# TABLE OF CONTEXT

## SECTION A
### ALBANIAN ELECTRONIC CLERING HOUSE

**Chapter I. Albanian Electronic Clering House (AECH)**

1. Main features ................................................................. 6
2. The Albanian Electronic Clearing House System ................. 6
   2.1 Components ................................................................ 6
3. The Central AECH System .................................................. 6
4. AECH Participant System .................................................... 7
   4.1 Workstation ............................................................... 7
   4.2 Components ............................................................... 7
   4.3 Signing of Files – Digital Certificate ............................... 8
5. Technical Accounts ............................................................ 8
6. Payment Instructions in AECH ............................................. 9
   6.1 Small Value Payment Order ....................................... 9
   6.2 Direct Debit ............................................................... 9
7. Clearing Sessions - SVPO .................................................. 9
   7.1 Structure of a Clearing Session ................................... 10
   7.2 Future dated SVPOs .................................................. 11
8. Clearing Process – DD ...................................................... 11
   8.1 Submitting Files ........................................................ 11
     8.1.1 Submission Versus Clearing and Settlement .......... 11
     8.1.2 Direct Debit Cut-off ............................................ 12
     8.1.3 Future Dated DD Payment Instructions ............... 12
     8.1.4 DD Refusals Files .............................................. 12
     8.1.5 DD Refusals Waiting Period ............................... 12
   8.2 Clearing of DD Payment Instruction Files .................... 12
9. Batches, Files and Payment Instructions .............................. 13
   9.1 Authorization and Authentication ................................. 13
   9.2 Batch ID ................................................................. 14
   9.3 File Names for Transferred Files ................................. 14
   9.4 System Messages and Notifications Regarding File Transmission ... 14
   9.5 AECH Account Transaction Seeences .......................... 15
   9.6 Irrevocable Payment Instructions ................................. 15
10. Operating Schedule of AECH ........................................... 15
11. Reporting Tools ............................................................ 17
   11.1 Introduction to Reports ......................................... 17
   11.2 Report Delivery ...................................................... 17
12. Audit Trails ................................................................. 18
Chapter II. AECH Participant System

1 Participation ........................................................................................................ 19
   1.1 Participation Requirements .................................................................... 19
   1.2 Technical Requirements .................................................................... 19
   1.3 Participation modes ........................................................................ 20

2 Completion of Participation ........................................................................ 20
   2.1 Application for participation, participation form .................................. 20
   2.2 Exchange of contract-letters .............................................................. 20

Chapter III. Fees and Penalties

1 Fees .............................................................................................................. 21
2 Penalties ....................................................................................................... 22

Chapter IV. Procedures in Abnormal Situations

1 Contingency events Definition .................................................................... 23
2 Contingency events handling procedures .................................................... 23
3 Contingency events communication .......................................................... 25
4 Detection and reporting contingency events .............................................. 25
5 Contingency events reporting .................................................................. 25

Annex A.1
Parameters of the system ............................................................................. 26

Annex A.2
Forms the message SWIFT ................................................................. 27

Annex A.3
Participation phases ...................................................................................... 30

Annex A.4
Form for participation in AECH ............................................................... 33

Annex A.5
Tip Contract .................................................................................................. 34

Annex A.6
Recording of contingency events ................................................................. 40
SECTION B
CHEQUE CLERING MANUAL

1 Legal grounds for cheque operation ..................................................... 42
2 Organization of cheque clearing denominated in Lek............................ 42
   2.1 Cheque clearing session ................................................................. 42
   2.1 Participation in the clearing session ................................................. 42
   2.3 Preparation of pre-session documents .......................................... 42
3 Procedure for clearing cheques denominated in LeK ......................... 43
   3.1 Clearing session operation ......................................................... 43
   3.2 The result and closure of the clearing session ............................... 43
4 Settlement of the result of clearing session via AIPS system ............... 43
5 Exclusion and responsibility of BoA. ................................................. 44

Annex B.1
Participation application form ............................................................... 45

Annex B.2
Form to be fill in for sending cheques denominated in LEK .................. 46

Annex B.3
Cheques clering form ........................................................................... 47

Annex B.4
Net settlement instruction ..................................................................... 48

Annex: User manual for participant*

* The Technical User Manual for participants in the system is not intended for general public use, but it may be provided to each certified participant in this system.
SECTION A

ALBANIAN ELECTRONIC CLERING HOUSE
CHAPTER I
ALBANIAN ELEKTRONIC CLERING HOUSE (AECH)

1. Main Futures

AECH is an electronic clearing system in which files of bulk (high volume), low value payment instructions (both credit transfers and direct debits) are exchanged among Banks and other credit institutions. Credit transfer files are delivered to receiving banks only after the net positions (that will result from this exchange of files) have been settled through AIPS (Albanian Interbank Payments System). Debit instrument files are delivered earlier in the cycle to allow for potential refusal of items. The files are exchanged via the SWIFTNet FileAct service.

AECH is owned and operated by BOA

2. Albanian Electronic Clering House (AECH) Overview

2.1 Components

AECH consists of:

- The central clearing system (Central AECH System) which manages Participant’s net positions as files of payment instructions are sent and received during clearing sessions, and then settles the positions via AIPS at the end of each session.

- The AECH Participant System (PS) which runs at each Participant Head Office site and can also run at branches, and enables Participants to prepare files, for processing by the Central AECH System, and to send and receive files.

3. The Central AECH System

The Central AECH System resides with AIPS at BOA at both the primary and fallback sites.

The Central AECH System manages:

- The daily cycle of clearing sessions and AECH housekeeping
- Validation and acceptance of files of payment instructions sent from the AECH Participant System
- Delivery of acknowledgements and notifications to Participants
- Calculation, file by file, of net positions for AECH technical accounts
- Direct Debit refusals
- Set up of the Net Settlement Instruction (NSI) at the end of each clearing session and submission of the NSI to AIPS
- Delivery of payment instruction files to receiving Participants
- Reporting for administrators and Participants.
BOA, as both legal owner (System Operator) and Technical Operator of AECH, uses the Central AECH System to carry out its system management functions.

The BOA performs two different sets of functions, they are:

- Systems Management; and
- Participation in the AECH to send and receive files

The Systems Management functions are carried out via browser-based access to the Central AECH System, which provides all the functionality required to operate, monitor and control the Central AECH System. The BOA can also track the progress of its files of payment instructions using the enquiry and control functions of the Central AECH System, like any other Participant.

Participants can access the Central AECH System for enquiry purposes via the VPN and can track their AECH activity at any time (including financial data and the status of all messages and transactions).

