

APPROVED by
Resolution of
the Supervisory Board of JSC NSPC
(minutes No. 13 dated 1 October, 2015)

MIR PAYMENT SYSTEM REGULATIONS

APPENDIX 5

GUARANTEE FUND FORMATION PROCEDURE

The official language of the Mir Payment System Regulations (Version 1.0, Moscow 2015) is Russian and in case of any discrepancies between the original Regulations and the English version of the Regulations, the Russian version prevails.

Version 1.0

Moscow. 2015

1. METHODOLOGY FOR DEFINING THE PARTICIPANT'S GUARANTEE DEPOSIT AMOUNT

- 1.1. Calculation of the Participant's guarantee fee includes Transactions that have been transferred for clearing to the Payment Clearing Centre.
- 1.2. Calculation of the Direct Participant's guarantee fee includes the amounts of Transactions carried out within the System, using the Cards of the Direct Participant and all the Indirect Participants thereof, as well as Transactions in the Network of Devices of the Direct Participant and all the Indirect Participants thereof.
- 1.3. Calculation of the System Participant's guarantee fee includes the amounts of Transactions carried out within the System, using Cards in the Network of Devices of the System Participant's payment system participants.
- 1.4. The following formula is used to define the guarantee fee (GF) amount for each Participant:

$$GF_{\text{participant}} = GF_{\text{issuer}} + GF_{\text{acquirer}}$$

- 1.5. Issuer's guarantee fee amount:
 - 1.5.1. The Issuer's guarantee fee amount should be set equal to a 5 days' turnover (D) on Transactions whereunder the Issuer is the payer in favour of Acquirers. When defining the guarantee fee amount, account should be taken of the sums of interchange reimbursement fees (IRF) and chargebacks whereunder the Issuer is the payer in favour of Acquirers.
 - 1.5.2. The following formula is used to define the Issuer's guarantee fee amount:

$$ГрВз_{\text{эмитента}} = \left(\frac{V_{\text{операции}} + V_{\text{chargeback}} + V_{\text{IRF}}}{D_{\text{КВ}}} \right) \times D \times K$$

where

V_{transactions} – the volume of Transactions over the reporting period, whereunder the Issuer was the payer in favour of Acquirers (in the settlement currency);

V_{chargeback} – the volume of chargebacks over the reporting period, whereunder the Issuer was the payer in favour of Acquirers (in the settlement currency);

V_{IRF} – the amount of interchange reimbursement fees on Transactions over the reporting period, whereunder the Issuer was the payer in favour of Acquirers (in the settlement currency);

D_{cd} – the number of calendar days in the reporting period;

D – the number of calendar days adopted in the System to calculate a D-days' Issuer turnover.

F – correction factor = 1*.

1.6. Acquirer's guarantee fee amount:

1.6.1. The Acquirer's guarantee fee amount should be set equal to a 5 days' turnover (D) on Transactions whereunder the Acquirer is the payer in favour of Issuers. When defining the guarantee fee amount, account should be taken of the sums of interchange reimbursement fees (IRF) and chargebacks whereunder the Acquirer is the payer in favour of Issuers.

1.6.2. Formula to calculate the Acquirer's guarantee fee amount:

$$ГрВз_{\text{эквайрера}} = \left(\frac{V_{\text{операции}} + V_{\text{chargeback}} + V_{\text{IRF}}}{D_{\text{КВ}}} \right) \times D \times K + V_{\text{СП}}$$

V_{transactions} – the volume of Transactions over the reporting period, whereunder the Acquirer was the payer in favour of Issuers (in the settlement currency);

V_{chargeback} – the volume of chargebacks over the reporting period, whereunder the Acquirer was the payer in favour of Issuers (in the settlement currency);

V_{IRF} – the amount of interchange reimbursement fees on Transactions over the reporting period, whereunder the Acquirer was the payer in favour of Issuers (in the settlement currency);

D_{cd} – the number of calendar days in the reporting period;

D – the number of calendar days adopted in the System to calculate a D-days' Acquirer turnover.

F – correction factor = 1^{*};

V_{сп} – is calculated using the following formula:

$$V_{\text{СП}} = \frac{V_1 \times K_{\text{СП1}} + V_2 \times K_{\text{СП2}} + V_3 \times K_{\text{СП3}} + V_4 \times K_{\text{СП4}}}{D_{\text{КВ}}}$$

where

V₁ - the volume of Transactions submitted by the Acquirer for clearing in the reporting period within 1-3 calendar days following the Transaction day;

V₂ - the volume of Transactions submitted by the Acquirer for clearing in the reporting period within 4-5 calendar days following the Transaction day;

V₃ - the volume of Transactions submitted by the Acquirer for clearing in the reporting period within 6-7 calendar days following the Transaction day;

V₄ - the volume of Transactions submitted by the Acquirer for clearing in the reporting period within more than 7 calendar days following the Transaction day;

F_{сп (1-4)} – correction factors set depending on the period within which the Acquirer submitted Transactions for clearing (listed in Table 1);

D_{cd} – the number of calendar days in the reporting period;

Table 1

Relationship between factor Ksp and the period for submission of transactions for payment

No.	Period for the Acquirer to submit transactions for clearing (from the day following the transaction day)	Correction factor
1.	1-3 calendar days	$F_{SP1} = 0$
2.	4-5 calendar days	$F_{SP2} = 1$
3.	6-7 calendar days	$F_{SP3} = 2$
4.	more than 7 calendar days	$F_{SP4} = 4$

* The Operator may set the individual correction factor for a Participant, ranging from 0 to 1. The individual correction factor for a Participant is set by JSC NSPC subject to the internal procedures. The grounds for the individual correction factor to be applied for a Participant include state participation, a high investment rating as classified by rating agencies, and other criteria.