

Pursuant to Article 145, paragraph 1 of the Law on Payment Services (RS Official Gazette Nos 139/2014 and 44/2018) and Article 59, paragraph 2 of the Law on the National Bank of Serbia (RS Official Gazette, Nos 72/2003, 55/2004, 85/2005 – other law, 44/2010, 76/2012, 106/2012, 14/2015, 40/2015 – CC decision and 44/2018), the Governor of the National Bank of Serbia hereby issues

OPERATING RULES OF THE IPS PAYMENT SYSTEM OF THE NATIONAL BANK OF SERBIA

Basic Provisions

Subject matter

1. These Rules regulate the operation of the payment system which is operated by the National Bank of Serbia and which is used for the transfer of dinar funds between participants in that system for the purpose of executing instant credit transfers (hereinafter: NBS IPS system).

The transfer of funds referred to in paragraph 1 of this Section shall be executed based on individual transfer orders of participants in gross amount, for the purpose of crediting funds to the account of other participant immediately upon the fulfilment of conditions for the execution of these orders in the manner and within the deadline set by these Rules.

For the purpose of execution of transfer orders in the NBS IPS system – the NBS IPS system shall be integrated with the RTGS payment system of the National Bank of Serbia (hereinafter: NBS RTGS system).

Instant credit transfer referred to in paragraph 1 hereof is defined by the decision governing general rules for the execution of instant credit transfers.

Definitions

2. For the purposes of these Rules, the following definitions shall apply:

1) **participant** means a person who participates in the NBS IPS system in accordance with these Rules and holds an IPS account through which transfer orders are executed in this system;

2) **direct participant** means a participant in the NBS RTGS system who has a separate account in the NBS RTGS system for the purpose of executing transfer orders in the NBS IPS system (hereinafter: RTGS-IPS account);

3) **indirect participant** means a participant who cannot be a participant in the NBS RTGS system and who is in a contractual relationship with one direct participant based on which it is enabled to execute transfer orders in the NBS IPS system;

4) **transfer order** means an instruction in the NBS IPS system by which a participant orders that a certain amount of funds be made available to the recipient of funds – other participant within the NBS IPS system;

5) **IPS account** means a participant's account which is in the NBS IPS system used to execute transfer orders and which is via the built-in interface connected with a particular RTGS-IPS account;

6) **RTGS-IPS account** means other account within the meaning of Section 12, item 3) of the Operating Rules of the NBS RTGS System, which is opened, maintained and closed for a direct participant in accordance with those Rules for the purpose of execution of transfer orders in the NBS IPS system, and which is for this purpose connected with one or more IPS accounts;

7) **Business Identifier Code (BIC)** means the 11-digit identifier code which the participant uses in the NBS IPS system, defined by ISO standard No 9362;

8) **reserve funds in the IPS account** mean funds in the IPS account which may not be used up to the amount from the transfer order until such order is executed in accordance with these Rules;

9) **limit on the IPS account** means the maximum amount up to which the debit to the IPS account, increased by the reserve funds in this account, may exceed the credit to that account at any moment, and which is set for the purpose of managing financial risk in the NBS IPS system;

10) **available funds in the IPS account** mean funds that may be used for the execution of transfer orders through the IPS account, consisting of the limit on this account increased by all credits to that account and reduced by all debits to that account and by all reserve funds in that account;

11) **inability to settle obligations** means a participant's inability to settle its obligations due to the issuance of a decision on revocation of the participant's licence and/or an act passed by a relevant body on opening bankruptcy proceedings or taking other measures under the law intended to wind up or reorganise the participant and involving the imposition of a ban on the disposal of funds in the IPS account.

Participants

3. Participants in the NBS IPS system may be the following:
- 1) National Bank of Serbia;
 - 2) a bank seated in the Republic of Serbia, licensed by the National Bank of Serbia, in accordance with the law governing banks;
 - 3) ministry in charge of finance of the Republic of Serbia – Treasury Administration;
 - 4) payment institution headquartered in the Republic of Serbia that is licensed by the National Bank of Serbia to provide payment services as a payment institution, in accordance with the law governing payment services;
 - 5) electronic money institution headquartered in the Republic of Serbia licensed by the National Bank of Serbia to issue electronic money, in accordance with the law governing payment services;
 - 6) public postal operator headquartered in the Republic of Serbia and incorporated in accordance with the law governing postal services.

Persons from paragraph 1 hereof, items 4) to 6), may be participants in the NBS IPS system if they provide payment services which include credit transfer.

Persons from paragraph 2 hereof may only be indirect participants in the NBS IPS system.

The National Bank of Serbia shall enable the person from paragraph 2 hereof to indirectly participate in the NBS IPS system in such a way that:

- 1) such person submits and/or receives transfer orders in the NBS IPS system directly; or
- 2) direct participant submits and/or receives transfer orders in the NBS IPS system on behalf of that person.

Provisions of these Rules pertaining to the participant and/indirect participant shall accordingly apply to the person referred to in paragraph 2 hereof which participates indirectly in the manner referred to in paragraph 4, item 1) hereof.

The person referred to in paragraph 2 hereof which participates indirectly in the manner referred to in paragraph 4, item 2) hereof shall

have indirect access to the NBS IPS system via the direct participant, shall not be connected to this system and shall not be subject to the provisions of these Rules (hereinafter: person with indirect access).

