



Our reference HM:DK:13496

Phone

Email

29 November 2021

Danielle Staltari
Director, Competition Exemptions
Australian Competition and Consumer Commission

By email: Danielle.Staltari@accc.gov.au

Dear Ms Staltari

Authorisations A91281, A91282 and A91283 ('Existing Authorisations') - Application for revocation of an authorisation for proposed conduct and substitution of a replacement

We act for Australian Payments Network Limited (ACN 055 136 519) (**AusPayNet**).

The Existing Authorisations were granted by the Australian Competition and Consumer Commission on 2 May 2012 and are set to expire on 24 May 2022. AusPayNet submits an application for revocation of an authorisation for proposed conduct and substitution of a replacement in respect of the Existing Authorisations (**Application**).

Please find enclosed:

- (1) the Application, which we confirm may be uploaded to the ACCC's public register;
- (2) a declaration completed by AusPayNet; and
- (3) proof of payment of the \$2,500 lodgement fee.

Please do not hesitate to contact us if you require any further information or wish to discuss.

Yours sincerely

Hannah Marshall
Partner

**Application for Revocation of an Authorisation and Substitution of a Replacement
29 November 2021**

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1. Executive Summary

- 1.1 Australian Payments Network (**AusPayNet**) is the industry association and self-regulatory body for the Australian payments industry. It is currently responsible for five payment frameworks, including the High Value Clearing System (**HVCS**). A payments system is the institutional infrastructure which carries payment messages and transfers funds from one party's account to another party's account.
- 1.2 The HVCS is used to clear and settle large value payments in real-time. With no upper value transaction limit, this system accounts for roughly 90% of the value of all transactions in Australia. High-value payments are usually made between financial institutions or large corporates, and are irrevocable¹. The objective of the HVCS is to provide a best practice, efficient and highly secure electronic payments system for the Australian finance industry.
- 1.3 HVCS Framework Participants exchange payments with each other using the Society for Worldwide Interbank Financial Telecommunications (**SWIFT**) Payment Delivery System (**PDS**), with each payment being settled individually using the Reserve Bank Information and Transfer System (**RITS**). Framework Participants are required to comply with the HVCS Regulations (**Regulations**) and HVCS Procedures (**Procedures**), which operate as a contract between AusPayNet and each Framework Participant as well as between the Framework Participants.
- 1.4 The Australian Competition and Consumer Commission (**Commission**) provided authorisation for conduct associated with the HVCS on 14 February 2007 and 2 May 2012. The current authorisation is set to expire on 24 May 2022, and AusPayNet seeks revocation and substitution of a new authorisation on substantially similar terms as previously granted for conduct associated with the HVCS. The Proposed Conduct is outlined in section 5 of this application.
- 1.5 AusPayNet submits that the Proposed Conduct should be authorised on the following bases.
 - (a) It will not substantially lessen competition given it does not create a barrier to entry, and does not impede continued and vigorous competition for the exchange and settlement of high value payment.
 - (b) The public benefits flowing from the conduct outweigh any possible detriments. The HVCS contributes towards protecting and enhancing the integrity of high value payments clearance and settlement, reduces risk in the payment system, and utilises a centralised payment delivery mechanism to provide efficiency gains for individual Framework Participants and the payments industry generally.

¹ Australian Payments Network, *High Value Payments*: <https://www.auspaynet.com.au/resources/New-To-Payments-6>

2. Applicant

2.1 Name, address (registered office), telephone number, and ACN

- (a) **Name of applicant:** Australian Payments Network Limited (ACN 055 136 519), formerly Australian Payments Clearing Association Limited (**APCA**).
- (b) **Address:** Level 23, International Tower Three, 300 Barangaroo Avenue NSW 2000.
- (c) **Telephone:** +61 2 9216 4888

2.2 Contact person's name, position, telephone number, and email address

- (a) **Contact person (AusPayNet):** Nancy Bryla, General Counsel & Company Secretary
- (b) **Contact person (legal representative):** Hannah Marshall, Marque Lawyers
- (c) **Telephone:** [REDACTED]
- (d) **Email:** [REDACTED]

2.3 Description of business activities

A full description of AusPayNet and the HVCS is set out in section 4 below.

2.4 Email address for service of documents in Australia.

Please serve any documents directly to legal counsel, Hannah Marshall (Marque Lawyers) at [REDACTED]

3. Authorisation

3.1 Authorisation to be revoked (the existing authorisation)

- (a) The current authorisations were granted on 2 May 2012, with registration numbers A91281, 91282 and 91283 (**Existing Authorisation**).
- (b) The party to the authorisation is AusPayNet, formerly APCA, on behalf of its members (being the Framework Participants). A list of AusPayNet members is attached at **Annexure A**.
- (c) Revocation of the Existing Authorisation is sought on the basis that these authorisations will expire on 24 May 2022. AusPayNet seeks to substitute in their place new authorisations on substantially similar terms as those which were granted on 2 May 2012.

3.2 Authorisation to be substituted (the new authorisation)

- (a) AusPayNet is seeking revocation and substitution by replacement pursuant to section 91C of the Competition and Consumer Act 2010 (Cth).

- (b) The parties to the conduct will continue to be the members of AusPayNet, including the current members attached at **Annexure A** as well as any future members.

4. **About the HVCS**

AusPayNet

- 4.1 AusPayNet, formerly named APCA, is a public company limited by guarantee, incorporated on 18 February 1992.
- 4.2 AusPayNet is the industry association and self-regulatory body for the Australian payments industry. AusPayNet manages and develops regulations, procedures, policies and standards governing payments clearing and settlement in Australia. Individual institutions are responsible for their own clearing and settlement operations and are required to conduct their operations according to AusPayNet's rules as set out in the regulations and procedures for each of AusPayNet's frameworks.
- 4.3 The board of directors of AusPayNet (**Board**) is comprised of three independent directors (including the Chair), one director appointed by the Reserve Bank of Australia (**RBA**), the CEO of AusPayNet (non-voting) and a number of directors appointed and an equal number of directors elected by AusPayNet members.
- 4.4 Through its network, AusPayNet brings together service providers, government, regulators and other stakeholders to administer and improve the Australian payments system.
- 4.5 AusPayNet is currently responsible for five payment frameworks. These are:
 - (a) the HVCS, established as part of the development of real time gross settlement in Australia to provide an efficient and secure electronic payments mechanism for the finance industry;
 - (b) the Issuers and Acquires Community (IAC), which provides minimum standards to protect and enhance the security, integrity and efficiency of ATM and EFTPOS transactions;
 - (c) the Australian Paper Clearing System (APCS) in relation to exchanges of paper-based payment instructions, primarily cheques;
 - (d) the Bulk Electronic Clearing System (BECS), relating to bulk direct entry low value transactions, allowing businesses (such as, for example, utility companies) to make arrangements to direct debit and/or credit large numbers of customers' accounts on a regular basis; and
 - (e) the Australian Cash Distribution and Exchange System (ACDES) which governs the exchange and distribution of wholesale cash.

The role of clearing systems

- 4.6 The payments system is the institutional infrastructure which carries payment messages and transfers funds from one party's account to another party's account.
- 4.7 Clearing is the cross-institutional exchange of individual payment messages for the purposes of obtaining settlement. It entails sorting, routing and exchanging payment instructions; verifying the integrity of the instructions and the accuracy of the sums involved; correcting the sums for errors and other adjustments and finally, determining net amounts which, once paid, will settle any resultant debt between the financial institutions involved.

The role of the HVCS

- 4.8 The exchanging of high value payments is managed by the HVCS. The objective of the HVCS is to provide best practice, efficient, and highly secure electronic payments systems for the finance industry. The role of the HVCS encompasses all aspects of the clearing cycle including, without limitation:²
- (a) preservation of the efficiency, security and integrity of such exchanges;
 - (b) specifications and standards for equipment, communication links and message formats used for such exchanges; and
 - (c) operational procedures for such exchanges, the settlement of resulting obligations and treatment of payments exchanged erroneously.
- 4.9 The AusPayNet Board delegates operational oversight of each of AusPayNet's frameworks to a Committee of Management, including in respect of the HVCS (**HVCS Management Committee**). The HVCS Management Committee comprises one person nominated by the Board, other persons nominated by Framework Participants, and one person nominated by the RBA. The HVCS Management Committee is delegated the powers of AusPayNet directors that are necessary, desirable or expedient to enable the committee to properly perform its obligations under HVCS Regulations.³ Its responsibilities include technical and efficiency standards, operating procedures and policies and supervision of Framework Participants' compliance with the HVCS Regulations and Procedures⁴.
- 4.10 The essential characteristics of HVCS are that:⁵
- (a) individual payments are exchanged by Framework Participants, using a highly secure electronic system in which all payments are irrevocable at the time of settlement; and

² Regulations for High Value Clearing System Framework, commencing August 1997, as amended to 1 January 2018 (**Regulations**), cl 2.1(a).

³ Regulation 7.5(a).

⁴ Regulation 7.6(a).

⁵ Regulations, cl 2.1(b).

- (b) no minimum dollar amount applies to such payments, rather they are usually characterised by their large size relative generally to payment instructions exchanged in other Clearing Systems, the need for robust security, and/or the time critical nature of the payments.

4.11 There are two means of participation in HVCS.

- (a) **Direct Participation:** The direct participants are the Framework Participants, that are required to comply with the HVCS Procedures and Regulations. This includes the RBA, authorised deposit-taking institutions (ADI's) and other prudentially supervised non-ADI providers of payments services that hold exchange settlement accounts with the RBA. Framework Participants can exchange and settle payments on their own behalf or on behalf of their corporate customers.
- (b) **Indirect Participation:** An indirect HVCS participant can engage a Framework Participant to process high-value transactions on its behalf, entering a commercial agency agreement with a Framework Participant.

The ability to indirectly participate means that an entity is not precluded from processing high value payments where it does not become a Framework Participant, as it can engage a Framework Participant to perform this service on its behalf.

4.12 The mechanism for HVCS Framework Participants exchanging payments with each other is the Society for Worldwide Interbank Financial Telecommunications (**SWIFT**) Payment Delivery System (**PDS**), and each payment is settled individually using the Reserve Bank Information and Transfer System (**RITS**). SWIFT provides standardised, secure financial messaging to support the RITS, being the high value payments market infrastructure to settle payments. The process by which payment messages are exchanged is summarised as follows.

- (a) The SWIFT PDS uses SWIFT messaging to exchange payment messages between its participating members in a closed user group.
- (b) When a participating member sends a payment, it is queued while a settlement request message is sent via the SWIFT network to the settlement platform of RITS.
- (c) RITS settles the payment and forwards a settlement response through the SWIFT messaging system.
- (d) The SWIFT messaging system matches the settlement response it receives to the queued payment. It then forwards the completed payment to the participating member which is to receive the payment.

4.13 Prior to the introduction of HVCS in 1997, high value payments in Australia were processed using a number of disparate systems and settlement arising from use of those systems was effected on a net deferred basis. This resulted in inefficiencies as institutions used different clearing systems to send and receive payments of the same type, including implementation and establishment costs in having multiple PDS. SWIFT provides a centralised payment delivery

mechanism, which can achieve efficiency gains for Framework Participants and the payments industry generally.

- 4.14 The selection of SWIFT as the basis of the HVCS was the result of an extensive evaluation process which examined, amongst other things, functionality, technical criteria, operating costs and investment risk.

5. **Proposed conduct**

- 5.1 AusPayNet seeks authorisation for two broad categories of obligation in the HVCS Regulations and Procedures, suspension and termination provisions and the requirement for Framework Participants to join SWIFT. These obligations are reflected in the following provisions, which are the same provisions for which authorisation was previously granted in the Existing Authorisations with updated numbering. Copies of the complete HVCS Regulations and Procedures are attached at **Annexure B**, and a copy of the amendments to the authorised provisions since the Existing Authorisation at **Annexure C**.

(a) ***Suspension and termination provisions***

- (i) HVCS Regulations: clauses 5.10 – 5.18.

(b) ***Requirement to join SWIFT***

- (i) Regulations: clause 5.2(g)
- (ii) Procedures: clauses 5.1 and 5.2
- (iii) AusPayNet also seeks that the authorisation extend to amendments to these provisions of the HVCS Procedures intended during 2022 for the purpose of implementing a change to SWIFT messaging system used in the HVCS. This is discussed further below at 5.15 to 5.21.

- 5.2 AusPayNet is seeking authorisation for a period of ten years.

- (a) This is consistent with the term of the Existing Authorisation, and can be supported by the same rationale. The HVCS arrangements have not fundamentally changed since it sought reauthorisation in 2012, and the only proposed change is the industry transition for the SWIFT messaging system (see para 5.15 below). This will not fundamentally change the obligations involved, i.e. Framework Participants must be a member of SWIFT and use the SWIFT messaging system, it simply changes the messaging system (a technical change). Given the stable history and likely stable medium-term future, AusPayNet submits that it is appropriate to grant authorisation for the same period as the Existing Authorisation.
- (b) The Existing Authorisation was unopposed, and no submissions were received in response to the application indicating any concerns from the community or affected parties about the conduct to be engaged in.

- (c) The HVCS allows participants to exchange and settle high value payments with confidence in the security and integrity of the system. Providing authorisation for a ten year period provides greater certainty, confidence and security for businesses seeking to participate in the HVCS, as well as their customers.

5.3 ***Suspension and termination provisions***

- 5.4 There are suspension and termination provisions in all of AusPayNet's clearing system regulations. These are viewed as a "last resort" mechanism to be contemplated only in circumstances where a Framework Participant's continuing membership would impair the efficiency and/ or integrity of the system. Although they have not been used or specifically contemplated being used since AusPayNet's establishment, they are necessary to safeguard the integrity and efficiency of payments clearing and settlement, and provide a mechanism to ensure compliance with the Regulations and Procedures and to allow Framework Participants to have confidence in the system.
- 5.5 If invoked, the suspension and termination provisions have the effect of excluding the institution concerned from participating in, and receiving services through, the system. While it is still possible for the institution to participate in the process of clearing payment instruments or settlement, this will need to be done by bilateral arrangements outside of HVCS.
- 5.6 It is possible that an excluded institution might have difficulty engaging other Framework Participants and accordingly exclusion from the system may have an adverse impact on the institution concerned. AusPayNet is conscious of this impact and for this reason, the suspension and termination provisions are applied sparingly, and only upon consultation with the Reserve Bank.

Suspension

- 5.7 Suspension of a Framework Participant can only occur in a limited range of circumstances (as set out in Regulations, clause 5.10). This includes where:
 - (a) that Framework Participant's prudential supervisor requests suspension;
 - (b) the Framework Participant agrees to the suspension;
 - (c) the Framework Participant has operational difficulties, during a period, which prevents the Framework Participant from discharging its obligation under the rules (i.e. when a Framework Participant is suffering a "Disabling Event");
 - (d) a Framework Participant becomes insolvent or fails to settle its clearing obligations; and
 - (e) the Framework Participant breaches its obligations under the Constitution, the Regulations or the Procedures and does not rectify the breach or provide a satisfactory explanation within 30 days of receiving a request to do so.
- 5.8 In lieu of suspending a Framework Participant, the HVCS Management Committee may impose conditions on the membership of that Framework Participant (including changing the capacity in

which that Framework Participant may participate in HVCS, or vary any provision of the Procedures relating to the exchange of payments by or to that Framework Participant). The rights and obligations of that Framework Participant will then be subject to any such conditions or variations, which may be varied or revoked at any subsequent time by the Management Committee.⁶

Termination

- 5.9 Termination of membership can follow suspension, provided that any breach of the rules has not been remedied, the Board has consulted with the Framework Participant's prudential supervisor (if applicable) and the Framework Participant has been provided with the opportunity to make submissions to the Board regarding termination.⁷
- 5.10 Otherwise, termination only occurs as a result of a Framework Participant resigning, becoming insolvent or ceasing to exist.⁸
- 5.11 ***Requirement to join SWIFT***
- 5.12 As part of the membership criteria, members of the HVCS must be able to comply with all applicable requirements of any relevant service provider. The only current service provider for the HVCS is SWIFT.
- 5.13 Compliance with SWIFT's requirements effectively means that each Framework Participant must be a SWIFT User, that is, a body corporate which is a member of SWIFT, or has otherwise been granted the right, in accordance with SWIFT's constitution and rules, to use the SWIFT network.
- 5.14 The provisions in the Regulations and Procedures requiring a Framework Participant to be a SWIFT User are currently authorised in the Existing Authorisation. The circumstances that supported their previous authorisation and the rationale for their authorisation have not changed.
- 5.15 There is currently a global shift to adopt the ISO 20022 messaging standard in payment systems.
- (a) In line with these developments, between April 2019 and February 2020, the Reserve Bank of Australia (**RBA**) and the Australian Payments Council conducted a consultation on the migration of domestic payments messages to ISO 20022. In February 2020, the RBA endorsed the HVCS implementing ISO 20022 messaging and appointed AusPayNet

⁶ Regulations, cl 5.13.

⁷ Regulations, cl 5.17(d).

