



Bank of South Sudan

Oversight Policy Framework for the National Payments System

MARCH 2026

Forward

I'm truly proud and feel a strong sense of duty as I introduce the Oversight Policy Framework for South Sudan's National Payment System (NPS). This document represents a major step forward in our mission to create a secure, efficient, and inclusive financial environment that fosters economic growth and stability.

As the central bank, the Bank of South Sudan has the crucial responsibility of ensuring the safety, efficiency, and integrity of our national payment infrastructure. Oversight is key in this role, helping us identify risks, encourage best practices, and drive innovation within our financial system. This framework lays out a clear approach to oversight, rooted in international standards but customized for the unique situation in South Sudan.

The timing of this policy framework is perfect, especially as we work on implementing the South Sudan Integrated Payment and Settlement System (SSIPSS) and expanding our financial sector. It showcases our dedication to transparency, accountability, and working together with stakeholders throughout the financial landscape.

I want to express my appreciation to the Oversight Division and everyone involved for their hard work and professionalism in putting this document together. I truly believe this framework will be a solid foundation for effective oversight and will guide us in ensuring the resilience and reliability of the National Payment System.

Let's move forward together to build a payment system that serves all South Sudanese with trust and efficiency.



Hon. Johnny Ohisa Damian
Governor
Bank of South Sudan



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Glossary

BIS	Bank for International Settlements
BoSS	Bank of South Sudan
CCP	Central counterparty
CPSS/CPMI	BIS Committee on Payment and Settlement Systems (since September 2014 renamed Committee on Payments and Market Infrastructures)
	Central Securities Depository
CSD	East African Community
EAC	East African Payments System
EAPS	Financial Market Infrastructure
FMI	International Organization of Securities Commissions
IOSCO	National Payments System
NPS	Oversight Policy Framework
OPF	CPSS-IOSCO Principles for Financial Market Infrastructures
PFMI	Payment Service Provider
PSP	Systemically Important Payment Systems
SIPS	Securities Settlement System
SSS	Trade Repository
TR	

1. Introduction

Payment systems provide channels through which funds are transferred among financial institutions to discharge the payment obligations arising in the financial markets and across the wider economy. As such, they are a vital part of the economic and financial infrastructure, and their efficient functioning contributes to overall economic performance. Payment systems by their very nature and the central role they play in the economy may also involve significant exposures and risks for participants and provide a channel for shocks to be transmitted across the financial system. They are the channels through which monetary policy is implemented and are required for credit extension on a collateralized basis. If payment and settlement systems, which facilitate the exchange of money for goods, services, and financial assets, are viewed as inefficient, unreliable or unsafe, this would erode public confidence in their use. For this reason, as the public institutions responsible for preserving public trust in the national currencies, and in line with their mandate for financial and monetary stability, central banks exercise a special form of supervision of payment systems called “oversight”, the aim of which is to ensure that national payment systems operate safely and efficiently.¹

The national payments system (NPS) comprises of the financial market infrastructures as well as retail payment systems, instruments, and payment service providers (PSPs). The term financial market infrastructure (FMI) refers to systemically important payment systems

¹ Oversight of payment and settlement systems is a central bank function whereby the objectives of safety and efficiency are promoted by monitoring existing and planned systems, assessing them against these objectives and, where necessary, inducing change. (2005 CPSS Report on central bank oversight of payment and settlement systems)

(SIPS), central securities depositories (CSDs), securities settlement systems (SSSs), central counterparties (CCPs), and trade repositories (TRs). When they operate efficiently, FMIs contribute to financial and overall economic stability and development. However, they concentrate risk and can be sources of financial shocks that can be transmitted across domestic and international markets.

Networks and platforms for the delivery of retail payments play an important role today in supporting financial access, especially in developing countries. Indeed, modern retail payment technologies are already being used in South Sudan to integrate under-served and non-served segments of the population into the formal financial sector and are central to the achievement of the authorities' financial inclusion goals.