4. Transfer orders which direct participant submits and/or receives in the NBS IPS system on behalf of the person with indirect access, as well as the refund under those orders, shall be subject to the provisions of these Rules governing the execution of transfer orders and/or refund of participants' funds.

A direct participant shall be accountable to the person with indirect access for submission of notifications and information which it receives in accordance with these Rules in relation to the execution of transfer orders from paragraph 1 hereof and the refund from that paragraph.

In case of a person with indirect access – the receipt of transfer orders in the NBS IPS system may be performed only through one direct participant.

A direct participant shall notify the National Bank of Serbia about the person which has direct access to the NBS IPS system via that participant and shall also notify the National Bank of Serbia about any changes regarding that access.

The notification referred to in paragraph 4 hereof shall contain in particular: business name, place and address of the head office of the person with indirect access, ID number of that person, information on whether the direct participant submits and/or receives transfer orders on behalf of that person.

Based on the notification referred to in paragraph 4 hereof, the National Bank of Serbia shall establish and make available to participants the appropriate unique identifier in the structure corresponding to the business identifier code for the person specified in this notification, which is to be used in the submission and execution of transfer orders on behalf of that person, as well as in the refund based on those orders.

Connection and participation

Application for connection

5. For the purposes of direct participation and indirect participation in the NBS IPS system, within the meaning of Section 3, paragraph 4, item 1) of these Rules, the person referred to in Section 3, paragraph 1 items 2) to 6) of these Rules shall submit to the National Bank of Serbia the application for connection to that system on the form IPS_NBS1 given in Annex 1, which is integral to these Rules.

In the application for connection from paragraph 1 hereof, the person from Section 3, paragraph 1, items 2) and 3) of these Rules shall specify the business identifier code (BIC) it uses in the NBS RTGS system, which it shall also use in the NBS IPS system.

The person from Section 3, paragraph 1, items 4) to 6) of these Rules which has a registered business identifier code (BIC) shall enter that code in the application for connection from paragraph 1 hereof and if it does not have this code, the NBS shall assign an appropriate substitute for that code to be used exclusively in the NBS IPS system.

Documentation to be submitted along with the application for connection

6. Along with the application for connection to the NBS IPS system, the person from Section 5, paragraph 1 of these Rules shall also submit:

- 1) information about the security administrator – on the form IPS_NBS2;
- 2) information about the contact person – on the form IPS_NBS3;
- 3) confidentiality statement – on the form IPS_NBS4.

A person submitting an application for connection to the NBS IPS system as an indirect participant shall also enclose with the application, along with the documents referred to in paragraph 1 hereof, the consent of the direct participant confirming that such person should be enabled to execute transfer orders in the NBS IPS system as indirect participant through this direct participant.

The person from paragraph 2 hereof shall submit the consent of the direct participant from that paragraph on the form IPS_NBS5.

The contents of forms from paragraphs 1 and 3 hereof are specified in Annexes 2 to 5, which are integral to these Rules.

Along with the application for connection to the NBS IPS system and in the procedure of deciding on the application, the applicant shall also

submit other documents and/or data which the NBS deems necessary for assessing the fulfilment of conditions for connection to and participation in the NBS IPS system.

Submission of technical documents to the applicant, testing and assessing the application

7. Upon receiving a duly completed application for connection to the NBS IPS system, the National Bank of Serbia shall submit and/or make available to the person which submitted this application the technical documentation regarding the NBS IPS system and all other information that person needs in order to perform the testing and connection and participation in the work of that system.

If the National Bank of Serbia establishes that the applicant for connection to the NBS IPS system meets all the conditions for connection and participation in that system and if such person has successfully conducted all the required tests, the National Bank of Serbia shall inform the applicant thereof, and submit to that person the draft contract on connection to the NBS IPS system and other necessary information with a view to concluding such contract.

If the National Bank of Serbia establishes that the applicant for connection to the NBS IPS system does not meet the conditions for connection to and participation in that system and/or if such person has not implemented successfully all the required tests, the National Bank of Serbia shall inform the applicant that its application was rejected, stating the reasons for the rejection.

Technical documentation of the NBS IPS system is a set of documents which in particular governs the format and elements of messages used in the NBS IPS system and technical and technological conditions of connection to and participation in the NBS IPS system and the National Bank of Serbia makes this documentation available at the FTP server of the National Bank of Serbia.

Acquiring participant status and connection to the NBS IPS system

8. By concluding the agreement on connection to the NBS IPS system, the applicant referred to in Section 7, paragraph 2 of these Rules agrees to the binding effect of those Rules on that person.

In the agreement from paragraph 1 hereof the day of acquiring the participant status shall be particularly designated as the day from which the participant shall be enabled to submit and accept transfer orders in the NBS IPS system.

Upon concluding the agreement from paragraph 1 hereof, the National Bank of Serbia shall connect the participant to the NBS IPS system by applying the appropriate internal procedures, while ensuring the preservation of safe and sound operation of the NBS IPS system and NBS RTGS system.

Change of direct participant through which indirect participant executes transfer orders

9. An indirect participant may change the direct participant through which it is enabled to execute transfer orders in the NBS IPS system.