⁸ Regulations, cl 5.17(a).

to coordinate the migration. Further information is available on the RBA⁹ and AusPayNet websites.¹⁰

- (b) The use of the new HVCS messaging system is expected to commence in November 2022, with a two year transition period until 2024 where the current and new messaging systems can both be used.

5.16 AusPayNet will amend the HVCS Regulations and Procedures as part of this process, to reflect the transition in the messaging system required for SWIFT and the corresponding technical changes. This will not affect the underlying principle and obligation requiring Framework Participants to be a member of SWIFT and use the SWIFT messaging system.

5.17 There are three provisions in relation to SWIFT that are currently authorised.

- (a) Clause 5.2(g) (formerly clause 5.2(h)) in the HVCS Regulations. This clause will not change to reflect the new messaging standard as it does not expressly refer to SWIFT obligations, but to the general obligation to comply with all applicable requirements in the Procedures.
- (b) Clauses 5.1 and 5.2 in the HVCS Procedures. For convenience, we have extracted the current provisions below.

Overview

5.1 The SWIFT PDS CUG uses the facilities of the SWIFT FIN-Copy Service, designed to meet the needs of high value clearing systems internationally. The SWIFT FIN-Copy Service allows each country to configure its closed user group to meet its own specific requirements. AusPayNet has worked with SWIFT to configure the SWIFT PDS to meet the Australian domestic high value clearing needs of its members. For the SWIFT PDS CUG AusPayNet's SWIFT PDS configuration allows some variation from normal SWIFT messaging, to cater for RITS requirements. Details of SWIFT PDS CUG requirements are set out in this Part 5 and in Appendix D.

To use the SWIFT PDS to send and receive payments a Framework Participant must be a SWIFT User and must meet the mandatory security control objectives in the SWIFT Customer Security Controls Framework.

SWIFT Membership

5.2 Each Applicant proposing to use the SWIFT PDS which is not a SWIFT User, should approach the SWIFT Regional Account Manager regarding SWIFT requirements to becoming a SWIFT User. The size and international nature of the SWIFT network

⁹ Reserve Bank of Australia, *Modernising Payments Messaging: The ISO 20022 Standard* (17 September 2020): <https://www.rba.gov.au/publications/bulletin/2020/sep/modernising-payments-messaging-the-iso-20022-standard.html>

¹⁰ AusPayNet, *ISO 20022 Industry Migration: Leading the Industry*: <https://auspaynet.com.au/insights/ISO20022>

requires that the connection of new SWIFT Users be carried out on set dates (March, June, September and December) each year. Because of this requirement and internal systems development by the Applicant, SWIFT advises that Applicants proposing to use the SWIFT PDS should allow at least 6 months to complete the SWIFT membership process.

(SWIFT Provisions)

- 5.18 These provisions expressly refer to the SWIFT messaging system, i.e. the references to SWIFT PDS and SWIFT Fin-Copy Service. The definitions of these terms are extracted below.
- (a) 'SWIFT PDS' means the SWIFT Fin-Copy Service, operating, under normal circumstances, in Y-mode, configured with Framework Participants' CBTs to meet the processing requirements of the HVCS, together with any ancillary SWIFT services provided in connection with the SWIFT Fin-Copy Service.
 - (b) 'SWIFT PDS CUG' is the group of Framework Participants admitted to use the SWIFT PDS to send and receive payments.
 - (c) 'SWIFT Fin-Copy Service' means the service provided by SWIFT to Framework Participants pursuant to the SWIFT Service Agreement.
- 5.19 In order to implement the shift to the ISO 20022 messaging standard, the SWIFT Provisions will be amended insofar as they refer to the SWIFT messaging system required to be used.
- 5.20 AusPayNet seeks that the authorisation for these provisions extend to cover these amendments to the SWIFT Provisions that are necessary to reflect the transition to the new messaging system, on the following limited basis:
- (a) Authorisation extends only to include amendments to the SWIFT Provisions necessary to implement ISO 20022 messaging standard. This may include updates to the terminology used to describe the relevant messaging systems and refer to any transitional arrangements during the shift to the new messaging system, i.e. the ability to use the current and new messaging system for a period of 2 years and ultimately the use of the new messaging system.
 - (b) Any such amendments must not vary the underlying principle the subject of authorisation in the SWIFT Provisions, which is the requirement to be a member of SWIFT.
 - (c) Authorisation would not extend to any provision of the HVCS Procedures or Regulations which are not the subject of the current application, or to any amendments to the SWIFT Provisions that are not necessary to reflect the transition to a new messaging system.
- 5.21 AusPayNet will provide an update to the ACCC when these amendments to the HVCS Regulations and Procedures are complete, including the final language used in the provisions. Should AusPayNet require any further changes to the authorised provisions, or seek authorisation of additional provisions, it will approach the ACCC separately.

5.22 **Impact of proposed conduct**

5.23 This Application is made on the basis that the Proposed Conduct could:

- (a) contain a cartel provision (as defined in section 45AD of the CCA);
- (b) have the purpose or effect of substantially lessening competition (within the meaning of section 45 of the CCA); or
- (c) comprise an exclusive dealing (as defined in section 47 of the CCA).

5.24 The persons who may be impacted by the Proposed Conduct are:

- (a) potential Framework Participants who are unable to comply with the requirement to join SWIFT;
- (b) future Framework Participants who are required to comply with the requirement to join SWIFT; and
- (c) Framework Participants who may be suspended or terminated in accordance with the suspension and termination provisions.

5.25 For the reasons outlined in this Application, AusPayNet considers that the Proposed Conduct for which authorisation is sought:

- (a) is not likely to substantially lessen competition; and
- (b) where the conduct is prohibited *per se*, or in the event of any substantial lessening of competition, is likely to result in public benefits that would outweigh the detriment to the public constituted arising from the conduct.

6. **Market information / concentration**

6.1 The High Value Clearing System (**HVCS**) is the regulatory infrastructure to facilitate the exchange of high value payment instructions. The HVCS regulates the electronic exchange and settlement of high value payment instructions between its participating Framework Participants. These payments are generally between financial institutions either for themselves or on behalf of their corporate customers.

6.2 In the 2012 Final Determination,¹¹ the Commission considered the relevant area of competition was likely to be the exchange and settlement of high value payment systems and did not find it necessary to define the market. However, the Commission acknowledged that electronic payment systems more generally may also be relevant depending on the functional specifications of the relevant systems.

¹¹ ACCC, *HVCS Authorisation Final Determination* (2 May 2012), para 4.7 - 4.8:
<https://www.accc.gov.au/system/files/public-registers/documents/D12%2B65710.pdf>

- 6.3 AusPayNet submits that it would be appropriate for the Commission to adopt the same approach as in the 2012 Final Determination, and assess the Proposed Conduct within the context that the relevant area of competition is the exchange and settlement of high value payments.
- 6.4 Industry developments
- 6.5 **Role of the New Payments Platform (NPP):** A potential change in the future market dynamics for high value payments is the establishment of the NPP, which has the potential to operate as an alternative to the HVCS for high value payments.
- (a) The AusPayNet *Future State of Payments Action Plan* acknowledges that: *It seems likely that some participants will seek to migrate a subset of HVCS traffic to the NPP in the future.*¹²
- (b) The RBA Bulletin has stated: *It is likely that some NPP payments have also migrated from cash, cheques and the High Value Clearing System....*¹³
- 6.6 Where NPP offers substitutable infrastructure to process high value payments, any potential impact of the Proposed Conduct on competition will be reduced.
- 6.7 The NPP uses the same settlement infrastructure as the HVCS, RITS,¹⁴ and was built using the ISO 20022 messaging standard that HVCS will ultimately transition to over the next few years as part of the broader industry change described at 5.15. Consistency in the messaging standards used on different payments infrastructure would create efficiency for Framework Participants and the payments industry generally.
- 6.8 Market dynamics will otherwise remain the same.
- 6.9 **Industry Consolidation:** The Commission is aware of the proposed merger of NPP, BPAY and eftpos, which was the subject of authorisation MA10000020-1. Although this is a substantial industry development, it does not impact high value payments. In the ACCC's Final Determination, the Commission stated that low value payments were in a different market from high value payments made between financial institutions for themselves or on behalf of

¹² AusPayNet, *Future State of Payments Action Plan* (August 2020), page 12: https://www.auspaynet.com.au/sites/default/files/2020-08/APN_Future_State_Conclusions_Consultation_Paper_Aug20_0.pdf

¹³ Emilie Fitzgerald and Alexandra Rush, *Two Years of Fast Payments in Australia*, RBA Bulletin (March 2020), page 4: <https://www.rba.gov.au/publications/bulletin/2020/mar/pdf/two-years-of-fast-payments-in-australia.pdf>

¹⁴ Reserve Bank of Australia, *About RITS*: <https://www.rba.gov.au/payments-and-infrastructure/rits/about.html>

corporate customers.¹⁵ The Commission did not further consider high value payments, as the proposed merger impacted systems for low value payments.¹⁶

- 6.10 **Cross-border payments transitioning to ISO 20022:** In 2018 the SWIFT community made the decision to transition cross-border payments to the new ISO 20022 messaging standard. The current timeline is for this to commence at the end of 2022.¹⁷ The transition to this messaging standard in Australia discussed in paragraphs 5.15 and 5.16 is consistent with the global transition for the international standard for cross-border transactions.

7. Substantial lessening of competition

- 7.1 The application of the counterfactual test assessing competition in the market both with and without the conduct demonstrates that the Proposed Conduct does not have the purpose or likely effect of substantially lessening competition.
- 7.2 With the Proposed Conduct, the HVCS will continue to operate as it has since the Existing Authorisation (and previously, under an earlier authorisation).
- 7.3 *Suspension and termination provisions*
- 7.4 The rationale and effect of the suspension and termination provisions is set out above at paragraphs 5.4 to 5.8. AusPayNet submits that there are sufficient checks and balances on the use of the suspension and termination provisions that they are unlikely to produce a substantial lessening of competition, based on the following matters in particular.
- (a) The provisions may only be invoked in limited circumstances, including ‘disabling events’, insolvency, failure to meet clearing obligations, or other non-compliances.
 - (b) Suspension and termination are regarded as consequences ‘of last resort’; that is, there are alternatives which may be applied to address non-compliances such as the application of conditions.
 - (c) This is further supported by the fact that the provisions have not been required to be enforced to date. This reflects the fact that the suspension and termination provisions are not limiting any party’s ability to participate in the HVCS, nor do they create any kind of barrier to entry.

¹⁵ ACCC, *eftpos, BPAY and NPPA Consolidation Final Determination* (9 September 2021) (**Merger Determination**), para 7.6: <https://www.accc.gov.au/system/files/public-registers/documents/Determination%20-%2009.09.21%20-%20PR%20-%20MA1000020.pdf>.

¹⁶ Merger Determination, para 7.5.

¹⁷ SWIFT, *ISO 20022 Adoption Programme*: <https://www.swift.com/standards/iso-20022/iso-20022-programme/timeline>

7.5 Without the ability to suspend or terminate members the HVCS would be less secure. A secure system is required in order to maintain the confidence of participants and other the end-users of the HVCS.

7.6 *SWIFT Membership*

7.7 The rationale and effect of the SWIFT membership provisions is set out in paragraphs 5.12 to 5.16 above. With the Proposed Conduct, existing Framework Participants will continue to be members of SWIFT, and exchange messages using SWIFT messaging and settle payments through the RITS.

7.8 The ability for all Framework Participants to communicate via a specified service provider's system is a key benefit of the HVCS compared to bilateral arrangements. Use of SWIFT provides current and future Framework Participants certainty about the requirements to engage in the exchange and settlement of high value payments via a common system. The ability to communicate payment information with other financial institutions is a necessary operational requirement for clearing and settling high value payments. Accordingly, the HVCS' requirement to use the SWIFT system is unlikely to present a barrier entry, where most financial institutions already use SWIFT; i.e. a new participant would likely need to be a SWIFT member on a bilateral basis as well.

7.9 Absent the specifying SWIFT as the HVCS service provider, and thereby requiring Framework Participants to become SWIFT members, the HVCS would be significantly less efficient and lack utility. There would be uncertainty and potential inconsistency for the requirements to be able to engage in the exchange and settlement of high value payments, i.e. individual businesses could elect to impose more onerous conditions, or conditions that are inconsistent with other businesses.

7.10 There would potentially be a fragmentation in the messaging systems used to exchange information, which would lead to the inability to communicate information in an efficient manner and create difficulties in establishing and maintaining various messaging systems. Competitors could not agree to an industry standard for the messaging system to allow participants to effectively and efficiently exchange information.

7.11 For all of the reasons set out above, the Proposed Conduct will not have the effect of substantially lessening competition.

8. **Public benefit**

8.1 Even if the Proposed Conduct were found to substantially lessen competition, or comprise a cartel provision (as defined in section 45AD of the CCA) or exclusive dealing (as defined in section 47 of the CCA), the conduct should be authorised on the basis that the public benefits outweigh any potential public detriment.

8.2 The following public benefits continue to arise from the Proposed Conduct.

- (a) To function well, the economy requires the secure and efficient processing of transactions between financial institutions through a clearing framework of the kind constituted by AusPayNet's Regulations and Procedures for the HVCS.
- (b) Access to the HVCS is and will continue to be to be available to potential members on reasonable and clearly understood terms.
- (c) The HVCS does not discriminate between different institutional types. Banks, non-bank financial institutions and other bodies corporate can participate provided they meet the required terms and conditions of membership.
- (d) AusPayNet's payments clearing framework contributes towards protecting and enhancing the integrity of payments clearance and settlement, and reducing risk within the payments system. It also contributes towards the efficiency with which payment instructions are cleared, and the timeliness and certainty with which value is provided to customers.
- (e) AusPayNet's ability to suspend or terminate a Framework Participant from the HVCS is important to provide a mechanism to ensure compliance with the Regulations and Procedures and to allow Framework Participants to have confidence in the HVCS, even though suspension or termination is only contemplated in circumstances where the Framework Participant's continuing membership would impair the efficiency and/or integrity of the HVCS.
- (f) Without these sanctions, the efficacy and integrity of the HVCS would be diminished and the confidence of Framework Participants and users of the HVCS would be reduced. The provisions, therefore, result in a benefit to the public by contributing to the integrity and efficacy of the HVCS.
- (g) The HVCS, by utilising a centralised payment delivery mechanism like the SWIFT Payment Delivery System, provides considerable efficiency gains for individual Framework Participants of the HVCS and the payments industry generally by enabling all Framework Participants to send and receive payments of the same nature through the same system. The HVCS is a secure, virtually instantaneous (assuming the availability of funds in the paying Framework Participant's Exchange Settlement Account), irrevocable payment delivery system with scope to include full customer details within each payment message. In addition, because the HVCS transfers value for payments in real time, it reduces the amount of settlement risk in Australia's payment system.
- (h) When introduced, the implementation of the ISO 20022 messaging standard will support standardisation, automation, improved reporting and carriage of data-rich payments, thus contributing to the efficacy of the HVCS.

9. **Public detriment**

- 9.1 There are minimal public detriments likely to result from the proposed conduct, and any such detriments are outweighed by the public benefit.

- 9.2 While the Proposed Conduct imposes requirements on Framework Participants, it does not prevent an entity from the ability to participate in the exchange of high value payments. It remains an option for entities to elect to not participate directly in the HVCS as a member, but to participate indirectly by engaging a Framework Participant to exchange and settle payments on their behalf. This means that they are not required to comply with the HVCS Procedures and Regulations, including the Proposed Conduct, but with agreed bilateral terms directly with the Framework Participant.
- 9.3 The suspension and termination provisions, if invoked, have the potential to exclude the institution concerned from participating in and receiving services through the HVCS. Those parties can still enter in bilateral agreements with agreements outside the HVCS, although this will be more difficult than participation as a Framework Participant of the HVCS. Any detriments resulting from these provisions, however, are mitigated by the fact that the provisions are applied sparingly and are only employed as a “last resort” for the purpose of maintaining integrity in the HVCS, and promoting wider public confidence. These provisions have not been used in the history of the HVCS. The existence of the suspension and termination provisions promotes confidence in the HVCS, and the compliance of Participants with the rules necessary to maintain the security and function of the system. Thus, any detriment would be outweighed by the public benefit.
- 9.4 The requirement to join SWIFT does not create an unreasonable burden or detriment for potential Framework Participants of the HVCS. To participate in the exchange and settlement of high value payments it is functionally necessary to use a messaging system. Additionally, this is not imposing a new requirement or new barrier for new entrants, as this is the current position based on the Existing Authorisation (i.e. participation in HVCS requires SWIFT membership). There is no indication that there is an impediment to prospective HVCS Framework Participants joining SWIFT, and since the inception of the HVCS each prospective Framework Participant that has applied to join SWIFT in connection with the HVCS has been admitted.

10. **Bases on which authorisation should be granted**

- 10.1 For the reasons outlined in this Application, AusPayNet considers that in the Proposed Conduct for which authorisation is sought:
- (a) is not likely to substantially lessen competition; and
 - (b) where the conduct is prohibited *per se*, or in the event of any substantial lessening of competition, is likely to result in public benefits that would outweigh the detriment to the public constituted arising from the conduct.

