



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISION COUNCIL**

**DECISION
No. 53, dated 26.09 .2007**

APPROVAL OF REGULATION

**ON THE FUNCTIONING OF THE ALBANIAN INTERBANK PAYMENT SYSTEM –
AIPS**

In compliance with articles 3, 14, 21, 43, “f”, Law No. 8269, dated 23.12.1997 “On Bank of Albania”, as amended, and article 129, paragraph 6 of the Law No. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, having regard to the proposal of the Payments Systems Department and Information technology Department, the Supervision Council of the Bank of Albania

DECIDED:

1. To approve the regulation “On the functioning of the Albanian Interbank Payment System– AIPS, as specified in the text attached herein.
2. The Payments Systems, Accounting and Finance Department¹ and the Information Technology Department are responsible for the implementation of this decision.
3. Upon the entry into force of this decision the following acts shall be repealed:
 - a) Decision of Supervisory Council No. 103, dated 10.12.2003 on the “Rules and Procedures of Albania Interbank Payment System – AIPS”;
 - b) Decision No.76, dated 08.12.2004, of the Supervisory Council of the Bank of Albania “An amendment in the rules and procedures of Albania Interbank Payment System –AIPS ”;
 - c) Decision No. 77, dated 08.12.2004, of the Supervisory Council of Bank of Albania on the “Approval of a settlement operator of AIPS”;
 - d) Decision 54 dated 29.06.2005 on some amendments to the “Rules and procedures of the Albanian Interbank Payment System”.

¹ Amended by the Bank of Albania’s Supervisory Council Decision No.69, dated 06.11.2013 “Amendments to the organizational structure of the Bank of Albania”.

4. The Governor's Office² 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

Elvis Çibuku

CHAIRMAN

Ardian FULLANI

² Amended by the Bank of Albania's Supervisory Council Decision No.69, dated 06.11.2013 "Amendments to the organizational structure of the Bank of Albania".



REGULATION
ON THE FUNCTIONING OF THE ALBANIAN INTERBANK PAYMENT SYSTEM –
AIPS

CHAPTER I

General provisions

Article 1

Scope and definitions

The purpose of this Regulation is to lay down the rules and procedures for the organising and functioning of the Albanian Interbank Payment System -AIPS.

Article 2

Legal grounds

This Regulation is compiled in accordance with:

- a) Law no. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended;
- b) Law No. 133/2013, dated 29.04.2013 “ On Payment System”³;
- c) Law no. 9662, dated 18.12.2006 “On Banks on the Republic of Albania”;
- d) Regulation “On the minimum required reserve hold in the Bank of Albania from the commercial banks” adopted by Decision No. 14, dated 26.02.2003 of the Supervisory Council of the Bank Albania”;
- e) Regulation “On overnight credit for the commercial banks“ adopted by Decision No. 92, dated 30.11.2005 of the Supervisory Council of the Bank of Albania;
- f) Regulation “on the payment system and instruments, adopted by Decision No. 148, dated 20.11.1998 of the Supervisory Council of the Bank of Albania; and
- g) Other by-laws issued by the Bank of Albania.

Article 3

The scope of application

This regulation shall apply to all participants in AIPS and to the Bank of Albania.

³ Amended by the Supervisory Council’s Decision No. 5, dated 29.01.2014 on the “Approval of some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

Article 4

Definitions

For the purpose of this regulation, the following terms shall mean:

- 1) **Settlement agent** – means the legal person that provides to participants in the system, settlement account through which the transfer orders within this system are settled and, as the case may be, grants credit to those participants for settlement purposes. The settlement agent may be simultaneously a clearing agent⁴.
- 2) **Clearing house** – means the legal person responsible for the calculation and establishment of the net positions with the purpose the final settlement in AIPS, securities transfer or agreements related to financial transactions; such calculations and/or positions may be based on the fact that the clearing house is a purchaser for any seller and a seller for any purchaser in a specified group of financial transactions⁵.
- 3) **AIP FIN Y-Copy** – is a SWIFT service for the function of AIPS, in which the payments instructions are exchanged among the members of a AIPS CUG in this way:
 - a. The suspending instruction sent for payment in SWIFT;
 - b. Part of instruction information is sent for settlement in AIPS;
 - c. Upon the arrival of a payment confirm or not from AIPS, the payment order is sent to the receiver or turned back to the sender.
- 4) **AIPS CUG (Closed User Group)** – is a group of SWIFT participants to exploit the AIP Fin Y-Copy service.
- 5) **ALL (Albanian Lekë)** – The Albanian currency code as being established in “ISO 4217 on Currency Codes”.
- 6) **SSPNSPK (Settlement Service of Net Position of Card Payment Schemes)** – is the service that:
 - a. carries out the payments in ALL through cards schemes;
 - b. carries out the payments clearing by calculating the net multiple balances among the participants;
 - c. prepares and submits the clearing result for settlement in AIPS⁶.
- 7) **Access** – is the right or possibility granted to a participant to make use of the services provided from a certain payment system, to carry out payments for its own account or for the account of its clients.
- 8) **AIPS participation-** is the process performed from a commercial bank under the observance of the Bank of Albania to become participant in a system.

⁴ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

⁵ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

⁶ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

- 9) **Ordering bank** – is the bank⁷ sending a payment instruction on the debiting of its account in AIPS.
- 10) **Beneficiary bank** – is the bank⁸ receiving a payment order on the crediting of its account in AIPS.
- 11) **Bank** – is the legal person with legal seat in the territory of the Republic of Albania territory, who carries out banking and other activities in accordance with the stipulations laid down in the Law No. 9662, dated 18.12.2006 “On banks in the Republic of Albania”, as amended⁹.
- 12) **Batch** – is a group of small –value payment instructions and direct debiting. AECH system shall accept, elaborate and send payments instructions as batch.
- 13) **Digital Certificate** – means a set of electronic data which shall serve to certify the users’ identity during the operation of AECH system as well as to certify the authenticity of the sent/received information.
- 14) **Participant certificate in AIPS system** – means the final step of membership when to a participant shall be granted the certificate on participation in AIPS.
- 15) **Prior Cut-Off** – is the maximum term as being established in AIPS calendar on accepting payments from clients as specified in the attached Appendix A, and an integral part of this Regulation.
- 16) **Final Cut-Off** – shall be the maximum term as set out in AIPS calendar on accepting payments from participants under the attached Appendix A, an integral part of this Regulation.
- 17) **Database**- means the data unit saved as electronic structural form.
- 18) **AIPS value date**- means the date the payment order shall be executed.
- 19) **System business day** – means a predetermined time interval over a business day, within which the payments orders are accepted, elaborated and settled from AIPS system.
- 20)¹⁰
- 21) **Fallback – Recovery** – implies the recovering process into a normal situation upon a failure occurring in the functioning of the primary system.
- 22) **FIFO (First in - First out)** – is the principle which enables the emplacement of the payment orders in a queue according to the moment of their entrance in each Participant’ queue (First in), is settled first (first out).
- 23) **Firewall** – means a hardware and software system which either blocks or allows the traffic within the internal and external network of the Bank of Albania.
- 24) **Sufficient funds** – are the net available funds in AIPS participant’s settlement account, upon the net settlements of payment orders.
- 25) **Payment instruction** –means an electronic message, comprising details of the settlement request or of the payment order.

⁷ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

⁸ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment system – AIPS”.

⁹ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

¹⁰ Repealed with the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

- 26) **Settlement request** – means a net settlement instruction sent to AIPS from either a system operator or agent/clearing house, in a pre-established format. The settlement's request derives out of the multiple net result calculation of the payments being processed either from the system operator and/or the agent/clearing house.
- 27) **Clearing** – means the transmission, recordation and/or confirmation practice of the payments prior the settlement, including the instructions netting and the definition of the final balances of settlements.
- 28) **Bank Identifier Code** – means a unique code being determined by SWIFT to each settlement participant. This code serves to identify the participant in both AIPS and AECH systems.
- 29) **SWIFT Company-** (Society for Worldwide Interbank Financial Telecommunication) is the international company, providing the safe and global exchange of FIN messages and files.
- 30)¹¹
- 31) **Standard Contract**– is the Contract concluded between the Bank of Albania and the direct participants (commercial banks) in AIPS, attached as Appendix I of this Regulation¹².
- 32) **Settlement account-** means the account at the Bank of Albania, a participant uses to hold funds and securities¹³ to settle transactions among participants in the system.
- 33) **Log file** – means the business day history in AIPS, comprising a complete and detailed description of all the events occurring in the system throughout the business day.
- 34) **Oversight (of payments systems)** – means the function carried out by the Central Bank through which the security and efficiency targets are fulfilled through the monitoring of present or planned systems, their evaluation toward these targets and whenever necessary, the performance of amendments.
- 35) **Gridlock mechanism** – it is the algorithm the system carries out to resolve the Gridlock situation.
- 36) **MF** – is the Ministry of Finance in the Republic of Albania
- 37) **Interface (Module)** – are software products, which carry out the cooperation between AIPS and other systems of the Bank of Albania.
- 38) **Netting** – means the conversion into one net claim or one net obligation of claims and obligations with the result that only a net claim can be demanded or a net obligation be owed netting is contractual and be be bilateral or multilateral, with or without repetition¹⁴;

¹¹ Repealed with the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

¹² Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

¹³ Amended by the Supervisory Council's Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

¹⁴ Amended by the Supervisory Council's Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”.