2. Legal basis

The legal basis for the oversight of the NPS derives from the Bank of South Sudan 2011(Amendment), 2023. The Bank of South Sudan Act, 2011(Amendment),2023 mandates the Bank of South Sudan to (i) oversee the development and sound functioning of payment systems and system for transfer of securities issued by the government for the clearing and settlement of payment transactions and transaction in such securities; (ii) regulate and supervise banks and such other regulated

Entities as shall be submitted to its oversight in accordance with relevant legislation; (iii) collect economic and financial data related to its objectives and tasks under the Act.

The purpose of this document is to define and disclose the BoSS policy approach for the oversight of the NPS. It presents the oversight objectives and scope, the activities, instruments, and tools that the Bank will deploy in pursuit of the oversight objectives and the organizational arrangements for oversight.

3. Oversight objectives and considerations

The main objectives of NPS oversight are the following:

- Safety
- Efficiency
- Consumer protection

Market development (including through promoting competition and a level playing field)

In discharging its oversight responsibilities, the BoSS focuses primarily on ensuring their safety and efficiency, rather than the performance of individual participants within those systems. The BoSS focuses primarily on ensuring their safety and efficiency, rather than the performance of individual participants within those systems. In terms of monitoring payment instruments and service providers, the BoSS will take into account the risks these entities encounter in their operations, but its main priority will be the risks they pose to the broader National Payment System (NPS). Through its oversight, the BoSS aims to make sure that NPS operators and Payment Service Providers (PSPs) are effectively managing these risks. In recent years, the security risks relating to electronic payments have increased. This is due to the growing technical complexity of electronic payments, and their increasing volumes. Safe and secure payment services are a pre-condition for a well-functioning economy. The BoSS will carry out relevant activities in order to ensure that users of payment services are adequately protected against such risks.

The BoSS will ensure equivalent operating conditions to existing and new players on the market, enabling new means of payment to reach a broader market and ensuring a high level of consumer protection in the use of those payment services in the country. This should generate efficiencies in the payment system as a whole and lead to more choice, and more affordable services.

The BoSS will also act to improve public education and awareness and cooperate with the NPS stakeholders to promote the development of a modern, dynamic, and innovative market for the provision of payment services, with a view to making such services convenient, secure and accessible to the largest number of citizens.

4. Scope and instruments of oversight

As mandated by statute, the scope of the BoSS' oversight extends to all relevant components of the NPS² of South Sudan:

- Payment and securities settlement systems.
- Payment instruments and international remittance services; and

² The national payments system (NPS) comprises the financial market infrastructures (FMIs) as well as retail payment systems, instruments and payment service providers (PSPs).

- Payment services providers.

The BoSS designates all relevant components of the NPS: systems, instruments, and payment service providers (PSPs) that will be subjected to oversight and establishes the applicable standards. Identified systems, instruments and PSPs will be assessed against such standards. The BoSS will apply oversight requirements or standards in a consistent way to prevent competitive distortions between comparable systems or services. Central bank-operated systems that meet the selection criteria are also subject to oversight.

Under the scope of the oversight of the BoSS will be also relevant arrangements related to regional payment systems, such as East African Payments System (EAPS). The BoSS will be conducting a joint oversight of payment systems in the East African Community (EAC) in partnership with central banks of other states of the EAC, and will comply in this regard with the Oversight Framework for the EAPS and other relevant guidelines for joint oversight activities.

4.1 Designation of systems

Payment systems are deemed to be:

Systemically important – systems that are exposed to systemic risk, that is, the risk that the failure of one participant to meet its obligations in the system can result in other participants being unable to meet their obligations, thus endangering the financial system and the economy.

The criteria to designate payment systems as “systemically important” include:

- The system’s potential to create significant credit and liquidity exposures, or disruptions in the economy, should it fail to perform as expected.
- Whether the system is used to settle other systems.
- Whether substitutes are available at short notice.
- The system settles transactions for critical financial markets.