4. The AECH Participant System (PS)

4.1 Workstation

The AECH Participant System (PS) is designed to operate on standard personal computers (Desktop and / or Laptop Computers) running the Windows operating system (see AECH Participant Technical Requirements document). Participants will be interfacing with the Central AECH System via the VPN using a standard Internet Browser.

Participants also use SWIFTNet FileAct to transfer files from the PS at their Head Office to the Central AECH System. Some branches with high AECH volumes may also use SWIFTNet FileAct for direct file transfer to AECH.

Files prepared at a branch, however, are normally transferred to AECH via the PS at the Participant Head Office. Transfer of files from the PS at a branch to the PS at Head Office is carried out via the Participant’s own file transfer mechanisms (see Article 9).

4.2 Components

The AECH Participant System provides facilities for file preparation and delivery of files to local folders whence they are taken by SWIFTNet and delivered to the Central AECH System.

The Participant System (PS) consists of two components, transparent to the User:

- The standard browser component, which is built into the Windows Operating system; and
• The AECH PS software, separately installed on the AECH server or a PC workstation at the Participant site, which provides the item, batch and file handling functions.

The AECH PS prepares files containing batches of payments and digitally signs the batches, either under User control or by import of files from a Participant’s existing applications for Straight through Processing.

The PS software can be loaded on any number of workstations, or accessed on a server by multiple users. A number of PSs can therefore be in use at the same time for file preparation. However, the prepared files must all be placed into one designated folder accessible by SWIFTNet on the Participant’s LAN.

The PS software enables the User to:

• Enter payment instruction items on the screen
• Identify and select files (created by the Participant’s other internal systems) which are to be imported into the AECH environment
• Check the file format of the imported file (syntax control)
• Prepare batches of payment instructions, grouped into files by sorting, formatting / conversion if needed and signing
• Deliver files into an outgoing folder for transfer to the Central AECH System.

4.3 Signing of Files – Digital Certificate

Files created in the PS are automatically sorted into batches based on instrument type, value date and receiving bank. Each batch within a file is digitally signed using the Participant’s server-based digital certificate. The certificate used to sign the batch is inserted into the batch after the signing, hence included after calculating the digital signature hash total.

The files are then sent to the Central AECH by SWIFTNet FileAct, where each batch is processed separately and, if accepted for settlement forwarded to the appropriate receiving bank.

At the Central AECH and the receiving banks / branches the batch contents and digital signature are checked automatically by verifying that the digital signature hash total is correct and that the embedded certificate is valid and issued by the trusted Certificate Authority (ie the BOA)*.

5. Technical Account Data

Each Participant, including BOA and the Ministry of Finance, has a “Technical Account” in AECH (these are not “accounts” in the strict meaning of this word in accounting).

* Digital-certificate is a certificate generated on the server certificate authority. This certificate is used to sign batches with payment. For each participant is generating a unique digital certificate.
The technical account is used to calculate and maintain the multilateral net position of a Participant on a rolling basis during a clearing session. A clearing session is explained later in the section on clearing sessions, (see Article No.7.1)

The technical account is always zero at the beginning and end of a clearing session.

6. Payment Instructions in AECH

6.1 Small Value Payment Order

A small value payment order (SVPO) is a payment instruction initiated by a payer to debit its own account and credit the account of a beneficiary ie a credit transfer. An SVPO has a maximum value set in the AECH System Rules, (see Annex A.1)

The SVPO contains all information required by regulations including those regarding the Participant/s and their customers involved in the credit transfer, (see Annex A.2)

In AECH, files containing digitally signed batches of electronic SVPO-s are transferred from the payer Participant to AECH using SWIFTNet FileAct. Each batch is destined for a particular beneficiary. The batches (retaining the original digital signature), validated by AECH, are received by the collecting Participant after the settlement of net positions in AIPS, at the end of a clearing session in AECH.

6.2 Direct Debit

A Direct Debit (DD) is a debit transfer instruction (see Annex A.2) initiated by a beneficiary to debit the account of a customer of a Participant and credit its own account. There is currently a limit on the value of a DD based in the AECH System Rules (see Annex A.1).

Certificate Authority server is owned by Bank of Albania.

In AECH, files of electronic DD’s, digitally signed, are transferred from the collecting Participant to AECH by SWIFTNet FileAct, destined for a particular paying Participant. The files (retaining the original digital signature), validated by AECH, are sent to the payer Participant and must be accepted by the payer Participant unless they send refusals for specific instructions.

Files of refusals are transmitted by the payer Participant to the Central AECH System and must be received by the Central AECH System before a specific deadline (see Article No.8.1.5). AECH subtracts the value of refusals from the current value of each DD batch affected to calculate the residual values that are due to be paid by the payer Participant.

7. Clearing Sessions - SVPO

Participants can send SVPO files to AECH at any time between Start of first session and end of file acceptance in last clearing session of the day. However, submission of SVPO files to the Central AECH System, which occurs when a file Approved in conducted during clearing sessions within the business day.
Before the end of each session, settlement is carried out via AIPS and the detailed credit information in the files is delivered to the collecting Participants.

### 7.1 Structure of a Clearing Session

The following table outlines a clearing session (see Article No 10), by period, and explains what activities are associated with each period. Details of actual Participant operations, relating to each period, are providing at Technical Manual, Chapter I.

<table>
<thead>
<tr>
<th>Participant Systems</th>
<th>Central Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open for Business</strong></td>
<td><strong>Central AECH System undertakes validation</strong></td>
</tr>
</tbody>
</table>
| Sending of Participant DD files to Central AECH System starts. DD Files can be sent until the cut-off is reached. Files are:  
  - imported, validated, and sorted by the AECH Participant System  
  - transferred to the Central AECH system by SWIFTNet FileAct  
  - technically validated and received by the Central AECH system pending approval  
  - acceptance/rejection notifications are received | |

<table>
<thead>
<tr>
<th><strong>Start Session</strong></th>
<th><strong>Direct Debit Clearing is carried out (see next section)</strong></th>
</tr>
</thead>
</table>
| Sending of Participant SVPO files to Central AECH System starts. SVPO Files can be sent until the end of the File Acceptance Period in the last Session of the day. Files are:  
  - imported, validated, and sorted by the AECH Participant System  
  - transferred to the Central AECH system by SWIFTNet FileAct  
  - technically validated and received by the Central AECH system pending approval  
  - acceptance/rejection notifications, and payment status changes are received | |

<table>
<thead>
<tr>
<th><strong>Session start Period</strong></th>
</tr>
</thead>
</table>
| SVPO batches are:  
  - approved (or rejected) by a second User, via the Central AECH system  
  - approved batches are submitted to the AECH clearing |

Central AECH System undertakes validation, after approval:  
- rejects batches from AECH Participant  
- accepts batches from AECH Participant  
Central AECI System provides notifications of AECH Participant System of rejection or acceptance, and stage in clearing, for collection by FileAct.  
Central AECH System stores accepted batches and updates net position of payer and collecting Participants.
### End File Acceptance

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central AECH System Net Settlement Instruction is prepared</td>
<td>Central AECH System produces NSI-Setup report</td>
</tr>
<tr>
<td>Central AECH System produces NSI-Setup report</td>
<td></td>
</tr>
</tbody>
</table>

### Net Settlement Submission

- payment status changes can be received

- Central AECH System submits NSI to AIPS.
- AIPS settles NSI and informs Central AECH System
- Central AECH System produces settlement report.