11. **Market participants, regulators and industry groups**

- 11.1 The names for the current relevant market participants, being the Framework Participants, are attached at **Annexure A**. The contact details for each Framework Participant have been provided directly to the Commission. Please advise if the Commission would be assisted by any further information in relation to this.

11.2 The names of the relevant regulators / industry bodies are set out below. The contact details have been provided directly to the Commission.

- (a) Reserve Bank of Australia
- (b) ASX
- (c) NPPA
- (d) SWIFT

Declaration by Applicant(s)

The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertake(s) to advise the ACCC immediately of any material change in circumstances relating to the application.

The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the *Criminal Code* (Cth).

**Signature of authorised person**

General Counsel

Office held

Nancy Bryla

Name of authorised person

This 29th day of November, 2021

Note: If the Applicant is a corporation, state the position occupied in the corporation by the person signing. If signed by a solicitor on behalf of the Applicant, this fact must be stated.

Annexure A

Parties to the Proposed Agreement

MEMBERSHIP OF HVCS

Framework Participant
Adyen Australia Pty Limited
Agricultural Bank of China Limited
AMP Bank Limited
Arab Bank Australia Limited
Australia and New Zealand Banking Group Limited
Australian Settlements Limited
Bank of America, National Association
Bank of China
Bank of China (Australia) Limited
Bank of Communications Co., Ltd Sydney Branch
Bank of Queensland Limited
Bank of Sydney Ltd
Bendigo and Adelaide Bank Limited
BNP Paribas
BNP Paribas Securities Services
China Construction Bank Corporation, Sydney Branch
China Merchants Bank Co., Ltd.
Cit bank N.A.
Citigroup Pty Limited
CLS Bank International
Commonwealth Bank of Australia
Cooperative Rabobank U.A.
Cuscal Limited
DBS Bank Ltd., Australia Branch
Deutsche Bank AG
Heritage Bank Limited

Hong Kong and Shanghai Banking Corporation Limited - Australian Branch (The)
HSBC Bank Australia Limited
Industrial and Commercial Bank of China Limited
ING Bank (Australia) Limited (trading as ING)
ING Bank NV (Sydney Branch)
JPMorgan Chase Bank, National Association
LCH.Clearnet Limited
Macquarie Bank Limited
Mega International Commercial Bank Co, Ltd
Mizuho Bank, Ltd
MUFG Bank, Ltd.
National Australia Bank Limited
Northern Trust Company (The)
Oversea-Chinese Banking Corporation Limited
Rabobank Australia Limited
Reserve Bank of Australia
Royal Bank of Canada
Standard Chartered Bank
State Bank of India
State Street Bank and Trust Company
Sumitomo Mitsui Banking Corporation
Suncorp-Metway Limited
UBS AG Australia Branch
United Overseas Bank Limited
Westpac Banking Corporation

Annexure B

As amended to
1 January 2018
Version 019

AUSTRALIAN PAYMENTS NETWORK LIMITED

ABN 12 055 136 519

A Company limited by Guarantee

REGULATIONS

for

HIGH VALUE CLEARING SYSTEM FRAMEWORK

(CS4)

Commenced August 1997

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ABN 12 055 136 519

Australian Payments Network Limited

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REGULATIONS
FOR
HIGH VALUE CLEARING SYSTEM
(CS4)
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AUSTRALIAN PAYMENTS NETWORK LIMITED

ABN 12 055 136 519

A Company limited by Guarantee

REGULATIONS

For

HIGH VALUE CLEARING SYSTEM

(CS4)

FRAMEWORK

PART 1 PRELIMINARY

1.1 Definitions

The following words have these meanings in these Regulations unless the contrary intention appears.

"Amendment Date" has the meaning set out in the Constitution.

"AusPayNet PDS" means:

- (a) the SWIFT PDS, and
- (b) any other payment delivery system implemented by the Company from time to time,

for sending and receiving domestic high value payment instructions in the HVCS between Framework Participants.

"APRA" means the Australian Prudential Regulation Authority.

"Article" means an article of the Constitution.

"Board" means the board of directors of the Company.

"BSB Number" means, in relation to a Framework Participant, its BSB Number assigned to it by the Company.

"Building Society" means an ADI whose name appears in the list of ADIs on the APRA website under the heading "Building Societies".

"Building Society Member" means a Framework Participant:

- (a) (i) which is a Building Society, which has not elected to be treated as a Credit Union Member during the Grandfathering Period; or

- (ii) which formerly had a consent from APRA to use the words “building society” in its name and now operates as a bank and has a consent from APRA to use the word “bank” in its name, which has not elected to be treated as a Credit Union Member or an Electing Member during the Grandfathering Period; or
 - (b) (i) which is a Credit Union;
 - (ii) which formerly had a consent from APRA to use the words “credit union” in its name and now operates as a bank and has a consent from APRA to use the word “bank” in its name; or
 - (iii) whose name appears in the list of ADIs on the APRA website under the heading “Other ADIs” and described as a company which provides services to building societies and credit unions,
- which has elected to be treated as a Building Society Member during the Grandfathering Period.

"Business Day" means a day on which banks are open for general banking business in Sydney or Melbourne and on which RITS is operating to process payments.

Last amended
effective
1/1/18

"Cash Settlement Rate" [deleted]

Deleted
effective
1/07/14

"CBT" means computer based terminal (including hardware and software) and, in relation to an AusPayNet PDS, means a computer based terminal used to access that AusPayNet PDS.

"Certificate" means a certificate evidencing a determination made under PART 13 signed by:

- (a) in the case of a determination by the Management Committee, the Chairman of the Management Committee or members of the Management Committee who together are entitled to cast more than 50% of the total votes available to be cast at meetings of the Management Committee; or
- (b) in the case of a determination by the Board, the chairman of the Company or Directors who together are entitled to cast sufficient votes for the resolution on such determination to be passed at meetings of the Board.

"Chief Executive Officer" means the person appointed as a chief executive officer of the Company under Article 7.13 of the Constitution and a reference in these Regulations to the Chief Executive Officer includes a reference to a person nominated by the Chief Executive Officer to be responsible for the matter referred to in that reference.

"Clearing System" has the same meaning as in the Constitution.

"Company" means Australian Payments Network Limited ABN 12 055 136 519.

"Confidential Information" means any information in any form or medium in connection with the operations of the High Value Clearing System (CS4) which is made available by the Company or any Framework Participant to any other Framework Participant or the Company from time to time and includes without limitation those provisions of the Regulations and Procedures which the Management Committee determines to be commercially sensitive or otherwise desirable to be kept confidential in order to preserve the integrity or security of the High Value Clearing system (CS4).

"Constitution" means the constitution of the Company as amended from time to time.

"Constitutional Corporation" has the same meaning as in the *Payment Systems and Netting Act 1998 (Cth)*.

"Contingency" means any Disabling Event and any other event or circumstance specified by the Management Committee for the purposes of PART 9.

"Credit Union" means an ADI whose name appears in the list of ADIs on the APRA website under the heading "Credit Unions".

"Credit Union Member" means a Framework Participant:

- (a)
 - (i) which is a Credit Union, which has not elected to be treated as a Building Society Member during the Grandfathering Period; or
 - (ii) which formerly had a consent from APRA to use the words "credit union" in its name and now operates as a bank and has a consent from APRA to use the word "bank" in its name, which has not elected to be treated as a Building Society Member or an Electing Member during the Grandfathering Period; or
- (b)
 - (i) which is a Building Society;
 - (ii) which formerly had a consent from APRA to use the words "building society" in its name and now operates as a bank and has a consent from APRA to use the word "bank" in its name; or
 - (iii) whose name appears in the list of ADIs on the APRA website under the heading "Other ADIs" and described as a company which provides services to building societies and credit unions,

which has elected to be treated as a Credit Union Member during the Grandfathering Period.

"Declared Member" means a Framework Participant to which an FCS Declaration applies.

"Defaulter" means, in relation to an FTS Event, a Framework Participant which prior to it becoming a Defaulter fails to discharge obligations incurred by it under:

- (a) these Regulations and the Procedures; or
- (b) the regulations and procedures of another Clearing System, other than the Consumer Electronic Clearing System, in its capacity as a framework participant of that other Clearing System; or
- (c) the regulations and manual of the Consumer Electronic Clearing System in its capacity as a CECS framework participant,

in a manner which results in that FTS Event.

"Development Recoupment Fees" [Deleted]

Deleted
effective
1/7/14

"Director" means a director (whether voting or non-voting) for the time being of the Company and where appropriate includes an alternate director appointed under Article 7.5 of the Constitution.

"Disabling Event" means any:

- (a) processing, communications or other failure of a technical nature;
- (b) inaccessibility (total or partial) to facilities by means of which payments are sent and received; or
- (c) manifestation of industrial action,

which affects, or may affect, the ability of any Framework Participant to participate to the normal and usual extent in sending and receiving payments.

"Dispute" means a dispute or difference between:

- (a) the Board, the Management Committee, any delegate of the Management Committee and any one or more Framework Participants; or
- (b) two or more Framework Participants,

arising out of, or in any way connected with, the Constitution (insofar as it relates to the operation or management of the HVCS), these Regulations and the Procedures including, without limitation, a dispute or difference:

- (c) arising out of, or in any way connected with, any non-compliance with the Constitution (insofar as they apply to the HVCS), these Regulations or the Procedures;

- (d) arising out of, or in any way connected with, any decision of the Board which relates to the HVCS, the Management Committee or any delegate of the Management Committee;
- (e) as to any sum of money claimed to be payable pursuant to, or any liability or obligation or other matter to be ascertained or dealt with or which arises under Regulations 5.17 to 5.18 inclusive;
- (f) arising out of, or in any way connected with, the non-payment or alleged non-payment of any sum of money otherwise payable or alleged to be otherwise payable pursuant to these Regulations or the Procedures;
- (g) arising out of, or in any way are connected with, the efficiency of the methods and procedures used by a Framework Participant;
- (h) arising out of the application of or compliance with any instruction or request included in any payment message made by another Framework Participant of the HVCS; or
- (i) arising out of the operation or performance of an AusPayNet PDS;

but excluding any dispute or difference arising out of, or in any way connected with, PART 12 (Failure to Settle) of these Regulations unless all parties to such dispute or difference and the Company agree to it being determined pursuant to PART 13 (Breaches of Regulations and Disputes) of these Regulations.

"Electing Member" has the meaning set out in the Constitution.

"ESR" [Deleted]

Deleted
effective
1/7/14

"Exchange Settlement Account" means an exchange settlement account, or similar account, maintained by a Framework Participant with the Reserve Bank.

"Failed Settlement" means, in relation to an FTS Event, the settlement in relation to which that FTS Event occurred.

"FCS" means the financial claims scheme established under Division 2AA of the *Banking Act 1959 (Cth)*.

"FCS Declaration" means a declaration made by the Minister under section 16AD of the *Banking Act 1959 (Cth)*.

"FCS Rules" means the processing rules set out in Regulations 11.8 and 11.9.

"Framework" has the meaning set out in the Constitution.

Inserted
effective
1/1/17

"Framework Participant" means a body corporate which in accordance with these Regulations is a participant in HVCS in the capacity of a Framework Participant as determined in accordance with PART 5.

Inserted
effective
1/1/17

"FTS Event" has the meaning given in Regulation 12.3.

"Governance Transition Period" means the period commencing on the Amendment Date and expiring on 30 June 2014.

"Grandfathering Period" and **"the first phase of the Grandfathering Period"** and **"the second phase of the Grandfathering Period"** have the meanings set out in the Constitution.

"GST" has the same meaning as in the GST Law and also includes any amount imposed as additional tax, interest, penalty, fine or other charge payable in respect of GST.

"GST Exclusive Consideration" means any amount payable (or deemed to be payable) under the Constitution, these Regulations or the Procedures in connection with any Taxable Supply (other than amounts payable under Regulations 6.10(a) or 6.11(a)) and the GST exclusive value of any non-monetary consideration provided in connection with the Supply.

"GST Law" has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

"GST Rate" means the rate of GST under the GST Law.

"High Value Clearing System (CS4)" means the systems and procedures contained in these Regulations for the purpose of co-ordinating, facilitating and protecting the conduct and exchange of payments among Framework Participants and all aspects of the related clearing cycle.

"High Value Market Share" and **"HVMS"** mean a Framework Participant's share of transactions in HVCS determined as set out in Regulation 7.7.

"HVCS" means High Value Clearing System (CS4).

"HVCS Establishment Contribution" [Deleted]

Deleted
effective
1/7/14

"HVCS Establishment Contributor" [Deleted]

Deleted
effective
1/7/14

"HVCS Establishment Cost" [Deleted]

Deleted
effective
1/7/14

"Insolvency Event" means the happening of any of these events:

- (a) an application is made to a court for an order or an order is made that a Framework Participant be wound up;
- (b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of a Framework Participant, or one of them is appointed, whether or not under an order;

-
- (c) a Framework Participant enters into, or resolves to enter into, a scheme of arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
 - (d) a Framework Participant resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so;
 - (e) a Framework Participant is or states that it is unable to pay its debts when they fall due;
 - (f) as a result of the operation of section 459F(1) of the *Corporations Act 2001 (Cth)* or any corresponding legislation, a Framework Participant is taken to have failed to comply with a statutory demand;
 - (g) a Framework Participant is, or makes a statement from which it may be reasonably deduced that the Framework Participant is, the subject of an event described in section 459C(2)(b) or section 585 of the *Corporations Act 2001 (Cth)* or any corresponding legislation;
 - (h) a Framework Participant takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to a Framework Participant;
 - (i) APRA or another body responsible for the prudential supervision of a Framework Participant assumes management and control of that Framework Participant;
 - (j) to the extent not otherwise provided for above, a Framework Participant goes into external administration within the meaning of the *Payment Systems and Netting Act 1998 (Cth)*; or
 - (k) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

"Management Committee" means the committee constituted pursuant to PART 7.

"Mutuals Group" has the meaning set out in the Constitution.

"Payment" means, in relation to an AusPayNet PDS, a payment submitted via that AusPayNet PDS for settlement in RITS.

Last amended
effective
1/1/18

"Potential FTS Event" means any act, matter or thing which with the lapse of time or the fulfilment of any condition would, or would reasonably be likely to, result in an FTS Event.

"Procedures" means the practices, procedures, standards and specifications adopted by the Management Committee pursuant to PART 11.

"Payment System Market Share" and **"PSMS"** have the meaning set out in the Constitution.

"Real Time Gross Settlement" means, in respect of settlement of payment obligations in any particular settlement system, the processing and settlement of those payment obligations in that system in real time and on a gross (not net) basis.

"Receiver" means a Constitutional Corporation that receives Payments from another Framework Participant in accordance with HVCS Regulations and Procedures once admitted into the HVCS.

"Register" means the register of Members of the Company to be kept under the *Corporations Act 2001 (Cth)* and where appropriate includes a branch register.

"Registered Office" means the registered office for the time being of the Company.

"Regulations" means these regulations (including, without limitation, the Annexures to these Regulations) as amended from time to time for the use and operation of, or participation by Framework Participants in, HVCS.

"Reserve Bank" means the Reserve Bank of Australia.

"Revised Settlement" means, in relation to an FTS Event, the revised settlement referred to in Regulation 12.9.

"RITS " means the settlement system established and operated by the Reserve Bank for Real Time Gross Settlement and includes the Central SWIFT Interface. For the avoidance of doubt, references to RITS include that system when operating to effect settlement of Payments on a Real Time Gross Settlement basis and when otherwise operating to effect settlement of payments on a deferred net settlement basis.

Last amended
effective
1/1/18

"RITS Regulations" means the regulations for RITS published from time to time by the Reserve Bank.

Last amended
effective
1/1/18

"Secretary" means a person appointed by the Chief Executive Officer to perform the duties of secretary of the Management Committee under Regulation 7.14.

"Sender" means a Constitutional Corporation that sends Payments to another Framework Participant in accordance with the HVCS Regulations and Procedures once admitted into the HVCS.

Amended
effective
1/1/17

"Service Provider" means, in relation to a particular AusPayNet PDS, the provider of the facilities by which payment instructions and other messages are sent and received through that AusPayNet PDS.

"Settlement Day" means any day on which Payments are processed in RITS as specified in, or in accordance with, the RITS Regulations.

Last amended
effective
1/1/18

"Supply" has the meaning given by the GST Law.

"Survivor" means, in relation to an FTS Event, each Framework Participant other than the Defaulter.

"Suspension Event" has the meaning given in Regulation 5.10.

"SWIFT" means Society For Worldwide Interbank Financial Telecommunication s.c, having its registered address at Avenue Adèle 1, B-1310 La Hulpe, Belgium.

"SWIFT FIN Copy Service" means the service provided by SWIFT to Framework Participants pursuant to the SWIFT Service Agreement.

"SWIFT Network" means the proprietary telecommunication network and associated software owned and utilised by SWIFT to provide communications services to its users.

"SWIFT PDS" means the SWIFT FIN Copy Service, operating, under normal circumstances, in Y-Mode, configured with Framework Participants' CBTs to meet the processing requirements of the HVCS, together with any ancillary SWIFT services provided in connection with the SWIFT FIN Copy Service.