- The system settles a high proportion of large-value or time-critical transactions; and
- The system settles large volumes of small value transactions that cumulatively are of large value.

Prominent – systems that are not systemically important but whose failures have the potential to disrupt economic activity and to affect public confidence.

Payment systems that are not “systemically important” but whose domestic market share in terms of volume or value of transactions is equal or above a threshold of 25 percent of the total volume or value of transactions, should be designated as “prominent”.

4.2 Designation of Payment Service Providers

The BoSS designates Payment Service Providers (PSPs) as subject of its oversight because their disruptions or failures may trigger risks across the system(s) in which they operate and may affect public confidence.

For the oversight of PSPs, the BoSS will utilize a risk-based approach based on international standards and best practices. The BoSS will develop a risk profile for each PSP. The tools of the oversight will focus on the risks that might affect the PSPs ability to provide safe and efficient services, the risks that they may pose to the NPS as whole.

Oversight of PSPs will be also carried out by the BoSS through the verification of regulatory compliance. The BoSS will verify whether authorized and licensed PSPs operate in conformity with the established regulatory provisions, and more broadly with the set of laws, rules, and regulations. The BoSS will verify compliance by collecting and analyzing reports and information that regulated entities will be required to submit on a regular and ad hoc basis (off-site oversight) and by carrying out on-site inspections.

4.3 Designation of payment instruments and international remittance services

Non-cash payment instruments, such as payment cards, credit transfers, direct debits, e-money, and cheques, are the means by which end users of payment systems transfer funds

between their accounts at banks or other financial institutions. Payment instruments are an essential part of payment systems, and in particular of the “transaction process” whereby payments are created, validated and transmitted. Payment instruments are within the scope of oversight of the BoSS; particularly the BoSS is concerned about fraud and security issues related to the design of the instruments. Another scope of the BoSS is to oversee efficiency issues arising from use of the instrument in the economy as a whole (e.g., a desire to reduce usage of paper-based instruments in favor of electronic ones and to reduce usage of cash in favor of cashless payments).

The BoSS designates the above-mentioned instruments and the electronic systems (e-banking, mobile-banking, etc.) through which these instruments are provided by PSPs to end-users within the scope of its oversight

For all of these, the BoSS will determine special oversight indicators, and review and amend these from time to time as the NPS evolves.

The BoSS will use a special approach for the oversight of international remittance services. It will carry out periodically assessments against relevant international standards (please see the next Section)

4.4 Oversight standards

Oversight standards provide the benchmark for safety and efficiency and means to identify gaps and induce change. The focus of the BoSS’ oversight is risk management, which is enabled through the appropriate and consistent application and observance of oversight standards. Annex 1 provides a brief description of the main types of risks inherent in the payment and settlement systems. Operators, participants, and PSPs hold the ultimate responsibility for the risks they manage and for the risks they bring into the systems and are expected to bear the attendant costs.

The BoSS will take the following approach regarding the use of oversight standards:

Systems: For the oversight of “systemically important” FMIs – the SIPS, CSD and securities settlement system – the Bank adopts the CPSS-IOSCO Principles for Financial Market

Infrastructures (PFMI). [See Appendix 2.] For “prominent” payment systems, the Bank will use less demanding standards (a subset of the PFMI).³

Payment Service Providers: For the oversight of the PSPs the BoSS will adopt specially designed standards and compliance requirements that address such issues as critical service providers, corporate governance and risk management, information technology, information security, business continuity and resilience planning, etc. Relevant standards and compliance requirements will be communicated to the industry.

Payment Instruments: For the oversight of payment instruments, the BoSS will determine relevant safety and efficiency indicators (i.e., indicators related to frauds; cashless payments, etc.).

International Remittance Services: Finally, for the oversight of international remittance services – the BoSS adopts the CPSS- World Bank – General Principles for International Remittance Services [See Appendix 3.]