AECH Participant System of each receiving bank receives cleared SVPO batches from this session via FileAct

### End of Session

- rejection notifications can be received

- Central AECH System produces end of session reports, including settlement report.
- If needed, a message is sent to AIPS – PACS for BOA-MoF settlement.
- SVPOs not approved by end of last session are rejected

AECH Participant System of each receiving bank receives approved DD batches from this session via FileAct

### 7.2 Future dated SVPOs

Note that AECH will only process SVPO files with value date today. Future dated batches can be prepared, but must be kept at the PS until the value date.

### 8. Clearing Process – DD

#### 8.1 Submitting Files

**8.1.1 Submission versus Clearing and Settlement**

The submission of Direct Debit (DD) files is a separate process from the clearing and settlement of the instructions. DD files can be submitted during the AECH business day irrespective of SVPO clearing sessions. DD batches must be submitted some days before value date, as specified in the System Rules, (see Annex A.1).

The clearing of the DD batches received by the system is carried out at the beginning of the first Clearing Session on value date.

Details of the parameters for DD and clearing are provided as follow.
8.1.2 Direct Debit Cut-off

The System Rules specify (see Annex A.1) the latest time during the day that a file of DD payment instructions or refusals can be submitted by a Participant. This time is the DD cut-off time, also known as Submission Cut-off.

The Participant’s submission of DD files (both payment instructions and refusals) can be conducted any time during the day after Open for Business and before DD cut-off. DD Cut-off must be after the end of the final SVPO clearing session.

8.1.3 Future Dated DD Payment Instructions

DD payment instruction batches are submitted by the Collecting Participant to the Central AECH System. The Central AECH System stores the batches and passes them on to the Payer Participant.

DD payment instruction batches have a future value date on which they are to be cleared and settled.

The Collecting Participant must submit these DD batches to the Central AECH System no sooner than a maximum number of days and no later than a minimum number of days before value date as set in the System Rules (see Annex A.1).

8.1.4 DD Refusals Files

Submission of DD refusals files is done by the Payer Participant to the Central AECH System. The Central AECH System stores the refusals files, calculates the residual values for each DD batch by deducting the value of refusals, and passes them on to the Collecting Participant.

8.1.5 DD Refusals Waiting Period

The System Rules (see Annex A.1) specify a “waiting period” for direct debit refusals. This is the period of time during which a negative response from the Payer Participant (in the form of a refusals file) may be submitted.

It is at the end of this waiting period that AECH calculates the final residual values for each DD batch.

8.2 Clearing of DD Payment Instruction Files

The clearing process, in which the residual batch totals of Collecting Participants’ DD payment instructions are netted on a multilateral basis, takes place in the interval between start of session and start of SVPO File Acceptance of the first clearing session of the day on DD value date.

The results from this clearing process update the net positions of the Participants involved before Start of File Acceptance, and consequently provide the starting position for the submission of SVPO batches.
9. Batches, Files and Payment Instructions

This section provides salient information of which Participants need to be aware relating to batches, files and payment instructions.

Preparation of files for processing in the AECH takes place in the AECH Participant system at Participant sites. This can be done without opening a connection to the Central AECH System.

Files for AECH can be prepared from:
- Individual Payment Instruction items (small value payment orders, direct debits and direct debit refusals) entered on the screen, or
- Existing files of payment instructions (in SWIFT FIN or XML format) imported into the AECH Participant System.

Files can be sent to the Central AECH System in two ways:
- Under User control, files are imported manually procedure into the AECH
- Using straight through processing (STP).

Participant System, where they can be converted from SWIFT FIN MT102, MT103 or MT104 format to xml format if necessary, sorted into batches of payment instructions, by receiving bank code and value date, signed with the Participant’s digital signature and saved within files on the workstation. The prepared batches are digitally signed to confirm their source, to protect their integrity and to prevent later repudiation by the sender. The files containing the batches are then transferred to the Central AECH System via SWIFTNet FileAct, and approved by a second User for submission to the clearing.

Note that FIN format files imported into the AECH Participant System must conform to restrictions which ensure that the conversion routine can handle them fully. These restrictions are explained in the AECH Participant Technical Requirements document (see the technical manual in version Albania)

Under STP mode, files submitted must be pre-sorted and in XML format, but they are validated by the AECH Participant System. The AECH Participant System in STP mode is set to import these formatted, sorted files from a specified source folder within the Participant’s originating system and prepare them for transmission to Central AECH. The AECH Participant System’s digital signing function digitally signs these files. There is no Approval step.

9.1 Authorization and Authentication

In manually controlled file submission via the AECH Participant System, a digital signature of the submitting Participant must be applied to a batch. Subsequently the batch must be approved by a supervisor (an approver) from the submitting bank. This process of digital signing and subsequent approval meets the “four-eye” best practice principle and can be deemed to constitute complete authorisation.

Under Straight through Processing (STP), files are authorised in the originating system by the Participant according to their own policies and practices to meet
regulations. In STP mode the PS digital signature is applied primarily for technical source authentication and non-repudiation.

9.2 Batch ID

When a file is imported into the PS, all batch structure is removed and the payment instruction items in the file are placed in the PS's item list.

The outgoing Batch ID can be generated by the AECH Participant System or by Participants' internal banking systems:

- Under Operator controlled file import into the PS, either the User can enter a file ID or the PS generates a unique numeric file ID when an outgoing file is being assembled and sorted into batches. The batches are automatically given a batch ID related to the File ID by adding “/n”, where n is an integer stating at 0, to each batch in the file. It follows that the file ID in which a batch was created is always the Batch ID with the “/n” removed.

- Under STP file submission, the incoming file will have to contain its own batch ID.

The Batch ID is important because it enables the Central AECH System to ensure that a batch is never processed more than once.