"SWIFT PDS CUG" is the group of Framework Participants admitted to use the SWIFT PDS to send and receive payments.

"SWIFT Service Agreement" means the agreement effective 16 December 1996 entitled "Agreement between AusPayNet and SWIFT for FIN Copy Service Administration", pursuant to which SWIFT provides its FIN Copy Service to Framework Participants.

"SWIFT User" means a body corporate that has been granted the right to connect to the SWIFT Network in accordance with the terms and conditions set out in the by-laws of SWIFT and in the SWIFT User Handbook.

"SWIFT User Handbook" means the set of rules and procedures published from time to time by SWIFT (in whatever medium) as the "SWIFT User Handbook" governing use of SWIFT's services.

"System Administrator" means the person appointed by the Reserve Bank to supervise operation of RITS.

Last amended
effective
1/1/18

"System Certification" means, in relation to an AusPayNet PDS, the initial certification issued by the Management Committee to a person in accordance with the Procedures for that AusPayNet PDS prior to that person being permitted to send and receive payments using that AusPayNet PDS.

"Tax Invoice" means a tax invoice complying with the requirements of the GST Law.

"Voting Member" has the meaning given to that term in the Constitution.

1.2 Interpretation

In these Regulations:

- (a) words importing any one gender include the other gender;
- (b) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (c) the singular includes the plural and vice versa; and
- (d) a reference to a statute, code or the *Corporations Act 2001 (Cth)* (or to a provision of a statute, code or the *Corporations Act 2001 (Cth)*) means the statute, the code, the *Corporations Act 2001 (Cth)* or the provision as modified or amended and in operation for the time being, or any statute, code or provision enacted in lieu thereof and includes any regulation or rule for the time being in force under the statute, the code, the *Corporations Act 2001 (Cth)* or the provision.
- (e) In PART 7 and PART 8, a Framework Participant and its Subsidiaries are deemed to be a single entity for the purposes of determining membership of the Management Committee and voting rights and, accordingly, a reference to a Framework Participant for those purposes is deemed to be a reference to the Framework Participant and its Subsidiaries acting jointly.
- (f) A reference in PART 13 to:
 - (i) a determination by a person includes a decision by that person; and
 - (ii) proceedings includes actions, suits and proceedings at law, in equity or otherwise.
- (g) Words defined in the *Corporations Act 2001 (Cth)* have, unless the contrary intention appears, the same meaning in these Regulations.
- (h) These Regulations have been adopted by the Board and take effect on a date to be specified by the Chief Executive Officer.
- (i) Headings are inserted for convenience and do not affect the interpretation of these Regulations.

1.3 Inconsistency with Constitution or Procedures

- (a) If a provision of these Regulations or the Procedures is inconsistent with a provision of the Constitution, the provision of the Constitution prevails.
- (b) If a provision of the Procedures is inconsistent with a provision of these Regulations, the provision of these Regulations prevails.

1.4 Governing Law

These Regulations are to be interpreted in accordance with the same laws which govern the interpretation of the Constitution.

1.5 Copyright

Copyright in these Regulations and the Procedures is vested in the Company.

1.6 Payment Systems and Netting Act 1998

For the purposes of Part 3 of the *Payment Systems and Netting Act 1998 (Cth)* ("Act") as it applies to the netting arrangement contemplated by these Regulations and the Procedures:

- (a) the Company is the coordinator of the arrangement;
- (b) notification to the coordinator for the purposes of sections 12(1)(e)(i) and (f) of the Act is by means of notice given to the Chief Executive Officer pursuant to Regulation 2.5; and
- (c) discretion to exclude a party from the arrangement for the purposes of section 12(1)(e)(ii) of the Act is available to the coordinator by means of the Management Committee taking action pursuant to Regulation 5.10(a)(v), the operation of Regulation 5.17(a)(ii) or (iii) or the Board acting pursuant to Article 2.17 of the Constitution or Regulation 5.17(d).

1.7 Governance Transition Period

- (a) Each Constitutional Corporation which was a member of HVCS immediately before the Amendment Date is:
 - (i) deemed to be admitted as a Framework Participant in the same capacity as it was before the Amendment Date; and
 - (ii) bound by these Regulations, as amended on the Amendment Date.
- (b) Subject to Regulation 7.10 and notwithstanding Regulation 7.2 every member of the Management Committee (and each Secretary) in office immediately before the Amendment Date:
 - (i) continues in office until not later than the expiry of the Governance Transition Period; and
 - (ii) has the voting entitlement he or she had immediately before the Amendment Date, until not later than the expiry of the Governance Transition Period.

- (c) During the Governance Transition Period the Framework Participants must do all things necessary to ensure that the members of the Management Committee are nominated or elected, as the case may be, in accordance with Regulation 7.1, by the expiry of the Governance Transition Period.

The next page is 2.1

PART 2 SCOPE AND EFFECT

2.1 Objects and Scope of Clearing System

- (a) The primary objective of HVCS is to co-ordinate, manage and ensure the implementation and operation of effective systems, policies and procedures for the exchange by electronic transmission and settlement of irrevocable payments between Framework Participants, using an AusPayNet PDS. This encompasses all aspects of the related clearing cycle including, without limitation:
 - (i) preservation of the efficiency, security and integrity of such exchanges;
 - (ii) specifications and standards for equipment, communication links and message formats used for such exchanges; and
 - (iii) operational procedures for such exchanges, the settlement of resulting obligations and treatment of payments exchanged erroneously.
- (b) The essential characteristics of HVCS are that:
 - (i) individual payments are exchanged by Framework Participants, using a highly secure electronic system in which all payments are irrevocable at the time of settlement; and
 - (ii) no minimum dollar amount applies to such payments, rather they are usually characterised by their large size relative generally to payment instructions exchanged in other Clearing Systems, the need for robust security, and/or the time critical nature of the payments.
- (c) In addition the High Value Clearing System (CS4) is intended to facilitate multilateral settlement of amounts owing to or by a Framework Participant as a consequence of its participation in any other Clearing System operated on a deferred net settlement basis.

2.2 Effect of Regulations and Procedures

- (a) HVCS has been established for the benefit of Framework Participants who, by and in consideration of becoming Framework Participants and Voting Members of the Company, acknowledge that they are bound to comply with the Constitution, these Regulations and the Procedures and to fulfil and perform every obligation and duty imposed on them by or pursuant to the Constitution, these Regulations and the Procedures.

- (b) These Regulations and the Procedures have the effect of a contract under seal:
 - (i) between the Company and each Framework Participant; and
 - (ii) between the Framework Participants.
- (c) The contractual relationship between the Company and the Framework Participants and between the Framework Participants forms part of an ongoing business relationship between such parties in relation to the conduct and exchange of payments between Framework Participants.

2.3 Framework Participants Act as Principals

- (a) In incurring rights and obligations under these Regulations and the Procedures (whether as a result of the exchange of payments or otherwise), each Framework Participant acts on the basis that it assumes those rights and incurs those obligations as a principal, notwithstanding any other fact, matter or circumstance.
- (b) No person other than the Framework Participant which assumes rights or incurs obligations under these Regulations and the Procedures (including any person asserting rights as a principal on whose behalf such Framework Participant acts) may enforce those rights or assume those obligations.
- (c) Any rights and obligations attaching to any payment exchanged in accordance with these Regulations and the Procedures which:
 - (i) are vested in, or which may be acquired or incurred (whether at law, in equity or otherwise) by, the Framework Participant which sends or receives that payment in accordance with these Regulations and the Procedures,against or in favour of:
 - (ii) the other Framework Participant which receives that payment,are discharged and satisfied in consideration for the rights and obligations acquired or incurred under these Regulations and the Procedures as the result of the exchange of those payments.
- (d) Nothing in this Regulation 2.3 shall affect the rights and obligations attaching to any payment which are vested in, or may be acquired or incurred (whether at law, in equity or otherwise) by, any other person.

2.4 Assignment and Transfer

The rights and obligations of each Framework Participant under the Constitution, the Regulations and the Procedures are incapable of being assigned (whether at law, in equity or otherwise), charged, transferred or the subject of any trust or other fiduciary obligation which may affect or abrogate the personal liability of that Framework Participant. No action which purports to do any of the foregoing shall affect in any manner the rights and obligations of a Framework Participant under the Constitution, these Regulations and the Procedures.

2.5 Insolvency

A Framework Participant must notify the Chief Executive Officer immediately upon becoming aware of:

- (a) any Insolvency Event in respect of itself; or
- (b) any reasonable grounds to suspect any Insolvency Event in respect of any other Framework Participant.

2.6 CEO to Act on Insolvency Notification

- (a) Upon receiving any notification under Regulation 2.5(a), the Chief Executive Officer must promptly notify APRA, the Reserve Bank, all other Framework Participants, all members of the Management Committee and all Directors.
- (b) Upon receiving any notification under Regulation 2.5(b), the Chief Executive Officer must promptly:
 - (i) notify APRA and the Reserve Bank;
 - (ii) make enquiries of the Framework Participant in respect of which the Insolvency Event is reported to be suspected; and
 - (iii) if the relevant Framework Participant is prudentially supervised, make enquiries of APRA or if the relevant Framework Participant is not supervised by APRA, the relevant supervisor.
- (c) To the extent that an Insolvency Event is either admitted by the relevant Framework Participant or the relevant supervisor acts pursuant to paragraph (i) of the definition of “Insolvency Event” and that fact is communicated to the Chief Executive Officer, the Chief Executive Officer must promptly notify all other Framework Participants, all members of the Management Committee and all Directors.
- (d) The provisions of Regulation 5.10 or Regulation 5.17 may apply as a result.

2.7 Relationship with Other Clearing Systems

Except as may be determined from time to time by the Board, any payment which is required by the Regulations for another Clearing System operated by, or under the auspices of the Company to be cleared, exchanged or settled in accordance with that Clearing System may not be exchanged or cleared through HVCS, but may be settled through HVCS if the Regulations and Procedures of that Clearing System provide for such settlement. Framework Participants (in their capacity as such) are not responsible for any failure to settle or to perform other obligations arising from the operations of any such other Clearing System.

2.8 Payments Suitable for HVCS

- (a) These Regulations and the Procedures do not apply to the clearing and settlement of payments denominated in a currency other than Australian dollars or payments which are for exchange outside Australia.
- (b) The Procedures may stipulate that additional payments of a particular description or type are unacceptable for processing by HVCS.

2.9 Review

The Management Committee must regularly review the overall integrity and efficiency of HVCS in light of operational experience and provide regular reports by way of recommendation to the Board on the need (if any) for amendments to the Regulations and the Procedures.

The next page is 3.1

PART 3 DISCLAIMERS AND LIMITATION OF LIABILITY

3.1 Assets and Liabilities of the Company

It is expressly agreed and acknowledged that the Company will not acquire any financial assets (other than in respect of fees and charges payable by Framework Participants) nor incur any liabilities as a result of the exchange of payments between Framework Participants in accordance with the Constitution, these Regulations and the Procedures.

3.2 Representations and Warranties

Each Framework Participant represents and warrants to the Company and each other Framework Participant that:

- (a) it has not relied on any representation made by the Company or any other Framework Participant to induce it to become a Framework Participant or to exchange and clear payments in accordance with these Regulations and the Procedures;
- (b) it will make (without reliance on the Company or any other Framework Participant and based on documents and information which it considers appropriate) its own independent investigation of the financial condition and affairs of each other Framework Participant;
- (c) it has made its own appraisal of the qualifications to be satisfied in order for a person to become a Framework Participant; and
- (d) it has made (without reliance on or inducement to or from the Company or any other Framework Participant) its own assessment and approval of the Constitution, the Regulations and the Procedures as being appropriate for the conduct and settlement of exchanges of payments between Framework Participants.

3.3 Disclaimers

- (a) Neither the Company nor any of its officers, employees or agents has any duty or responsibility, either initially or on a continuing basis to:
 - (i) keep itself informed about the performance by the Framework Participants of their respective obligations under the Constitution, these Regulations and the Procedures, provided that if the Company becomes aware that a Framework Participant has breached its obligations under the Constitution, these Regulations or the Procedures, the Company will bring the matter to the attention of that Framework Participant and the Management Committee; or
 - (ii) keep itself informed about the financial condition, affairs or creditworthiness of any Framework Participant; or

PART 3 DISCLAIMERS AND LIMITATION OF LIABILITY

- (iii) except as expressly provided in the Constitution, these Regulations or the Procedures, provide any Framework Participant with credit or other information with respect to any other Framework Participant.
- (b) Each Framework Participant acknowledges that no officer, employee or agent of the Company has any authority to make any representations or give any warranties in relation to the liability of the Company with respect to the operation of HVCS which are inconsistent with the Constitution, these Regulations or the Procedures.

3.4 Exclusions

Without limiting Regulation 3.1 or any other provision of these Regulations, the Company will not be liable for any loss to any person or damage to persons or property, whether such loss or damage is direct or consequential (including but not limited to loss of profits), howsoever arising out of:

- (a) any act or omission by any Framework Participant or any other person other than the Company, its officers, employees or agents (including without limitation any errors or delays, any breach of warranty or undertaking or representation, any breach of these Regulations, the Procedures or the terms of any other document relating to HVCS, any Insolvency Event, any failure to settle any transaction or any fraud);
- (b) any act or omission done by, or any refusal to do any act by, the Company or any Service Provider or any of their officers, employees or agents in good faith and without negligence or in reliance on any act, conduct or consent of any other person or on any instructions, information or document provided to the Company, its officers, employees or agents by any other person;
- (c) any fraud on the part of any officer, employee or agent of the Company or any Service Provider outside the scope of their employment with the Company or that Service Provider, except to the extent to which the Company would have been responsible at common law for such fraud;
- (d) the failure of the Company or any Service Provider or any of their officers, employees or agents to receive any instructions, information or document from any other person, unless the failure has resulted from a negligent act or omission of the Company;
- (e) the terms of any instructions, information or document given to the Company or any Service Provider or any of their officers, employees or agents by any other person;
- (f) any error or omission in any document issued by the Company or any Service Provider, other than an error or omission resulting from a negligent act or omission of the Company;

PART 3

DISCLAIMERS AND LIMITATION OF LIABILITY

- (g) any technological failure of any sort (including without limitation any telephone, computer or electrical failure);
- (h) any unauthorised access to, or participation in, the HVCS by any person, other than an officer, employee or agent of the Company or any Service Provider;
- (i) any contractual arrangements between any Framework Participant and another person; or
- (j) any change in the status, financial condition, affairs or creditworthiness of a Framework Participant or another person.

3.5 Limit of Liability

- (a) If, notwithstanding Regulations 3.1 to 3.4 inclusive, any liability is incurred by the Company in relation to the HVCS, the aggregate amount of that liability in respect of all claims made by Framework Participants in respect of or arising out of any one event will not exceed the amount equal to ten times the Framework fee charged to a Framework Participant under Regulation 6.2.
- (b) All claims made by Framework Participants against the Company in relation to the HVCS must be made within 12 months of the occurrence of the event which it is alleged gives rise to the claims against the Company.
- (c) For the purposes of Regulation 3.5 all inter-related events which give rise to the Company's liability under these Regulations or otherwise will be treated as one event.
- (d) In the event of any two or more Framework Participants suffering losses which exceed the total aggregate limit specified in Regulation 3.5, the liability of the Company to each of those Framework Participants in accordance with these Regulations will be proportional to the total loss suffered by each of those Framework Participants respectively.

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PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

4.1 Indemnity

Subject to Regulation 4.4, each Contributing Framework Participant agrees to indemnify the Company:

- (a) jointly with every other Contributing Framework Participant;
- (b) on demand and without counterclaim or set-off;
- (c) for all losses, damages, costs (including legal fees on a full indemnity basis), charges, expenses and liabilities arising from or referable to any claims, demands, actions or proceedings against the Company by SWIFT in connection with the Company's obligation under Article 6.3 of the SWIFT Service Agreement to indemnify SWIFT; and
- (d) in accordance with Regulation 4.4.

4.2 Contributing Framework Participant

In this PART 4 a "Contributing Framework Participant" in relation to any claim, demand, action or proceeding, referred to in Regulation 4.1(c) ("SWIFT Claim"), is:

- (a) a person who was a Framework Participant on the date on which the Management Committee made the decision to:
 - (i) allow or refuse to allow entry or re-entry of any person to, or withdraw any Framework Participant from, the SWIFT PDS CUG; or
 - (ii) modify the FIN Copy Service Profile,which gave rise to that SWIFT Claim; or
- (b) if in the opinion of the Management Committee:
 - (i) the Management Committee decision referred to in Regulation 4.2(a) which gave rise to that SWIFT Claim is not clearly evident or there was no such decision, and
 - (ii) there is otherwise clearly evident an act or omission of the Company (including of any of its employees or agents) which gave rise to that SWIFT Claim,

a person who was a Framework Participant on the date of that act or omission which gave rise to that SWIFT Claim; or

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

- (c) if in the opinion of the Management Committee:
 - (i) the Management Committee decision referred to in Regulation 4.2(a) which gave rise to a particular SWIFT Claim is not clearly evident or there was no such decision, and
 - (ii) there is otherwise no clearly evident act or omission of the Company referred to in Regulation 4.2(b) which gave rise to that SWIFT Claim,

a person who was a Framework Participant on the date of first service on the Company of written notice of that SWIFT Claim.

