

Pursuant to Article 145, paragraph 1 of the Law on Payment Services (RS Official Gazette, No 139/2014) and Article 59, paragraph 2 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015 and 40/2015 – CC decision), the Governor of the National Bank of Serbia hereby issues

OPERATING RULES FOR THE CLEARING PAYMENT SYSTEM OF THE NATIONAL BANK OF SERBIA

Introductory provisions

1. These rules shall regulate the operation of the payment system for the transfer of funds in dinars between participants of that system by executing transfer orders at designated times on the net principle (**DNS – Designated-time Net Settlement System**), where the operator and settlement agent shall be the National Bank of Serbia (hereinafter: NBS Clearing System).

The execution of transfer orders at designated times on the net principle referred to in paragraph 1 hereof shall include processing and netting transfer orders (clearing) and submitting negative and/or positive net settlement positions to the RTGS NBS system in accordance with the Daily Time Schedule of the NBS Clearing System set out in Annex 1 which is integral to these rules (hereinafter: Daily Time Schedule of the NBS Clearing System).

2. For the purpose of these rules, the following definitions shall apply:

1) *participant* means a person which directly participates in the NBS Clearing System in accordance with these rules and holds a settlement account in the NBS RTGS System;

2) *settlement account* means an account laid down by rules which govern the operation of the NBS RTGS System;

3) *transfer order* means an instruction by a participant which leads to the assumption of a payment obligation between participants in the NBS Clearing System in accordance with these rules;

4) *Business Identifier Code (BIC)* means the identifier code defined in standard ISO 9362 used by the participant in the NBS Clearing System;

5) *operating day* means the part of the business day when transfer orders are executed in the NBS Clearing System and reports on executed transfer orders are submitted in accordance with the Daily Time Schedule of the NBS Clearing System;

6) *netting queue* means the mechanism by which received transfer orders of individual participants are queued for netting in the NBS Clearing System in accordance with these rules;

7) *netting* means the procedure of calculating multilateral net settlement positions within the meaning of the law governing payment services;

8) *negative net position* means the multilateral net obligation of an individual participant calculated in the netting procedure;

9) *positive net position* means the multilateral net claim of an individual participant calculated in the netting procedure;

10) *netting cycle* means a period of time specified in the Daily Time Schedule of the NBS Clearing System used to perform netting, submission of negative and/or positive net settlement positions in the NBS RTGS System and submission of reports on executed transfer orders to participants;

11) *clearing account* means the account of the National Bank of Serbia in the NBS RTGS System used to perform settlement of negative and/or positive net positions, whose balance at the beginning and end of the operating day of the NBS RTGS System must be zero;

12) *inability to settle obligations* means the inability of a participant to settle its obligations due to the issuance of a decision to revoke license and/or an act passed by a relevant body to open bankruptcy proceedings or undertake other measures, in accordance with law, intended to wind up or reorganise the participant, and involve imposing a ban on the disposal of funds in the account.

3. Activities related to the operation of the NBS Clearing System in accordance with these rules shall be performed by the main organisational unit of the National Bank of Serbia – Payment System Department.

4. The NBS Clearing System shall be integrated with the NBS RTGS System in terms of the technical and technological infrastructure necessary for its functioning.

Requirements for participation in the NBS Clearing System

5. Participants in the NBS Clearing System may be the following:

1) National Bank of Serbia;

2) bank with its head office in the Republic of Serbia holding an operating license issued by the National Bank of Serbia, in accordance with the law regulating banks (hereinafter: bank);

3) ministry in charge of finance of the Republic of Serbia – Treasury Administration.

6. In order to participate in the NBS Clearing System, the persons referred to in Section 5, provisions 2) and 3) hereof shall file with the National Bank of Serbia an application for connection, using the form “Application for

Connection to the NBS Clearing System”, set out in Annex 2 which is integral hereto.

7. For the National Bank of Serbia to connect the persons referred to in Section 6 hereof to the NBS Clearing System, they must:

- 1) be participants in the NBS RTGS system;
- 2) submit the Business Identifier Code (BIC) they use in the NBS RTGS System;
- 3) perform the testing requested by the National Bank of Serbia.

8. If the National Bank of Serbia finds that the person referred to in Section 6 meets the requirements for participation in the NBS Clearing System, such person shall become a participant in this system by concluding an agreement on connection to the NBS Clearing System.

By concluding the agreement referred to in paragraph 1 hereof, the participant shall accept these operating rules and consent that the National Bank of Serbia debits its settlement account in respect of the negative net position and the fees for providing services under these rules, in accordance with the decision on uniform fees charged for services provided by the National Bank of Serbia.