For payment systems, service providers and instruments, the BSS will also draw on good practices developed by other central banks with significant experience in this area.

5. Oversight philosophy

The BSS’s approach to oversight is informed by the philosophy outlined below:

Universal: all systems, instruments and service providers will have to be authorized by the BSS in order to be able to operate in South Sudan. This will ensure that, based on the law and regulation, the BoSS can exercise full jurisdiction over all NPS entities.

Functional: irrespective of their legal nature, all PSPs – including bank, non-bank and non-financial entities – will be subject to the same regulation. This will level the playing field and ensure fair competition among different entities offering the same or similar services.

³ For the FMIs and for ‘prominent’ systems, the standards will be complemented as appropriate, by both current guidance from the Committee on Payment and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) on central bank FMIs, cyber risk, fraud in endpoint security and future guidance promulgated by the CPMI and IOSCO.

Risk-based: oversight requirements will be guided by considerations concerning risks to NPS safety, efficiency, and consumer rights. This will enable the BoSS to adapt the oversight requirements to different types of entities according to objective and transparent criteria based on the relative importance of the risks associated with each type.

Proportional: the intensity of oversight and the oversight priorities will reflect the perceived riskiness of each overseen entity. This corresponds to the principle of fairness and, operationally, it will allow the BoSS to prioritize its oversight action and allocate its oversight resources to areas where needs are more pressing.⁴ In other words, NPS entities, say PSPs, must be treated *consistently* under the same rules, though not necessarily *equally* if their risk profile is different.

6. Oversight activities

6.1 Ongoing monitoring

The BoSS will monitor the functioning of the NPS by screening the FMIs' operations and risks through access to real-time system information. The BoSS will also prescribe reporting obligations for systems and PSPs and access information through ad hoc inquiries and consultations. The Bank will analyze NPS weaknesses and the need for improvement or change and will identify sources of risk and system design weaknesses that might require intervention. The BoSS will follow the evolution of selected indicators on FMI operations (such and as technical and performance indicators), will run ad-hoc analyses whenever observations reveal significant divergence from trends and/or expected performance, or when unusual circumstances materialize.

6.2 Assessment & Compliance

Risk analysis of the designated systems will be conducted at three different control levels. The first control level will be a responsibility of payment system operators to assess compliance of the system with the PFMI. The second control level will be a responsibility of

⁴ The "intensity of oversight" reflects the extent to which the Overseer monitors, analyzes, assesses, and evaluates the performance of each designated entity – and by extension, the resources directed to these activities – and the depth of the oversight requirements, standards, or expectations applied to the entity.

the BoSS staff responsible for oversight; the BoSS will conduct periodical (bi-annual) assessments of the payment and securities settlement systems against PFMI and will use in this regard the Assessment Methodology provided in the December 2012, CPSS-IOSCO Report, PFMI: Disclosure Framework and Assessment Methodology.⁵

A third control level may be performed by external independent evaluators, at the request of the BSS. Assessments will largely draw on the outcomes of the continuous oversight activities, the impact analysis of payment system changes, and the analysis of incidents. The BSS will also undertake stocktaking exercises and identify specific actions to be taken with regard to existing or planned systems.

The BoSS will conduct oversight of PSPs through regular or ad hoc inspections; it will evaluate their performance against select standards and assess their compliance with rules and regulations. The BoSS will evaluate PSP policies and procedures to deal with such risks as fraud and other forms of criminal abuse (e.g., money laundering, terrorism financing, and security breaches), inappropriate market conduct, operational failures, disclosure and confidentiality breaches and inadequate claim redress procedures. To discourage market abusive practices from individual PSPs, the Bank will ensure that dispute resolution mechanisms for customer claims are in place and effective. It will take action to protect the values stored in electronic money instruments. For the purpose of PSP oversight, the BoSS will require PSPs to submit relevant information on a regular basis or on an ad hoc basis where appropriate. The Bank may also request external audits of PSPs.