- 39) **Digital signature** – is the encrypt procedure of electronic message being transmitted according to an encrypted system, based on digital certificate.
- 40) **Contingency event** – is an event causing problems in the normal operation of AIPS.
- 41) **Priority level** – is the level, according to which it is decided which of the queued payments is more important to be settled first.
- 42) **Security Officer** – is the employee who creates and manages the users in AIPS system.
- 43) **Operator** – is the legal person, that either lonely or in collaboration with other legal persons operates a licensed system¹⁵.
- 44)¹⁶
- 45) **Systematically important transaction** – shall imply any payment that meets the following terms:
- a. On which both the originator and beneficiary are participants in AIPS system;
 - b. Arising from a settlement request sent from a payments system's operator;
 - c. Of a bank client and for an amount equal or higher than lek 1.5 million (a million and a half)¹⁷.
- 46) **Security equipment** – comprises the configured hardware and software to implement the foundation and certification practice of digital certificates.
- 47) **Participant** – means another bank or institution identified from the system and which is allowed to send and able to receive payments orders either directly or indirectly.
- 48) **Net crediting (debiting) position** – for a participant shall mean the value amount of all the payment orders that certain participant has received minus the value of all the payment orders the participant has sent, so far to an established time. If the difference results positive, then the participant holds a net crediting balance, if the difference results a negative one the participant holds a net debiting balance.
- 49) **Net settlement balance** – is either the net debiting or crediting balance by the settlement time.
- 50) **Participant's profile** – is the data' unit of a participant. These data are recorded in the system and serve to identify this participant in a unique way as specified in the e attached Appendix C, an integral part of this regulation.
- 51) **Required reserve** – is a monetary policy tool used by the Bank of Albania that aims to adjust the money supply and liquidity in the banking system. The required reserve is deposited in the current account that the commercial banks hold with the Bank of Albania.

¹⁵ Amended by the Supervisory Council's Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

¹⁶ Repealed with the Supervisory Council's Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

¹⁷ Repealed with the Supervisory Council's Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

- 52) **Queue** – means the instructions ordering from either the ordering bank or AIPS till the originator provides sufficient funds on the execution of these instructions, from its own account.
- 53) **Operational Risk** – implies risk of failure of the hardware and software, of either communication equipment or human errors causing circumstances critical to the system.
- 54) **Systematic risk** – is the risk that the inability of one settlement participant to meet its required obligations within AIPS may cause settlement difficulties for other participants in AIPS.
- 55) **Clearing session** – is the time frame within which the AECH system clears the payment orders batches, through either debiting or crediting the respective technical accounts of participants for the batches' values.
- 56) **Server** – implies a computer providing services to the other computers or to the software being executed in that computer.
- 57) **SWIFT Server**– is the server where are installed, configured the SWIFT applicable programs (software), which provide the communication with SWIFT network.
- 58)¹⁸
- 59) **Service** - is part of applicative program of AIPS system carrying out an established function.
- 60) **Settlement** – is a fund transfer among the participants' accounts in AIPS initiated from these participants.
- 61) **Real time settlement** – means a settlement executed without deferral, upon receiving the instruction in line with the provisions of these regulation.
- 62) **Gross settlement** – is the system in which the settlement of funds of securities¹⁹ transfer or instructions occurs individually, instruction per instruction.
- 63) **Final settlement** – means an unrecoverable and unconditioned settlement.
- 64) **Net settlement** – is the system where the payments settlements occurs on net basis.
- 65) **Backup system** – is the entire hardware and software serving in contingency events, when the primary system is out of function.
- 66) **Payments system**- means a set of instruments, banking procedures and systems of interbank funds' transfers providing the currency circulation.
- 67) **SIPS (Systemically Important Payment System)** – is a payments system of systematic importance, where any disorder or troubleshoot in the system could either cause or transmit problems to the participants and widely, in the financial field.
- 68) **Primary system** – means the entire of hardware and software serving for the usual daily activity of AIPS.
- 69) **Test system** - is the hardware and software unit serving to test AIPS.

¹⁸ Repealed with the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS

¹⁹ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS

- 70) **AECH System** – is an electronic clearing system that makes possible:
- a) the exchange of payments instructions files among participants;
 - b) the calculation of multiple net positions;
 - c) sends a net settlement instruction into AIPS.
- 71) **AIPS (Albania Interbank Payment System)** – is the real time gross settlement system of payment orders denominated in ALL, of systematic importance within the territory of the Republic of Albania, in unrecoverable and unconditioned way.
- 72) **Gridlock situation** – an event, where upon the failure of some transfer to be executed (due to insufficient covering balance for its settlement) prevents a substantial number of other payments ordered by other participants in the system.
- 73) **Payment order** – is an electronic instruction to carry out a payment in AIPS, through which a participant requests the funds transfers.
- 74) **VPN (Virtual Private Network)** – is the private virtual network used exclusively by the participants in AIPS to provide the entrance to the central system AIPS, for monitoring purposes.
- 75) **AIPS Webstation** – is the computer through which the participants monitor the respective payments and manages their queue.
- 76) **Law on Payment System** – means the Law No. 133/2013, dated 29.04.2013 “On Payment System”²⁰.

CHAPTER II

Role and responsibilities of the Bank of Albania for the operation of AIPS

Article 5

Role of the Bank of Albania

1. Bank of Albania is the owner of AIPS.
2. Bank of Albania organises, manages, operates and supervises the operation of AIPS.
3. ²¹
4. Bank of Albania acts as participant in the settlement, through carrying out the payments arising from its operational activity.

Article 6

Organisation and arrangement of AIPS

²⁰ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment system – AIPS

²¹ Repealed with the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment system – AIPS

Bank of Albania, in carrying out the function of organising and regulating the operation of AIPS, performs the following tasks:

- a) It compiles the required by-laws to provide both the well-functioning and security of payments system;
- b) It accepts new participants in AIPS or changes the information held in AIPS, relevant to a participant in this system;
- c) It opens and holds the settlement accounts. BoA carries out the settlement practice acting as settlement agent;
- d) BoA concludes the tip participation contract with the participant in AIPS;
- e) It establishes the mechanisms to cover the liquidity needs, to ensure the instruction settlement of the payments sent from participants;
- f) It decides on the temporarily restriction and pending of a participant's access in the system;
- g) It provides the development of AIPS in line with the following standards:
 - i. core principles on SIPS systems adopted by the Committee on the Payments and Settlements Systems in the Bank for International Settlements (BIS),
 - ii. BIS principles on netting ("Lamfalussy " Standards),
 - iii. the standards issued by the International Standards Organisation (ISO),
 - iv. standards applied from European Central Bank.(ECB),
 - v. SWIFT standards on:
 - I. the exchange of payments and financial information,
 - II. the use of AIP Fin-Y-Copy service²².

Article 7

Management and operation of AIPS

Bank of Albania, in the function of managing and operating AIPS, carries out the following tasks:

- a) maintains the system in working condition by providing to participants access into the system, in line with the system business hours as well with the provisions of this regulation;
- b) establishes contingency plans, which provides the fulfilment in time of the system daily process, under unpredicted situations;
- c) manages the system and provides equal access to participants, based on safe mechanisms on the access defence against it, on sender authenticity of payment instruction, on confidentiality and credibility of the information received and saved from AIPS;
- d) establishes the daily procedures of the system opening-closing, archiving and backup.

²² Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS

- e) establishes the operating hours of AIPS, according to Appendix A, an integral part of this regulation and in any event of amendments provides immediate information to participants.
- f) establishes the inclusion of participants in the system and carries out all the participation and certification practices of a new participant in the system in accordance with the attached Appendix B, an integral part of these regulation;
- g) manages the system security in line with the regulation “On the policy of information security”;
- h) manages the AIP FIN Y-Copy service;
- i) monitors the operation of AIPS and particularly:
 - i. the functional situation of the system,
 - ii. payments settlement,
 - iii. AIPS interfacing with other systems,
 - iv. balance of sending/receiving of files with AIP FIN-Y-Copy,
 - v. Internet application situation,
 - vi. the status of any technical account and net balances at any time;
 - vii. the imported payments’ files and their status,
 - viii. the balance of participants’ settlement account,
 - ix. the performed payments from/into account,
 - x. the queued payment orders of a participant;
- j) suspends the functioning of AIPS according to the procedures stipulated in article 44 of this regulation.

Article 8

Oversight of AIPS

Bank of Albania, as its AIPS oversight function, shall:

- a) supervise the payments system in Albania in accordance with the competences provided by the Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended, and the Law No. 133/2013, dated 29.04.2013 “ On Payment System”²³;
- b) assess and analyse the implementation and compliance of the system with the standards laid down in Article 6 “g” of the Regulation²⁴;
- c) assess and analyse the current conditions of the system as well as the implementation of the legal and regulatory framework;
- d) assess and analyse the present conditions of the system and the risks related to the system, and provide recommendations for the improvement of the system’s efficiency, confidentiality, security and stability;

²³ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS

²⁴ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment System – AIPS

- e) participate in the compilation of the regulations and methods on the reduction of systemic risk in line with the principles and recommendations on the systems of systemic importance;
- f) conduct research in the field of payments and settlement systems, to develop the system;
- g) participate on AIPS development, through:
 - i. collaboration with the participant and other authorities in this filed;
 - ii. coordination of the system participants' operations;
 - iii. ²⁵
 - iv. necessary changes in the system, in line with the security and efficiency targets;
- h) participate in the management of contingency situations by analysing the causes, technical or operational characteristics as well as the impacts on the payments and financial system.

CHAPTER III

Functions of AIPS

Article 9 Components of AIPS

AIPS comprises as follows:

- a) communication system, comprising AIPS Fin Y-Copy service for the exchange of payments orders and the *Virtual Private Network* (VPN) for the on-line access of AIPS;
- b) central AIPS;
- c) *webstation*.

Article 10 Information received from the AIPS system

AIPS provides information in real time on:

- a) banking system liquidity;
- b) value and volume of settled payments for each participant;
- c) suspended payments to be executed;
- d) sufficient funds in the settlement account relevant to any participant of the system;
- e) value and total amount of pended payment orders relevant to each participant of the system.

²⁵ Repealed with the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS

Article 11

Payments execution through AIPS

1. Through AIPS, the following are settled:
 - a) only payment instructions denominated in the national currency (ALL);
 - b) only payment orders among participants in the system;
 - c) payment orders up to anyone amount;
 - d) obligatory execution, of:
 - i. monetary policy transaction;
 - ii. settlement requests originated by other payments systems;
 - iii. payment orders among banks and payment orders with level priority 3 from the participants' clients;
 - iv. payment orders either equal or higher than the maximum limit established for the systematic payments;
 - v. payment orders related to the interests, tariffs and charges as being applied from the Bank of Albania;
 - vi. payment orders from/to the Ministry of Finance and the Government treasury bills transactions²⁶;
 - vii. payment orders from/to indirect participants as specified in article 14 of this regulation.
2. A payment is settled at the moment the payment order is accepted in AIPS, if participants provide a sufficient balance of funds to cover the settlement, at the acceptance moment.
3. A payment order may not be withdrawn after the execution of its settlement, but might be reversed, as initiated from the other counterparty.

Article 12

Reconciliation, audit and report

1. AIPS saves the log files, which are accessible for six month.
2. AIPS data are accessible from the participants for a 6-month period since the date of these data creation from AIPS. The Bank of Albania under the request of a participant compiles within 5 (five) business days an informing report on the required data relevant to an earlier period than the above mentioned term.
3. AIPS produces summarised reconciliation reports, at the end of each business day.

²⁶ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

4. AIPS supplies operational reports throughout the business day. Bank of Albania and other participants may make use of these reports for audit purposes. In the users' system manual it is described the reports' content and the way of their use, provided from the AIPS producer.
5. Bank of Albania produces reports out of AIPS database at any time. For this purpose it accesses all the data of the participant.

Article 13

Charging and billing and banking commissions applied on the outgoing and incoming payment orders in AIPS²⁷

1. Bank of Albania establishes through the billing module of AIPS, the charges on the use of this system, allowing the calculation of costs, according to:
 - a) instruction type;
 - b) priority of the payment instruction and the time of its initiation;
 - c) total number of payments per billing period.
2. Bank of Albania, in compliance with Appendix J, attached to this Regulation²⁸:
 - a) calculates the payable charges for each participant in AIPS;
 - b) charges the participant on their monthly and annually duties in AIPS;
 - c) Send the respective bill to the participant every month;
 - d) Automatically debits the participant's settlement account for the monthly debiting amount, on the first day of month.
3. The Commissions prise applied on all outgoing payment orders in AIPS, will not exceed ALL 1.500. Incoming payment orders will be free of commission²⁹.
4. Each participant should provide sufficient funds in its own settlement account, to pay all the liabilities toward Bank of Albania on AIPS charges.
5. Bank of Albania informs the participants 10 business days prior of the annual charge settlement date in AIPS, on the annual service supplied over the current year.
6. Any failure of paying the charges in AIPS is considered as violation of the provisions stipulated in this regulation.

²⁷ Amended by the Supervisory Council Decision No. 12, dated 23.02.2011 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS" and the Regulation "On the function of the Albanian Electronic Clearing House-AECH".

²⁸ Amended by the Supervisory Council Decision No. 12, dated 23.02.2011 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS" and the Regulation "On the function of the Albanian Electronic Clearing House-AECH".

²⁹ Amended by the Supervisory Council Decision No. 12, dated 23.02.2011 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS" and the Regulation "On the function of the Albanian Electronic Clearing House-AECH".

CHAPTER IV

Participation in AIPS

Article 14

Categories of AIPS participants

Settlement participants in AIPS are categorised as :

- a) Direct participants, who conducts payments directly from their settlement accounts, where are included:
 - i. Bank of Albania acting as the system operator, as participant for its payments, as settlement agent for its clients;
 - ii. banks;
- b) Indirect participants, who settle though the settlement agent, including:
 - i. Ministry of Finance (Department of Treasury),
 - ii. Other clients of special status, as: IDA (Insurance Deposits Agency), IMF, IBRD/World Bank, *Posta Shqiptare* (Albanian Post) sh.a. etc, enjoying the right in accordance with the law on their organisation³⁰, and
 - iii. Systems' operators of securities, agents/clearing houses, national schemes of payments via cards and other important elements of the national payment system in accordance with the Law "On Payment System"³¹.

Article 15

Qualifications for participation in AIPS

1. Banks that request to become direct participants in AIPS must meet the following requirements:
 - a) Have compiled internal AIPS operating rules, pursuant to the instructions issued by the Bank of Albania stipulated in Appendix B;
 - b) Posses qualified and trained personnel to handle AIPS operations;
 - c) Hold an AIPS participation certificate issued by the Bank of Albania;
 - d) Have signed the standard contract³² with the Bank of Albania for participation in AIPS;
 - e) Participate in AIPS only through their departments;

³⁰ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

³¹ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

³² Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

- f) Each candidate for participation in AIPS system must be included in advance into AIPS CUG.
2. Bank of Albania, opens, holds and accepts for settlements the payment orders sent from the entities under article 14, point b, for the implementation of the concluded agreements, of its status as fiscal agent of the Government or the decisions of the Bank of Albania's Supervisory Council on the acceptance of participants in the settlement³³.

Article 16

Requirements for participation in AIPS CUG

1. AIPS CUG is managed from the Bank of Albania.
2. The interested applicant might become a member in AIPS CUG following the fulfilment in advance of the following conditions:
 - a) Have concluded a contract for operation with SWIFT and have allocated a assigned a Bank Identifier Code (BIC) by SWIFT;
 - b) Posses a Swift Server;
 - c) Posses an adopted request, to become member in AIPS.

