system.	X		
6.	The board should establish a clear, documented risk-management framework that includes the payment system's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk-management and internal control functions have sufficient authority, independence, resources, and access to the board.	X		
7.	The board should ensure that the payment system's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.	X	X	
Principle 3: Framework for the comprehensive management of risks		4 KC	1 KC	1 KC
1.	A payment system should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the payment system. Risk-management frameworks should be subject to periodic review.	X	X	X
2.	A payment system should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the payment system.	X		
3.	A payment system should regularly review the material risks it bears from and poses to other entities (such as other payment systems, settlement banks, liquidity providers, and service providers) as a result of	X		

	interdependencies and develop appropriate risk-management tools to address these risks.			
4.	A payment system should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. A payment system should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, a payment system should also provide relevant authorities with the information needed for purposes of resolution planning.	X		
Principle 4: Credit risk		4 KC	0 KC	0 KC
1.	A payment system should establish a robust framework to manage its credit exposures to its participants and the credit risks arising from its payment, clearing, and settlement processes. Credit exposure may arise from current exposures, potential future exposures, or both.	X		
2.	A payment system should identify sources of credit risk, routinely measure and monitor credit exposures, and use appropriate risk-management tools to control these risks.	X		
3.	A payment system should cover its current and, where they exist, potential future exposures to each participant fully with a high degree of confidence using collateral and other equivalent financial resources. In the case of a DNS payment system in which there is no settlement guarantee but where its participants face credit exposures arising from its payment, clearing, and settlement processes, such a payment system should maintain, at a minimum, sufficient resources to cover the exposures of the two participants and their affiliates that would create the largest aggregate credit exposure in the system.	X		
7.	A payment system should establish explicit rules and procedures that address fully any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the payment system. These rules and procedures should address how potentially uncovered credit losses would be allocated, including the repayment of any funds a payment system may borrow from liquidity providers. These rules and procedures should also indicate the payment system's process to replenish any financial resources that the payment system may employ during a stress event, so that the	X		

	payment system can continue to operate in a safe and sound manner.			
Principle 5: Collateral		6 KC	0 KC	0 KC
1.	A payment system should generally limit the assets it (routinely) accepts as collateral to those with low credit, liquidity, and market risks.	X		
2.	A payment system should establish prudent valuation practices and develop haircuts that are regularly tested and take into account stressed market conditions.	X		
3.	In order to reduce the need for procyclical adjustments, a payment system should establish stable and conservative haircuts that are calibrated to include periods of stressed market conditions, to the extent practicable and prudent.	X		
4.	A payment system should avoid concentrated holdings of certain assets where this would significantly impair the ability to liquidate such assets quickly without significant adverse price effects.	X		
5.	A payment system that accepts cross-border collateral should mitigate the risks associated with its use and ensure that the collateral can be used in a timely manner.	X		
6.	A payment system should use a collateral management system that is well-designed and operationally flexible.	X		
Principle 7: Liquidity risk		9 KC	1 KC	0 KC
1.	A payment system should have a robust framework to manage its liquidity risks from its participants, settlement banks, nostro agents, custodian banks, liquidity providers, and other entities.	X		
2.	A payment system should have effective operational and analytical tools to identify, measure, and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity.	X		
3.	A payment system, including one employing a DNS mechanism, should maintain sufficient liquid resources in all relevant currencies to effect same-day settlement, and where appropriate intraday or multiday settlement, of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the	X	X*	

* According to item 3 paragraph 4 of this Decision.

	participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions.			
5.	For the purpose of meeting its minimum liquid resource requirement, a payment system's qualifying liquid resources in each currency include cash at the central bank of issue and at creditworthy commercial banks, committed lines of credit, committed foreign exchange swaps, and committed repos, as well as highly marketable collateral held in custody and investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions. If a payment system has access to routine credit at the central bank of issue, the payment system may count such access as part of the minimum requirement to the extent it has collateral that is eligible for pledging to (or for conducting other appropriate forms of transactions with) the relevant central bank. All such resources should be available when needed.	X		
6.	A payment system may supplement its qualifying liquid resources with other forms of liquid resources. If the payment system does so, then these liquid resources should be in the form of assets that are likely to be saleable or acceptable as collateral for lines of credit, swaps, or repos on an ad hoc basis following a default, even if this cannot be reliably prearranged or guaranteed in extreme market conditions. Even if a payment system does not have access to routine central bank credit, it should still take account of what collateral is typically accepted by the relevant central bank, as such assets may be more likely to be liquid in stressed circumstances. A payment system should not assume the availability of emergency central bank credit as a part of its liquidity plan.	X		
7.	A payment system should obtain a high degree of confidence, through rigorous due diligence, that each provider of its minimum required qualifying liquid resources, whether a participant of the payment system or an external party, has sufficient information to understand and to manage its associated liquidity risks, and that it has the capacity to perform as required under its commitment. Where relevant to assessing a liquidity provider's performance reliability with respect to a particular currency, a liquidity provider's potential access to credit from the central bank of issue may be taken into account. A payment system should regularly test its procedures for accessing its liquid resources at a liquidity provider.	X		