Participants must take care when operating a PS at several locations not to use the same File IDs (and hence batch IDs) for files coming from more than one location. It may be hard to distinguish these later. These files may distinguish only by IDs.

9.3 File Names for Transferred Files

Under Operator controlled file submission, files of payment instructions are saved in the Outgoing folder for SWIFTNet FileAct to collect. The PS allows an alternative transmission filename to be applied if desired. This Filename is the one that appears in the AECH Total File Activity report.

9.4 System Messages and Notifications Regarding File Transmission

When files of payment instructions are sent to AECH, messages regarding the submission and validation of these files and the batches within them are provided to the User via SWIFTNet FileAct.

They are automatically imported into the PS once they have been placed by FileAct in the relevant folder on the Participant's machine. The PS uses the notifications to update the status of each item batch and file held in its stores. These are all visible using the PS menu functions. Hence, provided the transmission activity has been completed, a User can always see the status of each instruction both in the PS and in the Central AECH System. The notification messages:

- Record the interaction that occurs between the PS and Central AECH when the files are sent,
- Provide notification of negative or positive validation responses of Central AECH regarding each batch in each file sent to AECH and
• Provides updates on the progress of each batch through the clearing.

Notifications and received files are automatically imported into the PS, provided it is set to carry out the import function (see AECH Technical Manual, article No. 9.4). When they have been imported, received batches are saved in daily folders managed by the system. The notifications provide a record for the Participant of all file activity. Details of these notifications are provided in the AECH Technical Manual (see article No.9.6.2).

9.5 AECH Account Transaction References

Once it enters Central AECH, each batch is given a Transaction reference. This is because the total value of each batch that will be settled at the end of the session constitutes a transaction in AECH, and that value is associated with the reference and can always be traced in the Audit trail.

As previously explained, batches of payment instructions are cleared as follows:

• Batches of SVPO payment instructions are cleared during a clearing session, after start of file acceptance and before end of file acceptance (the file acceptance period) and, once settled, are sent to Participants before the end of a session.

• Batches of residual DD payment instructions are cleared at the beginning of the first session on value date.

The amounts of these cleared batches are recorded in the AECH technical account as transactions. Each transaction is equal to:

• The amount of the batch (the batch total) for SVPO payment instructions
• The residual amount of the batch total for DD payment instructions – is the original amount minus any refusals.

9.6 Irrevocable Payment Instructions

Once submitted to AECH and Approved, batches cannot be cancelled or withdrawn. However it is only after AIPS settles the NSI, that payment instructions are irrevocable. The legal status of payment instructions during processing by AECH is explained in the System Rules (sees Regulation No.55 dated 26/09/2007, Article No. 13).

10. Operating schedule of AECH

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Activities and available transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:20</td>
<td>Start-of-day</td>
<td>Start of business day in AECH</td>
</tr>
<tr>
<td>08:20</td>
<td>Start of first clearing session</td>
<td>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.</td>
</tr>
<tr>
<td>Time</td>
<td>Description</td>
<td>Details</td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>08:35</td>
<td>Clearing of files with payment orders initiated from the Ministry of Finance</td>
<td>AECH accepts payment orders files sent electronically from the Ministry for settlement into the main Government account. The Ministry takes care for sending the payment order files at times as pioriy agreed (09:30 – 12:00 – 14:00), these times are subject of change by notifying the contact points. Files with payment orders become validated, and in case of errors, MoF AECH PS generates the electronic list for the payments with error.</td>
</tr>
<tr>
<td>08:35</td>
<td>Start of files acceptance</td>
<td>Batches of small-value payment orders waiting for approval from the Bank could be approved and sent to clearing.</td>
</tr>
<tr>
<td>10:00</td>
<td>End of files acceptance</td>
<td>After this time, no small –value payment order shall be approved by the Bank for the first session.</td>
</tr>
<tr>
<td>10:05</td>
<td>Sending of net settlement</td>
<td>AECH sends net settlement instructions to AIPS. AIPS sends responses to AECH.</td>
</tr>
<tr>
<td>10:15</td>
<td>End of first session</td>
<td>Electronic reports for payments settled in AIPS and for payments cancelled in AECH are generated in MoF AECH PS. Batches of small value payment orders are delivered to the beneficiary participants.</td>
</tr>
<tr>
<td>10:30</td>
<td>Start of second clearing session</td>
<td>The Ministry of Financial could send the files with payment orders.</td>
</tr>
<tr>
<td>10:35</td>
<td>Start of files acceptance</td>
<td>Batches of small-value payment orders waiting for approval from the Bank could be approved and sent to clearing.</td>
</tr>
<tr>
<td>12:30</td>
<td>End of files acceptance</td>
<td>After this time, no small –value payment order shall be approved by the Bank for the second session.</td>
</tr>
<tr>
<td>12:35</td>
<td>Sending of net settlement</td>
<td>AECH sends net settlement instructions to AIPS. AIPS sends responses to AECH.</td>
</tr>
<tr>
<td>12:45</td>
<td>End of second session</td>
<td>Electronic reports regarding payments settled in AIPS and payments cancelled in AECH are generated in MoF AECH PS. Batches of small-value payment orders are delivered to beneficiary participants.</td>
</tr>
<tr>
<td>13:00</td>
<td>Start of third clearing session</td>
<td>The Ministry of Finance could send the files with payment orders.</td>
</tr>
<tr>
<td>13:35</td>
<td>Start of files acceptance</td>
<td>Batches of small-value payment orders waiting for approval from the Bank could be approved and sent to clearing.</td>
</tr>
<tr>
<td>14:45</td>
<td>End of files acceptance</td>
<td>After this time, no more small – value payment order shall be approved by the Bank for the third session.</td>
</tr>
<tr>
<td>14:50</td>
<td>Sending of net settlement</td>
<td>AECH sends net settlement instructions to AIPS. AIPS sends responses to AECH.</td>
</tr>
<tr>
<td>15:00</td>
<td>End of third session</td>
<td>Electronic reports regarding payments settled in AIPS and payments cancelled in AECH are generated in MoF AECH PS. Batches of small value payment orders are delivered to the beneficiary participants.</td>
</tr>
<tr>
<td>16:00</td>
<td>Cut-off</td>
<td>No further information is accepted so far. It is produced the report containing direct debiting, showing that direct debiting will be settled in the next succeeding day. Any SVPO batch - es which have not been sent or approved before the &quot;end of files acceptance&quot; third session are refused by the system. AECH sends reports to respective participantes which includes details related to these refusals.</td>
</tr>
<tr>
<td>16:15</td>
<td>End-of-day, system close</td>
<td>There are carried out the daily closing procedures, the reports of end of day are generated.</td>
</tr>
</tbody>
</table>
The business day calendar according to the regulation “General working conditions in Bank of Albania” No.103 dated 29/12/2001, Article No. 27, is each day from Monday to Friday, except the days of the celebrating official. The AECH System operates according to the domestic official calendar (see www.bankofalbania.org).