4.3 Final determination

Any determination by the Management Committee for the purposes of Regulation 4.2 is, subject to PART 13, final and conclusive for the purposes of PART 4, including any determination as to whether any decision of Management Committee which gave rise to a SWIFT Claim is clearly evident or exists or whether any act or omission of the Company which gave rise to a SWIFT Claim is clearly evident.

4.4 Amount to be Contributed

Contributing Framework Participants who are liable jointly to indemnify the Company under Regulation 4.1 must indemnify the Company rateably in accordance with their respective shares of HVMS as calculated by the Management Committee in accordance with Regulation 7.7.

4.5 Shortfall Contributions

- (a) If the Company claims a payment from any Contributing Framework Participant under Regulation 4.1 or this Regulation 4.5, and the claim is not duly and properly satisfied, then each other Contributing Framework Participant, severally, in accordance with the formula set out in this Regulation 4.5, hereby agrees to further indemnify the Company on demand and without set off or counterclaim, against non-receipt of that payment and against any costs incurred by the Company in connection with funding the amount not paid.
- (b) For the purposes of this Regulation 4.5 a claim is not to be regarded as having been duly and properly satisfied if it is avoided under any law, including without limitation, any insolvency law.
- (c) If the Company makes a demand under Regulation 4.5(a), then each Contributing Framework Participant must pay to the Company the amount represented by "SA" in the formula:

$$SA = (SV / (AV - DV)) \times DA$$

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

where:

- (i) SV is that Contributing Framework Participant's percentage share of HVMS as most recently calculated by the Management Committee in accordance with Regulation 7.7 and expressed as a number and not a percentage (eg. a 20.5% share of HVMS would be expressed as 20.5).
 - (ii) AV is the sum of the SV for all Contributing Framework Participants.
 - (iii) DV is the sum of the SV for all Defaulting Contributing Framework Participants.
 - (iv) DA is the difference between the total payment to be made to the Company by all Contributing Framework Participants in respect of a claim under Regulation 4.1 or Regulation 4.5 (as the case may be) and the amount that is duly and properly received by the Company in respect of that claim.
- (d) In this Regulation 4.5, a "Defaulting Contributing Framework Participant" means any Contributing Framework Participant against which the Company makes a claim under Regulation 4.1 or Regulation 4.5 (as the case may be) and which does not duly and properly satisfy that claim.

4.6 Continuing Obligations

Each indemnity in this PART 4:

- (a) is a continuing obligation independent of the other obligations of Framework Participants under these Regulations and the Procedures;
- (b) survives:
 - (i) termination of any contract constituted by these Regulations and the Procedures;
 - (ii) discontinuation for any reason of HVCS;
 - (iii) changes to these Regulations, the Procedures or any other rules, directions or determinations applicable to HVCS;
 - (iv) changes from time to time for any reason in the membership of or participation in HVCS;
 - (v) cessation by any Framework Participant of participation in HVCS; and

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

- (vi) notwithstanding Regulation 4.1(a) and any common law or equitable rule to the contrary, failure for whatever reason of any Framework Participant to contribute or to be liable to contribute to indemnifying the Company under Regulations 4.2, 4.5 or 4.8;
- (c) does not require the Company to incur expense or make a payment before the Company may enforce it; and
- (d) does not require proof of any loss, damage, cost, charge, expense or liability of the Company to be provided to any person before the Company may enforce it, other than, in relation to the indemnity in Regulation 4.1, the certificate referred to in Regulation 4.7.

4.7 Certificate by Company

A demand by the Company on any Contributing Framework Participant in respect of the indemnity in Regulation 4.1 is sufficient for the purposes of that Regulation if it is in the form of a certificate which:

- (a) is addressed to that Contributing Framework Participant;
- (b) is signed by the Chief Executive Officer on behalf of the Company;
- (c) indicates that the Company has incurred or suffered loss, damage, costs, charges, expenses and/or liability in respect of which the Company is entitled to be indemnified;
- (d) identifies with reasonable particularity the relevant claim, demand, action or proceeding against the Company;
- (e) specifies the total amount of the loss, damage, costs, charges, expenses and/or liability incurred or suffered by the Company; and
- (f) specifies the amount payable by that Contributing Framework Participant.

4.8 Foreign Currency Indemnity

Whenever:

- (a) the Company is, or would be, required to make any payment in a foreign currency to satisfy any claim, demand, action, or proceeding in respect of which the Company is indemnified under Regulations 4.1 or 4.5; and
- (b) any amount received by the Company from any Contributing Framework Participant under the indemnity in Regulation 4.1 or 4.5 in respect of that claim, demand, action, or proceeding is in a currency other than that foreign currency,

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

then as a separate obligation to the indemnities in Regulations 4.1 and 4.5, that Contributing Framework Participant must indemnify the Company for any shortfall caused by conversion by the Company of that amount to that foreign currency.

4.9 Fraudulent Activity Security Requirements

Each Framework Participant must ensure that its own systems and procedures provide appropriate protection against fraudulent activity in connection with HVCS, in accordance with these Regulations and the Procedures.

4.10 Chief Executive Officer to be Notified of Fraud

- (a) All actual or suspected fraudulent activity involving HVCS must be reported immediately to the Chief Executive Officer by each Framework Participant directly connected with or directly affected by that activity, unless the activity is confined to or within a Framework Participant's own operations.
- (b) A report to the Chief Executive Officer under this Regulation 4.10 must contain reasonable particulars of the actual or suspected fraudulent activity, including the extent or suspected extent of it, and all remedial action taken or proposed in relation to that activity.

4.11 Framework Participants' Liability in the Event of Fraud

If fraud occurs the cost of it is to be borne by Framework Participants as follows:

- (a) where the source of the fraudulent activity can be identified and is proved to be within one Framework Participant's operations or organisation, that Framework Participant solely must bear the costs of the fraud (including, without limitation, costs in the nature of principal sums or interest paid or lost);
- (b) where the source of the fraudulent activity can be identified and is proved to be within two or more Framework Participants' operations or organisations, those Framework Participants must share equally the costs of the fraud (including, without limitation, costs in the nature of principal sums or interest paid or lost); and
- (c) where the source of the fraudulent activity cannot be identified, the costs of the fraud (including, without limitation, costs in the nature of principal sums or interest paid or lost) must be shared by all Framework Participants in proportion to their respective average annual percentage shares of HVMS applicable on the date on which the fraud occurred.

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

4.12 Assistance by Framework Participants

- (a) Each Framework Participant must provide all reasonable assistance, to the extent that it is legally able to do so, requested by any other Framework Participant to help that other member:
 - (i) investigate any actual or suspected fraudulent activity involving or possibly involving HVCS; or
 - (ii) identify the source of any fraudulent activity involving HVCS.
- (b) Each Framework Participant must provide all reasonable assistance requested by the Management Committee to help the Management Committee or any Framework Participant:
 - (i) investigate any actual or suspected fraudulent activity involving or possibly involving HVCS;
 - (ii) identify the source of any fraudulent activity involving HVCS; or
 - (iii) take appropriate remedial action in relation to that or similar activity (including action to prevent continuation or recurrence of that or similar activity).
- (c) If the Management Committee conducts an investigation under Regulation 4.13, each Framework Participant must on written request by the Management Committee, provide all information and other assistance reasonably requested by the Management Committee for the purposes of that investigation, including (without limitation):
 - (i) copies of or extracts from any records (however kept) of the HVCS messages in the possession or control of that Framework Participant; and
 - (ii) the means to read or otherwise interpret any information provided by that Framework Participant if that information is not readily intelligible without that means.

4.13 Determination regarding fraud

- (a) The Management Committee:
 - (i) must investigate any actual or evident fraudulent activity involving HVCS on written application by any Framework Participant;
 - (ii) may investigate any suspected fraudulent activity involving HVCS on written application by any Framework Participant; and
 - (iii) may investigate any actual or suspected fraudulent activity involving HVCS if it decides in its absolute discretion to do so.

PART 4 LIABILITY OF HVCS FRAMEWORK PARTICIPANTS

- (b) If the Management Committee conducts an investigation under Regulation 4.13, it may determine that the fraud investigated by it falls within Regulation 4.11(a), (b) or (c). Every such determination of the Management Committee under Regulation 4.13:
 - (i) must be evidenced by a certificate signed by the chairman of the Management Committee or by members of the Management Committee who together are entitled to cast more than 50% of the total votes available to be cast at meetings of the Management Committee; and
 - (ii) subject to Regulation 4.14, is conclusive as to whether the fraud falls within any one of Regulations 4.11(a), (b) or (c), and is binding upon the Framework Participants affected by it.
- (c) The Management Committee need not make any determination as to whether any fraud investigated by it falls within Regulation 4.11(a), (b) or (c) if it cannot reach a reasonable decision on the information then available to it.

4.14 Disputed Determinations

The provisions of PART 13 of these Regulations apply to any Dispute arising as a result of any determination of the Management Committee under Regulation 4.13.

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PART 5 HVCS MEMBERSHIP**5.1 Framework Participants**

Each Framework Participant must at all times satisfy the applicable minimum technical and operational standards and other requirements set out in these Regulations and the Procedures.

5.2 Qualifications - All Framework Participants

In order to be a Framework Participant in HVCS, a person must:

- (a) be a Constitutional Corporation which carries on business at or through a permanent establishment in Australia;
- (b) be:
 - (i) a Sender; and
 - (ii) a Receiver; or
 - (iii) a body corporate that represents one or more Senders and Receivers and, in such capacity, settles directly or indirectly by arrangement with another Framework Participant in accordance with PART 10 of these Regulations for the value of the payment obligations incurred by those Senders or Receivers as a result of the exchange of Payments pursuant to these Regulations and Procedures.
- (c) be able to comply with all applicable laws, the Constitution, these Regulations and the Procedures;
- (d) be able to comply with the technical, security and operational standards which are contained in these Regulations and the Procedures;
- (e) obtain appropriate System Certification;
- (f) agree to pay all applicable fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Framework Participants in accordance with these Regulations;
- (g) be able and agree to comply with all applicable requirements of any relevant Service Provider as specified in the Procedures;
- (h) not impair the overall efficiency of HVCS after becoming a Framework Participant:
 - (i) not adversely affect the integrity of payments sent and received between Framework Participants or the settlement of those payments (or otherwise introduce a significant new risk into HVCS after becoming a Framework Participant); and

- (i) either:
 - (i) be subject (whether by legislation, mutual agreement or otherwise) to prudential supervision by APRA; or
 - (ii) fall within one or more of the following categories:
 - (A) a body corporate, the members of which are all bodies corporate supervised in accordance with this Regulation 5.2(i), which is determined by the Management Committee to be of sufficient financial standing (or which has provided sufficient collateral or other security) to be a Framework Participant;
 - (B) a body corporate whose obligations are unconditionally and irrevocably guaranteed in a manner satisfactory to the Management Committee by a foreign bank which is subject to prudential supervision in its home jurisdiction by a central bank or other governmental authority which has adopted the recommendations of the Committee on Banking Regulations and Statutory Practices of the Bank of International Settlements;
 - (C) a body corporate whose obligations are unconditionally and irrevocably guaranteed in a manner satisfactory to the Management Committee by the Commonwealth or the government of a state or territory of Australia;
 - (D) a body corporate whose obligations are unconditionally and irrevocably guaranteed in a manner satisfactory to the Management Committee by the central government of a member nation of the Organisation for Economic Co-Operation and Development; or
 - (E) a body corporate which is determined by the Management Committee to be subject to adequate prudential supervision and of sufficient financial standing (or which has provided sufficient collateral or other security) to be a Framework Participant; and
- (j) if required by the Management Committee or the Board, provide evidence that its prudential supervisor does not object to the application for participant membership.

5.3 CLS Bank

CLS Bank International need not meet the requirements set out in Regulation 5.2(a) or (b) in order to be a Framework Participant in HVCS, provided that it satisfies the other requirements of Regulation 5.2.

5.4 Applications for Membership as a Framework Participant

- (a) Applications for Membership as a Framework Participant must be addressed to the Secretary and must be in the form of ANNEXURE 1. Applicants must:
 - (i) comply with all the conditions of application specified in these Regulations;
 - (ii) provide sufficient information to demonstrate that the applicant satisfies the applicable requirements for Membership as a Framework Participant contained in Regulation 5.2; and
 - (iii) promptly supply such other information as the Management Committee may reasonably require.
- (b) Each prospective applicant for membership of the HVCS proposing to use the SWIFT PDS to send and receive payments as a Framework Participant must, before lodging an application in accordance with this Regulation 5.4, enter into a confidentiality agreement in form and substance materially the same as that set out at ANNEXURE 2 or otherwise with such variations as may be approved by the Management Committee.
- (c) For the avoidance of doubt it is a condition of membership of the HVCS for each Framework Participant using, or proposing to use the SWIFT PDS, that the member has entered into a valid and binding confidentiality agreement in accordance with this Regulation 5.4.

5.5 Management Committee to consider applications

- (a) The Secretary must promptly forward a copy of each application for Membership as a Framework Participant to the members of the Management Committee.
- (b) All applications for Membership as a Framework Participant received by the Management Committee must be promptly considered by the Management Committee.
- (c) The Management Committee must accept for membership an applicant which complies with the conditions for membership specified in these Regulations.
- (d) The Management Committee must refer an application to the Board if:
 - (i) the Management Committee is unable to determine whether an applicant complies with the conditions for membership specified in these Regulations; or

- (ii) three members of the Management Committee or members entitled to cast more than 33% of the total votes available to be cast at meetings of the Management Committee determine that an applicant does not comply with the conditions for membership specified in these Regulations.
- (e) Where an application is referred to the Board, the Board must promptly exercise the powers of the Management Committee in determining whether the applicant complies with the conditions for membership specified in these Regulations and, if so, the Board must accept the application.

5.6 Applicant may withdraw Application

A body corporate which has applied for Membership as a Framework Participant but has not been informed by the Secretary of the result of its application may withdraw the application at any time.

5.7 Outcome of Application

- (a) If an application for Membership as a Framework Participant is not accepted by the Management Committee the Secretary must notify the applicant.
- (b) An applicant whose application is not accepted may:
 - (i) within 3 months request that the Board review that decision; or
 - (ii) at any time lodge a fresh application for membership in accordance with these Regulations.
- (c) If an application for membership as a Framework Participant is accepted the Management Committee must determine the date from which the successful applicant is admitted as a Framework Participant and entitled to use the AusPayNet PDS specified in the successful application. That date must not be less than 21 days after the date on which the Management Committee approved the application.
- (d) The Secretary must promptly notify the applicant and all Framework Participants of each successful application for membership as a Framework Participant and the date on which that applicant will commence as a Framework Participant in HVCS.

5.8 Effect of Successful Application

Upon becoming a Framework Participant in HVCS, a successful applicant will also become a Voting Member of the Company with the rights and obligations set out in the Constitution, effective from the date on which the successful applicant commences participation in HVCS.

5.9 Rights, Restrictions and Obligations of Framework Participants

- (a) A Framework Participant (in its capacity as a Voting Member) has all the rights of a Voting Member set out in the Constitution including, in relation to:
 - (i) sharing in any distribution of capital or profits of the Company or in a distribution on a winding-up, dissolution or a reduction of the capital of the Company;
 - (ii) voting at general meetings of the Company; and
 - (iii) receiving notices, annual reports and audited profit and loss accounts and audited balance sheets and attending and speaking at general meetings of the Company.
- (b) A Framework Participant has the right to be a participant in HVCS, to send and receive payments in accordance with these Regulations and the Procedures and to vote at any HVCS meeting convened in accordance with PART 8 or any other meeting of the Framework Participants of HVCS convened in accordance with the Constitution or the Corporations Act.
- (c) In exercising its rights, each Framework Participant must act in good faith.
- (d) A Framework Participant may not transfer or share its membership as a Framework Participant.

5.10 Suspension

- (a) The Management Committee, after consultation with the Reserve Bank and subject to Regulation 5.10(c) below, may suspend the membership of a Framework Participant for a specified or indefinite period of time in the following circumstances (each a **"Suspension Event"**):
 - (i) the Framework Participant is subject to prudential supervision and the relevant supervisor requests such suspension;
 - (ii) by agreement with the Framework Participant concerned;
 - (iii) the Framework Participant no longer satisfies any applicable requirement for membership set out in Regulation 5.2;
 - (iv) a Disabling Event occurs in respect of the Framework Participant, but only during the continuance of that Disabling Event and any subsequent period which might be necessary because of the applicable requirements pertaining to any particular AusPayNet PDS;

- (v) an Insolvency Event (not being an event which results in automatic cessation of membership pursuant to Regulation 5.17(a)(ii) or (iii)) occurs in respect of the Framework Participant; or
 - (vi) the Framework Participant breaches its obligations under the Constitution, these Regulations or the Procedures and fails to rectify the breach or provide an explanation satisfactory to the Management Committee within 30 days of receipt of a request from the Secretary to rectify the breach or provide such an explanation.
- (b) A Framework Participant may also be automatically suspended in accordance with PART 12.
- (c) If a Framework Participant is subject to prudential supervision by APRA then the Management Committee must give APRA reasonable notice of, and an opportunity to be heard at, any meeting at which it will consider suspending the Framework Participant pursuant to Regulation 5.10(a)(v).

