



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL**

DECISION

No. 55, dated 26.09 .2007

ON

THE ADOPTION OF THE REGULATION

“ON THE FUNCTION OF ALBANIAN ELECTRONIC CLEARING HOUSE - AECH”

In accordance with articles 3, 14, 21, 43, (f) of the Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, amended, article 129, (6) of the Law No. 9662, dated 18.12.2006 “On Banks on the Republic of Albania” with the proposal of Payments Systems Department and Information Technology Department, the Supervisory Council of the Bank of Albania,

DECIDED:

1. To adopt the regulation “On the function of Albanian Electronic Clearing House (ARCH)”, as specified in the attached text of this decision.
2. The Department of Payments Systems and Information Technology Department are responsible for the implementation of this decision.
3. Upon the entrance into force of this decision, the decision No. 51, dated 29.06.2005 of Supervisory Council “On the adoption of the regulation” “On the procedures of Albanian Electronic Clearing House (AECH)”.
4. The Department of Foreign Relations, European Integration and Communication is responsible for the publication of this decision in the Official Bulletin of the Bank of Albania.

This decision shall enter into force following its publication in the Official Bulletin of the Bank of Albania.

SECRETARY

Ylli Memisha

CHAIRMAN

Ardian Fullani

REGULATION

ON THE FUNCTION OF ALBANIAN ELECTRONIC CLEARING HOUSE – AECH

CHAPTER I

General Provisions

Article 1

Purpose

The purpose of this regulation is to set out the rules and procedures for the organisation and function of Albanian Electronic Clearing House system (AECH).

Article 2

Legal ground

This regulation is issued for the implementation of the following acts:

- a) Law No. 8269, dated 23.12.1997 “On Bank of Albania”; as amended;
- b) Law No. 9662, dated 18.12.2006 “On Banks on the Republic of Albania”;
- c) Other bylaws applicable in the Bank of Albania.

Article 3

Implementation

This regulation shall apply on AECH participants and on the Bank of Albania.

Article 4

Definitions

For the purpose of this regulation, the following terms shall have these meanings:

- 1) AECH CUG (Closed User Group)** – shall imply the users of SWIFT being grouped for using the service `boa.aech SWIFTNet FileAct`.
- 2) Access** – shall imply the right or possibility granted to a participant to make use of a certain payments’ service, to settle payments for its account or for the account of its clients.
- 3) ALL (Albanian Lekë)** – shall imply the Albanian currency code as being established under “ISO 4217 on Currency Codes”.
- 4) Participation in AECH** – shall mean the procedure a bank carries out under the observation of the Bank of Albania to become a participant in AECH.

- 5) **Originator Bank** – shall imply that bank sending batches to the central AECH which debits its account.
- 6) **Beneficiary bank** – shall imply that bank which receives batches from central AECH and credit its account.
- 7) **Debiting bank** – shall imply the bank that over the debiting process receives direct debiting batches whose account is debited at the respective value date.
- 8) **Crediting bank** – shall imply the bank that over the direct debiting process sends direct debiting batches and whose account is debited on the respective value date.
- 9) **Bank** – shall imply the legal person with seat in the territory of the Republic of Albania, which conducts banking activity and other operations, under the definitions of the Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended.
- 10) **Batch** – shall imply a group of small value payment instructions as well as direct debiting. AECH system shall accept, process and send payments instructions as a batch.
- 11) **Boa.aech SWIFNET FileAct** – shall imply the supplied SWIFT service in function of AECH, where files are exchanged among participants in AECH CUG as specified in “Store and Forward” mean.
- 12) **Digital certificate** – shall mean a set of electronic data which serve to certify the users’ identity over the usage of AECH and to certify the authenticity of the sent/received messages.
- 13) **Cut-off** – shall imply the final term a participant could send to central AECH a batch of direct debiting instructions.
- 14) **Database** – shall mean the set of data saved as electronic structured form.
- 15) **AECH value date** – shall mean the date when takes place the settlement of payments instructions sent to AECH.
- 16) **Direct debiting** – shall imply the execution process of a payment which is ordered by a creditor to collect the respective funds, based on a contract with a debtor, which could be finalised with the normal execution of a payment, the rejection, return or compensation of these funds.
- 17) **AECH safe e-mail** – shall imply the electronic mail supplied by AECH system.
- 18) **Fallback – Recovery** – is the recovering procedure to a normal situation upon a failure occurring in the functioning of the primary system.
- 19) **File** – shall be the unit transmitted among participants and the Bank of Albania by using *SWIFTNet FileAc* facility. A file could contain more than one batch of payments instructions.
- 20) **Import file** – shall mean either the FIN or XML format file containing payment instructions, ready to be imported into AECH participant system.
- 21) **Firewall** – shall imply a hardware and software system, which either blockages or allows the traffic within the internal and external network of the Bank of Albania.
- 22) **FIN format**- shall imply the international format containing financial messages used for the standardised transmission of the financial information.
- 23) **AECH XML format** – shall imply the format implemented by the IT company belonging to XML language and which determines one-to-one correspondence with the FIN format fields.
- 24) **Payment instruction** – shall mean a structured message containing information details of a small value payment order, of a direct debiting or a rejection of direct debiting.
- 25) **Net settlement instruction** – shall imply a multilateral instruction sent from central AECH to AIPS at the end of a clearing session. In this instruction are listed the net debiting or crediting positions of each participant at the end of a clearing session. This list is used by AIPS to carry out the settlement.

- 26) Clearing** – shall mean the transmission, reconciliation and/or confirmation process of payment instructions prior of settlement, which includes the netting of instructions and the definition of the final positions for settlement.
- 27) Bank Identifier Code** – shall imply a unique cod, being established in SWIFT serving to identify the participants in AIPS and in AECH.
- 28) Payments National Committee** – shall imply the structure composed of banks' executive managers, the Director of Payments Systems Department. This structure is chaired by the First Deputy Governor of the Bank of Albania.
- 29) Tip Contract** – shall imply the Participation Contract in AECH attached as Appendix I of this regulation. This contract is executed between and by Bank of Albania and the participant candidate, on supplying the service of small value payments clearing AECH, where are established the rights and obligations of both contractual parties, arising from their positions in the system, in line with the provisions of this regulation.
- 30) Technical account** – shall imply the account where are saved the debiting and crediting tracks on the accepted batches over a clearing session.
- 31) Log file** – shall mean AECH business day history, encompassing a full and detailed description of all the events occurring throughout the system business day.
- 32) Electronic supportors** – shall imply all the electronic equipment that make possible the store/transmission of the information, such as USB, CD, DVD, magnetic tap, hard disc, etc.
- 33) MF** – shall imply the Ministry of Finance in the Republic of Albania.
- 34) Modules** – shall imply software products, which carry out the cooperation between AECH and other systems in the Republic of Albania.
- 35) Digital signature** – shall imply the encrypting of electronic information being transmitted under an encryption system, based on digital certificate.
- 36) Netting** – shall imply the return of a sole net obligation/claim, arising from the payment orders that one/some participants send/receive from one/some other participants to derive out or originate a sole net obligation.
- 37) Contingency events** – shall imply the events, which originate problems during the normal exchange and in due time of files, in the clearing process and in the net settlement of balances via AIPS.
- 38) Security officer** – shall imply the employee who crates and manages the respective user in AECH.
- 39) Security device** – shall imply the hardware and software being configured for the implementation of the establishing, verification procedure of digital certificates.
- 40) Files acceptance** – shall imply the clearing session time period, throughout of which the small value payment orders batches could b approved to be sent for clearing.
- 41) Participant in the system** – shall imply another bank or organisation, which conduct financial operations in AECH and is composed by:
- a) **Direct participant** - is a bank being granted a license by the Bank of Albania, that holds a technical account in AECH and a settlement account in AIPS/SETS;
 - b) **Indirect participant** – is an organisation which holds a technical account in AECH, but does not have a settlement account in AIPS. This participant settles in AIPS through the account of another participant, which acts as its agent.
- 42) Participant's profile** – shall imply the unit of participant's data which are recorded in the system and uniquely identify this participant under the attached Appendix D and an integral part of this regulation.
- 43) PseudoBIC** – shall imply a counterfeit cod (MOFAALTR), which clearly and unequally identifies the Ministry of finance in AECH.
- 44) Rejection of direct debiting** – shall imply a claim ordered by the Debtor prior of settlement, requesting to the debiting bank to not conduct the payment of direct debiting.