11. Reporting Tools

11.1 Introduction to Reports

This section details the Reporting Tools available to a Participant:
• At the end of any session
• At any time during the business day (intraday)
• At the end of the day.

At the end of any session (End-of-session) and at the End-of-day, comprehensive reports are generated regarding all operations performed in AECH. Charts are also provided and can be viewed as the session proceeds. Session-related Charts are updated each few seconds (according to parameter).

Various End-of-Day reports can be displayed during the day as intraday reports. However, these reports will not include settlement information from any session which is in progress because the payment instructions in that session will not yet have been settled. These reports are:
• Position report
• End-of-day report
• Recap report
• Total file activity report
• Audit report

All reports carry a date and time of production. The time, date and session, or the time period, to which the report sees is also provided, as is the currency in which the figures are reported.

Session numbers are represented in AECH as yyyyymmddnn, where nn is the session number. If several sessions are scheduled for a particular day, but some do not in fact take place, the remaining sessions are numbered sequentially from 1 with no gaps. On reports, session numbers appear as “Session n dd/mm/yyyy”.

11.2 Report Delivery

Key session-related reports are automatically delivered to Participants by email by the AECH in PDF format to provide an official record of the session’s activity.

There are four other options for delivery of reports to Participants:
• Reports displayed on the screen can be printed
• Official copies of regular reports in PDF format can be downloaded or printed
• Reports can be downloaded as Excel spreadsheets for analysis purposes
• Customised reports can be requested from BoA and delivered by email. There may be a charge for customised reports.

Reports and charts available, details of operation activities which of each period, you can refer to the Technical Manual AECH, article No.15.

Note that the BoA can see reports for all Participants, but Participants can see only their own data.

12. Audit Trails

AECH automatically creates accounting and transaction audit trails of all business operations entered into the system and includes information regarding:
• the time the transaction was received
• the ID of the person (or system – eg information and reports from AIPS or files submitted using Straight through processing) entering the transaction
• the ID of the person (or system) modifying or approving the transaction
• the time and the change of status of any transaction held in the system

This audit trail is visible on screens in which data can be updated, and is used by Users to trace update history, the change in net positions, or the path of a file or a batch of instructions through the system.

The Audit Report (see above) provides full details of the processing steps undergone by all batches entering the Central AECH.

Technical System Logs are also available which show the activities of system processes and all Users.
CHAPTER II

AECH PARTICIPANT SYSTEM

1. PARTICIPATION

1.1 Participation Requirements

The Participants in AECH are the following:

- The Bank of Albania (BoA) as owner and System Operator;
- Banks – Albanian legal entities or foreign bank branches operating in Albania, under BOA licenses (see Law No. 9662 dated 18/12/2006);
- The Albanian Ministry of Finance

Banks applying to become direct participant in AECH must meet the following conditions:

- To be priori members in AIPS;
- To have compiled internal operating rules for AECH, with the advice provided from the Bank of Albania as specified in Annex A.3.
- To Whom It May Concern: have qualified and trained personnel for operation in AECH;
- To have concluded the participation AECH Tip Contract with the Bank of Albania, following the sample presented in Annex A.5;
- To participate in AECH only through their respective head offices;
- each candidate for participation in AECH, must be priori member in AECH CUG of SWIFTNet FileAct service (see Regulation No.55 dated 26/09/2007, Article No.18);
- To meet the technical conditions as established in Annex A.3.

Representation of the bank’s level of authority for authorized signatures is performed according to Article 4, decision No.17 dated 26/02/2003, “Special Conditions of Work in the Bank of Albania”.

Requests and/or orders with an official notice sent by the participants will be legally acceptable BoA has to be executed only if they meet the conditions set forth in this decision, under section 17.

1.2 Technical requirements

In order to participate in AECH System, operators shall make use of an identification code provided by BoA and meet the other technical requirements indicated in System Rules (see technical requirements Albanian version).

There is a single code for each legal entity (see www.bankofalbania.org/Payment System)
1.3 Participation modes

AECH participants are:

a) **Direct participants**, which send and receive payment files on their behalf and settle through their settlement account including in AIPS (see Regulation No.55 dated 26/09/2007, article No 16):
   i) The BoA, in its role as system operator and participant for carrying out its operations and functions;
   ii) The banks granted a licence by the BoA, as direct participants in this system, after meeting the conditions (see Regulation No.55 dated 26/09/2007, article No 17);

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) The Ministry of Finance (Directory of Treasure) and the mutual agreement between the BoA and the MoF on electronic communication of treasury operations via AIPS and AECH and interface operating procedures.
   ii) Other entities, adopted by the decision of Supervisory Council of the BoA

2. Completion Participation

2.1 Application for participation, participation form

Candidate, for direct participant in system, submits to the BoA a written request on its participation in AECH.

BoA analyses the candidate request for participation in AECH.

In the event of request approval, BoA informs, within one week, the candidate on the content of the System Regulations, for participation charges in AECH and on the minimum of technical requests the participant must fulfil.

BoA in cooperation with the candidate, establish and implement the membership calendar as specified in the attached Annex A.3.

The candidate on participation fills and signs in the forms as specified in the attached Annex A.4.

BoA 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.

2.2 Exchange of contract-letters

The participant candidate signs in the participation Tip Contract with Bank of Albania in AECH system attached Annex A.5.
CHAPTER III

FEES AND PENALTIES

1. Fees

BANK OF ALBANIA
Tariffs on using AECH system
(Approved by the decision of the Supervisory Council, No. 12, dated 23.02.2011)

<table>
<thead>
<tr>
<th>Component</th>
<th>Description / detail</th>
<th>Fee in ALL (changed to)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees charged for participation in the system</td>
<td>Payable on monthly basis</td>
<td>0</td>
</tr>
<tr>
<td>Fee per transaction</td>
<td>Payable on monthly basis</td>
<td></td>
</tr>
<tr>
<td>For payment orders:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First session</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Second session</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Third session</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>For direct debiting</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>For the rejection of direct debiting</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Special fees</td>
<td>Payable at the beginning of the subsequent month</td>
<td></td>
</tr>
<tr>
<td>System transactions sent to the Bank of Albania in case of participant's inability to send or receive payments from their system of participant.</td>
<td>Per daily volume within the interval from 1-50 payment instructions</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Per daily volume within the interval from 51-100 payment instructions</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Per daily volume within the interval from 101-200 payment instructions</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td>Per daily volume More than 200 payment instructions</td>
<td>4,000</td>
</tr>
<tr>
<td>Temporary freezing of participant account</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>Other services</td>
<td>Payable after each service</td>
<td></td>
</tr>
<tr>
<td>Granting of cards to access the system</td>
<td>At purchase costs per unit</td>
<td></td>
</tr>
<tr>
<td>Providing equipment to access the reading of cards in system.</td>
<td>At purchase costs per unit</td>
<td></td>
</tr>
</tbody>
</table>
2. Penalties

For each delay (per number of days) relevant to the return of funds, 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**.