Article 17

Procedure for participation in AIPS

To qualify as a direct participant in AIPS, the following procedure shall apply:

1. The applicant submits to the Bank of Albania a written application for inclusion in AIPS.
2. Bank of Albania analyses the candidate's application for participation.
3. In case of approval, Bank of Albania, within one week informs the candidate on the content of this regulation, on the fee rates for participation in AIPS, as well as on the minimum of technical requests the applicant should meet in line with AIPS and SWIFT' standards.
4. Bank of Albania, in collaboration with the applicant, set out and implement the participation calendar as provided in the attached Appendix B, an integral part of this regulation.

³³ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

5. Bank of Albania trains the future users of the applicant and conducts the testing for the certification of the applicant.
6. Upon the successful finalisation of tests and once it is ensured on the compatibility of the internal regulations of the applicant with this regulation, Bank of Albania issues a certificate for participant in AIPS.
7. The applicant fills in the forms in Appendix C, Appendix D, Appendix E attached herein, which are integral parts of this regulation.
8. The applicant for participation concludes the standard contract³⁴ for participation in AIPS, with the Bank of Albania, in accordance with Appendix I.
9. Bank of Albania carries out its operations to establish the users in AIPS, VPN, Firewall, safe e-mail in AIPS. Bank of Albania carries out the description of certificates and grants to the participant security equipment.
10. Bank of Albania notifies all the direct AIPS participants of the name, the exact address (and the BIC) of the new participant as well as the date on which the said participants shall be granted full-size access in AIPS, 5 business days prior of this date.

Article 18

Temporary restriction of participation in AIPS

1. The Bank of Albania may temporarily restrict a participant's access in AIPS.
2. A participant, temporary restricted in AIPS, may access the AIPS system, but may not settle payments from/to other participants.
3. Temporary restricted participant in AIPS is automatically restricted in AECH, as well.
4. Bank of Albania may temporarily restrict a participant's access upon verifying:
 - a) Inability of the participant to execute a submitted by a system operator;
 - b) Failure to repay funds used from the overnight credit facility together with interest, within 10:00 hrs on the next succeeding system business day.
5. Bank of Albania shall inform promptly the decision on the temporary restriction of a participant's access in AIPS and in AECH:

³⁴ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

- a) With an official document, the participant subject of the above mentioned decision;
 - b) By a MT 999 Message via SWIFT MT 999 the direct participants in AIPS and in AECH;
 - c) with official document the indirect participants in AIPS and in AECH.
6. Bank of Albania lifts the restriction as imposed when the participant provides funds on its settlement account to meet all current obligations in AIPS.
 7. Bank of Albania notifies immediately on the lifting of the restrictions:
 - a) With official document the participant subject of the above mentioned decision, point 5 of this article;
 - b) Via SWIFT MT 999 message, all the direct participants of AIPS and AECH;
 - c) With official document all direct participants in AIPS and in AECH.

Article 19

Access Suspension of participant in AIPS

1. Bank of Albania is vested with the right to suspend the access of a participant in AIPS.
2. A participant, whose access in AIPS is suspended, could not settle payments with other participants.
3. The suspended participant in AIPS is automatically suspended in AECH as well.
4. Bank of Albania has the right to suspend the access of a participant in AIPS, in case when:
 - a) the participant does not provide sufficient funds up to the next succeeding day in which has received the information on the temporary restriction of its own access in AIPS according to article 18;
 - b) Bank of Albania concludes that the further access of the system from the participant could turn into a threat for the maintenance of financial stability.
5. Bank of Albania notifies on the decision of access suspension in AIPS and in AECH:
 - a) With an official document, the participant subject of the above decision;

- b) via SWIFT MT 999 message the direct participants in AIPS and in AECH;
 - c) with official document the direct participants in AIPS and in AECH.
- 6. Bank of Albania decides on the lifting of the suspension when the participant provides in its settlement account, sufficient funds to fulfil all its current obligations in AIPS and if this participant does not compose a threat for the maintenance of financial system stability.
- 7. Bank of Albania notifies immediately on the lifting of the suspension:
 - a) with an official document the participant, subject of the above mentioned decision as set out in point 4 of this article;
 - b) via SWIFT MT 999 message all the direct participants in AIPS and in AECH;
 - c) with official document the indirect participants in AIPS and in AECH.

Article 20

Exclusion of a participant from AIPS

1. Bank of Albania decides the exclusion of a participant from AIPS and as a result from AECH as well, when it is met at least one of the following circumstances.
 - a) by a written request submitted from the participant, upon the approval from the Bank of Albania of the request;
 - b) The participant is unified/merged with/from one or some commercial banks, in a sole one;
 - c) The participant, whose access in AIPS is suspended according to article 19 of this regulation, does not provide sufficient funds in its settlement account within the next succeeding day of the suspension date;
 - d) The participant violates constantly the provisions of this regulation;
 - e) The participant is placed under liquidity process and Bank of Albania has revoked the license to this participant.
2. Bank of Albania immediately notifies the decision on the exclusion of a participant from AIPS and AECH:
 - a) With an official document, submitted to the participant subject of the above mentioned decision;
 - b) Via SWIFT MT 999 messages the direct participants in AIPS and in AECH;
 - c) With an official document the indirect participants in AIPS and in AECH.

3. Bank of Albania closes the account of the excluded participant.
4. Bank of Albania carries out the procedures set out by SWIFT on the participant exclusion from AIPS CUG and from AECH CUG.

Article 21

Obligations to AIPS participants

The participants in AIPS must:

1. Implement the rules and procedures of AIPS.
2. Access AIPS any time over the operating day following AIPS time schedule, in line with Appendix A.
3. Manage the respective local systems to provide the continuity and the transmitting of payments instructions in AIPS system.
4. Provide qualified personnel for handling AIPS.
5. Not allow either the temporary or external personnel to operate in AIPS.
6. Provide information to the Bank of Albania in case the transfer of the personnel operating in AIPS, on the cancellation of this user's certificate.
7. Compile internal procedures on the security and defence of the system, including the organizative procedures (human resources and equipments) and those electronic ones (hardware and software elements), in line with the provisions of this regulation.
8. Report at the Bank of Albania on any either concluded or doubted violation of the security in AIPS equal as reporting every beginning of year, as defined in the attached Appendix E and integral part of this regulation.
9. Rout the payments in AIPS, based solely on an officially recognized payment document.
10. Ensure the integrity of transactions and accesses of the users within the respective institutions through:
 - a) localising any primary connection or backup in AIPS only where it is accessible for the adequate digital equipments of telecommunication, for the needed configuration of security equipments authenticity, and to have the security that AIPS functioning would not be subject of

interruptions or interferences arose from the internal or external factors;

- b) implementing the principle “*four eyes*” for the payment order authorisation, providing different users on data recording and their approval;
- c) carrying out the execution of payment instructions, pursuant to the procedures that follow the minimum rights in line with the role and responsibilities of the different personnel categories;
- d) carrying out identifying procedures in any step of communication between its own internal system and that of AIP FIN Y - Copy;
- e) turning into a control subject from the personnel that carries out the observance on any rejected, corrected or omitted payment;
- f) recording all the electronic communications related to the payments instructions as well as recording the transmittal time.

11. Save the transactions records in a copy letter for a period not less than 10 (ten) years and in an electronically format, pursuant to the accounting standards and regulations applicable in the Republic of Albania.
12. Implement a contingency plan, which guarantees the fulfilment of AIPS daily operations under unpredicted situations.
13. Carry out periodic assessments of the integrity and stability of their internal equipment which are connected with AIPS. These assessments are performed pursuant to the attached Appendix F and integral part of this regulation. These assessments must be submitted officially to the Bank of Albania every January.
14. The Supervision Department must be informed on any event of violations of the above obligations, and an official document delivered to the participant.

CHAPETR V

The management of payments and liquidity AIPS

Article 22

AIPS Participant ‘Webstation’

1. Each AIPS participant has one or more AIPS ‘*webstation*’ to perform an on-line communication of the participant in AIPS as well as for the fulfilment of some functions of this system.

2. Participants are responsible for the installing, the daily managing and for the well-functioning of their own '*webstations*'.
3. Through the their AIPS '*webstation*', the participants may carry out the following operations:
 - a) on-line access of the system:
 - i. for the verification of funds' sufficiency in the respective settlement account and the payments operation,
 - ii. for receiving information on the queued payment orders,
 - iii. for receiving information on the amount of incoming payments waiting in queue;
 - b) on-line management of its payments queue;
 - c) monitoring of AIPS Central System operational status.