- 45) Required reserve** – shall imply a monetary policy tool of the Bank of Albania aiming the adjustment of money supply, liquidity in the system and the preservation of system security. The required reserve is held in the current account of commercial banks with AIPS, in the Bank of Albania.
- 46) Operational risk** – shall imply the risk functioning failure of hardware and software elements, of communication equipment and human errors which might cause critical conditions to the system.
- 47) Clearing session** – shall imply the time frame within which AECH clears the net payment orders batches, either debiting or crediting on batches values the respective technical accounts of participants.
- 48) SETS (Settlement and Electronic Transfer System)** – shall mean the settlement sub-system which processes all the systematically important payments and carries out the real time gross settlement against participants' accounts. All the accounts denominated in LEK of AIPS direct participants are hold in SETS.
- 49) Server** – shall imply a computer providing services to other computers or software to be executed in it.
- 50) Server SWIFT** – shall mean the server were are installed, configured the SWIFT applicative programs, which make possible the communication with SWIFT network.
- 51) Service** - shall imply a part of applicative program of AECH performing an established function.
- 52) Settlement** – shall imply an entire money transfers among settlement account, initiated by the central AECH and sent to AIPS with the net settlement instruction.
- 53) Backup system** – shall imply the entire hardware and software serving for contingency situations when the primary system is out of function.
- 54) Primary system** – means the entire hardware and software serving for AIPS daily business.
- 55) System Test** – shall imply the hardware and software unit serving to test AECH.
- 56) AECH (Albanian Electronic Clearing House)** – shall imply the electronic clearing system which makes possible:
- a) The exchange of payments instructions files among participants;
 - b) Calculation of net multilateral positions;
 - c) Sending of a net settlement instruction to AIPS.
- 57) Central AECH** - shall imply AECH sub-system where payments clearing process takes place.
- 58) AECH participant system** - shall imply AECH sub-system, installed to the participant and serves to prepare the payments and to send them to central AECH and to receive the incoming payments.
- 59) AIPS (Albanian Interbank Payments System)** – shall mean the gross settlement system in real time of payment orders denominated in LEK of systematically importance within the territory, irrevocable and unconditioned.
- 60) Store and Forward** – implies SWIFT service, via which the sent files are saved in SWIFT servers and later are sent to the receiver via *SWIFTNet FileAct*.
- 61) STP (Straight Through Processing)** – implies the way through which the files of payment instructions, established in the internal systems of participant, passes in/from central AECH without the manual intervention in AECH participant.
- 62) Small value payment order** – shall imply a payment instruction as credit transfer, sent by an originator bank to AECH requesting the funds transfer for payment settlement to a beneficiary.
- 63) Validation** - shall imply the set of controlling stages in a certain process which establish its availability.

- 64) VPN (Virtual Private Network)** – shall mean a virtual private network exclusively used by the participants in AECH, to enter in the central AECH to monitor and adopt the batches.
- 65) Central AECH Webstation** – shall imply the work place, through which banks monitor and manages their payments in the central AECH.
- 66) AECH participant Webstation** – shall imply the work place through which participants in the system send information into AECH participant and receive information from this system.

CHAPTER II

Bank of Albania's role and responsibility in AECH

Article 5

Role of the Bank of Albania

1. Bank of Albania is the owner of AECH.
2. Bank of Albania organises, manages, operates and observes AECH.
3. Bank of Albania acts as the settlement agent in the Republic of Albania.
4. Bank of Albania is a participant in clearing, for the conduction of the payments deriving out of its operational activity or for the payments of indirect participants.

Article 6

Organisation and regulation of AECH

Bank of Albania, in the function of organising and regulating AECH, carries out the following tasks:

- a) compiles the necessary bylaws to provide the well-functioning and security of payment system. BoA accepts new participants in AECH or changes the information retained in AECH, relevant to the participants in the system;
- b) opens and closes the technical account;
- c) concludes the participation Tip Contract with the AECH system participants;
- d) decides on the temporary restriction and suspension of a participant's access in the system;
- f) ensures the development of AECH in compliance with the following standards:
 - i. The core principles on SIPS system issued by the Committee on the Payments and Settlements Systems at the Bank for International Settlements,
 - ii. BIS principles on netting (The "Lamfalussy" Standards),
 - iii. Relevant standards of the International Standards Organisation (ISO),
 - iv. Standards issued by European Central Bank (ECB),
 - v. SWIFT standards for:
 - I. the exchange of payments and financial information messages;

II. the use of SWIFTNet FileAct service.

Article 7 **Administration and operation of AECH**

Bank of Albania, in the function of administering and operating AECH, carries out the following tasks:

- a) holds the system in working condition providing to participants access into the system, in line with the system working hours as well as with the provisions of this regulation;
- b) establishes contingency plans which ensure the timely performance of the system daily processes under unpredicted circumstances;
- c) manages the system, carries out the clearing process in AECH and makes possible equal access to participants based on secure mechanisms on access protection against this last one, for the authentication of payment instruction' sender, for the protection of information reliability and confidentiality;
- d) establishes the daily procedures of the system opening-closing, archiving and back-up;
- e) establishes the system operating hours as specified in Appendix B, including the number and time term of clearing sessions and the periods within the sessions and in any event of changes informs immediately the participant;
- f) establishes the participant encompassing in the system and carries out the membership and certification procedures of a new participant in the system as specified in Appendix A, an integral part of this regulation;
- g) manages the system security in accordance with “ The Information Security Policy of the Bank of Albania”;
- h) manages SWIFTNet FileAct service;
- i) monitors AECH system and in concrete terms:
 - i. the functioning position of the system,
 - ii. the execution of a clearing sessions,
 - iii. the interface of AECH with AIPS,
 - iv. the balance of files sending/incoming via WIFTNet FileAct,
 - v. the situation of internet connection,
 - vi. the status of any technical account and net positions at any time,
 - vii. *batches* of accepted, rejected payments or retained to be adopted payments, cleared and settled payments for each technical account, as incoming or outgoing;
- j) suspends the functioning of AECH in compliance with the procedures as specified in article 42 of this regulation.

Article 8 **Observance of AECH**

Bank of Albania, in the function of observing AECH, carries out the following tasks:

- a) observes the payment system in Albania under the competences stipulated by the Law No. 8269, dated 23.12.1997 “On the Bank of Albania” as amended;
- b) estimates and analyses the system application and compatibility with the Core principles for SIPS systems issued by the Committee on the Payments and Settlements Systems at the International Bank for Settlement (BIS) as well as with the European standards in this field.

- c) Estimates and analyses the recent conditions of the system and the application of regulative framework;
- d) estimates and analyses the system present conditions and the risks related to the system, and provides recommendations for improving system efficiency, confidentiality, security and stability;
- e) compiles the regulations and methods on the reduction of systematically risk in line with the principles and regulations on the systematically important systems;
- f) conducts researches in the payments and settlements systems field, to develop the system;
- g) intervenes for the progress of AECH, through:
 - i. the cooperation with participants and other authorities in this field,
 - ii. coordination of the system participants' operations,
 - iii. coordination of the initiatives issued by the Payments National Committee;
 - iv. the necessary changes of the system, in line with the security and efficiency targets;
- h) participates in the management of contingency events, through analysing the causes, the technical or operational characteristics and the impacts on the payments and financial system.

CHAPTER III

Functions of AECH

Article 9 Components of AECH

AECH is composed of:

- i. AECH participant;
- ii. Communication system, which includes:
- iii. SWIFTNet FileAct service for the exchange of payment orders files; and
- iv. *Virtual Private Network*, for online access in the Central AECH from the participant's webstation;
- v. Central AECH system;
- vi. Webstation of the central AECH and AECH participant system.

Article 10 The information from AECH

AECH provides information in real time related to:

- a) the value and volumes of payments batches settled by the participant/s;
- b) payments batches retained to be approved;
- c) content of payments and batches in their composition;
- d) net settlement position.

Article 11

Execution of payments through AECH

1. AECH executes only the clearing for the batches containing payment instructions:
 - a) denominated in the national currency (ALL);
 - b) among participants in the system;
 - c) where each of payment orders has a value under the upper limit established by Bank of Albania, as specified in the attached Appendix F and an integral part of this regulation;
 - d) being digitally signed and formatted in line with AECH XML or FIN format.
2. Participants send payment instructions as files to the central AECH. Each file contains one or some batches of payment instructions.
3. AECH processes payment instructions batches. The batch is processed as a whole.
4. Composition of a batch could be:
 - a) a small-value payment order (a credit transfer, sent by an ordering bank); or
 - b) a direct debiting (debiting transfer, sent by a crediting bank);
 - c) rejection of direct debiting.
5. Payment instructions included in a sole batch have the same value date, the same crediting/beneficiary bank and the same payment type.
6. Participant provides sufficient funds in its AIPS settlement account, in order net settlement instruction being generated by the central AECH system is settled immediately, at the end of any clearing session.
7. Payment instructions could be priory prepared and be saved in AECH participant system and be sent in the central AECH on the value date.
8. BIC codes for all participants must be in the participants list in the central AECH system and in the folders of AECH participant system.