9. Technical documentation and information pertaining to the connection and/or operation of this system shall be supplied and/or made available to the applicants for connection to the NBS Clearing System and to the participants.

10. A participant shall ensure that the employees designated as contact persons for communication with the National Bank of Serbia in relation to the operation of the NBS RTGS System in accordance with that system’s rules are also in charge of communication with the National Bank of Serbia in relation to the NBS Clearing System.

11. To execute transfer orders in the NBS Clearing System, a participant shall use the same hardware and software which is used to execute transfer orders in the NBS RTGS System.

12. The participants shall regularly update data and information submitted to the National Bank of Serbia in accordance with these rules.

13. The National Bank of Serbia and the participants shall exchange information pertaining to the operation of the NBS Clearing System using appropriate messages specified in the guidelines which regulate the format and purpose of electronic messages exchanged in payment systems of the

National Bank of Serbia (hereinafter: Guidelines) or in another way (e.g. email, fax, etc.).

Executing transfer orders

14. Transfer orders in the NBS Clearing System shall be executed in respect of credit transfers where a participant initiates a transfer of funds in its name and for its own account, as well as in respect of payment transactions of users of its payment services.

The transfer orders referred to in paragraph 1 hereof shall be used to execute credit transfers referred to herein in the individual amount up to RSD 300,000.

15. A participant shall submit a transfer order in accordance with the guidelines which govern the issuance, exchange and protection of messages in electronic form in payment systems of the National Bank of Serbia, as well as in accordance with the Guidelines.

16. A transfer order shall be accepted by the NBS Clearing System if the following requirements are met:

- 1) it was created using a message whose format is established by the Guidelines;
- 2) it was submitted in accordance with the guidelines which govern the issuance, exchange and protection of messages in electronic form in payment systems of the National Bank of Serbia;
- 3) it was submitted in accordance with the Daily Time Schedule of the NBS Clearing System.

If the transfer order meets the requirements referred to in paragraph 1 hereof, the NBS Clearing System shall notify the participant that its order was accepted using an appropriate message in accordance with the Guidelines.

The NBS Clearing System shall reject without delay a transfer order which does not meet the requirements referred to in paragraph 1 hereof, of which the participant submitting such order shall be informed using an appropriate message in accordance with the Guidelines.

The accepted transfer order shall be queued until the beginning of the netting cycle.

17. Before the beginning of each netting cycle, the National Bank of Serbia shall allow each participant to set a limit – by assigning reserve funds in the settlement account of that participant for settling a negative net position.

A participant may, in line with its needs, increase or decrease the amount of reserve funds in the settlement account by the beginning of each netting cycle.

Notwithstanding paragraph 2 hereof, the participant may not decrease the amount of reserve funds during the period determined by the Daily Time Schedule for the preparation for the final netting cycle (pre-clearing).

The procedure of assigning reserve funds within the meaning set out herein shall be governed accordingly by the operating rules of the NBS RTGS System.

18. A netting cycle and/or preparation for the final netting cycle shall begin (pre-clearing) after the expiry of the period envisaged for the acceptance of transfer orders for each netting cycle according to the Daily Time Schedule of the NBS Clearing System.

Each netting cycle shall include, by order of acceptance, only those transfer orders for which the participant's negative net position does not exceed the amount of reserve funds referred to in Section 17 hereof.

Transfer orders not included in netting cycles before the final cycle shall be queued for netting in the following cycle.

19. During the period specified for the preparation for the final netting cycle (pre-clearing) in the Daily Time Schedule of the NBS Clearing System, potential multilateral net positions of individual participants shall be calculated for all transfer orders queued for netting in that cycle, of which the participants shall be notified using an appropriate message in accordance with the Guidelines.

A participant may increase the amount of reserve funds for settlement of a negative net position until the beginning of the final netting cycle.

Transfer orders shall be included in the final netting cycle in the manner set out in Section 18, paragraph 2 hereof.

20. Negative and/or positive net positions in each netting cycle shall be settled through the NBS RTGS System.

A participant's negative net position shall be settled by debiting the participant's settlement account and crediting the National Bank of Serbia's clearing account.

The participant's negative net position shall be settled using the reserve funds referred to in Section 17 hereof.

The participant's positive net position shall be settled by debiting the National Bank of Serbia's clearing account and crediting the participant's settlement account.

Negative and/or positive net positions shall be settled through the NBS RTGS System using appropriate messages in accordance with the Guidelines and the system's operating rules.

21. A transfer order included in the netting in the NBS Clearing System shall be executed when negative and/or positive net positions in the NBS RTGS System are settled in accordance with the operating rules of that system, after which the participant shall be delivered a report on executed transfer orders using an appropriate message in accordance with the Guidelines.