An indirect participant which intends to change the direct participant referred to in paragraph 1 hereof shall submit to the National Bank of Serbia, along with the consent of the new direct participant on the form IPS_NBS 5, the application for the change of direct participant on the form IPS_NBS 6 given in Annex 5 which is integral to these Rules, not later than 15 days before the planned date of change of the direct participant.

Upon receiving the duly completed documentation referred to in paragraph 2 hereof, the National Bank of Serbia shall change the direct participant by applying the appropriate internal procedures while ensuring the preservation of safe and sound operation of the NBS IPS system and NBS RTGS system regardless of the legal relationship between the indirect participant and direct participant which is being changed.

List of participants in the NBS IPS system and submission of data on those participants

10. The National Bank of Serbia shall maintain and publish on its website a list of participants containing the following data:

- 1) the business name or name of the participant;
- 2) the participant's email for communicating with that participant about the participation in the NBS IPS system;
- 3) the date on which the participant has been connected to the NBS IPS system;

4) any other data which the National Bank of Serbia deems should be published for the purposes of operation of the NBS IPS system, and/or needs of participants or users of payment services of participants in that system.

In the list from paragraph 1 hereof the National Bank of Serbia shall also publish data referred to in that paragraph about the person with indirect access.

Participants shall regularly and timely inform the National Bank of Serbia on all changes of data from paragraphs 1 and 2 hereof, and other data submitted in accordance with these Rules and they shall also immediately submit those data at the National Bank of Serbia's request.

IPS accounts

Opening an IPS account

11. With a view to connecting a participant to the NBS IPS system, the National Bank of Serbia shall open an IPS account for the participant based on the agreement on connection to the NBS IPS system and shall also open an RTGS-IPS account in the NBS RTGS system for the direct participant based on this agreement.

Account structure

12. An IPS account shall be structured as determined by the decision governing the unique structure of current accounts and the decision governing unique identification numbers of payment service providers (908 – account number – control number). The NBS shall determine the account number in the structure of this account in such a manner that it contains designation 55 and the unique identification number of a participant in the NBS IPS system (000000055XXX).

By way of exception from paragraph 1 hereof, the National Bank of Serbia shall determine the unique identification number of the participant from Section 3, paragraph 1, items 4) and 5) of these Rules, taking into account the register of these participants which the National Bank of Serbia keeps in accordance with the law governing payment services, while for the participant from Section 3, paragraph 1, item 6) of these Rules the National Bank of Serbia shall determine a separate unique identification number.

The National Bank of Serbia shall make available to participants the overview of IPS accounts and BIC of all participants through the NBS IPS system.

Link between the IPS account and RTGS-IPS account

13. Transfer orders in the NBS IPS system shall be executed by debiting and/or crediting an IPS account by the amount from the transfer order, where the basis for the execution of those orders shall be the funds in the RTGS-IPS account to which the debited/credited IPS account is linked.

A participant may have only one IPS account linked to precisely one RTGS-IPS account for the purpose of executing transfer orders in the NBS IPS system.

The IPS account of a direct participant is linked to its RTGS-IPS account, while the IPS account of an indirect participant is linked to the RTGS-IPS account of the direct participant through which the indirect participant is enabled to execute transfer orders in the NBS IPS system.

The RTGS-IPS account of one direct participant may be linked to as many IPS accounts of indirect participants as there are indirect participants to which the direct participant enables the execution of transfer orders in the NBS IPS system.

If an indirect participant changes its direct participant in the NBS IPS system in accordance with Section 9 of these Rules – the IPS account of that indirect participant shall be linked with the RTGS-IPS account of a new direct participant, thereby breaking the link of that IPS account with the RTGS-IPS account of the previous direct participant.

Limit on IPS account

14. The National Bank of Serbia shall enable a direct participant to set a limit on each IPS account linked to its RTGS-IPS account.

The direct participant shall set a limit on the IPS account by an appropriate electronic message (hereinafter: message) in accordance with the instruction governing the type and purpose of messages used in the NBS IPS system (hereinafter: Instruction), given in Annex 7 that is integral to these Rules.

The direct participant may at any moment set a new limit on the IPS account which is linked to its RTGS-IPS account, but only if, when such limit is applied, the available funds in that IPS account are above or equal zero.

If the conditions from paragraph 3 of this Section are not met, the NBS IPS system shall, without delay, reject the message of the direct participant on setting the limit and inform the participant thereof by an appropriate message, in accordance with the Instruction.

Executing transfer orders

Receipt of the transfer order in the NBS IPS system

15. The NBS IPS system shall receive a transfer order sent by the participant (hereinafter: participant-sender) as correct, if it meets the following conditions:

- 1) it is submitted in the message in accordance with the Guidelines and technical documentation of the NBS IPS system;
- 2) it is submitted in accordance with the guidelines governing issuance, exchange and protection of electronic messages in payment systems of the National Bank of Serbia.

The NBS IPS system shall without delay reject a transfer order that does not meet the conditions from paragraph 1 hereof, of which the participant-sender shall be notified by an appropriate message in accordance with the Guidelines.

Reservation of funds

16. If the transfer order is correct, the NBS IPS system shall reserve the funds in the amount specified in the transfer order on the IPS account of the participant-sender.