Article 12

Files transfer with payment instructions batches

1. Participants perform the files transfer containing payment instructions batches from AECH participant system to the central AECH system via SWIFTNet FileAct service.
2. Payment instructions are in AECH XML or FIN format, as laid down in to the technical specifications of AECH.
3. AECH allows the STP processing of files being generated by the internal systems of participants.
4. The participant ensures the correctness and authorisation in the adequate form of instructions files in line with the respective regulations stipulated in the payments field, prior of being sent to the central AECH of the Bank of Albania.

Article 13
Payment conclusion and irrevocability

1. The batch containing payment orders, once being adopted over a session by a direct participant in the central AECH could not be revoked.
2. The batch containing direct debiting instructions adopted in the central AECH and in queue to be settled could be revoked as specified in article 30 of this regulation.
3. Debiting participant must revoke all the batches containing direct debiting, sent by one/some crediting participants, in the event when debiting participant does not own sufficient funds in the respective settlement account with AIPS as specified in Appendix E.
4. Crediting participant might request the revocation of direct debiting instruction only with the refusal of the same payment by the debiting participant, minus the respective fee for the use of AECH system as specified in article 15 of this regulation.
5. Ordering participant could require the compensation of a settled payment only via the initiation of a new payment by the beneficiary entity of undue enrichment, in different direction with the original payment minus the commissions applied by the undue enriched bank and the fee on the system use, as specified in article 15 of this regulation. The beneficiary bank is not obliged to immediately return the received funds, subject of the provisions “Undue enrichment”, but must return these funds in accordance with article 49 of this regulation.

Article 14
Reconciliation, audit and report

1. AECH saves log files, which are accessible for six months.
2. The data of central AECH system are accessible from participants for a six-month period from the date of their creation by the central AECH. Bank of Albania, with the request of a participant compiles within 5 (five) business days an informing report on those data as required from the participant for a period earlier than the above mentioned term, under the respective request.
3. AECH produces summarised reports for reconciliation purpose, at the end of each clearing session and business day.
4. AECH supplies operational reports throughout the business day. Bank of Albania and the other participants might make use of these reports for audit purposes. The content of reports and the way of their use are described in the manual of system users, supplied by the AECH producer.
5. Bank of Albania generates reports from AECH database at any time and for this purpose, Bank of Albania accesses all the data for participants.

Article 15

Charging and billing

1. Bank of Albania establishes, through AECH billing module, the fees on the use of this system, which allow the calculation of costs, based on:
 - a) type of payment instruction;
 - b) total number of payment instructions per billing period;
 - c) discounts for payments volume;
 - d) incoming time of batches into the system;
 - e) surcharges on undesirable action.
2. Bank of Albania, in compliance with the decision “On the adoption of the fees for the use of Albania Electronic Clearing House – AECH” issued by the Supervisory Council, charges the participant on “Other services”, as specified by the provisions of this regulation.
3. Bank of Albania, in compliance with point 2 of this article, carries out the following operations:
 - a) In the first day of the next succeeding month:
 - i. calculates the payable fees for each participant in clearing,
 - ii. charges the participants on their duties in AECH on monthly bases,
 - iii. submits to participant the invoices via the secure e-mail service of AECH and with an official note;
 - b) In the second day of next succeeding day, it debits automatically the participant’s account in AIPS on the amount of monthly fee.
4. Each participant must provide sufficient funds in the AIPS settlement account, to settle the obligations toward Bank of Albania on the charges of AECH.
5. Any failure relevant to the charges in AIPS, it is considered a violation of this regulation provisions.
6. Participant banks pays the SWIFT company on the files traffic sent from them to the central AECH system , while Bank of Albania pays the SWIFT company on the files sent from central AECH to each participant.
7. Based on the agreement executed between Bank of Albania and SWIFT company on AECH SWIFT Net FileAct service, Bank of Albania enjoys the right that in future, alongside with the increase of the files’ size in chilocharacters and/or of the clearing sessions, to implement the agreement on “Reverse billing”. According to this agreement each bank shall pay to SWIFT Company also for the files received from the central AECH.

CHAPTER IV

Participation in AECH

Article 16

Categories of participation in AECH

1. Participants in AECH are categorised into:

- a) Direct participants, which send and receive payment files on their behalf and settle through their settlement account in AIPS, including:
 - i. Bank of Albania, in its role as system operator, as participant for its payments,
 - ii. Commercial banks;
 - b) indirect participants, who sends and receives payment files on their behalf, but settle in AIPS through the account of an other participant, which is their settlement agent, where are included:
 - i. Ministry of Finance (Directory of Treasure),
 - ii. Other entities, adopted by the decision of Supervisory Council of the Bank of Albania.
2. Transactions in the indirect participant's AECH system are grouped with those of its settlement agent at the end of the clearing session when it is created the net settlement instruction, prior this instruction is sent for settlement purposes to AIPS. Upon the settlement in AIPS of the net settlement instruction, the incoming instructions for the indirect participant are separated from those of its settlement agent.

Article 17

Terms for participation in AECH

1. Banks applying to become direct participant in AECH must meet the following conditions:
 - a) to be priory members in AIPS;
 - b) to have compiled internal operating rules for AECH, with the advice provided from the Bank of Albania as specified in Appendix A.
 - c) to have qualified and trained personnel for operation in AECH;
 - d) to have concluded the participation AECH Tip Contract with the Bank of Albania, following the sample presented in Appendix I;
 - e) to participate in AECH only through their respective head offices;
 - f) each candidate for participation in AECH, must be priory member in AECH CUG of SWIFTNet FileAct service;
 - g) to meet the technical conditions as established in Appendix A.
2. Bank of Albania opens and holds technical accounts for participants and accepts payment orders for clearing purposes by the organisations as specified in article 16, point b, for the implementation of the concluded agreements, its own status as fiscal agent or of the decisions the Bank of Albania Supervisory Council for accepting participants in clearing process.

Article 18

Conditions for membership in AECH CUG

1. AECH CUG is administered by the Bank of Albania.
2. The candidate might become a member in AECH CUG following the prior fulfilment of the above conditions:
 - a) to have concluded a contract with SWIFT;

- b) to own a SWIFT terminal (Gateway, Starter Set) that supports the functioning of SWIFTNet FileAct;
- c) upon the approval of the candidate's request to become member of AECH.

Article 19

Procedures for participation in AECH

Procedures for participation as direct participant in AECH go through the following stages:

1. Candidate, for direct participant in system, submits to the Bank of Albania a written request on its participation in AECH.
2. Bank of Albania analyses the candidate request for participation in AECH.
3. In the event of request approval, Bank of Albania informs, within one week, the candidate on the content of this regulation, for participation charges in AECH and on the minimum of technical requests the participant must fulfil.
4. Bank of Albania in cooperation with the candidate, establish and implement the membership calendar as specified in the attached Appendix A and an integral part of this regulation.
5. Bank of Albania trains the future users of candidate and runs the testing procedure for the candidate certification.
6. Upon the successful conclusion of the tests being established in Appendix A and once it is ensured the compatibility of the internal rules of the candidate with this regulation, Bank of Albania issues a certificate to the candidate as participant in AECH.
7. The candidate on participation fills in the forms as specified in the attached Appendix D, Appendix G, Appendix H, and integral parts of this regulation.
8. The participant candidate signs in the participation Tip Contract with Bank of Albania in AECH system and pays the fee to be included in the system.
9. Bank of Albania carries out its operations for the creation of users in central AECH, VPN, Firewall, safe e-mail of AECH and on the writing of certificates and the granting of security device to participants.
10. Bank of Albania informs by official notice all the direct participants in AECH for the name, correct address (Bank identification Code) of new participant as well as the date on which to this participants shall be granted access in AECH, 5 business days prior of this date.

Article 20

Temporary restriction and suspension from AECH

1. Bank of Albania is vested with the right to temporary restrict and/or suspends the participation of a bank in AECH, if this last one is temporary restricted and/or suspended in AIPS respectively as specified in articles 18 and 19 of the regulation “On the functioning of Albania Interbank Payments System – AIPS”.

2. Bank of Albania is vested with the right to temporary restrict and/or suspends the participation of a bank in AECH, if this last one does not provide sufficient funds for the instruction settlement of net settlement sent to AIPS, under the schedule established in this regulation, frequently. The participant either being temporary restricted and/or suspended could not operate in AECH, but can only monitor it. In any event, the notices are carried out in compliance with article 18 and 19 of the regulation “On the function of Albania Interbank Payments System”.

Article 21

Exclusion of a participant from AECH

1. Bank of Albania decides on the exclusion of a participant from AECH when it is met at least one of the following circumstances:
 - a) by written request of a participant and upon the approval from Bank of Albania;
 - b) the participant is merged/unified with/from/some bank/banks in a sole one;
 - c) participant, to whom it is suspended the access in AECH under article 20 of this regulation does not provide sufficient funds in the respective AIPS settlement account, within the respective terms, on fulfilling its duties in AECH;
 - d) participant violates frequently the provisions of this regulation;
 - e) participant is placed in liquidation process and to this participant is revoked the license from Bank of Albania;
 - f) the participant is excluded from AIPS under article 20 stipulated in the regulation “ On the function of Albania Interbank Payments System – AIPS”.
2. Bank of Albania informs immediately on the exclusion decision of a participant from AECH:
 - a) With official notice, the participant subject of the above mentioned decision;
 - b) via SWIFT MT 999 message the direct participants in AECH.
3. Bank of Albania closes the account of the excluded participant.
4. Bank of Albania carries out the procedures as established from SWIFT on the exclusion of a participant from AECH CUG.