5.11 Effect of Suspension on Framework Participant

Subject to Regulation 5.14, a Framework Participant whose membership is suspended under Regulation 5.10 is not entitled to:

- (a) participate in the HVCS;
- (b) clear and settle payments using an AusPayNet PDS; nor
- (c) vote at any HVCS meeting convened in accordance with PART 8, or any other meeting of the Framework Participants of the High Value Clearing System (CS4) convened in accordance with the Constitution or the *Corporations Act 2001 (Cth)*,

except to the extent set out in the Procedures or approved by the Management Committee (or the Chief Executive Officer if authorised to grant such approvals by the Management Committee).

5.12 Effect of Suspension on Management Committee Nominee

If a Framework Participant whose membership is suspended under Regulation 5.10 has nominated a member of the Management Committee pursuant to Regulation 7.1(a), that member is not entitled to vote at meetings of the Committee, but may continue to attend and participate in such meetings, during the period of suspension under Regulation 5.10.

5.13 Conditions in lieu of Suspension

If a Suspension Event occurs in respect of a Framework Participant, the Management Committee may (in lieu of suspending the membership of that Framework Participant) impose conditions on the membership of that Framework Participant or vary any provision of the Procedures in relation to the exchange of payments addressed to or initiated by that Framework Participant. The rights and obligations of that Framework Participant under these Regulations shall be subject to any such conditions or variation. The Management Committee may at any subsequent time vary or revoke any such conditions or variation.

5.14 Obligations of a Suspended Framework Participant

A Framework Participant whose membership is suspended under Regulation 5.10 or which is subject to any condition or variation under Regulation 5.13 is not excused from discharging, in accordance with these Regulations and Procedures, obligations under the Constitution, these Regulations and the Procedures including, without limitation, obligations incurred in connection with payments exchanged prior to the suspension of that Framework Participant, except as expressly provided in or pursuant to these Regulations or the Procedures.

5.15 Notification of Suspension

The Secretary must immediately notify the System Administrator and all Framework Participants (by the most expeditious means available) of any suspension under Regulation 5.10 and must promptly notify all Framework Participants of all other action taken under Regulations 5.10 to 5.14 inclusive.

5.16 Reinstatement of a Suspended Framework Participant

- (a) The Management Committee after consultation with the Reserve Bank, and subject to Regulation 5.16(b), may at its discretion reinstate a suspended Framework Participant effective on a given date specified by the Management Committee having regard to any applicable requirements pertaining to the relevant AusPayNet PDS, including those imposed by the Service Provider.
- (b) If a Framework Participant is subject to prudential supervision by APRA and has been suspended pursuant to Regulation 5.10(a)(v) then the Management Committee must give APRA reasonable notice of, and an opportunity to be heard at, any meeting at which it will consider reinstating the Framework Participant.
- (c) The Secretary must as soon as reasonably possible notify the System Administrator and all Framework Participants of any decision under this Regulation 5.16 to reinstate a suspended Framework Participant and the re-commencement date for that member.

5.17 Termination

- (a) A Framework Participant ceases to be a Framework Participant on:
 - (i) resignation;
 - (ii) becoming insolvent or making an arrangement or composition with creditors generally;
 - (iii) being wound-up, dissolved or otherwise ceasing to exist; or
 - (iv) the Board terminating that Framework Participant's membership in accordance with the Constitution and these Regulations.
- (b) A Framework Participant may, by notice in writing to the Company, resign as a Framework Participant with effect from a date which is not less than 21 days after the date of the service of the notice. The notice is irrevocable.
- (c) A Framework Participant may not resign except by giving notice in accordance with this Regulation 5.17.
- (d) The Board (after consultation with the Management Committee) may, by notice in writing to a Framework Participant, terminate the membership of that Framework Participant with immediate effect, provided that the Board may not terminate the membership of a Framework Participant unless the following pre-conditions have been fulfilled:
 - (i) a Suspension Event has occurred in respect of that Framework Participant and has not been remedied;
 - (ii) (if that Framework Participant is subject to Prudential Supervision) the Board has consulted with the relevant supervisor regarding such termination; and
 - (iii) the Board has provided an opportunity for that Framework Participant to make submissions to the Board regarding such termination.
- (e) The Board is not obliged to give any reasons for such decision and may revoke any such notice at any time before it becomes effective.
- (f) Any resignation or termination of the membership of a Framework Participant shall not affect any right or liability arising under the Constitution, these Regulations or the Procedures prior to the time such resignation or termination takes effect or arising in respect of any act, matter or thing occurring prior to that time.

- (g) A Framework Participant who resigns pursuant to Regulation 5.17(b) or whose membership is terminated pursuant to Regulation 5.17(d) shall continue to be bound by the Constitution and these Regulations in respect of:
 - (i) any act, matter or thing occurring prior to the time such resignation or termination takes effect or as a result of such resignation or termination; and
 - (ii) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Framework Participants in accordance with these Regulations in respect of periods which commence prior to the time such resignation or termination takes effect or which relate to any such act, matter or thing.

5.18 Effect of Termination

- (a) The Secretary must immediately notify the System Administrator and all Framework Participants (by the most expeditious means available) of any termination or resignation of membership under Regulation 5.17.
- (b) Subject to any rights of set-off, counterclaim or combination which are available at law, upon any resignation or termination of the membership of a Framework Participant:
 - (i) the resigning or terminating Framework Participant must immediately pay all sums of money (if any) owed by it to any other Framework Participant in respect of obligations arising from the exchange of payments; and
 - (ii) all sums of money (if any) owed to it by any other Framework Participant in respect of all such payments exchanged must be paid by that other Framework Participant to the resigning or terminating Framework Participant.
- (c) Any Framework Participant which resigns or whose membership is terminated immediately ceases to be entitled to effect exchanges in the HVCS in accordance with these Regulations and the Procedures.
- (d) A Framework Participant which resigns or whose membership is terminated is not entitled to be repaid all or part of any entrance, operating or other fee which has been paid by it.

The next page is 6.1

PART 6 FEES**6.1 Corporate Fees**Amended
effective
1/1/17

Each Framework Participant must pay the fees for Voting Members set out in the Constitution in the manner and amount and at the times determined by the Board, consisting of:

- (a) an annual base corporate fee; and
- (b) a periodic proportionate corporate fee calculated by reference to a Voting Member's PSMS.

6.2 Framework Fees

In addition to the fees referred to in Regulation 6.1 the Company will charge Framework Participants the fees set out below in the manner and amount and at the times determined by the Board:

Amended
effective
1/1/17

- (a) the Framework Participants in HVCS must pay an annual Framework fee, charged in an equal amount to each Framework Participant in HVCS; and
- (b) special project funding – the Board may, in its discretion, charge Framework Participants an amount to fund HVCS projects which have been recommended for funding by the Management Committee.

Amended
effective
1/1/17Inserted
effective
1/1/17**6.3 Entrance Fees**Amended
effective
1/7/14

- (a) An applicant whose application for membership is accepted must pay an entrance fee to the Company. The entrance fees are displayed on the Company's extranet and indexed annually in accordance with Regulation 6.7.
- (b) A new Framework Participant may not participate in HVCS until the entrance fee is paid to the Company.

6.4 Development Recoupment FeesDeleted
effective
1/7/14**6.5 Payments for HVCS Establishment Contributions**Deleted
effective
1/7/14**6.6 Time for Payment of Fees**

- (a) The Company must provide a Framework Participant with 30 days' notice of the fees payable under PART 6.
- (b) Once paid those fees are not refundable.

6.7 Indexation

- (a) The entrance fee payable under Regulation 6.3, the fee payable under Regulation 6.8 and the dispute resolution fee specified in Regulation 13.3 are to be indexed on an annual basis. The Management Committee at its first meeting following publication of the Consumer Price Index for the September quarter (as defined in "C" below) shall determine the indexed amount of each such fee to apply during the next calendar year. The indexed amount shall be the amount represented by A (rounded in the manner set out below) in the formula:

$$A = B \times ((100 + C) / 100)$$

- (b) where:

- (i) B is the amount of such fee immediately preceding such determination (disregarding any rounding in the manner set out below which was applied to that fee); and
- (ii) C is the Consumer Price Index, All Groups Percentage Changes (change from corresponding quarter of previous year - weighted average of 8 capital cities) figure in respect of the September quarter for the previous calendar year, in the form appearing in the quarterly publication entitled Consumer Price Index (Catalogue No. 6401.0) published by the Australian Bureau of Statistics. In the event that such figure is not published and is not otherwise available or that compilation of such figure is suspended or discontinued, C shall mean such figure published in an official publication or otherwise officially released by the Australian Bureau of Statistics (or mathematically derivable from such officially published or released figure) which in the opinion of the Management Committee represents the percentage change in the cost of living between the September quarter for the previous calendar year and the corresponding quarter for the immediately preceding calendar year.

- (c) The amount represented by A in the above formula shall be rounded to the nearest:
- (i) \$100 in the case of the entrance fee payable by Framework Participants (\$50 being rounded up); and
- (ii) \$10 in the case of the dispute resolution fee (\$5 being rounded up).

6.8 Disputes

Each Framework Participant must also pay to the Company the fees, costs and expenses stipulated in PART 13.

6.9 Mergers, Acquisitions and Re-organisations

Where, by takeover, merger or other action, an existing Framework Participant becomes a Subsidiary of or is otherwise acquired by another body corporate or that Framework Participant's business is assumed by another body corporate which is a Related Body Corporate of that Framework Participant or another body corporate formed as a result of that action (in this Regulation, that other body corporate being an "Owner") and the Owner applies for Membership as a Framework Participant within 12 months of such occurrence and is accepted as a Framework Participant, the Management Committee may (but is not obliged to do so), upon receipt of such information as the Management Committee may reasonably require, waive the fee which would otherwise be payable by the Owner pursuant to Regulation 6.3.

6.10 Gross up for GST Supplies by the Company

- (a) If:
- (i) the Company makes a Supply to a Framework Participant (in its capacity as Framework Participant) under the Constitution, these Regulations or the Procedures; and
 - (ii) the Company is required to pay GST under the GST Law in respect of that Supply (a "Taxable Supply"), then,
- the Framework Participant must pay to the Company an additional amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount.
- (b) The Company must issue a Tax Invoice to each Framework Participant for the GST on each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law.
- (c) The Framework Participant must pay the additional amount payable under Regulation 6.10 at the same time and manner as the GST Exclusive Consideration (or, if the GST Exclusive Consideration is not payable, within 14 days).

6.11 Supplies between Members

- (a) If a Framework Participant makes a Supply to another Framework Participant, each in its capacity as a Framework Participant, and the Framework Participant making the Supply ("the Supplier") is required to pay GST under the GST Law in respect of that Supply, (a "Taxable Supply"), then the Framework Participant receiving the Supply ("the Recipient") must pay to the Supplier an additional amount equal to the GST Exclusive Consideration for the supply multiplied by the GST Rate, without deduction or set-off of any other amount.

- (b) The Supplier must issue a Tax Invoice to the Recipient in respect of each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law.
- (c) The Recipient must pay the additional amount payable under Regulation 6.11 at the same time and manner as the GST Exclusive Consideration is payable or to be provided (or if the GST Exclusive Consideration is not payable, within 14 days).

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PART 7 MANAGEMENT COMMITTEE

7.1 Composition

- (a) Subject to Article 10.3 of the Constitution (Composition of Committees of Management), Regulation 1.3 and Regulation 7.2, the following persons are entitled to be members of the Management Committee of the HVCS if appointed, nominated or elected in the manner set out in these Regulations:
 - (i) if the Directors so elect, one person appointed by the Board under Article 10.3 of the Constitution;
 - (ii) subject to Regulation 7.1(f), a person nominated by each Framework Participant which has at least 5% of HVMS;
 - (iii) subject to Regulation 7.1(e) three persons elected in a ballot by all Framework Participants which are not entitled to nominate or elect a member of the Management Committee under any other provision of this Regulation 7.1(a);
 - (iv) during the first phase of the Grandfathering Period, one person nominated by the Framework Participants collectively which are Building Society Members;
 - (v) during the first phase of the Grandfathering Period, one person nominated by the Framework Participants collectively which are Credit Union Members;
 - (vi) during the second phase of the Grandfathering Period, one person nominated by the Framework Participants collectively which constitute the Mutuels Group; and
 - (vii) a person nominated by the Reserve Bank if a representative of the Reserve Bank has not been nominated in accordance with another provision of this Regulation 7.1(a).
- (b) A Framework Participant may become eligible or cease to be eligible to nominate a member of the Management Committee under Regulation 7.1(a)(ii), as a result of a calculation of HVMS.
- (c) Building Society Members collectively and Credit Union Members collectively may cease to be eligible to nominate a member of the Management Committee under Regulations 7.1(a)(iv) and (v) if the first phase of the Grandfathering Period ends in accordance with the Constitution, and the Mutuels Group may cease to be eligible to nominate a member under Regulation 7.1(a)(vi) if the second phase of the Grandfathering Period ends.

- (d) The changes to the Management Committee which may result from the changes in eligibility described in Regulations 7.1(b) and (c) will become effective at the conclusion of the next annual general meeting of the Company following:
 - (i) the calculation of HVMS – in relation to Regulation 7.1(b) and
 - (ii) the expiry of those phases of the Grandfathering Period – in relation to Regulation 7.1(c).
- (e) If the first phase of the Grandfathering Period ends, the number of persons the Framework Participants may elect under Regulation 7.1(a)(iii):
 - (i) is increased to four during the second phase of the Grandfathering Period; and
 - (ii) is increased to five if the Grandfathering Period expires.
- (f) During the Grandfathering Period, a Framework Participant which has at least 5% of HVMS and which is a Building Society Member or a Credit Union Member may not nominate a member of the Management Committee under Regulation 7.1(a)(ii).
- (g) If the Grandfathering Period expires, a Framework Participant which is a Building Society Member or a Credit Union Member has the same rights as all other Framework Participants under Regulations 7.1(a)(ii) and (iii) to nominate, or participate in a ballot to elect, a member of the Management Committee.
- (h) If a Framework Participant or group of Framework Participants which has a right to nominate a member under Regulation 7.1(a), does not nominate in accordance with Regulation 7.3, that Framework Participant may exercise the right of nomination at a later date.

7.2 Term of Office

- (a) Except as provided in Regulation 7.10, the term of office of a person appointed, nominated or elected as a member of the Management Committee commences at the conclusion of the relevant annual general meeting of the Company.
- (b) Subject to Article 10.5 of the Constitution (Removal of Members of a Committee of Management) and Regulations 7.1(d) and 7.10, the term of office of each member of the Management Committee expires at the conclusion of the third annual general meeting of the Company following the appointment of that member. A retiring member of the Management Committee may be re-appointed or re-elected, as the case may be.

7.3 Nominations and Election Processes

- (a) Each nomination of a member of the Management Committee under Regulation 7.1 must be in writing signed by the Framework Participant entitled to nominate, or an authorized representative of the group of Framework Participants which are collectively entitled to nominate, that member of the Management Committee and endorsed with the nominee's consent.
- (b) A nomination under Regulation 7.1 must be made not later than 7 days (or such short period as the chairman of the Management Committee may accept in any particular case) prior to the date of the annual general meeting of the Company at which the terms of office of the existing members of the Management Committee expire. The Secretary will call for such nominations as soon as practicable after the Board determines the date on which the relevant annual general meeting will be held.
- (c) A ballot under Regulation 7.1(a)(iii) will be conducted in accordance with the processes for election determined by the Board, including the conduct of elections, nomination of candidates and method of voting.

7.4 Member Unable or Unwilling to Act

- (a) If any member of the Management Committee is so located or circumstanced that it is not reasonably practicable for any necessary notice or other communication to be given to that member in relation to the meetings, deliberations or other affairs of the Management Committee or for that member to attend any one or more meetings of the Management Committee (in this Regulation, an "Inability"), then that member (or if that member is employed by a Framework Participant, that Framework Participant) may nominate another person who is qualified to be a member of the Management Committee to be an alternate member of the Management Committee for so long as the Inability subsists.
- (b) Any such nomination must be in writing and forwarded to the Secretary.
- (c) An alternate member may exercise any powers which the member may exercise and is deemed for all purposes to be a member of the Management Committee during the period of the Inability.

7.5 Powers and Duties

- (a) Subject to the Constitution, the Directors delegate to the Management Committee such of their powers, other than powers required by law to be dealt with by the Directors as a Board, as necessary, desirable or expedient to enable the Management Committee to properly perform its obligations under the Constitution. Subject to Regulation 7.5(b), the Board delegates to the Management Committee such of its powers, other than powers required by law to be dealt with by the Board, which are necessary to enable the Management Committee to properly perform its obligations under these Regulations.