Reservation of funds referred to in paragraph 1 hereof may be performed only if the following conditions are met at the time of verification:

- 1) the amount in the transfer order is lower than the available balance in the IPS account of the participant-sender;
- 2) the amount in the transfer order is lower than the funds in the RTGS-IPS account to which the IPS account of the participant-sender is

linked, increased by credits to all IPS accounts linked to that account and reduced by all debits to those accounts and the funds reserved in those accounts – except when the transfer order is executed between IPS accounts linked to the same RTGS-IPS account.

The NBS IPS system shall without delay reject a transfer order that does not meet the conditions from paragraph 2 hereof, of which the participant-sender shall be notified by an appropriate message in accordance with the Guidelines.

If the conditions from paragraph 2 hereof are met, the NBS IPS system shall reserve the funds in the IPS account of the participant-sender in the amount specified in that transfer order.

The reserve funds from paragraph 4 hereof may not be used for the execution of other transfer orders in the NBS IPS system while the reservation of funds for that transfer order applies.

Recipient's response upon receipt of transfer order

17. The transfer order for which the reservation of funds referred to in Section 16, paragraph 4 of these Rules has been performed shall be forwarded to the participant specified in the order as the recipient of funds (hereinafter: participant-recipient),

The participant-recipient shall send the response on acceptance/non-acceptance of the transfer order by an appropriate message in accordance with the Guidelines.

The time within which the recipient is required to send the response from paragraph 2 hereof to the NBS IPS system is 5 seconds from receiving the transfer order.

The National Bank of Serbia may establish that the NBS IPS system shall not wait for the response from paragraph 2 hereof and that it shall be considered that the participant from that paragraph sent the correct message on acceptance of the transfer order – if it deems this to be necessary for the protection of financial and operational stability of the NBS IPS system and its participants.

If the participant-recipient is a bank keeping less than 10,000 current accounts of payment service users – the National Bank of Serbia shall determine that the NBS IPS system shall not wait for the response from

paragraph 2 hereof and that it shall be considered that the participant from that paragraph submitted the correct message on acceptance of the transfer order, unless required otherwise by that bank.

*Crediting the IPS account of a participant-recipient
(accepting transfer orders)*

18. If the participant-recipient submits a correct message on acceptance of the transfer order, the NBS IPS system shall debit the IPS account of the participant-sender by the amount from the transfer order using the reserve funds from Section 16, paragraph 4 of these Rules and credit the IPS account of the participant-recipient by the same amount, after which such order shall be considered executed (hereinafter: executed transfer order).

Participants from paragraph 1 hereof shall be informed about the executed transfer order by an appropriate message, in accordance with the Guidelines.

If the participant-sender, and/or participant-recipient is an indirect participant – the NBS IPS system shall inform also the direct participant with whose RTGS-IPS account the IPS account of this indirect participant is linked about the executed transfer order by an appropriate message, in accordance with the Guidelines.

Non-acceptance of transfer orders

19. If the participant-recipient sends a correct message on non-acceptance of the transfer order, and also if the time for waiting the response of the participant-recipient from Section 17, paragraph 3 of these Rules has expired – except in the case from paragraphs 4 and 5 of that Section, the NBS IPS system shall reject the transfer order, release the reserve funds from Section 16, paragraph 4 of these Rules and inform the participant-sender and participant-recipient thereof by an appropriate message, in accordance with the Guidelines.

If the participant-recipient sends the response from Section 17, paragraph 2 of these Rules in an incorrect message, the NBS IPS system shall inform the participant thereof by an appropriate message in accordance with the Guidelines, and if, due to that, the time for waiting the response of the participant-recipient from Section 17, paragraph 3 of these Rules expires, paragraph 1 of this Section shall apply.

If the NBS IPS system receives from the participant-recipient the message about rejection of the transfer order for technical reasons, paragraph 1 hereof shall accordingly apply.

Establishing the status of a transfer order

20. If within 25 seconds from the moment of submission of the transfer order to the NBS IPS system they do not receive an appropriate message from this system in accordance with Sections 15 to 19 of these Rules, the participant-sender or participant-recipient may undertake appropriate actions in order to obtain information about the status of the transfer order in the NBS IPS system.

Sequence of order execution

21. Execution of transfer orders in the NBS IPS system shall be performed through the IPS accounts according to the time of receipt of these orders (FIFO mechanism First In First Out), without the option to change the sequence of receipt of those transfer orders.

Notwithstanding paragraph 1 hereof, the sequence of execution of transfer orders through IPS accounts of participants may be different from the time of receipt of those orders due to systemic solutions in participants and the process of execution of transfer orders established by these Rules (e.g. the time the recipient needs to submit the message on acceptance of the transfer order).

Aggregate information about the execution of transfer orders

22. The NBS IPS system shall submit to participants aggregate information about the execution of transfer orders and changes in IPS accounts in pre-set intervals and at their request.

Refund after the execution of a transfer order

Refund application

23. The participant may initiate a refund application through the NBS IPS system based on the executed transfer order no later than 10 days

upon the execution of that order, by submission of an appropriate message in accordance with the Guidelines.

The refund application referred to in paragraph 1 hereof (hereinafter: refund application) may be submitted only by the participant who was the participant-sender of the executed transfer order in relation to which the refund is requested (hereinafter: participant-sender of the application).

The participant to whom the refund application is forwarded may be only the participant who was the participant-recipient of funds from the executed transfer order on the basis of which this application is submitted (hereinafter: participant-recipient of the application).