Article 22

Obligations to be met from participants in AECH

Participants of AECH are obliged:

1. To implement the rules and procedures of AECH;
2. To access AECH at any time throughout the operating day following its business schedule as specified in Appendix A, an integral part of this regulation;

3. To manage its local system ensuring the continuance and the sending of payments instructions in AECH;
4. To provide qualified personnel to operate in AECH;
5. To not allow either temporary/or external personnel operate in AECH;
6. To inform Bank of Albania in the event of personnel transfer operating in AIPS, on the cancellation of this user's certificate;
7. To compile internal procedures on security and defence of system, including the organizational procedures (human resources and equipments) and the informative ones (hardware and software), in line with the provisions of this regulation;
8. To report at Bank of Albania for any violation observed or suspected in AECH security and to report at the beginning of each month, as specified in the attached Appendix E and an integral part of this regulation;
9. To channel the payments in AECH based only on valid justifying document;
10. To provide the transactions integrity and accesses of users within the respective entities, through:
 - a) localising any primary or backup connecting point in AECH only where there is adequate access on digital communication means, for adequate configurations of authenticity and security equipment, as well as to have the security that AECH functioning shall not be subject of interruptions or interventions caused by the internal or external factors;
 - b) implementing the "four eyes" core principle in AECH participant system for the authorisation of payment instructions, which implies that the person reflecting the data, must be different from the persons approving those data. This principle is not implemented for the batches submitted into the system by employing STP means, where it is supposed that the source system has already applied control of authorisation and further authorisations in AECH participant are considered unnecessary;
 - c) implementing the "four eyes" principle in the central AECH, that implies the person who approves/imports batches in AECH participant system must be different from the one approving in the central AECH system;
 - d) controlling any rejected batch, either corrected or cancelled of payment instruction.
11. To send payments files to the central AECH within the time period among "Opening for business" and the end of files acceptance of the last clearing session;
12. To adopt payments in the central AECH when clearing sessions are opened, according to the business schedule of AECH;
13. To send direct debiting instructions and their rejections in the central AECH within the time period between "Open for operation" to "Cut-off";

14. To make possible the receiving of payment instructions files from central AECH, at least in the time period between the end of file acceptance and the end of the session, in any session;
15. To maintain the recordings of transactions in letter copy for a period not less than 10 (ten) years and in electronic format, in compliance with the applicable accounting standards and rules in the Republic of Albania.
16. To maintain the history of files sending/receiving transactions via IFTNet FileAct and the history of daily business of a participant' server in AECH;
17. To continuously take care for the AECH participant' system, by carrying out:
 - a. the daily procedures of the day opening and closing;
 - b. the maintenance of AECH participant;
 - c. the conduction of updates, archiving.
18. To digitally sign the batches being transmitted among branches of commercial banks and their head offices, to ensure their integrity, via AECH of the participant;
19. To carry out periodic estimations of their internal equipment integrity and stability related to AECH. These estimations are carried out as specified in the attached Appendix C and an integral part of this regulation. The participant must send them officially every January to the Bank of Albania;
20. To delete every three months the e-mail messages that are sent to the central AECH;
21. To compile a contingency plan, which guarantees the fulfilling in due time of daily operations of AECH under unpredicted circumstances;
22. In the event of violating the above obligations, there shall be informed the Supervision Department meanwhile a written document is submitted to participant.

CHAPTER V

Management of payments in the central AECH system

Article 23

AECH Webstation

1. Each participant in AECH owns one or more AECH webstations, which are used to access the participant' system and central AECH as well.
2. Participants in AECH are responsible for the installation, daily management and well-functioning of their respective webstation. Commercial banks receive the approval of Bank of Albania on any new server of participant' system in order to provide the necessary configuration to support the service.

3. Through the central AECH webstation participants carry out the following operations:
 - a) on-line access:
 - i. to the net statement and information on the activity,
 - ii. for information about payments still in waiting position (batches waiting to be adopted or direct debiting batches prior of their value date),
 - iii. to carry out the approval of small value payment orders to be sent in clearing and/or the transmission of direct debiting batches to the central originator banks,
 - iv. for information about the account balance, reports and charts;
 - b) monitoring of central AECH system operational status;
 - c) use safe e-mail service among participants in the system.

Article 24

Modifications during the working hours

1. Bank of Albania conducts the change of AECH working timetable under contingency events, mainly or after estimating the individual request of each participant.
2. Participants will be informed on any change occurring in the timetable via SWIFT MT999 messages, AECH system e-mail, and general e-mail message or via fax.

Article 25

The necessary information encompassed in payment instructions

In any event, payment instructions shall contain:

1. **The beneficiary/creditor**

Participants identify the payment beneficiaries/creditors, by specifying the account name and number.

2. **Transaction references**

Participants become sure that all payments sent to AECH contain a reference number. The combination of this reference number together with the payment amount and the SWIFT BIC cod of the beneficiary bank, are unique for the originator bank within the working day.

3. **Value date**

- a) All the small value payment orders of a batch, sent to central AECH, must contain the same value date, which should coincide with the current date of central AECH. AECH shall reject the batches containing small-value payment orders with a different value date;
- b) AECH shall not accept direct debiting different from either the maximum or minimum period, presented in Appendix F, prior of the value date. Direct debiting transactions accepted by AECH are retained till AECH business day reconciles with the value date established by the participant;
- c) If the value date of direct debiting instructions is different from a business day of AECH, their clearing shall be carried out in the next succeeding day.

4. **The amount** stated in LEK.
5. **Type of instruction:** small-value payment order, direct debiting instruction, or direct debiting rejection.

Article 26

Management of batches

1. Participants establish or import from their internal system the payment instructions to AECH participant system. Then AECH participant system groups them into separated batches for any beneficiary bank, for a sole value date and for each payment order type.
2. Participants send to the central AECH, via SWIFTNet FileAct service, payment instructions as files. These files contain one or some batches.
3. AECH participant system formats batches under the FIN or AECH XML format, in line with the standards established in the technical accompanying documents of AECH.
4. AECH participant system implements the digital signature for any batch for the authentication of that participant sending the batch.
5. Participants care that each batch contains a unique reference number.
6. If a batch sent to the central AECH by a participant is rejected by the system, it can be corrected and re-submitted. This batch must have a new reference number.
7. Central AECH processes the batches of small-value payment orders according to the queue they are sent (FIFO – First In First Out).
8. Batches that are transmitted to the beneficiary bank following the net settlement positions in AIPS, at the end of clearing sessions in the central AECH, contain the digital signature of the transaction order.
9. Direct debiting instructions' batches are cleared first, at the beginning of the first clearing session of the value date day.
10. Central AECH system, during the clearing session, creates and maintains a net position for each participant and accumulates the incoming batches, to send them to the beneficiary bank at the end of clearing session, after the settlement.

Article 27

Validation of batches

1. Batches that fail in the validation process are rejected from central AECH.
2. Central AECH system informs participants for the accepted or rejected batches via the files being sent to the AECH participant. The rejection message contains the reference number of refused batch, the reasons and the respective "error codes", as specified in AECH user's manual.

3. AECH validates batches versus the following criteria:
 - a) all batches, must contain digital signature;
 - b) BIC codes for participants must be in the participants' list;
 - c) all the payments instructions within a batch must contain the same value date and the same originator/debiting participant;
 - d) no payment order of small value or direct debiting must not contain a higher value than the upper limit established by the Bank of Albania, as specified in the attached Appendix F and an integral part of this regulation;
 - e) batches containing small value payment orders are sent within the established timetable as specified in the attached Appendix B and an integral part of this regulation, of the value date;
 - f) the sending date of direct debiting batches to the central AECH must be within the maximum and minimum allowed period as specified in the attached Appendix F and an integral part of this regulation, prior of the value date;
 - g) a batch must contain a unique reference number.