22. A transfer order shall be entered in the NBS Clearing System and shall be irrevocable within the meaning of the law governing payment services from the moment the netting cycle in respect of that order begins.

23. After the settlement of negative and/or positive net positions calculated in the final netting cycle, the National Bank of Serbia shall allow the participant to use the unused reserve funds referred to in Section 17 hereof to execute transfer orders in the NBS RTGS System.

24. If, at the end of the operating day of the NBS Clearing System, the netting queue contains transfer orders of participants not included in the final netting cycle because their negative net positions exceed the amount of reserve funds referred to in Section 17 hereof, those orders shall be rejected, of which the participant shall be notified using an appropriate message in accordance with the Guidelines.

Financial and operational risk management in the NBS Clearing System

25. Each participant shall be responsible for the limit – a debit cap by assigning reserve funds in the settlement account in order to settle a negative net position.

26. The National Bank of Serbia shall enable participants to monitor the status of their transfer orders in the system in the course of the operating day, and/or the amount of reserve funds in their settlement accounts, at their request – using an appropriate message in accordance with the Guidelines.

27. The National Bank of Serbia shall enable a participant to view the potential multilateral net position at its request, before the beginning of each netting cycle prior to the final netting cycle, using an appropriate message in accordance with the Guidelines.

28. A participant which submitted a transfer order which is queued for netting may recall that order using an appropriate message in accordance with the Guidelines until the end of the NBS Clearing System's operating day.

29. The participant shall be responsible to protect the confidentiality, integrity and availability of resources of its information system functionally connected to the NBS Clearing System and shall ensure appropriate internal control activities for the purposes of protection against unauthorised access to these resources.

30. The participant shall ensure that the security administrator in charge of the NBS RTGS System is also in charge of the security and protection of communication with the NBS Clearing System, in the manner specified by the operating rules of the NBS RTGS System.

31. The participant shall ensure the protection of electronic messages specified in the Guidelines, according to the guidelines which govern the issuance, exchange and protection of messages in electronic form in payment systems of the National Bank of Serbia.

32. The National Bank of Serbia shall verify the electronic messages exchanged with participants in accordance with these rules, according to the guidelines which govern the issuance, exchange and protection of messages in electronic form in payment systems of the National Bank of Serbia.

33. In the case that regular operation of the NBS Clearing System is interrupted by unwanted and unexpected events, the National Bank of Serbia shall take measures to resolve emergency situations and ensure business continuity.

The measures taken by the National Bank of Serbia within the meaning of paragraph 1 hereof shall include, in particular, the continuation of operations of the Clearing NBS System from a back-up location and/or changing the Daily Time Schedule of this system.

The National Bank of Serbia shall decide on the measures it takes to resolve emergency situations and ensure business continuity, assessing in particular the likelihood that the delay in the NBS Clearing System's operations will last for more than two hours after the occurrence of events referred to in paragraph 1 hereof.

The National Bank of Serbia shall notify participants in a timely manner of the occurrence of events referred to in paragraph 1 hereof and provide them with the appropriate information, in particular: description of the event, the planned delay of the execution of transfer orders, if possible, and instructions and recommendations relating to the participants' actions.

34. In the case the Daily Time Schedule of the NBS Clearing System is changed, the National Bank of Serbia may postpone the beginning of this system' operation, postpone the time period for the beginning of the netting cycle and/or introduce additional netting cycles, of which it shall notify the participants at the earliest possible moment.

35. If some data are unavailable because of the occurrence of the events referred to in Section 33, paragraph 1 hereof, the National Bank of Serbia may continue the operation of the NBS Clearing System based on the most recent data available.

In the case referred to in paragraph 1 hereof, the participants shall, at the request of the National Bank of Serbia, resubmit transfer orders and/or undertake other activities deemed necessary by the National Bank of Serbia.

36. Participants shall, at the request of the National Bank of Serbia, take part in regular and extraordinary testing of measures for the resolution of emergency situations and assurance of business continuity, in training activities, or any other preventive activities deemed necessary by the National Bank of Serbia.

37. A participant which encounters operational problems preventing it from executing transfer orders in the NBS Clearing System shall resolve these problems independently and notify the National Bank of Serbia of their occurrence immediately.

The security administrator of the participant referred to in paragraph 1 hereof shall submit a written notification to the National Bank of Serbia on the subsequent business day, containing in particular the description of the operational problem and the manner of its resolution.

The participant referred to in paragraph 1 hereof may execute transfer orders in the NBS RTGS System in the manner specified by that system's operating rules.