Verification of correctness of refund applications

24. The NBS IPS system shall without delay reject a refund application which does not meet the conditions from Section 15, paragraph 1 and Section 23 of these Rules, of which the participant-sender of the application shall be informed by an appropriate message in accordance with the Guidelines.

Response of other participant and conditions for the refund

25. The correct refund application shall be forwarded to the participant-recipient of the application.

The participant-recipient of the application shall send the response on acceptance/non-acceptance of the refund application by an appropriate message in accordance with the Guidelines, and if it does not accept the application, it shall state in the message the reasons for non-acceptance.

The participant-recipient of the application may submit the response on acceptance of the refund application from paragraph 3 hereof by no later than 20 days from the day of execution of the transfer order to which such application pertains.

The refund may be executed only if the following conditions are met:

1) the participant-recipient has submitted a message on acceptance of the refund application, the message meeting the conditions

from Section 15, paragraph 1 of these Rules and being submitted within the deadline from paragraph 3 hereof;

2) the amount from the message on acceptance of the refund application is equal or lower than the amount from the executed transfer order in relation to which the refund is executed;

3) the amount from the message on acceptance of the refund application is lower than the available balance in the IPS account of the participant-recipient of the application;

4) the amount in the message on acceptance of the refund application is lower than the balance in the RTGS-IPS account to which the IPS account of the recipient of the refund application is linked, increased by credits to all IPS accounts linked to that account and reduced by all debits to those accounts and the reserve funds in those accounts – except when the refund is executed between IPS accounts linked to the same RTGS-IPS account.

Refund execution

26. If the participant-recipient of the application submits the message on acceptance of the refund application that meets all the requirements from Section 25, paragraph 4 of these Rules, the NBS IPS system shall execute the refund by debiting the IPS account of the participant-recipient of the application and crediting the IPS account of the participant-sender of the application by the amount from the message about the acceptance of the refund application.

The NBS IPS system shall inform the participants from paragraph 1 hereof about the refund by an appropriate message in accordance with the Guidelines.

If the participant-sender of the application, and/or participant-recipient of the application is an indirect participant – the NBS IPS system shall inform also the direct participant with whose RTGS-IPS account the IPS account of this indirect participant is linked about the executed refund by an appropriate message, in accordance with the Guidelines.

Non-acceptance of the refund application

27. If the participant-recipient of the application submits a message on non-acceptance of the refund application which is correct within the meaning of these Rules, the NBS IPS system shall inform the participant-sender about the non-acceptance of its application by an appropriate message in accordance with the Guidelines.

Rejection of the response to the refund application and special rule concerning the refund application

28. If the participant-recipient of the application submits a message about the acceptance of the refund application which does not meet the conditions from Section 25, paragraph 4 of these Rules, the NBS IPS system shall reject the response to the refund application and inform the participant-recipient of the application thereof by an appropriate message in accordance with the Guidelines.

If the participant-recipient of the application submits a message about the non-acceptance of the refund application which is not correct within the meaning of these Rules, the NBS IPS shall reject the response to the refund application and inform the participant-recipient of the application thereof by an appropriate message in accordance with the Guidelines.

If the participant-recipient of the application does not send a correct response to the refund application by the expiry of the deadline from Section 25, paragraph 3 of these Rules – after that deadline it may only send a response about the non-acceptance of that application and the refund may not be executed by the message from Section 26, paragraph 1 of these Rules, but has to be executed in some other way agreed upon by the participant-recipient and participant-sender of the application.

Refund without a refund application

29. The participant-recipient of funds from the executed transfer order may within 20 days from the date of execution of this order and without prior application of the participant-sender of the order make a refund to the sender based on that order through the NBS IPS system.

The refund referred to in paragraph 1 hereof shall be executed by an appropriate message in accordance with the Guidelines (hereinafter: the refund order).

A refund order shall be considered correct and may be executed only if the following conditions are met:

1) the refund order meets the conditions from Section 15, paragraph 1 of these Rules and is submitted within the deadline from paragraph 1 hereof;

2) the amount from the refund order is equal or lower than the amount from the executed transfer order based on which the refund is made;

3) the amount from the refund order is lower than the available balance in the IPS account of the order sender;

4) the amount in the refund order is lower than the balance in the RTGS-IPS account to which the IPS account of order sender is linked, increased by credits to all IPS accounts linked to that account and reduced by all debits to those accounts and the reserve funds in those accounts – except when the refund is executed between IPS accounts linked to the same RTGS-IPS account.

If the refund order does not meet the conditions from this Section, the NBS IPS system shall reject this order and inform the order sender thereof by an appropriate message in accordance with the Guidelines.

Refund and rights and obligations from the Law on Payment Services

30. Provisions of these Rules pertaining to the refund in the NBS IPS system shall not be to the prejudice of the provisions of the law governing payment services pertaining to the responsibility related to the execution of payment transactions and refund of payment transactions, nor the possibility of a refund of the amount from the payment order outside the NBS IPS system.

Financial and operational risk management

Ensuring of available funds and the amount in the transfer order

31. Each participant shall be responsible for ensuring the available funds for the execution of transfer orders in the NBS IPS system, and if it is an indirect participant – the availability of funds in its IPS account shall be the subject of the contract between this participant and the direct participant to whose RTGS-IPS account its IPS account is linked.