PART 7 MANAGEMENT COMMITTEE

- (b) The Board may impose such conditions or restrictions as it thinks fit (whether by giving directions or otherwise) on the exercise of the powers delegated to the Management Committee pursuant to Regulation 7.5(a).
- (c) In the performance of their duties, the members of the Management Committee must observe the same standards as are imposed on the Directors and in particular, each member of the Management Committee must:
 - (i) at all times act honestly in the exercise of his or her powers and the discharge of the duties of his or her office;
 - (ii) at all times exercise a reasonable degree of care and diligence in the exercise of his or her powers and the discharge of his or her duties;
 - (iii) not make improper use of information acquired by virtue of his or her position as a member of the Management Committee to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the Company;
 - (iv) not make improper use of his or her position as a member of the Management Committee to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the Company.
- (d) This Regulation 7.5 has effect in addition to, and not in derogation of, any rule of law relating to the duty or liability of a person by reason of the person's office as a member of the Management Committee and does not prevent the institution of any civil proceedings in respect of a breach of such a duty or in respect of such a liability.
- (e) In addition to any other rights, powers and privileges to which he or she may be entitled:
 - (i) each member of the Management Committee shall be at liberty to convey to the Framework Participants which nominated, or the Framework Participants of the group which collectively elected, that member, such reports of the deliberations and decisions of the Management Committee which such member may think fit. Such member may also in his or her absolute discretion (but without imposing any obligation to do so) seek expressions of opinion from those Framework Participants; and
 - (ii) the chairman of the Management Committee shall be at liberty to convey to any Framework Participant such reports of the deliberations and decisions of the Management Committee which the chairman may think fit. The chairman may also in his or her absolute discretion (but without imposing any obligation to do so) seek an expression of opinion from any Framework Participant.

7.6 Responsibilities

- (a) The Management Committee shall be responsible for the effective operation and management of the HVCS, including without limitation:
 - (i) technical and efficiency standards;
 - (ii) the amendment of the fees and charges payable by Framework Participants pursuant to PART 6 (other than those in Regulations 6.1 and 6.2);
 - (iii) operating procedures and policies;
 - (iv) subject to a Framework Participant being entitled to refer any dispute (whether initially or by way of a request for a review of a decision of the Management Committee) to the Board, the resolution of disputes by arbitration or otherwise between Framework Participants;
 - (v) supervision of the observance by Framework Participants of these Regulations and the Procedures;
 - (vi) the other matters expressly referred to in these Regulations or the Procedures; and
 - (vii) such other matters as the Board may consider necessary, desirable or expedient for the better and more secure, efficient and equitable operation of HVCS.
- (b) In discharging its responsibilities under the Constitution, these Regulations and the Procedures, the Management Committee may delegate its powers, duties and authorities to one or more sub-committees of the Management Committee or, with the consent of the Chief Executive Officer, to the Chief Executive Officer. However, in any such case the Management Committee will remain accountable to the Board for the proper discharge and performance of those powers, duties and authorities.

7.7 Calculation of High Value Market Share

The respective percentage shares of HVMS for each Framework Participant will be calculated as follows:

- (a) the Company will collect data annually in relation to the volume and value of each Framework Participant's annual transaction activity in HVCS on a national basis;
- (b) the volume and value of a Framework Participant's transactions in HVCS will be weighted, with volume weighted at 65% and value weighted at 35%;

PART 7 MANAGEMENT COMMITTEE

- (c) the Company must calculate the respective HVMS for each Framework Participant at least annually prior to the annual general meeting of the Company;
- (d) each calculation of HVMS must be promptly notified by the Secretary to all Framework Participants.
- (e) each calculation of HVMS made in good faith is conclusive and supersedes any previous calculation.

7.8 Proceedings

- (a) The person (if any) appointed by the Board under Article 10.3 of the Constitution (Composition of Committees of Management) shall act as chairman of the Management Committee. That person does not have a deliberative vote.
- (b) If the Board has not appointed a person under Article 10.3 of the Constitution, the chairman will be that member of the Management Committee selected for the time being by the Board in accordance with Article 10.4 of the Constitution (Chair of Committee of Management). That person retains a deliberative vote, but has no casting vote.
- (c) The Management Committee may meet and adjourn as it thinks proper. The chairman of the Management Committee may at his or her discretion (and shall at the request in writing of any 2 members of the Management Committee) convene meetings of the Management Committee.
- (d) Except as provided to the contrary in these Regulations or the Procedures or unless such notice is waived by all members of the Management Committee, 7 days' notice of each meeting of the Management Committee shall be given to each member at his or her usual business address. The Secretary should ensure that each member of the Management Committee has received notice of each meeting. The non-receipt of notice of a meeting of the Management Committee by, or the accidental omission to give notice of a meeting of the Management Committee to, a member does not invalidate any resolution passed at the meeting of the Management Committee.
- (e) Where a meeting of the Management Committee is held and the chairman is not present within 15 minutes from the time appointed for the commencement of the meeting or is unable or unwilling to act, the members present may elect one of their number to be chairman of the meeting. The person elected as chairman retains his or her deliberative vote, when acting in that capacity.
- (f) The quorum for a meeting of the Management Committee is 75% of the number of members of the Management Committee for the time being.

- (g) Questions arising at a meeting of the Management Committee are to be answered in the affirmative if a simple majority of votes is cast in favour of the question. Any such decision is for all purposes a decision of the Management Committee.
- (h) A declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minutes of the proceedings of the Management Committee is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

7.9 Voting Entitlement

- (a) Subject to Regulations 1.2(e) and 5.12, each member of the Management Committee will be entitled to cast the following votes at meetings of the Management Committee:
 - (i) the member appointed under Regulation 7.1(a)(i), no vote; and
 - (ii) each other member has an entitlement equal to the HVMS of the Framework Participant, or the Framework Participant constituency, which nominated or elected that member, subject to Regulation 7.9(b).
- (b) The HVMS represented by each member elected under Regulation 7.1(a)(iii) is the total HVMS of the Framework Participant constituency represented by that member, divided by the number of members for that constituency.
- (c) HVMS is calculated in accordance with Regulation 7.7 and accordingly the number of votes to which a member of the Management Committee is entitled may change during that member's term of office. Any such change is to take effect at the first Management Committee meeting following the calculation of HVMS.

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7.10 Vacation of Office

- (a) The office of a member of the Management Committee becomes vacant if:
 - (i) that member dies or becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
 - (ii) that member resigns his or her office by notice in writing to the Secretary;
 - (iii) that member is absent without the consent of the chairman of the Management Committee from meetings of the Management Committee held during a period of 6 months;

PART 7 MANAGEMENT COMMITTEE

- (iv) that member is removed by the Board in accordance with Article 10.5 of the Constitution (Removal of Members of a Committee of Management);
- (v) that member is removed by the Framework Participant which nominated the member pursuant to Regulation 7.1(a)(ii) or (vii);
- (vi) that member is removed by the group of Framework Participants which nominate that member pursuant to Regulations 7.1(a)(iv), (v) or (vi);
- (vii) in the case of a member elected pursuant to Regulation 7.1(a)(iii), who:
 - (A) was an officer or employee of a Framework Participant in the electing constituency at the time of election, that member is removed by the Framework Participant which nominated him or her for election, due to a change in the person's role at that Framework Participant or that member ceases to be an officer or employee of that Framework Participant; or
 - (B) held a professional position at the time of election, that member ceases to practise in the profession,unless the Management Committee determines, in its discretion, that the cessation is unlikely to impair the member's capacity to perform his or her duties as a member of the Management Committee;
- (viii) the Framework Participant entitled to nominate, or each Framework Participant forming the group entitled to nominate or elect, that member ceases to be a Framework Participant; or
- (ix) the Framework Participant entitled to nominate, or each Framework Participant forming the group entitled to nominate, that member becomes a Subsidiary of another Framework Participant.
- (b) A notice of removal under Regulation 7.10(a) takes effect upon its receipt by the Secretary and must be in writing and signed:
 - (i) in relation to Regulation 7.10(a)(iii) or (iv), by the chairman of the Management Committee;
 - (ii) in relation to Regulation 7.10(a)(v) or (vii) by the Framework Participant entitled to effect such removal; and
 - (iii) in relation to Regulation 7.10(a)(vi) by an authorised representative of the group of Framework Participants entitled to effect the removal.

Last amended
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PART 7 MANAGEMENT COMMITTEE

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- (c) Where the office of a member of the Management Committee becomes vacant pursuant to Regulations 7.10(a)(i) to (vii),:
- Last amended effective 1/1/18
- (i) the Framework Participant that appointed the person or nominated the person for election (or in the case of a vacancy in the office of chairman, the Board) may nominate a different person as a replacement member of the Management Committee by notice in writing to the Secretary; or
- Last amended effective 1/1/18
- (ii) the Framework Participant that nominated the person for election does not wish to nominate a replacement person for the remainder of the term, the Secretary must arrange for a vote of the Framework Participant constituency referred to in Regulation 7.1(a)(iii) to take place no later than the date of the next annual general meeting to elect a new person as a replacement member, and the voting entitlement of the retiring or removed member is re-allocated equally among the remaining elected members until the election is held.
- Last amended effective 1/1/18
- (d) The person who is nominated or elected as a replacement member of the Management Committee shall only hold office for the remaining term of the retiring or removed member. The term of office of a replacement member of the Management Committee commences on receipt of the nomination pursuant to Regulation 7.10(c)(i) or upon declaration of an election held in accordance with Regulation 7.10(c)(ii). Such a person is eligible for re-appointment or re-election.

7.11 Written Resolution

- (a) If all the members of the Management Committee who are eligible to vote on a resolution have signed a document containing a statement that they are in favour of a resolution of the Management Committee in terms set out in the document, a resolution in those terms is deemed to have been passed at a meeting of the Management Committee held on the day on which the document was last signed by a member of the Management Committee.
- (b) For the purposes of Regulation 7.11(a), two or more separate documents containing statements in identical terms each of which is signed by one or more members of the Management Committee who are eligible to vote on the resolution are together deemed to constitute one document containing a statement in those terms signed by those members of the Management Committee on the respective days on which they signed the separate documents.

7.12 Meetings Defined

For the purposes of these Regulations, a meeting of the Management Committee means:

- (a) a meeting of the Management Committee assembled in person on the same day at the same time and place; or
- (b) the members of the Management Committee communicating with each other by any technological means by which they are able simultaneously to hear each other and to participate in discussion notwithstanding they (or one or more of them) are not physically present in the same place, and a member participating in the meeting under this paragraph is deemed to be present (including for the purposes of constituting a quorum) and entitled to vote at the meeting.

7.13 Validity of Acts

All acts done by any meeting of the Management Committee or by any person acting as a member are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a person to be a member or to act as a member, or that a person so appointed was disqualified, as valid as if the person had been duly appointed and were qualified to be a member of the Management Committee.

7.14 Appointment of Secretary

- (a) There must be at least one Secretary of the Management Committee who is to be appointed by the Chief Executive Officer. The Chief Executive Officer may remove a Secretary from office at any time.
- (b) The Secretary is vested with the powers, duties and authorities specified in these Regulations and the Procedures. In addition and with the consent of the Chief Executive Officer, the Management Committee may vest in the Secretary such additional powers, duties and authorities as it may from time to time determine.
- (c) The Secretary is entitled to attend all meetings of the Management Committee and all meetings of Framework Participants and may be heard on any matter.
- (d) The Secretary must prepare minutes of each meeting of the Management Committee for approval by the chairman of the Management Committee. All minutes approved by the chairman must be forwarded to each member of the Management Committee.

7.15 Chief Executive Officer

The Chief Executive Officer is entitled to attend all meetings of the Management Committee and all meetings of Framework Participants and may be heard on any matter.

7.16 Discretion as to Short Notice

The Management Committee may from time to time consider the merits of and at its discretion approve an application by any Framework Participant to, in any particular case:

- (a) shorten any period of notice required to be given by any person under Regulation 5.17(b); or
- (b) shorten any period of time referred to in Regulation 5.7(c).

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PART 8 MEETINGS OF FRAMEWORK PARTICIPANTS

8.1 HVCS Meetings and the Annual HVCS Meeting

- (a) HVCS must, in addition to any other HVCS meeting held by it, hold a HVCS meeting of the Framework Participants to be called the annual HVCS meeting, at least once in every calendar year and within the period of 5 months after the end of each of the Company's financial years, provided that the HVCS is not obliged to hold an annual HVCS meeting in the first calendar year in which the HVCS takes effect.
- (b) The purpose of the annual HVCS meeting is to provide a forum for Framework Participants to discuss any aspect of the operations of the HVCS, the current level of fees payable pursuant to PART 6 (other than those in Regulations 6.1 and 6.2) and any other matters relevant to membership of the HVCS.

8.2 HVCS Meeting

The Directors or the Management Committee may whenever they think fit convene a HVCS meeting.

8.3 Notice of HVCS Meeting

- (a) At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which notice is given) specifying:
 - (i) the place, day and the hour of the HVCS meeting; and
 - (ii) in the case of special business, the general nature of that business,must be given to all Framework Participants, all members of the Management Committee, and all Directors.
- (b) The non-receipt of notice of a HVCS meeting by, or the accidental omission to give notice of a HVCS meeting to, a Framework Participant does not invalidate any resolution passed at the HVCS meeting.

8.4 Special Business of HVCS Meeting

All business that is transacted at a HVCS meeting is special with the exception of the matters referred to in Regulation 8.1.

PART 8 MEETINGS OF FRAMEWORK PARTICIPANTS

8.5 Requisitioned Meeting

In addition to the HVCS meetings convened under Regulations 8.1 and 8.2, the Management Committee must, on the requisition of 3 or more Framework Participants which are entitled to cast not less than 10% of the total votes of all Framework Participants on a poll at a HVCS meeting, immediately convene a HVCS meeting to be held as soon as practicable but, in any case, not later than 2 months after the receipt by the Management Committee of the requisition.

8.6 Objects of Requisitioned Meeting

The requisition for a HVCS meeting must state the objects of the HVCS meeting and must be signed by the requisitionists and forwarded to the Secretary. A requisition may consist of several documents in like form each signed by one or more of the requisitionists.

8.7 Convening Requisitioned Meeting

If the Management Committee does not, within 21 days after the deposit of the requisition, proceed to convene a HVCS meeting the requisitionists or any of them having more than one-half of the total voting rights of the requisitionists, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by the Management Committee, convene a meeting, but a meeting so convened may not be held after the expiration of 3 months from the date the requisition is delivered to the Secretary.

8.8 Expenses of Requisitioned Meeting

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Management Committee to convene a HVCS meeting must be paid to the requisitionists by the Company.

8.9 Postponement or Cancellation of Meeting

- (a) The Board or the Management Committee convening a HVCS meeting may postpone or cancel that HVCS meeting whenever they think fit (other than a meeting convened as the result of a requisition under Regulation 8.5 or by requisitionists under Regulation 8.7). The Board or the Management Committee postponing or cancelling a HVCS meeting must give as much notice as is possible in all the circumstances of the postponement or cancellation of that HVCS meeting to all persons entitled to receive notices of that HVCS meeting.
- (b) The non-receipt of notice of a postponement or cancellation by, or the accidental failure to give notice of a postponement or cancellation to, a Framework Participant does not invalidate the postponement or cancellation.

PART 8 MEETINGS OF FRAMEWORK PARTICIPANTS

8.10 Attendance at HVCS Meetings

- (a) Any Framework Participant may attend any HVCS meeting by appointing:
 - (i) a proxy;
 - (ii) an attorney; or
 - (iii) a person authorised by resolution of its directors or other governing body to act on its behalf at a particular HVCS meeting or at all meetings of the Framework Participants.
- (b) Unless the contrary intention appears, a reference to a Framework Participant in the succeeding provisions of this PART 8 means a Framework Participant, a proxy, an attorney or a person appointed under Regulation 8.10(a).

8.11 Quorum

No business may be transacted at any HVCS meeting unless a quorum is present comprising Framework Participants who are entitled in accordance with Regulation 8.15 to cast not less than 50% of the total votes of all Framework Participants on a poll.

8.12 Failure to Achieve Quorum

- (a) Where a HVCS meeting is convened in accordance with Regulation 8.5 or 8.7 and a quorum is not present within 30 minutes from the time appointed for the HVCS meeting, the HVCS meeting must be dissolved.
- (b) Where a HVCS meeting is convened in any other case and a quorum is not present within 30 minutes from the time appointed for that HVCS meeting:
 - (i) the HVCS meeting must be adjourned to such day, time and place as the Management Committee determines or if no determination is made by them to the same day in the next week at the same time and place; and
 - (ii) if at the adjourned HVCS meeting a quorum is not present within 30 minutes from the time appointed for that HVCS meeting the HVCS meeting must be dissolved.

8.13 Appointment and Powers of Chairman of a HVCS Meeting

- (a) The chairman of the Management Committee must preside as chairman at every HVCS meeting.

PART 8 MEETINGS OF FRAMEWORK PARTICIPANTS

- (b) Where a HVCS meeting is held and the chairman of the Management Committee is not present within 15 minutes from the time appointed for the commencement of the meeting or is unable or unwilling to act, the members of the Management Committee present must elect one of their number to be chairman of the meeting, or, if no such member is present or if all such members present decline to take the chair, the Framework Participants present must elect a proxy, an attorney or a person acting on behalf of a Framework Participant pursuant to Regulation 8.10(a) as chairman of the meeting.