Article 23

Necessary information included in SWIFT messages

1. The attached Appendix H, and an integral part of this regulation, provides the list of SWIFT messages serving in AIPS.
2. In any event the SWIFT messages shall contain:
 - a) The definition of beneficiary/creditor**

Participants must identify beneficiaries/creditors of payment messages using both account name and number;
 - b) Transactions references**

Participants must ensure sure that all AIPS payments contain a reference number. This reference combined with the amount and the receiver SWIFT BIC must be unique within the business day for the sending participant;
 - c) Value date**
 - i. Transactions with a value date equal with the business day they are sent and accepted from AIPS, are executed in the current AIPS business day,
 - ii. AIPS accepts forward dated payment instructions up to 5 (five) business days in advance,
 - iii. The other transactions accepted from AIPS are stored until the AIPS business matches the value date as specified from the participant,
 - iv. Transaction with a later value date than 5 (five) business days from the date of message sending, will be rejected by AIPS,
 - v. If the value date is not business day for the system, AIPS will reject any accepted payments for that day,
 - d) The amount denominated in ALL (Lekë).**

Article 24
Changes to AIPS operating hours and sessions

1. Bank of Albania will extend or reduce AIPS operating times and sessions upon unpredictable contingency events, mainly or after evaluating the individual request of each participant.
2. Participants will be informed on any change of the operating schedule via SWIFT MT999 message, common e-mail message or via fax³⁵.

Article 25
Testing for funds availability

1. Any transaction will be executed only in case there are sufficient available funds in the account/accounts that are either debited or credited.
2. Availability of funds in the participant's account will be determined with reference to account balance as well as to the minimum required reserve.
3. Participants will monitor the outstanding of respective accounts and will take measures to provide the necessary liquidities on the settlement of payment orders.
4. The accounts of two participants involved will be respectively debited and credited, through issuing the required message output, according to SWIFT format.

Article 26
Payments queue

1. Payments for which there are insufficient available funds will be placed in a queue by AISP system. Queued transactions are re-tested whenever account conditions of a participant are change.
2. All transactions will be queued and tested based on a First-In-First-Out (FIFO) basis and upon the priority granted to the payment orders from participants.

³⁵ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

3. The testing for funds availability from AIPS in the settlement account of participant will take place only on the transaction at the head of each participant's queue.
4. The FIFO order of queues will be changed only in cases set out in article 28 of this regulation.

Article 27 **Levels of priority**

To each of payment instruction shall be assigned one of the following levels of priority:

- a) First level is the highest priority, which be given to the overnight credit facility return;
- b) Second level of priority will be given Net Settlement Instruction (NSI);
- c) Third level of priority will be given to the payment instructions initiated from Bank of Albania³⁶;
- d) Forth level of priority will be given to SWIFT messages, designated as urgent from participants, excluding the Bank of Albania;
- e) Fifth level will be given to SWIFT messages, sent with normal priority from participants, excluding Bank of Albania.

Article 28 **Reclassification of queued transactions**

1. Each participant could perform a reclassification of the respective transactions from the urgent status to normal status and vice versa, by changing the transactions queue. Here are excluded the instructions on net settlement, ILF return and the payments initiated from Bank of Albania.
2. Each participant might change the queue of the respective payment orders, which are still unsettled in queue, within the same priority level.
3. Reclassification or re-queuing of the transactions might be also performed from the Bank of Albania, when the participant has requested a re-classification or re-queuing of transactions.

³⁶ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Some amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

Article 29
Cancellation of a queued payment

1. Throughout the business day the Bank of Albania could cancel the queued payments as long as the payment is not settled yet:
 - a) Upon a specific request by a participant;
 - b) When Bank of Albania estimates that the participants due to technical problems, could not manage the respective queue.
2. At the day closure, if there are still unsettled payments in a participant's queue, they are automatically cancelled from AIPS and the participant is informed via a SWIFT message on their cancellation

Article 30
Gridlock resolution

1. Bank of Albania interferes to resolve the Gridlock situation through employing the 'Gridlock' mechanism.
2. AIPS applies the Gridlock mechanisms to select those payments that can be settled on bi-lateral and multilateral set-off basis. This intervention will be applied only under the conditions of following the FIFO ordering settlement.
3. The Gridlock mechanism is activated automatically by AIPS, whenever deemed necessary.
4. Bank of Albania could manually make working the Gridlock mechanism in those cases deemed as necessary.

Article 31
The rejected payments over the day

There are automatically rejected by AIPS:

- a) The payment orders for the account of participants' clients, incoming in this system following the prior *cut-off* ; and
- b) Payment orders, incoming in the system following the prior *cut-off*.

Article 32
Net settlement batches

1. The instructions on net settlement batches that are executed in AIPS arose from the result of:
 - a) Bank Cheques clearing settlements;
 - b) SSPNSPK clearing settlements;
 - c) AECH clearing settlements;
 - d) Government treasury bills auction.
2. Net settlement instructions are performed only in case all the participants of net positive positions have sufficient funds in their settlement accounts. Net settlement account is executed simultaneously.
3. Participants must ensure that there sufficient available funds in their account to allow the immediate settlement of their net obligations.
4. Each participant appoints a representative, as a contact person for the Bank of Albania, in the event that a settlement fails as a result of insufficient funds available in their respective accounts.
5. The list of participants' contact persons with the respective information is compiled pursuant to format as specified in the attached Appendix C, an integral part of this regulation. The participants, upon the information from the Bank of Albania on the impossibility of performing the net settlement in accordance with point 2 of this article, must undertake immediate arrangement to fund their accounts to enable the settlement complete.
6. *Final Cut-off* in AIPS is postponed manually by Bank of Albania, until the completion of the net settlement requests.

Article 33

Bank of Albania transactions as direct participant

Bank of Albania carries out the following transactions:

- a) Payments related with the disclosure of the treasury bills issuance and maturity in AIPS;
- b) *Cash* withdrawing and deposits for those operations initiated from the Bank of Albania branches and their payments deriving from the operational activity;
- c) Payments of the all applicable charges and interests pursuant to the by-laws provisions issued by the Bank of Albania;
- d) Payments to/from Ministry of Finance to other indirect participants³⁷;

³⁷ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment System – AIPS".

- e) Monetary policy transactions;
- f) Payments of the Bank of Albania as participant in AIPS system, which arose from its operational activity.

Article 34
Intraday credit and Overnight credit facility

1. Bank of Albania may extend Intraday Loan Facility to participants, to assist them in meeting their liquidity requirements under AIPS, in conformity with BoA respective Regulations.
2. In case of Intraday Loan Facility, participants must provide sufficient liquidity funds to their account prior to Final Cut-off to allow the coverage of any possible debiting outstanding.
3. If the participant bank, fails to settle the intraday loan facility as specified in point 2 of this article, then the Bank of Albania grants to this last one an overnight loan to of penalizing terms, in line with the respective applicable bylaws.
4. Bank of Albania retains of suspending or terminating the Intraday Loan facility for a participant, under the applicable by-laws.

Article 35
Exploitation of required reserve

1. The transactions that reduce the funds in the participants' settlement account under the adopted minimum of the required reserve, in line with the applicable by-laws are not executed and hold in queue from the system for a later retesting against the establishment of sufficient funds.
2. Bank of Albania under the applicable by-laws, settles in AIPS the payments that relate to:
 - a) The required reserve interests;
 - b) The penalties on failing to meet the level of required reserve.

CHAPTER VI
Contingency events and emergency procedures
Article 36
Contingency events

Contingency events are classified as follows:

- a) Communication disruptions of a participant;
- b) Contingency events occurring in the SWIFT communication in the Bank of Albania;
- c) Contingency events occurring in AECH –AIPS interface;
- d) Contingency events occurring in AIPS system;
- e) Contingency events occurring in VPN network ;
- f) Contingency events occurring in the electrical network, which lead to one or some of the above mentioned events.

Article 37

Communication disruption of a participant

1. If a participant faces technical difficulties which prevents:
 - a) the processing payment orders in AIPS; or
 - b) the monitoring through the webstation in AIPS;this participant must inform the Bank of Albania within 30 minutes of becoming aware of difficulties.
2. Participants inform immediately the Bank of Albania on any change of operation under difficult circumstances or conditions.
3. Bank of Albania, upon receiving the information from the participant, identifies the problem and instructs the participant on alternative options.