The cap limit for individual transfer orders executed in the NBS IPS system shall be RSD 300,000.

Monitoring the available balance

32. The National Bank of Serbia shall enable participants to monitor, at any moment, the system operation, including the available balance in their IPS account and the status of their transfer orders in the NBS IPS system.

After each determining of an RTGS-IPS account balance in the NBS RTGS system in accordance with the operating rules of that system, the NBS IPS system shall apply automatic increase/decrease of limits in IPS accounts of participants and shall send to participants a report on the current balance in their IPS accounts by an appropriate message in accordance with the Guidelines.

The National Bank of Serbia shall enable a direct participant to have, at all times, an insight into the balance of its RTGS-IPS account, and to monitor the available balance in all IPS accounts linked to that account, including the reporting to that participant in the case from paragraph 2 hereof, by an appropriate message in accordance with the Guidelines.

Parameter of spending in the system

33. For the purpose of managing financial risk, the National Bank of Serbia shall set a unique parameter of spending of funds for the execution of transfer orders in the NBS IPS system – the spending limit in each IPS account, and/or on utilisation of funds in the RTGS-IPS account (e.g. 80% utilisation of funds).

The NBS IPS system shall automatically send a notification to participants about the established spending parameter from paragraph 1 hereof, by an appropriate message in accordance with the Guidelines.

Obligation to ensure continuous information and technical connection with the system

34. The participant shall at all times be connected with the IT infrastructure of the National Bank of Serbia for the purpose of participating in the NBS IPS system in accordance with the technical documentation of the NBS IPS system.

Information System Protection

35. The participant shall be responsible for adequately protecting the confidentiality, integrity and availability of resources of its information system functionally connected with the NBS IPS system and shall ensure

adequate internal control activities for the purpose of protection from unauthorized access to such resources.

The participant shall ensure the protection of messages defined by the Guidelines in accordance with the guidelines regulating issuing, exchange and protection of electronic messages in payment systems of the National Bank of Serbia.

The National Bank of Serbia shall verify messages exchanged with participants pursuant to these Rules, in accordance with the guidelines regulating issuing, exchange and protection of electronic messages in payment systems of the National Bank of Serbia.

Obligations of the Security Administrator

36. The security administrator of a participant shall be in charge of:

- 1) configuring and administering the software provided by the National Bank of Serbia in accordance with the guidelines regulating issuance, exchange and protection of electronic transfer orders in payment systems of the National Bank of Serbia;
- 2) issuing and protecting transfer orders in accordance with guidelines on issuance, exchange and protection of electronic messages in payment systems of the National Bank of Serbia and
- 3) submission of a monthly written report to the National Bank of Serbia.

The report from paragraph 1, item 3) hereof shall contain in particular:

- 1) information about the implementation of measures laid down in Section 35 of these Rules;
- 2) records on operational problems in the work of participants;
- 3) information about changes to information system resources of a participant that are functionally connected with the NBS IPS system.

The security administrator shall submit the report from paragraph 1, item 3) hereof by no later than the 10th day of the month for the prior month.

Operational problems in the work of participants

37. A participant unable to execute transfer orders in the NBS IPS system due to operational problems shall resolve such problems

independently, but is required to notify the National Bank of Serbia thereof without delay.

The security administrator of the participant referred to in paragraph 1 hereof shall submit a written notification to the National Bank of Serbia no later than the subsequent business day after the occurrence of the operational problem from that paragraph, containing in particular the description of the operational problem and the manner of its resolution.

Ensuring system's business continuity

38. If regular operation of the NBS IPS system has been disabled by unforeseeable and unavoidable events, the National Bank of Serbia shall take contingency and business continuity measures.

The measures which the National Bank of Serbia may take within the meaning of paragraph 1 hereof shall include in particular the continuation of work of the NBS IPS system from a back-up location.

The National Bank of Serbia shall decide on the measures it takes to resolve emergency situations and ensure business continuity of the NBS IPS system assessing in particular the need to ensure that the suspension in operation of the system on a monthly basis does not last longer than two hours and 30 minutes after the occurrence of the event from paragraph 1 hereof, while ensuring that no data are lost.

The National Bank of Serbia shall timely inform the participants about the occurrence of the event from paragraph 1 hereof and submit appropriate information to them, especially the description of the event, and instructions and recommendations relating to the participants' actions in this case.

The National Bank of Serbia may suspend the operation of the NBS IPS system for the particular purpose of managing ad hoc changes requiring such suspension, in accordance with the procedures it defines, which shall also include instructions relating to participants' actions in this case.

The National Bank of Serbia shall suspend the operation of the NBS IPS system, as referred to in paragraph 5 hereof, in the pre-set period of which it shall inform the participants in advance.

Testing the system, training and other preventive activities

39. At the request of the National Bank of Serbia, participants shall participate in regular and ad hoc testing of contingency and business continuity measures, as well as in training or any other preventive activities considered necessary by the National Bank of Serbia.

The National Bank of Serbia shall enable testing at a participant's request during the operation of the NBS IPS system at the time agreed between the participant and the National Bank of Serbia.