6.3 Inducing change

The results of NPS assessments and risk analysis, as well as emerging issues and trends, may point to the need for enhanced technical, procedural and governance structures. The BoSS and other NPS stakeholders will seek to agree on solutions and cooperate in implementing them. To this end, the BoSS will promote and facilitate dialogue to achieve consensus on policy choices and changes. The BoSS aims to induce change through policy dialogue and

⁵ Through periodic assessments, the Overseer should make sure that the designated entities comply with the standards on an ongoing basis and require corrective action in the event of noncompliance. Also, whenever changes are proposed or introduced in designated payment and settlement systems (their design, rules, operation, or technology), the Overseer should evaluate the potential impact of those changes, verify whether they would compromise the system's compliance with the applicable standards and expectations, and require /mandate changes in that event.

moral suasion. However, where moral suasion proves to be ineffective, it will invoke its statutory powers and issue directives to system operators, settlement agents, PSPs; impose sanctions; or revoke the authorization/license if warranted. The incentives/ sanctions structure of the BoSS will help to align the profit-seeking motives of the private-sector entities with the public good interests and the economy more broadly.

6.4 Relationship with other regulators

In carrying out its oversight activities the BoSS will need to have regular or ad hoc contacts with other regulatory and supervisory institutions through established lines of communication and exchange of information. Protocols of mutual collaboration may be agreed upon between the BoSS and other authorities and national agencies in order to define the terms of the collaboration, determine the information flows and design the operational modalities. The most direct and effective lines of inter-institutional communication will be established and contact points identified, thereby ensuring that communication channels will be always active and open, especially in crisis situations.

6.5 Crisis management

In the case of critical events, three stages of crisis management will be considered by the FMI operator and overseer: pre-crisis, crisis, and post-crisis.

The FMI Operator

- Pre-crisis: the FMI operator must establish, exchange, and maintain complete and correct contact lists with all relevant participants and providers. Drill tests will be conducted periodically to ensure that communication, information flows, and agreed procedures function effectively in emergency situations.
- Crisis: in the event of a crisis, the operator must ensure that the FMI operations – in particular its critical functions – are preserved or recovered as soon as possible, by prompting the intervention and cooperation of all the relevant parties and institutions, including the overseer, as circumstances require.

The Overseer

- Post-crisis: After the crisis, the Oversight Division of the BoSS will report on how systems have performed during the crisis, pointing to any weakness or vulnerability that the crisis has manifested, and will review the proposed action plan to resolve them.

6.6 External reporting

The BoSS will release a yearly report on its oversight activity. The report will provide an overview of the functioning of the NPS, its progress in terms of operation, level of safety and efficiency, new features, instruments and services, challenges and the solutions adopted to address them. The report will inform on progress in complying with standards and summarize the results of risk analysis and system assessments. The report will present plans to further develop and modernize the NPS. A summary of the report will be included in the BSS's Annual Report. The section of the Bank's website dedicated to oversight developments will be kept up to date.

Annex 1. Typical Risks in Payment and Settlement Systems

Credit risk	The risk that a counter-party will not settle an obligation for full value, either when due or at any time thereafter. In exchange-for-value systems, the risk is generally defined to include replacement cost risk and principal risk.
Financial risk	The term covers a range of risks, including liquidity and credit risks, incurred in financial transactions
Foreign exchange settlement risk	The risk that one party to a foreign exchange transaction will pay the currency it sold but not receive the currency it bought