Article 28 **Clearing session**

1. Each clearing session contains the following time periods, listed chronologically:
 - a) session beginning, throughout of which, in the event of first clearing session, there are cleared direct debiting batches. Net positions resulting from the clearing of these batches are considered as initial positions for the session;
 - b) files acceptance period, within which participants could approve batches sent to the central AECH. Batches are sent to clearing by being approved within this period, excluding the case when they are sent by employing the STP mode. The central AECH throughout this period establishes and maintains a net position for any participant and accumulates batches in entrance to transfer them to the beneficiary/crediting participant, after the settlement;
 - c) period of net settlement sending, over which AECH calculates the net final positions and after sending for settlement purpose the net settlement instruction to AISP, waits for a confirm from this last one on the successful sending of the instruction;
 - d) end of the session, or the period of files shares, throughout of which the central AECH produces reports and delivers the files containing small-value payment orders, of direct debiting and rejections of direct debiting for beneficiary/creditor participant and sends replays to AECH participant system.
2. Technical accounts of participants contain a zero balance at the start and end of each clearing session.
3. The next clearing session does not start prior of the closure of the current session.

Article 29 **Operating procedures in the central AECH**

1. Throughout a business day, there are hold 2 (two) or more clearing sessions in the central AECH system as specified in the attached timetable of Appendix B and an integral part of this regulation.

2. Bank of Albania conducts its activity as administrator and operator of the system, pursuant to the following phases:
 - a) BoA carries out the procedures for the opening of the business day and for the opening of the operations in the central AECH;
 - b) BoA manages the clearing sessions throughout the business day;
 - c) BoA closes the business day.
3. Bank of Albania, via AECH safe e-mail facility, sends an information to participant on the following processes:
 - a) reports of the previous day;
 - b) start of clearing session;
 - c) start of files acceptance;
 - d) end of files acceptance;
 - e) sending of net settlement to AIPS;
 - f) closure of the session;
 - g) changes occurred in the cut-off, during the business day schedule, in calendar, modification of a participant status in the system;
 - h) reports of the day closure;
 - i) reports generated in settlements;
 - j) report of monthly charge;
 - k) the saving, cancelling of participants in the system.
4. Participants, over a business day, carry out their activity as following:
 - a) Accesses central AECH at any time during the operating day and analyses their data;
 - b) Sends the payment instructions files (small value payment orders, direct debiting instructions and their refusal) in the central AECH at any time between “Opening for operations” and the “Cut-off”;
 - c) Adopts batches (excluding STP) of:
 - i. Small value payments over the acceptance period of files over any clearing session,
 - ii. Direct debiting and refuse of direct debiting over the period “Open for business” till “Cut-off”;
 - d) Makes possible the receiving of payment instructions files from AECH, at least between the end of files acceptance and end of session;
 - e) stay *online* in the central AECH throughout the working day or use the facilities of SwiftNet FileAct service, to ensure that all their files are downloaded at the end of the session and at the end of business day.
5. There are automatically refused from central AECH:
 - a) Batches of small value payment orders, which are not approved so far to the end of files acceptance period of the last clearing session;
 - b) Batches containing direct debiting instructions and direct debiting refusals, which are not adopted prior of the Cut-off.
6. No direct debiting file shall be accepted after the cut-off.
7. During the closing procedures of the business day prior of value date, AECH calculates for any participant the net projected value of direct debiting with value date in the next succeeding business day. Participants could view the resulted net and gross positions in the direct debiting reports.

Article 30
Accepting and refusal of direct debiting

1. Participant sends the direct debiting instructions to central AECH, between “Open for business” and “Cut-off” in compliance with the terms specified in Appendix F of this regulation.
2. Central AECH sends these instructions to AECH participant system of the debiting participant at the end of any clearings session.
3. Debiting participant could refuse the instructions of direct debiting sent by the crediting participant.
4. The debiting participant sends the rejection of direct debiting to central AECH prior of the last day cut-off prior of the clearing value date of the direct debiting instructions.
5. Following the cut-off, central AECH does not accept refusal instructions of direct debiting.
6. In the event of instruction rejection lack prior of the end of the waiting period, the direct debiting instructions are considered as acceptable for payment by the debiting participant and in the time between “Open for business” and “Start of first clearing session” of the value date, the batch containing direct debiting is cleared for its full value.
7. In the event of rejection instruction presence of the direct debiting in central AECH, direct the direct debiting instruction is considered as acceptable for the difference between the original instruction and the refused one.
8. Files containing direct debiting refusals are validated by the central AECH and in the event of failure the debiting participant shall be informed on the validating breakdown. Upon receiving this decision, the participant corrects and resubmits the batches containing direct debiting rejections within the waiting period.
9. If pursuant to the regulation the waiting period is amended, the instructions that are already within the system are processed in line with the applicable regulation, by the time when they are sent.

Article 31
Net settlement instruction

1. Net settlement instruction is dealt as account transfer in AIPS, which includes multiple debiting and crediting of participants for the net settlement obligations, arising from the clearing result in the central AECH.
2. Net settlement instruction is considered as initiated by the Bank of Albania, acting as operator of AECH.

3. Net settlement instruction of AECH is settled in AIPS at the established value date.
4. Upon the settlement conclusion, AIPS sends a confirmation to central AECH on the settlement conduction.
5. If the net settlement instruction is not settled in AIPS, the current clearing session in AECH is not closed and the succeeding session shall not begin. In this case, system operators of AIPS and AECH contact to decide on the operations to be carried out and inform the responsible participants to find liquidities for the settlement of the net settlement instruction.
6. Net settlement instruction of last clearing session in the central AECH, is transferred for settlement in AIPS prior the final cut-off of AIPS.
7. In the event for a reason, the net settlement instruction is foreseen to passes later for settlement than the final cut-off of AIPS, Bank of Albania takes the necessary measures to postpone the final cut-off of AIPS, and informs participants on the term postpone, via a MT 999 message or via e-mail facility.
8. AIPS procedures and rules establish the management process of AIPS net settlement instruction.

Article 32

Net instruction settlement delays due to a participant funds insufficiency

1. Participants provide sufficient funds in their AIPS settlement account, to ensure the immediate settlement of net settlement instruction of AECH system.
2. Participant that fails to provide sufficient funds following the documented efforts, on the immediate settlement of net settlement instruction through the instruments being supplied by the Bank of Albania, shall be immediately reported to the Supervision Department.
3. The continuous repetition of this phenomenon could lead to the suspension or according to the event to the exclusion of the participant, respectively in line with articles 20 and 21 of this regulation.

Article 33

Bank of Albania operations for indirect participants

1. Bank of Albania in compliance with article 25 of the Law No. 8269, dated 23.12.1997 "On Bank of Albania", as amended, carries out the small value payments operations of the Ministry of Finance. (Directory of Treasure).
2. Bank of Albania manages the participant AECH server for the Ministry of Finance, by assigning this last one a PseudoBIC, MOFAALTR.

3. Bank of Albania opens a technical account in the central AECH, MOFAALTR, for the Ministry of Finance. Its settlements in AIPS are reflected in the account of the Ministry of Finance (deposit of Government) with the Bank of Albania.
4. Bank of Albania processes the payments of the Ministry of Finance for the sending/receiving via PseudoBIC-ut MOFAALTR.
5. Participants shall send/receive payments of Ministry of Finance for/to central AECH via PseudoBIC MOFAALTR.
6. Ministry of Finance receives the final report from the Bank of Albania after each clearing session in the electronic form.

CHAPTER VI

Contingency events and emergency procedures

Article 34

Contingency events

Contingency events are classified as follows:

- a) contingency events occurring to a particular participant;
- b) contingency events occurring in SWIFT communication in the Bank of Albania;
- c) contingency events occurring in AIPS – AECH interfaces;
- d) contingency events occurring in the central AECH;
- e) contingency events occurring in the communication with VPN;
- f) contingency events in the electric network which arise one or some of the above mentioned events.

Article 35

Contingency events occurring in a particular participant

1. If participant encounters technical difficulties, which hampers to send or receive payments and other messages relevant to AECH, the participant informs Bank of Albania within 30 minutes from the moment concluding this difficulty.
2. Bank of Albania informs other participants, in the event it deems the problem of a participant might cause prolongation or other problems in the overall functioning of AECH.
3. Each of other participants must take an individual decision to either continue or not the sending of payment messages in favour of the participant who has informed on these problems.
4. If a participant encounters difficulties that make impossible the sending, but allow the entrance of payments, considered as problems occurring in its back-office system and not of its AECH participant, this participant must provide the continuance of payments files entrance in its participant system.

5. In the event of Virtual Private Network non-functioning, participant submits a request to the Bank of Albania with an official document, MT999 or e-mail facility, to approve its batches.
6. In the end of failure occurring in SWIFTNet FileAct connection, the participant must continue the sending of its batches and the receiving of the settled payment batches in its favour with electronic supporters accompanied with official document, signed by the respective authorised persons.
7. In the event of system functioning breakdown of primary AECH participant and backup, Bank of Albania assists the participant to establish a new AECH participant system.