Exclusion from the NBS IPS system, fines and liability for damage

Exclusion from the system

40. The National Bank of Serbia may exclude a participant from the NBS IPS system permanently or temporarily in the following cases:

1) in the case of a direct participant's inability to settle obligations and/or if conditions for closing the account of this participant laid down in the decision regulating the terms and manner of opening, maintaining and closing of current accounts are met;

2) due to the expiration of an indirect participant's license for payment service provision or electronic money issuance;

3) if it does not act in accordance with these Rules;

4) if it does not act in accordance with the contract on connection to the NBS IPS system;

5) in any other case which may occur in relation to the participant, if the National Bank of Serbia assesses that this could pose a threat to the safety and soundness of the operation of the NBS IPS system.

If the National Bank of Serbia permanently or temporarily excludes a participant from the NBS IPS system, it shall immediately inform that and other participants thereof.

Exclusion due to inability to settle obligations

41. In the case from Section 40, item 1) of these Rules, the National Bank of Serbia shall permanently or temporarily exclude a direct participant from the NBS IPS system, and/or temporarily exclude from the system an indirect participant to which the direct participant enabled the execution of transfer orders in the system.

After excluding the participants from paragraph 1 hereof, the National Bank of Serbia shall stop receiving and executing transfer orders and refund applications or orders pertaining to those participants.

In case of a permanent exclusion of a direct participant from paragraph 1 hereof, the indirect participant from that paragraph shall undertake, without delay, all necessary actions for changing the direct participant which enables it to execute transfer orders in the NBS IPS system.

If conditions for changing the direct participant specified in Section 9 of these Rules become fulfilled, or if the National Bank of Serbia again connects to the NBS IPS system a direct participant which was temporarily excluded in accordance with paragraph 1 hereof, the National Bank of Serbia shall again connect to the NBS IPS system also the temporarily excluded indirect participant from that paragraph, inform that participant and other participants thereof and re-enable the execution of transfer orders of that direct/indirect participant and refund applications and orders pertaining to that participant.

The National Bank of Serbia and the indirect participant from paragraph 1 hereof shall take all reasonable and practical steps to mitigate any damage or loss which occurred or might occur due to the temporary exclusion of this indirect participant as a result of exclusion of the direct participant from that paragraph, and the National Bank of Serbia shall not be liable for any loss of that indirect participant which occurred or might occur due to that exclusion.

Exclusion due to termination of license validity

42. In the case from Section 40, item 2) of these Rules, the National Bank of Serbia shall permanently exclude the indirect participant from the NBS IPS system, after which it shall stop receiving and executing transfer orders and refund applications or orders pertaining to that participant.

Other cases of exclusion

43. In cases from Section 40, items 3) to 5) of these Rules, the National Bank of Serbia shall warn the participant that there are reasons for temporary exclusion from the NBS IPS system and set a deadline for the elimination of those reasons.

If the participant from paragraph 1 hereof does not eliminate the reasons for temporary exclusion within the deadline set in that paragraph, the National Bank of Serbia shall temporarily exclude that participant from the NBS IPS system and at the same time set a new deadline for the elimination of those reasons – after which it shall stop receiving executing transfer orders and refund applications or orders pertaining to that participant, and/or indirect participants to which that participant enables the execution of transfer orders which are also temporarily excluded and on whose exclusion Section 40, paragraph 5 of these Rules shall accordingly apply.

After the elimination of reasons due to which the participant from paragraph 2 hereof is temporarily excluded from the NBS IPS system, the National Bank of Serbia shall again connect that participant to the system, inform that participant and other participants thereof and enable the execution of orders and applications from paragraph 2 hereof pertaining to that participant.

If the indirect participant from paragraph 2 hereof does not remove the reasons for temporary exclusion within the new deadline referred to in that paragraph, the National Bank of Serbia may permanently exclude that participant from the NBS IPS system.

Fines

44. Separately from permanent or temporary exclusion of a participant from the NBS IPS system, the National Bank of Serbia may impose a fine on the participant which fails to act in accordance with the obligation established by these Rules or the agreement on connection to the NBS IPS system concluded with the National Bank of Serbia, and it shall be entitled, for the purpose of collecting that fine, to debit the participant's account maintained with the National Bank of Serbia.

If it finds that the participant failed to act in accordance with the obligation referred to in paragraph 1 hereof, the National Bank of Serbia shall issue an order for complying with that obligation and specify the deadline for executing the order.

If the participant fails to comply with the order from paragraph 2 hereof or breaches again the obligation to which the order pertains, the National Bank of Serbia may fine the participant RSD 200,000.00, along with sending another order for complying with the obligation and specifying the deadline for the execution of the order.

If the participant fails to comply with the new order from paragraph 3 hereof, the National Bank of Serbia may fine that participant up to RSD 2,000,000, depending on the severity of the established irregularity, the participant's behaviour and other circumstances under which the irregularity was committed.

In case of breaching the obligation from paragraph 1 hereof which poses a severe threat to the NBS IPS system or causes a significant damage to other participants in the system, the National Bank of Serbia may immediately impose the fine referred to in paragraph 4 hereof.

If the participant, after the imposition of the fine under paragraphs 4 and 5 hereof fails to remove the irregularity or repeats the violation of the obligation due to which the fine was imposed in the first place, the National Bank of Serbia may again impose on the participant the fine from paragraphs 4 and 5 hereof and it may do so several times, until the participant stops breaching that obligation.