In the event the beneficiary/debiting bank, subject of undue enrichment, does not pay its obligations for the amount and terms determined, this it composes a violation to rules as described Regulation No 55 dated 26/09/2007.
CHAPTER IV
PROCEDURES IN ABNORMAL SITUATIONS

1. Contingency events Definition

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.

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.

2. Contingency events handling procedures

Contingency events handling is the collective responsibility of participants under the support help desk of BoA. Procedures of the handling contingency events starts with problem detection.

If the event is the according to 1.a procedures are:

- BoA informs participants, in the event it deems the problem of a participant might cause prolongation or other problems in the overall functioning of AECH.
- 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.
- 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.
- 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.
- 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.
- 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.

If the event is the according to 1.b procedures are:

- In the event of a prolonged non-functioning of SWIFT system in the BoA, 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.
- In the event of the connection interruption with SWIFT, participants must remain connected in their webstations of central AECH, to monitor the situation.
- BoA become transferred to SWIFT backup system and informs the participants through the emergency contacts on this transfer.
- 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.
- 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.

If the event is the according to 1.c procedures are:

- In the event net settlement instruction is not transferred from AECH to AIPS, then net settlement instruction is imported to AIPS.
- In the event the import of net settlement instruction fails, then the results of net settlement shall be reflected manually in AISP.
- 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.

If the event is the according to 1.d procedures are:

If there is a failure at the AECH Central site, then the Help Desk will inform the AECH Security Administrator at each Participant and give any necessary instructions. In most cases, because of the fallback site arrangements, an AECH site failure will result in only a short interruption to the service.
- 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.
- In the event of a prolonged default in the central AECH, BoA shall discuss and communicate with participants by employing the contingency contacts as specified in Annex A.4.
- In the event of a breakdown of central primary AECH, there shall be made in function the central backup AECH.
- In the event of none of them non-functioning, the operations shall be carried out in AIPS.

If the event is the according to 1.e procedures are:

- 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 BoA 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).

3. Contingency events communication

If the Participant encounters technical difficulties, which hampers to send or receive payments and other messages relevant to AECH, informs Bank of Albania within 30 minutes from the moment concluding this difficulty. Participants communicate with BoA during the contingency events.

4. Detection and reporting contingency events

Whenever an event is experienced, it is the responsibility of the system operator (BoA) to verify as quickly as possible whether the event, if it has any technical impact on the system, or even directly on users.

If during this verification process it becomes clear that the event on the system and its users, that event shall be treated immediately. BoA, inform 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.

The information provided must contain, as far as possible and available, a description event, possible handling measures (e.g. work arounds), the time of occurrence and the expected duration (if known).

5. Contingency events reporting

It is of the utmost importance that an event report provides a comprehensive description of the event and the follow-up measures taken. This report should contain the following data: date; nature and success of the measures taken to resolve the problem.

Each participant records all the contingency events and the problems concluded in the system and report them to the BoA within 2 (two) business days from the end of each calendar month. The form of this report is displayed in Annex A.6.

Suspension of AECH

BoA 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.

Over the suspending period of system functioning, the operations are carried out in compliance with the way established case by case by the BoA.

BoA shall replace AECH in function as soon as practicable, by immediately informing all participants.
Annex A.1  Parameters of the system

Current time divisions of AECH parameters are as following:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum period of presenting direct debiting</td>
<td>10 business days prior of value date</td>
</tr>
<tr>
<td>Minimum period of presenting direct debiting</td>
<td>3 business days prior of value date</td>
</tr>
<tr>
<td>End of waiting period of direct debiting</td>
<td>Night of Cut-off prior of value date</td>
</tr>
<tr>
<td>Maximum value of small value payment orders.</td>
<td>Less than 1.500.000</td>
</tr>
<tr>
<td>Maximum value of direct debiting</td>
<td>Less than 1.500.000</td>
</tr>
</tbody>
</table>
### Annex A.2  Forms the message SWIFTI
### MT 103 Single Customer Credit Transfer

<table>
<thead>
<tr>
<th>Tag</th>
<th>Field Name</th>
<th>Option letter</th>
<th>Support/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>File Seeence</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>13C</td>
<td>Time Indication</td>
<td>13C</td>
<td>No</td>
</tr>
<tr>
<td>23B</td>
<td>Bank Operation Code</td>
<td>23B</td>
<td>Yes</td>
</tr>
<tr>
<td>23E</td>
<td>Instruction Code</td>
<td>23E</td>
<td>No</td>
</tr>
<tr>
<td>26T</td>
<td>Transaction Type Code</td>
<td>26T</td>
<td>No</td>
</tr>
<tr>
<td>32A</td>
<td>Value Date, Currency Code, Amount</td>
<td>32A</td>
<td>Yes</td>
</tr>
<tr>
<td>33B</td>
<td>Currency/Instructed Amount</td>
<td>33B</td>
<td>No</td>
</tr>
<tr>
<td>36</td>
<td>Exchange Rate</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>50</td>
<td>Ordering Customer</td>
<td>50K</td>
<td>Yes. Format is [1!a][34x] – Account identifier 35x – Name 2*35x – Address 35x – Fiscal Code</td>
</tr>
<tr>
<td>51A</td>
<td>Sending Institution</td>
<td>51A</td>
<td>No</td>
</tr>
<tr>
<td>52a</td>
<td>Ordering Institution</td>
<td>52A or 52D</td>
<td>Yes.</td>
</tr>
<tr>
<td>53a</td>
<td>Sender’s Correspondent</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>54a</td>
<td>Receiver’s Correspondent</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>55a</td>
<td>Third Reimbursement Institution</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>56a</td>
<td>Intermediary Institution</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>57a</td>
<td>Account With Institution</td>
<td>57A, 57B, 57C or 57D</td>
<td>Yes</td>
</tr>
<tr>
<td>59</td>
<td>Beneficiary Customer</td>
<td>No letter option</td>
<td>Yes. Format is [1!a][34x] – Account identifier 35x – Name 2*35x – Address 35x – Fiscal Code</td>
</tr>
<tr>
<td>70</td>
<td>Remittance Information</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>71A</td>
<td>Details of Charge</td>
<td>71A</td>
<td>Yes</td>
</tr>
<tr>
<td>71F</td>
<td>Sender’s Charges</td>
<td>71F</td>
<td>No</td>
</tr>
<tr>
<td>71G</td>
<td>Receiver’s Charges</td>
<td>71G</td>
<td>No</td>
</tr>
<tr>
<td>72</td>
<td>Sender to receiver information</td>
<td>72</td>
<td>Yes</td>
</tr>
<tr>
<td>77B</td>
<td>Regulatory Reporting</td>
<td>77B</td>
<td>No</td>
</tr>
<tr>
<td>77T</td>
<td>Envelope Contents</td>
<td>77T</td>
<td>No</td>
</tr>
</tbody>
</table>
MT 104 Direct Debit and Request for Debit Transfer Message