Gridlock	A situation that can arise in a funds or securities transfer system in which the failure of some transfer instructions to be executed (because the necessary funds or securities balances are unavailable) prevents a substantial number of other instructions from other participants from being executed.
Legal risk	The risk of loss because of the unexpected application of a law or regulation, because a contract cannot be enforced, or because laws or regulations do not support the rules of the securities settlement system, the performance of related settlement arrangements, or the property rights and other interests held through the settlement system. Legal risk also arises if the application of laws and regulations is unclear.
Liquidity risk	The risk that a counter-party (or participant in a settlement system) will not settle an obligation for full value when due. Liquidity risk does not imply that a counter-party or participant is insolvent, as it may be able to settle the obligations at some unspecified time thereafter.
Market risk	The risk of loss in on- and off-balance sheet positions arising from movements in market prices.
Operational risk	The risk that deficiencies in information systems or internal controls could result in unexpected losses. These deficiencies could be caused by human error or a breakdown of some component of the hardware, software or communications systems that are crucial to settlement.
Principal risk	The risk that the seller of a security delivers a security but does not receive payment or that the buyer of a security makes payment but does not receive delivery. In this event, the full principal value of the securities or funds transferred is at risk. In the settlement process, this term is typically associated with exchange-for-value transactions when there is a lag between the final settlement of the various legs of a transaction (i.e., the absence of delivery versus payment).
Replacement cost risk	The risk that a counterparty to an outstanding transaction for completion at a future date will fail to perform on the settlement date. This failure may leave the

	solvent party with an unhedged or open market position or deny the solvent party unrealized gains on the position. The resulting exposure is the cost of replacing, at current market prices, the original transaction.
Reputational risk	The risk of loss of confidence in the payment system due to lack of management control, capacity, security, business continuity plans and/or contingency measures.
Settlement risk	General term used to designate the risk that settlement in a transfer system will not take place as expected. If a party defaults on one or more settlement obligations to its counterparties or to a settlement agent, this can generate both credit and liquidity risk.
Systemic risk	The risk that the failure of one participant in a transfer system, or in financial markets generally, to meet its required obligations will cause other participants or financial institutions to be unable to meet their obligations (including settlement obligations in a transfer system) when due. Such a failure may cause significant liquidity or credit problems and, as a result, might threaten the stability of financial markets.

Annex 2. CPSS-IOSCO Principles for Financial Market Infrastructures (PFMI)

General organization

Principle 1: Legal basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

Credit and liquidity risk management

Principle 4: Credit risk

An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure to the CCP in extreme but plausible market conditions.

Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

Principle 6: Margin

A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

Principle 7: Liquidity risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday, and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

Settlement

Principle 8: Settlement finality

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

Principle 9: Money settlements

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimize and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Principle 10: Physical deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

Central securities depositories and exchange-of-value settlement systems

Principle 11: Central securities depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimize and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry.

Principle 12: Exchange-of-value settlement systems

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

Default management

Principle 13: Participant-default rules and procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

Principle 14: Segregation and portability

A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.

General business and operational risk management

Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

Principle 16: Custody and investment risks

An FMI should safeguard its own and its participants' assets and minimize the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

Principle 17: Operational risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.

Access

Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Principle 19: Tiered participation arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

Principle 20: FMI links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Efficiency

Principle 21: Efficiency and effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Principle 22: Communication procedures and standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

Transparency***Principle 23: Disclosure of rules, key procedures, and market data***

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Principle 24: Disclosure of market data by trade repositories

A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.

Annex 3. CPSS- World Bank – General Principles for International Remittance Services

Transparency and consumer protection

General Principle 1. The market for remittance services should be transparent and have adequate consumer protection.

Payment system infrastructure

General Principle 2. Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged.

Legal and regulatory environment

General Principle 3. Remittance services should be supported by a sound, predictable, nondiscriminatory, and proportionate legal and regulatory framework in relevant jurisdictions.

Market structure and competition

General Principle 4. Competitive market conditions, including appropriate access to domestic payment infrastructures, should be fostered in the remittance industry.

Governance and risk management

General Principle 5. Remittance services should be supported by appropriate governance and risk management practices.

Roles of Remittance Service Providers and Public Authorities

A. Role of remittance service providers. Remittance service providers should participate actively in the implementation of the General Principles.

B. Role of public authorities. Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.