Article 38

SWIFT contingency events in the Bank of Albania

1. In the event of a prolonged SWIFT outage, Bank of Albania informs participants via e-mail or by telephone on the disruption, holds consultation with SWIFT supporting company and holds continuous contacts with the participants via emergency contacts.
2. In continuance of point 1, participants remain logged on to their AIPS *webstations*, to allow for receipt of notifications and instructions via e-mail facility.
3. In the event the reconnection of participant with SWIFT is impossible to be realised, under the instructions of the Bank of Albania, the participants delivers through official documents the business day' s payments to be manually reflected by the Bank of Albania in AIPS.

Article 39

Contingency events occurring in the AECH – AIPS interface

1. In the event when the net settlement instruction is not transfers from AECH to AIPS, then the net settlement instruction is imported in AIPS; and in the event this import is not carried out, then the results of clearing session are recorded manually in AIPS.
2. In the event the settlement confirm in AIPS is not transfer from this last one to the AECH central system, then the reply shall be executed manually in AECH central system.

Article 40 **AIPS contingency events**

1. In the event of a prolonged outage in AIPS, Bank of Albania informs the participants using the emergency contacts via e-mal, by telephone or via SWIFT.
2. Bank of Albania, whenever deemed reasonably performs the transfer to AIPS backup and informs AIPS participant on the transfer in the backup system.
3. In the event Bank of Albania deems that AIPS could not be restarted for the rest of the operating day, Bank of Albania submits an emergency request to SWIFT Company, by an authenticated telephone call to amend the status of AIPS closed group to “closed” one. This procedure could take up to 45 minutes from the calling time. Upon the application of this amendment, SWIFT in the Bank of Albania will reject any further payment instructions submitted by participants with an MT019 Abort Notification.
4. Whenever the Bank of Albania deems that AIPS could be restarted, then the Bank of Albania sends to SWIFT Company an emergency request through an authenticated telephonic call to amend the AIPS closed group status, to “open” one.
5. In the event of errors occurring in both AIPS primary and backup system, upon the instruction of the Bank of Albania, the participants delivers through official note the daily payments, in order to be processed from the Bank of Albania.

Article 41 **VPN contingency events**

1. In any event or errors occurring in internet connections, there shall be employed the *backup* connections based on *dial-up*.
2. In the event of non-functioning of *dial-up* connection (participants do not access in the system via VPN), then the participants could deliver the requested reports via alternative means (either printed or electronically).

Article 42
Contingency event record

Each participant must record immediately all the contingency events and 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, pursuant to the format established in the attached Appendix G and integral part of this regulation.

Article 43
Testing the Fallback Recovery procedures in AIPS *backup*

1. The Bank of Albania every 6 months carries out the testing of its Fallback Recovery procedures on the contingency events in cooperation with the other participants in AIPS.
2. Bank of Albania informs the participants on the transfer of operations from primary AIPS to AIPS *backup system*, on the development of Fallback Recovery testing procedures and on any action they should undertake, not later than 5 (five) business days prior of testing date.
3. Participants, whenever necessary, do carry out the testing of Fallback Recovery procedures. The participant informs Bank of Albania on any test that might impact the participant's ability to operate in AIPS.
4. To have access to the system, the participants shall access to a new webstation session, addressed in AIPS backup site in the Bank of Albania.
5. In the event that a participant needs to move to its AIPS *backup system* webstation, the participant must perform it without impacting the other participants or the Bank of Albania.
6. In this event, the participant notifies the Bank of Albania on its goal to transfer to AIPS backup system and later of its successful transfer.

Article 44
System suspension

1. Bank of Albania could partially or fully suspend the functioning of AIPS, under the circumstances when its continuous functioning would negatively impact the system stability, through informing immediately the participants.
2. Throughout suspension of system functioning, the operations shall be conducted in accordance with the way established per any case from the Bank Albania.

3. Bank of Albania makes possible the re-functioning of AIPS as soon as possible, by immediately informing the participants.

CHAPTER VII

AIPS system changes

Article 45

Changes management and changes control

1. Changes occurring in AIPS are as follows:
 - a) Functional and technical changes occurring in AIPS;
 - b) Changes occurring in AIP FIN Y - Copy and in the SWIFT standards;
 - c) Changes occurring in VPN.
2. Bank of Albania informs and instructs the participants prior of the planned changes implementation AIPS, if these changes impact the participants.
3. Participants will be informed on the necessary changes and corrections occurring in the procedures and the complementary documentary of AIPS.
4. Any change is tested in a test environment prior to its implementation in the primary AIPS.
5. In the event of changes occurring in AIPS operation, all participants shall be prior informed giving the necessary time to be prepared as well as on the establishment of the required conditions on the testing of their systems connections with AIPS.
6. Bank of Albania mainly or by the argued request of a participant, could carry out amendments in AIPS to provide its normal functioning. In the event the proposed changes do impact the other participants in AIPS, Bank of Albania priory holds discussions with these last ones.
7. Bank of Albania, upon reviewing the argued request of participant, shall inform this last one on either the acceptance or rejection of its request, providing also the respective argue.
8. In the event the above changes are initiated from:
 - a) The Bank of Albania, the changes costs shall be afforded by this last one;

- b) A participant pursuant to the provisions of this regulation, the changes costs shall be afforded from all the AIPS participants, equally.
9. Bank of Albania is not obliged to take advice from the participants in the event the need for disruption in AIPS is urgent and any delay could cause difficulties to AIPS participants.

Article 46

Modifications VPN communication of participants

Any proposed change to the operating environment of the 'webstation', is initially tested and later implemented within the *live environment*. Participants fill in the form of changes to VPN in compliance with the attached [Appendix E](#) and an integral part of this regulation, in any event of addresses changes of either internet or VNP users.

Article 47

Contact persons

1. Each participant submits to the Bank of Albania the information on the contact persons in line with the attached [Appendix C](#). The Bank of Albania 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 in handling AIPS without contradicting each other.
3. Participants in AIPS notify Bank of Albania promptly of any change that occurs in the list of contact persons.

Article 48

Assistance provided to AIPS users

1. Bank of Albania establishes and maintains a centre providing assistance to AIPS users, where the participants could address all the issues related to AIPS throughout the operating day of AIPS.
2. Bank of Albania delivers to participants via e-mail the information on the contact persons.
3. On any request for security equipment, the participant submits to the Bank of Albania the form described in the attached [Appendix D](#) and an integral part of this regulation.

4. In the event of inability to establish and cancel a user, the direct participant submits a written request to the Bank of Albania. Then Bank of Albania creates/cancels this user in/from the system.
5. In the event of inability of either modifying and altering of a user's password, the direct participant delivers a request via e-mail to the Bank of Albania, which performs these actions.
6. In the event of a user's cancellation, the participant must present the respective security certificate on the cancellation to the Bank of Albania.
7. Bank of Albania renovates every year system users' digital certificate of the direct participants, presented from them to the Bank of Albania at the end of term.
8. On any occurred modification in either participant's profile or in its contacts in AIP Fin Y – Copy system, Emergency, the participant submits to the Bank of Albania the form presented in the attached Appendix C and an integral part of this regulation.

CHAPTER VIII

Final provisions

Article 49

Changes of the regulation

1. Bank of Albania informs the system's participants on any change occurring in the provisions of this regulation.
2. Participants could submit directly to the Bank of Albania, the proposals for changes in this regulation's provisions or in AIPS itself.
3. The proposals under point 2 of this article must be submitted in written form and must contain a full description of the goal and possible profits on the proposed change.
4. Bank of Albania examines these proposals conserving the right of final decision related to the implementation or not of any proposed change in either the regulation provisions or of AIPS itself.

5. The Bank of Albania informs in written form the proposing participant in the event its proposals for changes are rejected, providing the rejection reasons as well.

Article 50

Undue enrichment

1. A beneficiary bank is subject of undue enrichment claim from an originate bank:
 - a) If the beneficiary bank does not credit in the client's account within the same value date, when the payment order instructions are correct;
 - b) If the beneficiary bank is not able to transfer the funds in the client's account due to:
 - i. either incorrect or contradict instructions of the account and/or
 - ii. the account's closure to which these funds are transferred.
2. The beneficiary bank turns back the payment orders under the point 2 of this article to the originating bank, within the next succeeding business day of the value date established in the payment order.
3. The compensation of payment orders is carried out through the initiation of a payment order from the beneficiary, subject of undue enrichment without reason, having opposite direction with the initial payment order less the undue enrichment bank's commission and the charge on the use of the system, pursuant to article 13 of this regulation.
4. On any delaying day relevant to the return of funds according to points 1 and 3 of this article, the receiver bank shall be penalised by the originating bank, that pretends undue enrichment of the beneficiary bank of weekly Repo rate + 2 percentage points.
5. The unsettlement of obligations from the beneficiary bank, subject of undue enrichment, at the amount and terms established in this article composes a violation of this regulation.