8.	A payment system with access to central bank accounts, payment services, or securities services should use these services, where practical, to enhance its management of liquidity risk.	X		
9.	A payment system should determine the amount and regularly test the sufficiency of its liquid resources through rigorous stress testing. A payment system should have clear procedures to report the results of its stress tests to appropriate decision makers at the payment system and to use these results to evaluate the adequacy of and adjust its liquidity risk-management framework. In conducting stress testing, a payment system should consider a wide range of relevant scenarios. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions. Scenarios should also take into account the design and operation of the payment system, include all entities that might pose material liquidity risks to the payment system (such as settlement banks, nostro agents, custodian banks, liquidity providers, and linked payment systems), and where appropriate, cover a multiday period. In all cases, a payment system should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount and form of total liquid resources it maintains.	X		
10.	A payment system should establish explicit rules and procedures that enable the payment system to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations on time following any individual or combined default among its participants. These rules and procedures should address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations. These rules and procedures should also indicate the payment system's process to replenish any liquidity resources it may employ during a stress event, so that it can continue to operate in a safe and sound manner.	X		
Principle 8: Settlement finality		3 KC	2 KC	2 KC
1.	A payment system's rules and procedures should clearly define the point at which settlement is final.	X	X	X

2.	A payment system should complete final settlement no later than the end of the value date, and preferably intraday or in real time, to reduce settlement risk. An LVPS should consider adopting RTGS or multiple-batch processing during the settlement day.	X		
3.	A payment system should clearly define the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by a participant.	X	X	X
Principle 9: Money settlements		5 KC	5 KC	0 KC
1.	A payment system should conduct its money settlements in central bank money, where practical and available, to avoid credit and liquidity risks.	X	X	
2.	If central bank money is not used, a payment system should conduct its money settlements using a settlement asset with little or no credit or liquidity risk.	X	X	
3.	If a payment system settles in commercial bank money, it should monitor, manage, and limit its credit and liquidity risks arising from the commercial settlement banks. In particular, a payment system should establish and monitor adherence to strict criteria for its settlement banks that take account of, among other things, their regulation and supervision, creditworthiness, capitalisation, access to liquidity, and operational reliability. A payment system should also monitor and manage the concentration of credit and liquidity exposures to its commercial settlement banks.	X	X	
4.	If a payment system conducts money settlements on its own books, it should minimise and strictly control its credit and liquidity risks.	X	X	
5.	A payment system's legal agreements with any settlement banks should state clearly when transfers on the books of individual settlement banks are expected to occur, that transfers are to be final when effected, and that funds received should be transferable as soon as possible, at a minimum by the end of the day and ideally intraday, in order to enable the payment system and its participants to manage credit and liquidity risks.	X	X	
Principle 12: Exchange-of-value settlement systems		1 KC	0 KC	0 KC
1.	A payment system that is an exchange-of-value settlement system should eliminate principal risk by ensuring that the final settlement of one obligation occurs if and only if the final settlement of the linked obligation also occurs, regardless of whether the	X		

	payment system settles on a gross or net basis and when finality occurs.			
Principle 13: Participant-default rules and procedures		4 KC	3 KC	2 KC
1.	A payment system should have default rules and procedures that enable the payment system to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.	X	X	X
2.	A payment system should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.	X	X	X
3.	A payment system should publicly disclose key aspects of its default rules and procedures.	X	X	
4.	A payment system should involve its participants and other stakeholders in the testing and review of the payment system's default procedures, including any close-out procedures. Such testing and review should be conducted at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.	X		
Principle 15: General business risk		5 KC	5 KC	0 KC
1.	A payment system should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.	X	X	
2.	A payment system should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity a payment system should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.	X	X	
3.	A payment system should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, a payment system should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults	X	X	