Article 36

Contingency events occurring in SWIFT communication with Bank of Albania

1. In the event of a prolonged non-functioning of SWIFT system in the Bank of Albania, this last one informs participants through emergency contacts, via common e-mail, via safe e-mail of AECH, via fax and in the event of missing the above mentioned facilities, via telephone.
2. In the event of the connection interruption with SWIFT, participants must remain connected in their webstations of central AECH, to monitor the situation.
3. Bank of Albania become transferred to SWIFT backup system and informs the participants through the emergency contacts on this transfer.
4. If event the transfer to SWIFT backup is not possible then Bank of Albania instructs the participants via fax or e-mail to implement the fallback procedures through exchanging AECH files with electronic supporters.
5. The contingency fall back event must be disclosed to participants in the system through the contingency contacts, via AECH safe e-mail facility, via common e-mail, via fax or by telephone.

Article 39

Contingency events occurring in AIPS – AECH module

1. In the event net settlement instruction is not transferred from AECH to AIPS, then net settlement instruction is imported to AIPS.
2. In the event the import of net settlement instruction fails, then the results of net settlement shall be reflected manually in AISP.
3. In the event the settlement confirm in AIPS is not transferred from AIPS to central AECH, then the settlement confirm in AIPS will be executed manually in the central AECH system.

Article 38
Contingency events occurring in central AECH

1. A contingency event in central AECH occurs when this last fails to process and/or prepare the net settlement instruction to be transferred to AIPS, either in primary or backup site.
2. In the event of a prolonged default in the central AECH, Bank of Albania shall discuss and communicate with participants by employing the contingency contacts as specified in Appendix D, which is an integral part of this regulation.
3. In the event of a breakdown of central primary AECH, there shall be made in function the central backup AECH.
4. In the event of none of them non-functioning, the operations shall be carried out in AIPS.

Article 37
Contingency events occurring in the communication with Virtual Private Network

In the event of a fault occurring in the internet line used for VNP, there shall be made in function the backup lines based on dial-up.

In the event of dial-up line breakdown (participants do not access the system via VNP), the Bank of Albania by the request of participant, carries out the operations of batches approval for the account of participant. The reports might be delivered through alternative means (either printed or electronic).

Article 40
Recording of contingency events

Each participant records all the contingency events and the problems concluded in the system and report them to the Bank of Albania within 2 (two) business days from the end of each calendar month. The form of this report is displayed in Appendix E, an integral part of this regulation.

Article 41
Testing of fallback recovery procedures in AECH backup

1. Bank of Albania in cooperation with participants, every six months, tests its contingency procedures on contingency events.
2. On contingency tests, Bank of Albania informs participants on the transfer of operations from primary central AECH to central backup AECH, and for any operation they should undertake.
3. To access the system, participants should log in the backup site of central AECH.

4. Participants could carry out their own contingency tests by being transferred in their AECH backup server (if they possess such a one) and in the VPN backup connection with Dial UP.
5. If it is required a participant be transferred in its participant AECH backup system, this participant should conclude this operation without impacting either the other participant or Bank of Albania.
6. In any event, the participant informs Bank of Albania on its intention to be transferred to AECH backup and later on the successful performance of this transfer.

Article 42
Suspension of AECH

1. Bank of Albania could suspend either partially or totally the system functioning, under the circumstances when the continued functioning would have negative impact on system stability through immediately informing the participants.
2. Over the suspending period of system functioning, the operations are carried out in compliance with the way established case by case by the Bank of Albania.
3. Bank of Albania shall replace AECH in function as soon as practicable, by immediately informing all participants.

CHAPTER VII

Changes in AECH

Article 43
Management of changes and their audit

1. Changes in AECH occur as follows:
 - a) Functional and technical changes in central AECH;
 - b) Changes in AECH participant system;
 - c) Changes in SWIFTNet FileAct and in SWIFT standards;
 - d) Changes in VPN.
2. Bank of Albania informs and instructs participants prior of implementing planned changes in AECH, in the event these changes affect the participant.
3. Participants get informed on the needed changes or corrections in the procedures and in the respective complementary documentation of AECH.
4. Any occurring change is tested in the testing environment prior of being implemented in the primary AECH system.

5. In the event of changes in the operation of AECH, there shall be primary informed all participants, providing the necessary time to get prepared and for the establishment of the necessary conditions for the testing of their system connection with central AECH.
6. Bank of Albania mainly or by argued request of participant, could undertake modifications in AECH, to ensure its normal functioning. In the event the purposed changes impact AECH participants, Bank of Albania shall priory discuss with these last ones.
7. Bank of Albania, upon analysing the argued request of participant, shall inform this participant on either its acceptance or rejection by providing the respective reasons to this information.
8. In the event the above mentioned alterations are initiated from:
 - a) Bank of Albania, the changes costs are covered from this last one;
 - b) a participant, the changes costs, are covered by all participants of AECH, equally.
9. Bank of Albania is not obliged to hold discussions with participant in the event the need for intervention in AECH is urgent and any delay could originate difficulties for participants in AECH.

Article 44

Installation of new versions of AECH participant system

1. New versions of AECH participant system are tested in the Bank of Albania environments or in cooperation with any of participants.
2. New versions of AECH participant shall be delivered to participants via e-mail. Participants must install these versions in their primary/backup AECH participant system on the date as established by the Bank of Albania.

Article 45

Changes in participant's webstation or in the telecommunication lines with central AECH

1. Any purposed change relevant to AECH participant's webstation or changes occurring in the telecommunication lines of AECH with participants' site should be priory tested and later on implemented in "live" environment.
2. Participants inform Bank of Albania on any change occurring in the addresses of internet network users of the central AECH by filling the form of changes in VPN, as specified in the attached Appendix H and an integral part of this regulation.

Article 46

Contact persons

1. Each participant delivers to the Bank of Albania the information about the contact persons, as specified in Appendix D, which holds and updates the list of all participants' contact persons in a separate file.
2. The same contact person of a participant could hold more than one function within AECH, but the roles should not oppose each other.
3. Participants in AECH inform immediately Bank of Albania on any change occurring in the contact persons list.

Article 47

Assistance to AECH users

1. Bank of Albania establishes and maintains a centre to assist AECH users, where participants could address for the relevant problems over the business day of AECH.
2. Bank of Albania delivers via e-mail the information for the contact persons to participants.
3. Participant relevant to any security device request submits to the Bank of Albania the form as specified in the attached Appendix G, and an integral part of this regulation.
4. In the event of inability of establishing and cancelling a user, the direct participant submits a written request to the Bank of Albania, which creates/cancels this user in/from the system.
5. In the event of inability to alter and the user's password, the direct participant submits a request to the Bank of Albania via e-mail. Bank of Albania conducts these operations.
6. In the event of cancelling a user, the participant must submit its security certificate for cancellation in the Bank of Albania.
7. Bank of Albania renews every year the digital certificates of direct participants' users system, submitted by them to the Bank of Albania at the end of the timetable term.
8. On any modification occurring in either participant or contacts profile for AECH system, Swiftnet Fileact, Contingency, participant submits to the Bank of Albania the form as specified in Appendix D, and an integral part of this regulation.

CHAPTER VIII

Final provisions

Article 48 Changes to the regulation

1. Bank of Albania informs participants in the system on any alterations occurring in the provisions of this regulation as well as the content of these modifications.
2. Participants could directly submit to the Bank of Albania, proposes for procedural changes or of AECH.
3. Proposals, in compliance with point 2 of this article, are presented in written form and contain a complete description of the goal and possible benefits, relevant to the proposed modification.
4. Bank of Albania reviews these proposals and decides on either the implementation or not of any purposed procedural change or of AECH system.
5. In the event of proposal rejection, Bank of Albania informs in written form the interested participant by presenting the grounds on the respective refusal.

Article 49 Undue enrichment

1. A beneficiary bank is subject of an undue enrichment by an originator bank, if the beneficiary bank does not credit the client account within the same value date.
2. Beneficiary/debiting bank must return the payment in the event:
 - a) it is not able to transfer the funds in its client account due to incorrect or different details of the account;
 - b) the designated account of these funds is closed.
3. Participant must return the payments in compliance with points 1 and 2 of this article to the originator/crediting bank within 5 business days from the day when it is turned the payment by AECH. The payment return shall be conducted in line with the procedure as specified in article 13, point 5.
4. For each delay (per number of days) relevant to the return of funds according to point 3 of this article, the undue enriched bank, is penalised by the originator bank that claims the undue enrichment of beneficiary banks with weekly Repo rate + 2 percentage points.
5. In the event the beneficiary/debiting bank, subject of undue enrichment, does not pay its obligations for the amount and terms determined in this article, it composes a violation to this regulation.

Article 50

Responsibility in the event of force majeure

1. Participants in the system are not responsible for the damages arising from the failure of meeting the obligations as established in this regulation, arising due to contingency events, wars, demonstrations, other civil wars, natural calamities for any other circumstances and as a result of any other force majeure.
2. Participant that is not able to meet its obligations due to reasons as specified in point 1, should:
 - a) inform, in written form, the system operator on the cause and level that has restricted this participant to meet the obligations;
 - b) make all the reasonable efforts to restart fulfilling the obligations as soon as possible and simultaneously to try to minimise the negative effects of the causes being determined in point 1.