Article 51

Responsibility in the event of force major

1. Participants in the system shall not be responsible for the damages arising from any failure of meeting the obligations established in this regulation arising due to emergency situation, wars, demonstrates, other civil movements, natural calamities and any other event out of their control and as a result of any other force major.

2. The participant that is not able to meet its own obligations due to the reasons established in point 1, should:
 - a) inform the other system operator in written form on the cause and rate that has hampered this participant to fulfil the obligations;
 - b) make all the reasonable efforts to restart fulfilling the obligations as soon as possible and simultaneously attempt to minimise the negative impacts of the causes established under point 1.

Article 52³⁸
Protection of AIPS

1. A payment instruction is considered to have entered in AIPS upon receiving the status “Received” from AIPS and is considered as irrevocable.
2. In the event of participants’ insolvency, the issues related to the settlement conclusion and the realisation of the financial collateral will be regulated respectively upon the provisions laid down in Chapter III and IV of the Law “On Payment System”.

Article 53
Confidentiality

1. Direct participants implement the rules and policies on information confidentiality relevant to all the payment instructions received in AIPS.
2. Participants in AIPS could exchange information with any other participant, related to any aspect of this system function or management.
3. Any participant instructs the respective personnel, who is vested with the rights on the information use for the payment instructions accepted in AIPS on the confidentiality of this information, in accordance with the regulations and rules of confidentiality and the provisions of this regulation.
4. Direct participants and Bank of Albania, employs the same prudential level on confidentiality of the information considered as such one from the other party, equal to the care employing on the preservation of its information being classified as confidential.

³⁸ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Some amendments to the Regulation “On the functioning of the Albanian Interbank Payment system – AIPS”.

5. The provisions of this article are implemented by the direct participant and by the Bank of Albania, even after the closure of the participant's settlement account.

Article 54
Internal Organisation

The internal work organisation within the units of the Bank of Albania on the fulfilment of the above duties is stipulated in the respective bylaw issued by the Bank of Albania.

CHAIRMAN OF SUPERVISORY COUNCIL
ARDIAN FULLANI

Appendix A – AIPS operating schedule³⁹

Time	Session	Activities and available transactions
08.00	Start of the day procedures	AIPS start of operating day. There start the procedures on opening the business day of and takes until 08.30.
08.30	Operating Day Commences	Participants can send and receive payments
08.30-09.30	Payment transactions with value date the business day, initiated by the internal systems of BoA are settled in AIPS. Receivable transactions initiated by banks are settled in AIPS.	The main account of the Government in AIPS/PACS is debited/credited for operations initiated in the internal system of the Bank, upon the request of the Ministry of Finance, and which bear the value date of that business day. Banks deposits in the main account of the Government the total receivables received in the previous day.
09.00-10.00	Net settlement of the securities auction	Bank of Albania enters in the system the results of securities auction.
09.00-15.30	Settlement of payment orders sent electronically by the Ministry	AIPS accepts payment orders sent electronically by the Ministry for settlement at the Government's account in AIPS /Pacs. The Ministry takes care to deliver the payment orders files at priory agreed time schedule (09:30-12:00-14:00). This time schedule is subject of change by notifying the contact persons. The Payment orders files will be validated and in the event of errors, the system generates an electronic list for error payments.
10.05-10.15	Net settlement of the first clearing session result by AECH	AECH generates the net settlement instructions of the first clearing session, which is delivered to AIPS via AECH - AIPS module.
11.00-11.30	Settlement of payments via cards clearing result ⁴⁰	Bank of Albania enters into the system the clearing results of payments via cards by SSPNSPK ⁴¹ .

³⁹ Amended by the Decision of Supervisory Council No.12, dated 23.02.2011 "Amendments to the Regulation " On the functioning of the Albanian Interbank Payment System – AIPS' and the Regulation " On the Albanian Electronic Clearing House - AECH".

⁴⁰ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment system – AIPS".

⁴¹ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment system – AIPS".

12.35-12.45	Net settlement of AECH second clearing session	AECH generates the net settlement instruction of second clearing session, which is delivered to AIPS via AECH – AIPS module.
13.00-14.00	Settlement of MasterCard clearing result	Bank of Albania enters into the system MasterCard clearing results from MCISS
13.30-14.00	Cheques clearing net settlement	Bank of Albania enters in the system the cheques clearing results.
14.50-15.00	Net settlement of AECH third clearing session	AECH generates the net settlement instruction of third clearing session, which is delivered to AIPS via AECH – AIPS module.
15:30	Initial Cut-off	AIPS is closed to MT103 clients' payments except for bank-to-bank (MT202). AIPS allows the entrance of transactions carried out by the Bank of Albania. Participants should take precautions to have sufficient available funds to allow reversal of ILF drawings prior to final cut-off.
16:00	Final Cut-off	System does not accept further transactions via SWIFT MT202 message. AIPS do not allow the entering of transactions by the Bank of Albania.
16:30	Closure of the system	There are carried out the processes of system closure, there are produced the end-day reports, and the accounts balances are send via MT 950.

Appendix B – New participant membership in AIPS

Membership phases

- I. Membership in AIPS CUG, AIP Fin Y – Copy.
- II. Testing and training procedures.
- III. Compilation of documentation.
- IV. Implementation and transition into live environment.

FIRST PHASE: Membership in AIPS CUG, AIP Fin Y – Copy

1. SWIFT Form filling at www.SWIFT.com “SWIFT Service Form for FIN-Y Copy”.
2. Approval at www.SWIFT.com by the authorised approvers of the Bank of Albania.
3. Participant addition in AIPS CUG from S.W.I.F.T.

SECOND PHASE: Testing and training

1. VPN testing
 - a. VPN installing and configuring at the premises of the candidate bank;
 - b. Request compilation for users in VPN by the candidate bank;
 - c. Establishment of VNP users by Bank of Albania;
 - d. VPN testing by candidate bank and the Bank of Albania.
2. SWIFT testing
 - a. TEST SWIFT keys exchange of the candidate bank to two TEST destinations to participant banks in AIPS and to the Bank of Albania;
 - b. Installation/configuration of AIP Fin Y-Copy in SWIFT server of the candidate bank;
 - c. Testing of AIP Fin Y-Copy by candidate bank, Bank of Albania and a third bank.
3. Training / Testing in AIPS
 - a. The participant bank shall submit the request on users in TEST;
 - b. Bank of Albania shall prepare the security cards, to be delivered to participants and shall establish also the users in TEST environment;

- c. Bank of Albania shall train two to three employees of the candidate bank on the functioning of AIPS;
- d. Candidate bank in cooperation with Bank of Albania shall execute the testing script and shall sign it.

THIRD PHASE: Compilation of documentation

- a. Candidate bank shall compile "The internal rules and procedures of AIPS functioning" in line with this regulation;
- b. Final documentation shall be submitted to the Bank of Albania for approval;
- c. Bank of Albania carries out the respective observations/alterations if they oppose this regulation and others issued by the Bank of Albania, and reflects them to the candidate banks;
- d. Candidate bank delivers in final version the elaborated "Internal rules and procedures of AIPS functioning".

FORTH STAGE. Implementation and transition to live Environment

- a. Bank of Albania compiles and grants the participation certificate to the candidate Bank;
- b. Bank of Albania and the participant bank shall sign the tip contract;
- c. Participant bank should have exchanged S.W.F.T keys in live environment with all participant banks in AIPS and with AIPS destinations in the Bank of Albania;
- d. The participant compiles and submits to the Bank of Albania "the form for participation in AIPS" as specified in Appendix C;
- e. The participants complete and submit to the Bank of Albania "the request on security equipment and users in live environment", as specified in Appendix E;
- f. Participant completes and submits to the Bank of Albania "The request on changes occurring in VPN", Appendix F;
- g. Following the requests approval, the Bank of Albania establishes the participant profile in AIPS, prepares the security cards with users' certificates, creates the users in AIPS LIVE environment, and grants the security equipment to the participant;
- h. Bank of Albania establishes the day where shall take place the transition to live environment of the participant and informs all AIPS participants via e-mail of AIPS;
- i. Transition to live environment.