38. The National Bank of Serbia shall provide testing at a participant's request during or outside the business day, at the time agreed between the participant and the National Bank of Serbia.

Terms and conditions of termination of participation in the NBS Clearing System

39. Terms and conditions of termination of participation in the NBS Clearing System shall be applied in line with the terms and conditions of termination of participation specified in the operating rules of the NBS RTGS System.

Operating day of the NBS Clearing System

40. Within the meaning of these rules, Saturdays, Sundays and official public holidays that have been proclaimed as non-business days shall not be operating days of the NBS Clearing System.

Complaints

41. Participants may file a complaint with the National Bank of Serbia which relates to transfer orders executed in the NBS Clearing System.

Complaints on transfer orders executed in the NBS Clearing System shall be taken into consideration only if they are filed on the first business day following the date of execution at the latest.

The participant shall file a complaint with the National Bank of Serbia only if the disputable issues related to the complaint could not previously be resolved with another participant.

Complaints shall be filed in writing and must be signed by the person authorised to represent the participant. By way of exception, when the participant requires an urgent verification of the transfer order which is the subject of complaint, complaints may also be submitted by fax or email, provided that the original copy is submitted on the following day.

In case where the participant submitted the complaint from paragraph 4 of this Section by email, such complaint shall be emailed as a scanned original document from the email address of a person in charge of contact with the NBS Clearing System to the email address which the NBS uses to inform participants on the extension of operation of the NBS RTGS system, with prior announcement by phone by the contact person.

Complaints must contain all data available to the participant relating to the subject of the complaint (e.g. account statements, transfer orders, etc.).

If the complaints are in relation to the executed transfer orders, along with the complaint, the participant shall submit to the National Bank of Serbia the SWIFT message which was used to execute the transfer order, as well as any other received and sent SWIFT messages relating to the subject transfer order.

By way of exception, when the participant requires an urgent verification of the transfer order within the meaning of paragraph 6 hereof, it may submit the messages referred to in that paragraph in electronic form as well.

The National Bank of Serbia shall verify the received complaints and establish whether the transfer orders to which complaints relate were processed in the NBS RTGS System, whether the amount stated in the transfer order was transferred to the recipient, when the transfer orders were processed, etc.

After the verification of the complaint, the National Bank of Serbia shall respond to the participant in writing within two business days from the day the complaint was received at the latest.

42. Electronic data record of appropriate messages on executed transfer orders in the NBS Clearing System specified in the Guidelines and kept by the National Bank of Serbia in accordance with law shall represent the evidence that transfer orders were executed in that system.

Fees

43. The National Bank of Serbia shall charge fees for provided services set out by these rules in accordance with the decision on uniform fees charged for services provided by the National Bank of Serbia, and it shall be entitled, for the purpose of collecting that fine, to debit the participant's account maintained with the National Bank of Serbia

Collateral, fines and damage liability

43a. In accordance with the law governing payment services and the law governing financial collateral, the National Bank of Serbia shall have the right of pledge over funds in all participant's accounts in the NBS RTGS system, for the purpose of securing all current and future claims of the National Bank of Serbia on that participant related to its participation in the NBS Clearing System.

Provisions of the operating rules of the NBS RTGS System on acquiring and realising the right of pledge of the National Bank of Serbia for the purpose of securing its claims in relation to the operation of that payment system shall accordingly also apply on acquiring and realising the right of pledge referred to in paragraph 1 of this Section.

Notwithstanding the application of Section 39 of these Rules, the National Bank of Serbia may impose and collect a fine from the participant which fails to act in accordance with the obligation established by these Rules or the agreement concluded with the National Bank on connection to the NBS Clearing system, by accordingly applying provisions of the operating rules of the NBS RTGS System on imposing and collecting fines due to actions contrary to obligations set by those rules or the agreement concluded with the National Bank of Serbia on connection to that payment system.

Provisions of the operating rules of the NBS RTGS system regulating the participant's liability for damage related to the operation of that payment system shall apply accordingly to the participant's liability for damage related to the operation of the NBS Clearing system.

Final provisions

44. The National Bank of Serbia may amend and supplement these rules, of which it shall notify participants beforehand.

45. These rules repeal the Operating Rules for Clearing (Net Settlement) Services (G. No 1516 of 18 May 2014, G. No 1214 of 11 April 2005, G. No 6260 of 30 April 2007 and G. No 13118 of 18 December 2007).

46. These rules shall be published on the website of the National Bank of Serbia and shall enter into force on 1 October 2015.

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B e l g r a d e

G o v e r n o r
National Bank of Serbia

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