	or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.			
4.	Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the payment system to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions.	X	X	
5.	A payment system should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.	X	X	
Principle 16: Custody and investment risks		4 KC	0 KC	0 KC
1.	A payment system should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices, safekeeping procedures, and internal controls that fully protect these assets.	X		
2.	2. A payment system should have prompt access to its assets and the assets provided by participants, when required.	X		
3.	A payment system should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each.	X		
4.	A payment system's investment strategy should be consistent with its overall risk-management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.	X		
Principle 17: Operational risk		7 KC	3 KC	3 KC
1.	A payment system should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.	X	X	X
2.	A payment system's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the payment system's operational risk-management framework. Systems, operational policies, procedures, and controls	X		

	should be reviewed, audited, and tested periodically and after significant changes.			
3.	A payment system should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.	X	X	X
4.	A payment system should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.	X		
5.	A payment system should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.	X	X	X
6.	A payment system should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the payment system to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The payment system should regularly test these arrangements.	X		
7.	A payment system should identify, monitor, and manage the risks that key participants, other payment systems, and service and utility providers might pose to its operations. In addition, a payment system should identify, monitor, and manage the risks its operations might pose to other payment systems.	X		
Principle 18: Access and participation requirements		3 KC	3 KC	2 KC
1.	A payment system should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other payment systems, based on reasonable risk-related participation requirements.	X	X	X
2.	A payment system's participation requirements should be justified in terms of the safety and efficiency of the payment system and the markets it serves, be tailored to and commensurate with the payment system's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, a payment system should endeavour to set requirements that have the least-restrictive impact on access that circumstances permit.	X	X	

3.	A payment system should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.	X	X	X
Principle 19: Tiered participation arrangements		4 KC	0 KC	0 KC
1.	A payment system should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the payment system arising from such tiered participation arrangements.	X		
2.	A payment system should identify material dependencies between direct and indirect participants that might affect the payment system.	X		
3.	A payment system should identify indirect participants responsible for a significant proportion of transactions processed by the payment system and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the payment system in order to manage the risks arising from these transactions.	X		
4.	A payment system should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.	X		
Principle 21: Efficiency and effectiveness		3 KC	1 KC	1 KC
1.	A payment system should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.	X	X	X
2.	A payment system should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk-management expectations, and business priorities.	X		
3.	A payment system should have established mechanisms for the regular review of its efficiency and effectiveness.	X		

Principle 22: Communication procedures and standards		1 KC	1 KC	0 KC
1.	A payment system should use, or at a minimum accommodate, internationally accepted communication procedures and standards.	X	X	
Principle 23: Disclosure of rules, key procedures, and market data		5 KC	3 KC	3 KC
1.	A payment system should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.	X	X	X
2.	A payment system should disclose clear descriptions of the system's design and operations, as well as the payment system's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the payment system.	X	X	X
3.	A payment system should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the payment system's rules and procedures and the risks they face from participating in the payment system.	X		
4.	A payment system should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The payment system should provide clear descriptions of priced services for comparability purposes.	X	X	X
5.	A payment system should complete regularly and disclose publicly responses to the CPSS-IOSCO Disclosure framework for financial market infrastructures. A payment system also should, at a minimum, disclose basic data on transaction volumes and values.	X		

6. For payment system managed and/or owned by the National Bank, the assessment of compliance with key considerations 3 and 4 of Principle 2, key consideration 4 of Principle 3 and key considerations 2, 3, 4 and 5 of Principle 15 takes into account the legal aspects of the institutional role and status of the National Bank.

The National Bank does not limit the definition and implementation of its policies according to the legal framework in the application of the principles in relation to:

- provision of credit or setting conditions and limits when providing credit (Principle 4);
- accepting what is eligible collateral in their credit operations (Principle 5);

- maintenance of financial stability, including dealing with inability to settle liabilities by the Bank (Principle 13);
 - its investment strategy (including foreign reserves management strategy) or disclosure of strategy (Principle 16);
 - its right to determine who and under what conditions one can open an account (Principle 18), or
 - its choice on implementation of monetary policy
7. Payment systems are required to comply with the standards within 18 months from the date of entry into force of this Decision.
8. Once this Decision enters into force, the Decision on the criteria and standards for payment systems operations (Official Gazette of the Republic of Macedonia No. 159/07) shall cease being valid.
9. This Decision shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Macedonia and shall apply 18 months after the date of entry into force.

D. No. 02-15/I-6/2016
28 January 2016
Skopje

Dimitar Bogov
Governor
Chairman
Of the National Bank of the Republic
of Macedonia Council