Article 51

Liquidity effects of a participant

1. Liquidity procedures of participant and/or participants in AECH do not have retrospective effects versus the payment instructions entered in central AECH, prior of the date when it is decided for the liquidity and assignment of a participant and/or participants in AECH.
2. Point 1 of this article is applicable for the payment instructions entered in the central AECH, following the announcement on liquidity and liquidator assignment, only if after the settlement, the settlement agent and/or clearing house certifies to not have any knowledge on the liquidating decision prior this decision become compulsory.
3. A payment instruction is considered to have entered in the central AECH upon it has passed the validation for acceptance from this last one, and have been approved by the originator/debiting participant (excluding the case when it is employed the STP way).
4. Bank of Albania enjoys the right to use as collateral the securities of a participant placed in liquidity, to meet its obligations versus the other participants of the system, only if these securities are not used as a tool to guarantee the execution of other obligations.

Article 52

Confidentiality

1. Direct participants implements the rules and regulations on information confidentiality relevant to all payment orders accepted from AECH.
2. Participants of AECH could share information with any other participant, related to every aspect of functioning or managing this system.
3. Each of participants instructs the respective personnel, which are vested with the right to use the information about the payment instructions being accepted in AECH, to keep confidentiality for this information, in line with the confidentiality regulations and rules as well as with the provisions of this regulation.

4. Direct participants and Bank of Albania, show the same care level for the preservation of information confidentiality considered as restricted from an other party, similar to the one showed for the protection of the own information, classified as confidential.
5. The provisions of this article are implemented from the direct participant and Bank of Albania even after the closure of a participant's account.

Article 53
Internal organisation

Internal organisation of work within the units of the Bank of Albania for the conduction of the above tasks is established through a bylaw adopted by the Bank of Albania.

**Chairman of Supervisory
Council**

Ardian Fullani

Appendix A: Participation calendar of in AECH

Participation phases

- I. Purchasing of hardware, software and installation
- II. Testing and training
- III. Preparation of documentation
- IV. Implementation and the transfer in LIVE environment.

FIRST PHASE: Purchase of hardware and software, installation

1. Candidate for participation in AECH shall provide:
 - a. AECH participant server as in “ Server technical specifications for PS in AECH Participant Technical Requirements v1.0.doc”;
 - b. S.W.I.F.T Starter Set or other communication interfaces with Swiftnet (The discussions with SWIFT company shall determine the interface type);
 - c. Personal computer (PC) which shall serve as Central AECH webstation. This computer might be the same with the monitoring webstation of AIPS or other;
 - d. Server interfaces with its internal applications.
2. Bank of Albania shall provide:
 - a. Cards Readers, versus a payment ;
 - b. Smart Cards, versus the payment;
 - c. PS Software, free;
 - d. VPN Software, free;
 - e. needed documents, manuals (free).

SECOND PHASE: Testing and training

1. Participation in **boa.aech!p** test service of SWIFTNET Fileact for AECH.
 - a. Candidate for participation must fill in online the form as disclosed at the respective website www.swift.com;
 - b. Bank of Albania adopts online the form of candidate;
 - c. SWIFT company records the candidate in AECH CUG of **boa.aech!p**.
2. Testing of files exchange at **boa.aech!p** between Bank of Albania and the candidate bank.
3. Bank of Albania shall train 2 or 3 employees of the candidate in the central AECH and AECH participant.
4. Candidate shall prepare the VNP forms for the testing environment as specified in Appendix H.

5. Bank of Albania shall prepare the users in central AECH TEST, VPN, and respective certificates.
6. Bank of Albania shall install, in the participant environment, AECH participant software and VPN.
7. Candidate in collaboration with Bank of Albania shall execute the test scripting and sign it.

THIRD PHASE Preparation of documents

1. Candidate shall prepare its "Internal AECH Rules and Procedures" in compliance with this regulation.
2. Final documentation shall be submitted for approval to the Bank of Albania.
3. Bank of Albania carries out its observations/modifications if they differ with this regulation and others issued by the Bank of Albania and disclose them to the candidate bank.
4. Candidate bank carries out the final processed version of "Internal Rules and Procedures of AECH functioning" processed, where are included all the corrections of the Bank of Albania.

FORTH PHASE Preparation for LIVE Environment

1. Bank of Albania prepares and submits the participation certificate to participant.
2. Candidate and Bank of Albania sign the tip contract for participation in AECH.
3. Participation at *LIVE* **boa.aech service of SWIFTNET** Fileact for AECH:
 - a. participant should fill in online the respective form at www.swift.com.
 - b. Bank of Albania adopts online the participant's form;
 - c. SWIFT company enters the participant in AECH CUG of **boa.aech**.
4. Testing of files exchange at **boa.aech** SWIFTNet FileACT between the participant and Bank of Albania.
5. Participant shall fill in and submits to the Bank of Albania the forms:
 - a. as specified in Appendix D for participation in central AECH;
 - b. as in Appendix G for security devices and users in central AECH and AECH participant;
 - c. as in Appendix H for users in VPN.
6. Participant shall prepare the users in AECH participant.
7. The participant's profile in central AECH is created upon the approval of requests by Bank of Albania, there are prepared the security cards with the

certificates, there are created the users in the central AECH environment LIVE. There are created the users in VNP and are submitted the security devices to the participant.

8. Bank of Albania determines the day of transfer in LIVE environment of participant and informs via e-mail all participants in AECH.
9. Transfer in LIVE environment.

Appendix B: Operating schedule of AECH

Time	Event	Activities and Available Transactions
08:05	Start-of-day	Start of business day in AECH. There start the procedures for the start of day and takes till 08.35.
08:35	Operating day commences.	Participant could send and receive files of payment instructions.
08:45	Start of first clearing session	There takes place the clearing of direct debiting batches on the current value date. The originated net positions are considered as initial positions for the session.
09:00	Start of files acceptance	Batches of small-value payment orders waiting for approval could be approved and sent to clearing.
11:00	End of files acceptance	After this time, no more small value payment order shall be accepted for this session.
11.15	Sending of net settlement	AECH sends net settlement instructions to AIPS. AIPS sends responses to AECH.
11.30	End of session	There are generated the final reports of session. Batches of small value payment orders are delivered to the beneficiary participant.
12.00	Start of second clearing session	After the first session there is not carried out direct debits clearing.
12.05	Start of files acceptance	As above.
14.30	End of files acceptance	As above.
14.45	Sending of net settlement	As above.
15:00	End of session	As above.
15:30	Cut-off	No further information is accepted so far. Any batch still waiting to be approved, shall be refused and informed to the respective participant. It is produced the report containing direct debiting, showing that direct debiting will be settled in the next succeeding day.
16:00	End-of-day, system close	There are carried out the daily closing procedures, generated the reports of end of day.

Appendix C – Self-estimation of operation in AECH

Participant: _____

Self-estimation for year _____

Annual estimations are presented in January

Please provide answerers to the following questions:

A Criminal activity relevant to AECH

- 1) Has your institution encountered any criminal activity or similar efforts in the framework of AECH over the year?
- 2) If yes, is it reported to the Bank of Albania in compliance with contract terms of participation in AECH?
- 3) Is there identified and corrected the used method?
- 4) Did this activity result in any financial loss to your institution or to your client?
- 5) If yes, are there still working to compensate these losses?

B. Planning of contingency events and of the respective facilities

- 1) Does your institution possess a documented plan on contingency events related to the operations in AECH?
- 2) Does the plan cover sufficiently possible scenarios of contingency events?
- 3) Does your institution hold computer backup tools and/or for SWIFT interfaces that is used for the interconnection with AECH?
- 4) If yes, are these facilities physically separated from the main seat of SWIFT station?
- 5) Does your institution own available *webstations/servers* to support the operations in AECH, in the event of a failure occurring in a webstation.
- 6) Has your institution tested plans for contingency events for supporting communication in the event of losing connections with VPN? ?
- 7) Do you think the potential risks for the work are adequately addressed and analysed?

C. Period of operation interruption and system stability

- 1) Have your AECH operations been subject of important interruptions of functioning?
- 2) If yes, are these interruptions reported to the Bank of Albania and are they registered in the contingency events register, in line with the procedures of AECH?
- 3) Are you satisfied for your systems connected to AECH have sufficient capacity and stability to cover your payments traffic in AECH, timely and safely?

Appendix D – Form for participation in AECH

Participant:

BIC:

Address:

Contacts for resolving problems

Contact persons for payments:		
First name, Surname		
The task that covers		
Telephone		
Mobile		
E-mail		
Contact person for IT		
Name, Surname		
Task that covers		
Telephone		
Mobile		
E-mail		

DATE _____

Signature _____

Appendix E – Recording of contingency events

Bank _____ for the month _____ of year _____

Date of event	Time of event	Nature of problem	The undertaken operation	Time of problem adjustment

Send this report at the end of every month to the unit covering the support of AECH.