Appendix C – Participation form in AIPS

Participant:

BIC code:

Address:

Specific requirements for the system

Balance confirm: MT950 YES NO

Debiting confirm: MT900 YES NO

Minimum amount on delivering MT900:

Crediting confirm: MT910 YES NO

Minimum amount for MT910 delivering:

Notification to the sender: MT012 YES NO

Contacts to resolve problems:

Contact person for issues/problems relevant to system operation:		
Contact person for payments:		
Name, Surname		
Respective tasks		
Telephone		
Mobile		
e-mail		
IT contact person		
Name, Surname		
Respective task		
Telephone		
Mobile		
e-mail		

**Security equipment are submitted, pursuant to the respective transaction,
on:_____**

Appendix E – Form for changes in VNP

CONFIDENTIAL



**Bank of Albania
Information Technology Department
Request on changes in VPN**

Tirana, on

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**For Bank of Albania
Authoriser**

Bank presenting the request on changes:

(_____)

Reason and details on occurred changes:

:

Request authoriser

(45)

Appendix F – Self-assessment of AIPS operation

Participant: _____

Self-assessment for year _____

Annual self-assessment are to be submitted in January

Please provide answers to the following questions:

A. Fraud action related to AIPS?

1. Has your organisation experienced any AIPS-related actual or attempt fraud during the year?
2. If so, was this reported to the Bank of Albania in accordance with AIPS rules and procedures?
3. Was the means of the fraud identified and rectified?
4. Did the fraud result in nay financial loss to your organisation or to its customers? is operation originate any financial loose to either your institution or clients?
5. If so, is recovery still being sought?

B. Contingency planning and contingency facilities

1. Does your organisation have a documented contingency plan for its AIPS operations?
2. Does the plan satisfactorily cover significant potential contingency scenarios?
3. Does your organisation maintain back up computer facilities and/or communications for the SWIFT interface used for AIPS communications
4. If so, are these facilities physically at a separated site to your main SWIFT computer facility?

5. Do you think that potential business risks have been addressed and analyzed adequately?

C. system down time and resilience

1. Have your AIPS operations been subject to significant or recurring downtime or disruption?
2. If so, were these reported to Bank of Albania and recorded in a Contingency Event Log in accordance with the AIPS procedures?
3. Do you think your AIPS-related system has sufficient capacity and resilience to service your AIPS payment traffic in an timely and safe manner?

Appendix G

Reporting of contingency events for the month of _____ year _____ in AIPS

Bank _____

Date of event	Time of event	Nature of problem	Action taken	Time of rectification

Appendix H –SWIFT messages types used in AIPS.

No	Message type	Description
1	MT103	Crediting transfers for an individual client
2	MT202	General transfers between two organisations
3	MT096	Settlement message incoming in AIPS, part of AIP FIN-Y Copy service
4	MT097	Notify message, to authorise or reject the payment by AIPS to AIP Fin-Y-Copy
5	MT019	Notify rejection message by service AIP FIN-Y-Copy to participant banks
6	MT900	Debiting confirm by AIPS to inform participants on the debiting of their respective accounts
7	MT910	Crediting confirm by AIPS to inform participants AIPS on the crediting of the respective accounts.
8	MT950	Issuance of account statement at the end of day to inform participants on the daily operations and on the outstanding.
9	MT999	Free module, used by the Bank of Albania to send to participants messages of common informing character.

Appendix I – Standard Contract⁴⁴

**This contract is executed by and between Bank of Albania and _____
Bank for participation in the Albanian Interbank Payment System (AIPS)**

Parties

Bank of Albania with address: _____, Tirana, legally represented in this agreement by the First Deputy Governor _____; and
_____ **Bank** (hereinafter referred to as “Direct participant”) with principal address _____, represented by the executive manager Mr. _____.

Article 1

Scope

This contract shall establish the rights and obligations of parties, arising in the framework of supplying the services of Gross Interbank Payment Settlement in AIPS by the Bank, acting as the sole operator and administrator of this system.

Article 2

Legal Ground

This contract is compiled in accordance with:

- a) the Law No. 7850, dated 29.07.1994” ”Civil Code of Republic of Albania”, as amended;
- b) Law No. 8269, dated 23.12.1997 “On the Bank of Albania”, as amended;
- c) Law No. 133/2013“ On Payment System”;
- d) Law No. 9662, dated 18.12.2006 “On Banks in the Republic of Albania”; as amended
- e) Regulations approved by the Bank of Albania on AIPS and AECH; and
- f) Other regulative by-laws issued by the Bank of Albania.

Article 3

Application

1. To implement the agreement, parties will be mainly based on the Bank of Albania’s Regulation “On the functioning of the Albanian Interbank Payment System – AIPS”, and any relevant amendment to this Regulation.

⁴⁴ Amended by the Supervisory Council Decision No. 5, dated 29.01.2014 “Amendments to the Regulation “On the functioning of the Albanian Interbank Payment system – AIPS”.

2. Rights and obligations of parties are laid down in the Rules on the Functioning of AIPS.
3. In any event of unclear term or formulation encompassed in this contract, it shall be interpreted in the context of AIPS Regulation and from the view point for which this contract is executed between and by the counterparties.
4. In any event of unclear term or formulation encompassed in this contract, it shall be interpreted in the context of AIPS Regulation and from the view point for which this contract is executed between and by the counterparties.

Article 4 Notifications

1. Any information, request or any other communication type between parties shall occur via official recorded mail, fax, e-mail and in cases the communication via the above mentioned means becomes impossible, by telephone in the addresses, telephone numbers and contact persons of respective parties.
2. Each party shall inform the other one on the potential changes of addresses, telephone numbers and contact persons, within 5 (five) business days from their change.
3. In any event the information or request reach the addressee (recipient) after 16.30 of business day, notwithstanding the above paragraphs, this information shall be considered as received at 08.30 of the next business day.

Article 5 Term of agreement

This contract shall enter into force upon its signing by both parties for an undefined period of time.

Article 6 Amendment to the agreement

The agreement is subject of amendment by parties only in writing.

Article 7 Termination of the agreement

1. Each party enjoys the right to terminate the contract, immediately providing a written notice to the other party at least 15 (fifteen) days prior of the date they would like to terminate the contract, requesting the meeting of all the financial obligations originating from this contract.

2. In the event the request is submitted by the participant, the Bank of Albania within 10 business days either rejects or approves the request and informs all AIPS participants on the withdrawing date of this direct participant. In the event Bank of Albania approves the request, the direct participant is not allowed to initiate new payment instructions with a value date after the date being established in the decision on its withdrawing approval.

3. Bank of Albania, at the day of the participant's withdrawing from AIPS, closes the settlement account of the withdrawn participant, upon the collection of charges or fees of payable interest and following the settlement of all obligations by the withdrawn participant related to the available instructions, already accepted.

4. Debiting balance of the settlement account at its closure moment is qualified as payable obligation versus participants in AIPS and/or to Bank of Albania.

Article 8
Competent court

In any event of failing to resolve the dispute in good understanding, then Court of Tirana shall be competent authority to address the issue.

Article 9
Entry into force

This contract shall enter into force at the day of signature by both parties.

This contract shall be executed into 4 (four) original copies in the Albanian language. Each counterpart shall hold one copy.

On behalf of the Bank of Albania
Elisabeta Gjoni
First Deputy Governor

For _____ Bank sh.a.

Director **CEO**

Appendix J Fees for the use of AIPS system⁴⁵

Component	Description / Detailing	Fee in ALL (becomes)
Fees charged for annual maintenance of the system	Payable at the beginning of year. With regard to new participant the fee shall be charged for the remained period.	250,000
Fee per transaction	Payable every month-end	
	MT 097 – Payment authorisation	150
	MT 900/910 – Notification on the transactions carried out in the account	70
	Participants' transactions delivered to the Bank of Albania in writing	1,000
Other services	Payable for every service	
	Temporary freezing of participant account	50,000
	Delivery of cards to access the system	by purchasing cost per unit
	Providing of equipment to access the reading of cards in system.	by purchasing cost per unit

⁴⁵ Amended by the Supervisory Council Decision No. 12, dated 23.02.2011 "Amendments to the Regulation "On the functioning of the Albanian Interbank Payment system – AIPS" and the Regulation " On the functioning of the Albanian Electronic Clearing House – AECH".