Please note that, for MT104 Direct Debit message, which is defined as a multi-part message in the SWIFT standards, only one part per message is accepted.

<table>
<thead>
<tr>
<th>Tag</th>
<th>Field Name</th>
<th>Option letter</th>
<th>Support/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Mandatory Sequence A General Information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>File Sequence</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>21R</td>
<td>Customer specific Sequence</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>23E</td>
<td>Instruction Code</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>21E</td>
<td>Registration Sequence</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Requested Execution Date</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>51A</td>
<td>Sending Institution</td>
<td>51A No</td>
<td></td>
</tr>
<tr>
<td>50a</td>
<td>Instructing Party</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>Creditor</td>
<td>50K Yes</td>
<td>Yes. Format is [1!a][34x] – Account identifier</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35x – Name</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2*35x – Address</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>35x – Fiscal Code</td>
</tr>
<tr>
<td>52a</td>
<td>Creditor’s Bank</td>
<td>52A, 52C or 52D Yes. Usage is conditioned by the presence of field 52a in each part of the message. If a value is set in one message part, it will be used for the respective part, and if it is not set, this will be used.</td>
<td></td>
</tr>
<tr>
<td>26T</td>
<td>Transaction Type Code</td>
<td>26T No</td>
<td></td>
</tr>
<tr>
<td>77B</td>
<td>Regulatory Reporting</td>
<td>77B No</td>
<td></td>
</tr>
<tr>
<td>71A</td>
<td>Details of Charge</td>
<td>71A No</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>Sender to Receiver Information</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Mandatory Repetitive Sequence B Transaction Details</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Transaction Sequence</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>23E</td>
<td>Instruction Code</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>21C</td>
<td>Mandate Sequence</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>21D</td>
<td>Direct Debit Sequence</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>21E</td>
<td>Registration Sequence</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>32B</td>
<td>Currency and Transaction</td>
<td>32B Yes</td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>Instructing Party</td>
<td>50a</td>
<td>No</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------</td>
<td>-----</td>
<td>----</td>
</tr>
</tbody>
</table>
| 50           | Creditor          | 50K | Yes. Format is 
|              |                   |     | \[/1!a\][/34x] – Account identifier 
|              |                   |     | 35x – Name 
|              |                   |     | 2*35x – Address 
|              |                   |     | 35x – Fiscal Code |
| 52a          | Creditor’s Bank   | 52A, 52C or 52D | Yes. If present, this value will be used instead of the one present in the General Information header (if any). |
| 57a          | Debtor’s Bank     | 57A, 57C or 57D | Yes |
| 59           | Debtor            | No Letter Option | Yes. Format is 
|              |                   |     | \[/1!a\][/34x] – Account identifier 
|              |                   |     | 35x – Name 
|              |                   |     | 2*35x – Address 
|              |                   |     | 35x – Fiscal Code |
| 70           | Remittance        | Yes |
|              | Information       | |
| 26T          | Transaction Type  | 26T | No |
|              | Code              | |
| 77B          | Regulatory        | 77B | No |
|              | Reporting         | |
| 33B          | Currency and      | 33B | No |
|              | Original Ordered  |     | |
|              | Amount            | |
| 71A          | Details of Charge | 71A | Yes |
| 71F          | Sender’s          | 71F | No |
|              | Charges/Amount    |     | |
| 71G          | Receiver’s        | 71G | No |
|              | Charges/Amount    |     | |
| 36           | Exchange Rate     | No  | |
| Optional Sequence C Settlement Details | |
| 32B          | Currency Code,    | 32B | Yes |
|              | Amount            |     | |
| 19           | Sum of Amounts    | No  | |
| 71F          | Sum of Sender’s   | 71F | No |
|              | Charges           |     | |
| 71G          | Sum of Receiver’s | 71G | No |
|              | Charges           |     | |
| 53a          | Sender’s          | No  | |
|              | Correspondent     |     | |
Annex A.3  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.


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 (refer Regulation No.55 dated 26/09/2007, 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 submitts to the Bank of Albania the forms:
   a. as specified in (refer Regulation No.55 dated 26/09/2007, Appendix D) for participation in central AECH;
   b. as in (refer Regulation No.55 dated 26/09/2007, Appendix G) for security devices and users in central AECH and AECH participant;
   c. As in (refer Regulation No.55 dated 26/09/2007, 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.

Annex A.4  Form for participation in AECH

Participant: 
BIC: 
Address: ________________________________

Contacts for resolving problems

<table>
<thead>
<tr>
<th>Contact persons for payments:</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First name, Surname</td>
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<table>
<thead>
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<td>Task that covers</td>
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<tr>
<td>E-mail</td>
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</table>

DATE_________________________  Signature_______________________
Annex A.5  Tip Contract

Participation contract in AEC (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 seered 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 AEC 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:


d) Regulation No.55 dated 26.09.2007 “On the functioning of Albania Electronic Clearing House (AEC), 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 AEC, 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 AEC 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 AEC 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. Debting 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 priory 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 deletes 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
Tip Contract

“On an amendment in participation Contract in AECH (Albanian Electronic Clearing House)

Article 1

This contract is executed by and between Bank of Albania, address: Rruga e “Dibrës”, Kompleksi Halili, Kulla B, Tirana”, Legally represented in this Agreement by the First Deputy Governor Mr. __________ and __________ Bank (hereinafter seered as “Direct participant”) with head office address ____, legally represented by its Executive Director, Mr. __________.

Article 2

In Article 10, after paragraph 1, paragraph 2 is added with the following content:

“Commissions charged on payment orders in ALL, that customers pays to banks, should not exceed ALL 500 for all outgoing payment orders in AECH, whereas no commission shall be charged on incoming payment orders”.