Appendix F – Parameters of the system

Current time divisions of AECH parameters are as following:

Parameter	Event
Maximum period of presenting direct debiting	10 business days prior of value date
Minimum period of presenting direct debiting	3 business days prior of value date
End of waiting period of direct debiting	Night of Cut-off prior of value date
Maximum period of small value payment orders.	Less than 1.000.000
Maximum value of direct debiting	Less than 1.000.000

Appendix H – Form for changes in VPN.

CONFIDENTIAL



FRM-SIG02

**Bank of Albania
Information Technology Department
Request for change in Virtual Private Network**

Tirana, on
.....

**For Bank of Albania
Authorizer**

Bank that presents the request for modifications: (_____)

Reason and details for changes:

For Bank:

Authoriser of request

(_____)

Appendix I - Tip Contract

Participation contract in AECH (Albanian Electronic Clearing House)

Article 1 – Parties

This agreement is executed by and between Bank of Albania, with address: Sheshi “Skënderbej”, No. 1, Tirana, legally represented in this agreement by the First Deputy Governor, Mr. _____ and _____ bank (hereinafter referred to as “Direct Participant”), with address, represented by its executive director, Mr. _____.

Article 2 – Scope

This contract aims to establish the rights and obligations of the Bank of Albania which arise in the framework of providing the clearing services of small value payment orders in AECH as the sole operator and administrator of this system and of the rights and obligations of bank as direct participant in this system.

Article 3 –Legal ground

This contract is compiled in accordance with:

- a) Law No. 7850, dated 29.07.1994 “Civil Code of the Republic of Albania”, as amended;
- b) Law No. 8269, dated 23.12.1997 “On Bank of Albania”, as amended;
- c) Law No. 9662, dated 18.12.2006 “On Banks on the Republic of Albania”;
- ç) Regulation No.55 dated 26.09.2007 “On the functioning of Albania Electronic Clearing House (AECH), adopted by the Supervisory Council of Bank of Albania; and other normative acts issued by the Bank of Albania.

Article 4 – Definitions

- 4.1. The terms used throughout this contract are in line with the terms as established in Rules and Procedures of AECH, adopted by the Supervisory Council of the Bank of Albania.
- 4.2. Any term or formulation of the contract arising any misunderstanding shall be resolved in view of AECH Regulations and in the view of the purpose this contract is signed by both parties.
- 4.3. The applicable legal provisions and the Regulations of AECH shall be applied for all the issues which are not literally determined throughout this contract.

Article 5 – Original term

This contract is effective from the date of the signature and shall continue for an indefinite term.

Article 6 – Commitment of parties

Direct participants in AECH and Bank of Albania, are committed for the implementation of this contract's terms relevant to the services supplying in framework of AECH system by the Bank of Albania, to exchange the instructions files of small value payment orders among participants; calculation of net multilateral positions; sending of a net settlement instruction to AIPS, as well as to follow the frequent changes that may occur to this contract, with the prior approval of both parties.

Article 7 – Irrevocability of payment instructions in AECH

- 7.1. Batch containing payment orders, once adopted over a session by a direct participant in central AECH, can not be revoked.
- 7.2 Revocation of a direct debiting is sent to central AECH by debiting participant prior of last day cut-off end prior the value date of direct debiting instructions clearing.
- 7.3. Debiting participant must revoke all direct debits batches, sent by one/some creditors' participants, in the event when debiting participant does not own sufficient funds in its AIPS settlement account.
- 7.4. Creditor participant might request the revocation of direct debiting instruction only through refusing the same payment by debiting participant, minus the respective fee for the use of AECH, in compliance with the regulations of this system.
- 7.5. Ordering participant could request the compensation of a settled payment only by initiating a new payment from the undue enriched beneficiary, with opposite direction with the original payment, minus the commission of undue enriched bank and the charge for the use of system, under the definitions of AUCH Regulations. The beneficiary is not obliged to revoke promptly the received funds, subject of provisions "Undue enrichment" bust must return these funds in line with the Regulations of AECH.

Article 8 – Effect of a participant liquidation in the settled payments

- 8.1. Liquidation procedures of direct participant and/or participants in AECH does not have retrospective effect versus the settled payment instructions in accordance with the respective payment instructions, prior of the date on which is taken the decision on the liquidation and assignment of liquidator of the direct participant and/or one or some participants in AECH system.
- 8.2 A payment instruction is considered to have entered in the central AECH system once it is passed the validation for acceptance from this last one and to be adopted from originator/debiting participant (excluding the case when it is used the STP way).
- 8.3. Point 1 of this article is implemented for the payment instructions entered in central AECH, upon the declaration of the decision for the liquidation and assignment of liquidator and later, only if after the settlement, the settlement agent and/or clearing house proves to not have any knowledge on this decision.

8.4 Bank of Albania is vested with the right to use as collateral the securities of the participant placed in liquidation, to meet its obligations versus the other participants of the system, only if these securities are not used as a tool to guarantee the execution of other obligations.

Article 9 – Bank of Albania rights and obligations

Bank of Albania, in its role as owner, organiser, administrator, operator, supervisor, settlement agent and participant in settlement, enjoys all the rights and obligations stipulated in the Regulations of AECH system.

Article 10 – Participant’s rights and obligations

Direct participant in AECH, enjoys all the rights and obligations as specified in the Regulations of AECH system.

Article 11 – Means of information

11.1. Any notice, request or other type of communications between parties is carried out via registered official mail, via fax, e-mail facility. In the event the communication via the above mentioned means is impossible, by telephone in the addresses, telephone numbers and respective contact persons of both parties.

11.2. Each party is obliged to inform the other party on the possible modifications occurring in the addresses, telephone numbers and contact persons within 5 business days from their modification.

11.3. In the event the notice or request arrives to the addressee after 16.00 o clock of the business day, excluding the above paragraphs, this information is qualified as received at 08.05 of the next succeeding business day.

Article 12 – Modifications to the contract

12.1. Terms of this contract could be changed only in written form and under the will and consent of both parties.

12.2. Any change, addition, partial or complete cancellation of this contract should not have effect if it is not carried out in written form and signed by the authorised representatives of both parties.

Article 13 – Termination of the contract

13.1 Parties have the right to individually terminate the contract by informing in written form the other party, at least 10 (ten) days prior of the date they want to terminate the contract requesting the fulfilling of financial obligations which arise from this contract.

13.2 Contract may terminate as specified in point 1 of this article even after the approval by the Bank of Albania of the written request of the direct participant to withdraw from participation in AECH, submitted under the term as specified in point 13.1. The contract is

considered as terminated in the date being priority established in the request, when the participant intends to withdraw from participation in AECH system.

- 13.3 Upon receiving the request as specified in point 13.2., Bank of Albania within 7 business days rejects or adopts the request and informs all participants in AECH on the withdrawing date of the direct participant. In the event Bank of Albania adopts the request, the direct participant is not allowed to initiate new payment instructions with a value date after the one established in the respective decision for the approval of its withdrawing.
- 13.4 On the withdrawing date from participation in AECH, Bank of Albania closes and delete the technical account of this participant in AECH after collecting the charges and upon the settlement of all obligations of the withdrawn participant related with the available payment instructions, already accepted.

Article 14 – Dispute Resolution

- 14.1. Parties respect the applicable Albanian legislation and try to work out the disputes arising over the implementation of this contract, with a good understanding between each other.
- 14.2. The party concluding there is a dispute, notifies the other party providing a full description of the issues to be resolved.
- 14.3. Authorised persons, included in this misunderstanding should either personally are through their representatives make efforts to resolve the disputes, based on the principle of providing the work continuity.
- 14.4. If the authorised persons of parties or their representatives are not able to work out the disputes within 14 days from the receiving of the information or for a longer period adopted by both parties, one party informs the other one that the issues is not resolved so far. .
- 14.5. Relevant to all resolutions that fail to be resolved in good will, the competent authority is Tirana Court.

Article 15 – Entrance into force

- 15.1. This contract is compiled in 4 (four) original copies in Albanian language and each party shall receive one copy.
- 15.2. The contract once is read from the parties was considered as redacted and is signed under their free will.
- 15.3. This contract shall enter into force with its signing by both parties.

Original contacts

Contact details of parties are as following:

Bank of Albania

On the attention of:

Bank of Albania

Sheshi “Skënderbej”, Nr. 1, Tirana, Albania

Tel: 04 2

Fax: 04 2

Participant:

For the attention of:

.....

.....

.....

Tel:

Fax:

This contract is signed by:

For BANK OF ALBANIA

.....

Name and signature of authorised persons.

In presence of:

.....

Name and signature of witness

For PARTICIPANT

.....

Name and signature of authorised person

In presence of:

.....

Name and signature of witness