It shall be considered that the breach of the obligation referred to in paragraph 1 of this Section is repeated, within the meaning of that Section, if the breach is committed again within one year after the National Bank of Serbia informed the participant about the last breach of the obligation.

Damage liability

45. The participant shall compensate to the National Bank of Serbia or to other participant any damage related to the operation of the NBS IPS system that occurs as a consequence of non-adherence to the provisions of these Rules by the participant which caused that damage, or as a consequence of any other action or omission of this participant which affects the operation of the NBS IPS system, and/or other participants in the system.

The actions and omissions of the participant referred to in paragraph 1 hereof shall include an action and omission of any other person which in the name or on behalf of the participant carries out certain tasks related to the operation of the NBS IPS system.

Special provisions

Assessing participant's preparedness for enabling the execution of instant credit transfers

45a. The National Bank of Serbia shall separately assess the preparedness of a participant to enable – within the NBS IPS system and in accordance with the obligations laid down in the decision governing general rules for execution of instant credit transfers – the execution of instant credit transfers, as follows:

- 1) by issuing a payment instrument whose use at the merchant's point of sale enables issuing of a request for payment at the point of sale;
- 2) by accepting a payment instrument whose use at the merchant's point of sale enables issuing of a request for payment at the point of sale;
- 3) in other way in which the participant is obliged to enable the execution of instant credit transfers.

The National Bank of Serbia shall make the assessment from paragraph 1 hereof based on:

- 1) assessment of security and efficiency of technical-technological solutions enabling the meeting of obligations from that paragraph – of which the participant shall inform the National Bank of Serbia prior to the day on which it is obliged to enable the execution of instant credit transfers referred to in that paragraph;
- 2) knowledge about other relevant circumstances under which the participants introduce the solutions from this paragraph.

The participant for which the assessment referred to in paragraph 2 hereof has proved that its technical-technological solution will not enable safe and efficient execution of instant credit transfers from paragraph 1 hereof, shall be notified thereof by the National Bank of Serbia. In the notification, the National Bank of Serbia shall specify the weaknesses which the participant is required to remove in order to enable safe and sound execution of instant credit transfers in the NBS IPS system, in accordance with its obligations. In this notification, the National Bank of Serbia may request from the participant to submit reports on the activities it has taken or will take in order to ensure the appropriate technical-technological solutions and/or enable the execution of instant credit transfers referred to in paragraph 1 hereof through application of those solutions.

The participant shall be obliged to comply with the notification referred to in paragraph 3 hereof.

If the participant has failed to meet its obligations specified in paragraph 1 hereof or failed to comply with the notification from paragraph 3 hereof, the National Bank of Serbia may take against that participant the measures that are prescribed by these Rules for non-compliant participants.

Provisions of this Section shall apply accordingly to a prospective participant.

Working hours of the NBS IPS system

46. Working hours of the NBS IPS system shall be from 00 to 24 hours every day in the year.

Cooperation within the NBS IPS system

47. Participants shall mutually cooperate in order to ensure smooth and quality operation of the NBS IPS system and, in case of any dispute on application of these Rules and execution of transfer orders in accordance with these Rules, they shall, at the request of the counterparty and as agreed with the counterparty, provide any data or proof reasonably requested by that counterparty for the purpose of clarifying or removing the dispute which occurred.

Exchange of electronic messages in the NBS IPS system

48. All messages specified in the Guidelines shall be exchanged in the NBS IPS system through the network of the National Bank of Serbia and the verification of their correctness shall accordingly be subject to the provisions of these Rules governing the verification of the correctness of transfer orders.

The time of receipt of messages from paragraph 1 hereof shall be determined according to the time of the NBS IPS system at the moment of the receipt.

The National Bank of Serbia shall enable the participants to synchronise the time of their systems with the time of the NBS IPS system.

Additional services in the NBS IPS system

49. The National Bank of Serbia shall enable additional services for participants through the infrastructure of the NBS IPS system. The terms and manner of provision of these services are specified in Annex 8 which is integral to these Rules.

Fees

50. The National Bank of Serbia shall charge a fee for the provision of services laid down by these Rules, in accordance with the decision on uniform fees charged for services provided by the National Bank of Serbia and shall be entitled to debit the participant's account maintained with the National Bank of Serbia in order to charge this fee.

Amendments to the Operating Rules of the NBS IPS system

51. The National Bank of Serbia may amend these Rules whereof it shall notify participants prior to the implementation of those amendments.

Responsible organisational unit of the National Bank of Serbia

52. Activities related to the operation of the NBS IPS system carried out in the National Bank of Serbia, as the system operator, shall be performed by the organisational unit in charge of payment system activities – the Payment System Department.

Final provisions

53. The application for connection to the NBS IPS system may be submitted to the National Bank of Serbia starting from 22 August 2018.

54. Section 17, paragraph 5 of these Rules shall cease to apply two years after the starting date of application of these Rules.

55. These Rules shall be published on the website of the National Bank of Serbia and become effective on the date of publication, and shall be applied as of 22 October 2018, except for the provisions regulating the submission of applications for connection to the NBS IPS system which shall be applied as of the effective date of these Rules.

22 August 2018
Belgrade

National Bank of Serbia

Dr Jorgovanka Tabaković