Article 3

This contract shall enter into force upon its signing by the parties.

On behalf of BANK OF ALBANIA

Name and signature of authorised person
In presence of:
Name and signature of witness

On behalf of PARTICIPANT

Name and signature of authorised person: 
In presence of: 
Name and Signature of witness
Annex A.6  Recording of contingency events

Bank ___________________________ for the month ___________ of year ___________

<table>
<thead>
<tr>
<th>Date of event</th>
<th>Time of event</th>
<th>Nature of problem</th>
<th>The undertaken operation</th>
<th>Time of problem adjustment</th>
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Send this report at the end of each month to the unit covering the support of AECH.
SECTION B

NATIONAL CURRENCY (LEK) CHEQUE CLEARING MANUAL
1. Legal grounds for cheque operation


c) Regulation No.83 of 15/11/2006 "On the Organization of Cheque Clearing denominated in Lek at the Bank of Albania".

2. Organization of cheque clearing denominated in Lek

2.1 Cheque Clearing Session

The clearing session shall take place each working day at 13:00 hrs, at the Bank of Albania's premises in Tirana.

During the cheque clearing session, participants shall exchange information on cheques denominated in Lek. The result of the cheque clearing session shall be calculated on a net multilateral basis and shall be submitted in the form of a net settlement instruction (see Annex B.4).

The clearing session shall be managed by an expert of the Payments Division, Payment Systems Department at the Bank of Albania.

2.2 Participation in the clearing session

Each bank shall be represented in the clearing session by its representative authorized for this purpose. The authorized representative shall be assigned by each bank according to application for membership in the clearing session (according to Annex B.1).

The bank shall be represented in the clearing session even in the case of having no cheques to send to participants, in order to receive documents from other participants.

Cheques available for receipt by the receiving bank, which are not received on the clearing session day, for regulation purposes and the return, shall be regarded as delivered on that day and the receiving bank shall be responsible of.

2.3 Preparation of pre-session documents

Before representation in the clearing session, the sending bank shall follow the procedure for preparing the required documents, as stipulated under Regulation No. 83 of 15/11/2006, Article No.6.

The sending bank shall complete the form for sending cheques denominated in Lek to the clearing session (according to Annex B.2) and two authorised persons (authorized signatures) shall sign it, based on written communication that
participants have had with each-other in accordance with Regulation No. 83 of 15/11/2006, Article No.5, point 4.

3. Procedure for clearing cheques denominated in Lek

3.1 Clearing session operation

Participants’ authorized representatives shall exchange cheque envelopes among themselves, in the cheque clearing session.

The receiving/sending bank shall immediately check the cheques, within the premises where the clearing session takes place, to ensure their regularity. In case of any irregularities, participants shall exclude those cheques from calculation of the session’s result.

After verifying the cheques, the authorized representatives shall complete the relevant form of the cheque clearing (see Annex B. 3) according to cheque type, either banking or personal, with the number and amounts of cheques received, based on information written on the back of the envelopes.

Participants shall calculate and enter in the completed form the net amount, on which the settlement account shall be debited or credited (in AIPS / SETS system) at the Bank of Albania, and then shall sign and deliver the completed form to the clearing session manager.

3.2 The result and closure of the clearing session

The manager of the cheque clearing session shall complete the net settlement instruction (NSI) form for all participants, according to cheque type, either banking or personal (see Annex B. 4) and shall check whether the amount of operations entered in Form B. 4 equals zero.

In case the amount of operations entered in Form B. 4 is not equal to zero, the manager shall identify and correct the error in the presence of the participants’ representatives. The manager shall notify the participants’ representatives of the net clearing position of the session, shall declare the cheque clearing session closed and then shall sign the Annex B. 4.

4. Settlement of the result of clearing session via AIPS system

The manager of the clearing session, after declaring the session closed, shall deliver the net settlement instruction (NSI) to the AIPS office, according to Annex B. 4, with the clearing session result completed as stipulated in paragraph 3.2, to proceed pursuant to the procedures and operating schedule of this system (as set forth under Decision No.12 of 23/02/2011, Appendix A – AIPS operating schedule).

At the same time, the manager shall prepare and deliver the accounting documents, to send them to participating banks via accounting mail.
5. Exclusion from liability

The Bank of Albania shall not be liable for any losses incurred by any bank(s) with respect to its participation in the clearing session, except in the case of the Bank of Albania’s own negligence or mismanagement of the clearing sessions.

Except the above-specified cases, clearing participants shall not be liable for any damages arising from breach of obligations set forth in this manual, which are due to declaration of emergency situations, wars, strikes, demonstrations, other civil disturbances, natural disasters, any other circumstances beyond their control, or any other force majeure.
Annex B.1 Participation application form

Bank ___________________________

APPLICATION

Date:                _________

From:                Bank ___________________________

To:                Bank of Albania
                     System Payment Department, Tirana
Reference:    Participation in the daily clearing of cheques denominated in LEK

1) Once getting knowledge of the regulation “On the clearing organization of cheques denominated in LEK taking place in the Bank of Albania”, we submit our application to participate in the service of cheques clearing denominated in LEK, held from the Bank of Albania.

2) We declare to have knowledge and to accept the signed agreements aiming the cheques operation in LEK.

3) Please find enclosed the names of the authorized representatives in the cheques clearing as follows:

      Mr. /Ms. ___________________________________

      Mr. /Ms. ___________________________________

Manager

_________________________________

Name Surname, signature
Annex B.2  Form to be fill in for sending cheques denominated in LEK in the clearing session

Bank ________________________________

SENDING OF CHEQUES IN CLEARING:  □ BANKING    □ PERSONAL

Date _________

Bank ________________________________ (acceptable)

For the
Bank ________________________________ (issued)

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<thead>
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<th>No.</th>
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</table>

Total

Note:
__________________________________________________________________________
__________________________________________________________________________

Authorized signature                                                         Authorized signature

Name Surname, signature
signature

Name Surname,
Annex B.3  Cheques clearing form

Bank ___________________________

Clearing of cheques

- BANKING
- PERSONAL

Date___________

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<th>The received amount (D)</th>
<th>Net amount</th>
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</table>

Signature of representative in the clearing

Name Surname, signature
Annex B. 4  Net settlement instructions

BANK OF ALBANIA

*Clearing of cheques* □ BANKING       □ PERSONAL

Date ___________

<table>
<thead>
<tr>
<th>No. Account</th>
<th>Participating banks</th>
<th>Net to be debited</th>
<th>Net to be credited</th>
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</thead>
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<tr>
<td>Total</td>
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</table>

Signature of clearing session manager

Name Surname, signature