8.14 Adjournment of HVCS Meeting

- (a) The chairman of the meeting may, with the consent of any HVCS meeting at which a quorum is present, and must if so directed by the HVCS meeting, adjourn the HVCS meeting from time to time and from place to place, but no business may be transacted at any adjourned HVCS meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (b) When a HVCS meeting is adjourned for 30 days or more, notice of the adjourned HVCS meeting must be given as in the case of an original HVCS meeting.
- (c) Except as provided by Regulation 8.14(b), it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned HVCS meeting.

8.15 Voting at HVCS Meeting

- (a) At any HVCS meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
 - (i) the chairman of the meeting; or
 - (ii) a Framework Participant.
- (b) Unless a poll is properly demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the HVCS, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

8.16 Passing of Resolutions

A resolution is taken to be carried if more than 50% of the total votes cast in respect of the resolution are cast in favour of the resolution. The chairman of the meeting shall not have a casting vote.

PART 8 MEETINGS OF FRAMEWORK PARTICIPANTS

8.17 Poll

- (a) If a poll is properly demanded, it must be taken in such manner and (subject to Regulation 8.17(b) either at once or after an interval or adjournment or otherwise as the chairman of the meeting directs. The result of the poll is the resolution of the HVCS meeting in respect of the matter for which the poll was demanded.
- (b) A poll demanded on the election of a chairman of the meeting or on a question of adjournment must be taken immediately.
- (c) The demand for a poll may be withdrawn.

8.18 Voting Entitlement

A Framework Participant's voting entitlement is equal to its percentage share of HVMS.

8.19 Objection to Voting Qualification

- (a) An objection may be raised to the qualification of a voter, or the number of votes which a voter can cast, only at the HVCS meeting or adjourned HVCS meeting before the vote objected to is given or tendered.
- (b) Any such objection must be referred to the chairman of the meeting, whose decision is final.
- (c) A vote not disallowed under such an objection is valid for all purposes.

8.20 Appointment of Proxy

- (a) An instrument appointing a proxy must be in writing under the hand of the appointor or of its attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (b) An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- (c) An instrument appointing a proxy is deemed to confer authority on the proxy to demand or join in demanding a poll.
- (d) An instrument appointing a proxy must be in the form approved by the Management Committee from time to time.
- (e) A proxy may vote on a show of hands or on a poll.

8.21 Deposit of Proxy and Other Instruments

An instrument appointing a proxy is not to be treated as valid unless the instrument, and an original or certified copy of the power of attorney or other authority (if any) under which the instrument is signed, is or are received by the Secretary before the time for holding the HVCS meeting or adjourned HVCS meeting at which the person named in the instrument proposes to vote.

8.22 Validity of Vote in Certain Circumstances

A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid notwithstanding the revocation of the instrument (or of the authority under which the instrument was executed) or of the power, if no intimation in writing of the revocation or transfer has been received by the Secretary before the commencement of the HVCS meeting or adjourned HVCS meeting at which the instrument is used or the power is exercised.

8.23 Entitlement to Speak

Each Director and each member of the Management Committee is entitled to attend all HVCS meetings and is entitled to speak at those meetings.

8.24 Written Resolution

A resolution in writing signed by the Framework Participants entitled to cast more than 90% of all votes which could be cast at a HVCS meeting is as valid and effectual as if it had been passed at a HVCS meeting duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Framework Participants.

The next page is 9.1

PART 9 CONTINGENCY ARRANGEMENTS

9.1 Contingency Procedures

The Procedures set out arrangements which are to apply if a Contingency occurs.

9.2 Contingency Plans

The Management Committee may to the extent to which it considers it necessary to do so, formulate and approve contingency plans and may amend such plans from time to time. Contingency plans will:

- (a) apply during:
 - (i) a Disabling Event; and
 - (ii) any other event or circumstance determined by the Management Committee as being an event or circumstance which is a Contingency for the purposes of these Regulations and the Procedures;
- (b) be additional to any other matter contained in the Procedures; and
- (c) be effective on and from the date the Company publishes them (or amendments to them) from time to time.

9.3 Notification of Contingencies

If a Contingency occurs in respect of any Framework Participant, that member must immediately notify particulars of that Contingency in accordance with the Procedures.

The next page is 10.1

PART 10 SETTLEMENT

10.1 Settlement

Subject to any inconsistent provisions of these Regulations or the Procedures applicable during Contingencies, settlement of payments through HVCS is to occur:

- (a) in real time;
- (b) by exchange of value by debiting and crediting of Exchange Settlement Accounts in accordance with Reserve Bank policy;
- (c) by using RITS; and
- (d) otherwise in accordance with all applicable laws and regulations and the applicable RITS Regulations,

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except when RITS is for whatever reason unavailable to settle payments on a Real Time Gross Settlement basis.

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10.2 Settlement not effected on RTGS basis

Settlement arrangements applicable when settlement of payments through HVCS is not effected on a Real Time Gross Settlement basis are set out in Parts 9 and 10 of the Procedures.

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PART 11 PROCEDURES**11.1 Procedure for Clearings and Settlements**

The conduct of clearings effected between Framework Participants and the settlement of balances arising as a result of exchanges of payments between Framework Participants must be undertaken in accordance with the practices, procedures, standards and specifications determined and published by the Management Committee from time to time. Such practices, procedures, standards and specifications may relate to all or any aspects of the clearing cycle (including, without limitation, the matters specifically referred to in Regulation 2.1).

11.2 Additional Procedural Requirements for Compensation

- (a) In addition to and except to the extent inconsistent with the Constitution, these Regulations or the Procedures, each Framework Participant must comply with the practices and procedures set out in the document (as amended or replaced) known as the Inter-organisation Compensation Rules, ("Inter-organisation Compensation Rules"), in respect of compensation matters arising from the payments in HVCS between Framework Participants.
- (b) A reference in the Inter-organisation Compensation Rules to a Participating System will be taken to be a reference to HVCS.
- (c) The Management Committee shall be responsible for reviewing, at least once during each calendar year, the compensation adjustments that are expressed in the Inter-organisation Compensation Rules to be subject to periodic review, to determine whether those adjustments continue adequately to reflect the published principles or policies. The Management Committee may, unless the Board (having been notified) determines otherwise, publish a variation to any such compensation adjustment to apply for the time being for the purposes of HVCS.

11.3 Amendment of Procedures

- (a) The Management Committee may vary any practice, procedure, standard or specification previously determined and published under Regulation 11.1, provided that if such variation relates to a matter of principle or a fundamental term such variation must also be:
 - (i) approved by the chairman of the Management Committee and the Chief Executive Officer;
 - (ii) approved by the Board; or

- (iii) in accordance with (or a consequence of) an amendment to these Regulations,

and provided that any variation of a grammatical, cosmetic, typographical or minor nature to the Procedures previously determined and published under Regulation 11.1 which, in the reasonable opinion of the Chief Executive Officer, will not prejudice any Framework Participant or the conduct of exchanges or other operations in connection with the HVCS, may be made by the Chief Executive Officer.

- (b) Any variation made by the Chief Executive Officer must be notified to the Management Committee within 30 days of the making of the variation. The Management Committee must publish all variations from time to time in accordance with Regulation 11.1.

11.4 Suspension of Procedures

The Procedures relating to any particular AusPayNet PDS or the HVCS in general may be suspended in the whole or in part by the Chief Executive Officer with the approval (howsoever obtained) or by the direction (howsoever given) of so many of the members of the Management Committee as are collectively entitled to a majority of votes at meetings of the Management Committee, provided that the power of suspension conferred by these Regulations is not to be exercised where the exigency which has occurred or is apprehended, and which would otherwise necessitate or justify a total or partial suspension of the Procedures, is one for which provision is already made by the Procedures.

11.5 Notification of Suspension of Procedures

In the event of a suspension of the Procedures, the Chief Executive Officer must promptly advise the Framework Participants of such decision and of any express arrangements for deferral of the kind referred to in Regulation 11.6 known to the Chief Executive Officer.

11.6 Position During Suspension of Procedures

- (a) During a suspension of the Procedures pursuant to Regulation 11.4, but subject to any express arrangements among any particular Framework Participants for deferral of exchanges, Framework Participants must:
 - (i) to the extent possible, effect exchanges in accordance with the normal procedures;
 - (ii) to the extent to which normal exchange procedures are precluded by such suspension, effect exchanges in such manner as the Chief Executive Officer from time to time directs; and
 - (iii) to the extent to which normal settlement procedures are precluded by such suspension, settle their balances bilaterally in respect of each day's exchanges on the business day next following such exchanges.

- (b) The Chief Executive Officer may, if he or she deems fit, direct that any meeting of the Management Committee which is rendered necessary for the purpose of giving any direction or directions of the kind referred to in Regulation 11.6(a) may be convened on 24 hours' notice (unless such notice is waived by all members of the Management Committee).
- (c) If any Framework Participant desires to enter into express arrangements for deferral of exchanges or settlement with other Framework Participants but is unable to reach agreement with such Framework Participants, that Framework Participant may refer the matter to the Management Committee. The Management Committee after considering all submissions which all Framework Participants concerned may wish to place before it, may formulate the terms of an arrangement for deferral which shall be binding on all Framework Participants concerned immediately upon such terms being notified to them by the Secretary. Such terms shall be deemed to be an express arrangement for deferral within the meaning of this Regulation 11.6.
- (d) The Chief Executive Officer may, if he or she deems fit, direct that any meeting of the Management Committee which is rendered necessary by a reference of the kind referred to in this Regulation may be convened on 24 hours' notice (unless such notice is waived by all members of the Management Committee).

11.7 Removal of Suspension of Procedures

Any suspension of the Procedures determined upon pursuant to Regulation 11.4 may be removed by the Chief Executive Officer with the approval (howsoever obtained) or by the direction (howsoever given) of so many of the members of the Management Committee as are collectively entitled to a majority of votes at meetings of the Management Committee. The Chief Executive Officer must promptly advise the Framework Participants of every such removal.

11.8 Financial Claims Scheme – Explanatory Preamble

- (a) Regulation 11.9 provides a set of supplementary rules ("FCS Rules") to deal with an FCS Declaration. Subject to the exceptions set out in Regulation 11.9, the FCS Rules apply to all Framework Participants.
- (b) The Company has published a set of End of Day ("EOD") Balance Guidelines for Single Customer View ("SCV") Calculation to assist Framework Participants in preparing for and dealing with the occurrence of an FCS Declaration. Framework Participants should ensure that they have a continuing full understanding of the FCS Rules and the Guidelines. The Guidelines, which may be amended from time to time, can be found on the Company's extranet.

11.9 FCS Processing Requirements

- (a) Upon the occurrence of an FCS Declaration the membership of the Declared Member is automatically suspended, a Suspension Event is taken to have occurred in relation to the Declared Member, and the provisions of Regulations 5.11 to 5.16 inclusive apply as though automatic suspension under this Regulation 11.9 were a suspension under Regulation 5.10.
- (b) Upon suspension of membership of the Declared Member under Regulation 11.9(a) further exchanges of payments between the Declared Member and each other Framework Participant (but not between Framework Participants) pursuant to these Regulations and the Procedures are automatically suspended.
- (c) Following suspension of exchanges between the Declared Member and each other Framework Participant under Regulation 11.9(a) and except as may be required in accordance with Regulations 5.11 to 5.16 inclusive, Framework Participants are not responsible for any failure to conduct further exchanges of payments with the Declared Member or to perform other obligations arising from the exchange of payments with the Declared Member (excluding any such obligations under PART 12).
- (d) To the extent it is legally able to do so, each Framework Participant must act in accordance with this PART 11, with PART 8 of the EOD Balance Guidelines for SCV Calculation as that part applies to the remediation processing of HVCS payments and with any communications protocol approved by the Company for the purposes of this Regulation 11.9.

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PART 12 FAILURE TO SETTLE**12.1 Explanatory Preamble**

The Company has published a set of FTS Guidelines to assist Framework Participants in preparing for and dealing with the occurrence of an FTS Event (or Potential FTS Event). Framework Participants should ensure that they have a continuing full understanding of the FTS Rules and the FTS Guidelines. The FTS Guidelines, which may be amended from time to time, can be found on the Company's extranet.

12.2 Application of Part

- (a) In a Real Time Gross Settlement environment all payments in the HVCS are either settled or rejected by the Reserve Bank prior to delivery, which precludes an FTS Event where RITS is functioning normally and those payments are settled on a Real Time Gross Settlement basis. Last amended effective 1/1/18
- (b) However, an FTS Event could occur in the event of a failure of or disruption to RITS which prevents settlement on a Real Time Gross Settlement basis. Last amended effective 1/1/18
- (c) This PART 12 applies in respect of any FTS Event which occurs when RITS is not effecting settlement of payments on a Real Time Gross Settlement basis. Last amended effective 1/1/18

12.3 FTS Event

An FTS Event occurs where a Framework Participant fails to settle for the obligations incurred by it under:

- (a) these Regulations and the Procedures; or
- (b) the regulations and the procedures or manual for any other Clearing System which include provisions which:
 - (i) govern the conduct of settlement when a member of that Clearing System (the "Clearing System Defaulter") fails to settle its settlement obligations under that Clearing System; and
 - (ii) provide at least once on each business day for bilateral netting of settlement of amounts owed to or by that Clearing System Defaulter as a result of the exchange of payment instructions in accordance with those regulations and the procedures.

12.4 Deferral of Settlement

If the Reserve Bank or the Company becomes aware of a Potential FTS Event or a Disabling Event, the Company or the Reserve Bank (in each case in consultation with the other) may defer until a later time the time prescribed for any settlement affected or potentially affected by that Potential FTS Event or a Disabling Event. In addition, in such circumstances, the Chief Executive Officer may take such other action as is permitted by PART 11 of these Regulations.

12.5 Suspension

- (a) If an FTS Event occurs, further exchanges of payments between the Defaulter and Survivors (but not between Survivors) pursuant to these Regulations and the Procedures are automatically suspended.
- (b) Upon the suspension of exchanges between the Defaulter and the Survivors under Regulation 12.5(a), the membership of the Defaulter in the High Value Clearing System (CS4) is also suspended and subject to the provisions of this PART 12 the provisions of Regulations 5.11 to 5.16 inclusive apply as though the automatic suspension under this Regulation 12.5 were a suspension under Regulation 5.10.

12.6 Responsibility for Further Exchanges

- (a) Following suspension of exchanges between the Defaulter and Survivors under Regulation 12.5 and except as may be required in accordance with Regulations 5.11 to 5.16 inclusive, Survivors are not responsible for any failure to conduct further exchanges of payments with the Defaulter or to perform other obligations arising from the exchange of payments with the Defaulter (excluding any such obligations under this PART 12).
- (b) Where following an FTS Event a Framework Participant becomes a Defaulter and exchanges with the Defaulter are suspended in the High Value Clearing System (CS4), then any payments already lodged within the High Value Clearing System (CS4) and the subject of a Failed Settlement may be exchanged bilaterally and the obligations arising from such exchanges (and any obligations arising from payments already exchanged within the High Value Clearing System (CS4) and the subject of the Failed Settlement) may be netted at least once on each business day between the Defaulter and a Survivor unless the Survivor indicates otherwise. However a Survivor which conducts such exchanges and netting and suffers any liability or loss as a result of such conduct has no recourse to the Company, or to any other Survivor, under these Regulations or the Procedures or the regulations or the procedures or the manual for any other Clearing System with respect to that liability or loss.

12.7 Netting with Defaulter

Netting of any amounts owing to the Defaulter by Survivors and by the Defaulter to Survivors in connection with the Failed Settlement is to take place at least once on each business day on a bilateral net basis between the Defaulter and each Survivor at such time and in such manner as the Defaulter and the Survivor determine.

12.8 Cross Clearing System Netting Provision

At least once on each business day, the amount owed to a Survivor by the Defaulter or by a Survivor to the Defaulter pursuant to Regulation 12.7 is to be netted with each other bilateral net amount owed to that Survivor by the Defaulter or by that Survivor to the Defaulter in each other Clearing System in which any such bilateral net amount is owed following an FTS Event in that Clearing System. Settlement of the resulting net amount is to take place at such time and in such manner as the Defaulter and the Survivor determine.

12.9 Time and Manner of Revised Settlement

- (a) If an FTS Event occurs then on the day of the occurrence of that FTS Event, a multilateral net settlement figure for each Survivor will be recalculated by the Reserve Bank for a Revised Settlement using the settlement figures that were used to calculate the multilateral net settlement positions for the Failed Settlement but excluding all amounts due to or from the Defaulter.
- (b) On the day on which settlement figures are recalculated in accordance with Regulation 12.9(a), the Reserve Bank will notify each Survivor, via RITS, of the multilateral net amount due to or by that Survivor as part of the Revised Settlement.
- (c) On the day of notification under Regulation 12.9(b), each Survivor must settle for the revised amount of its settlement obligations (if any) calculated by the Reserve Bank. This obligation is discharged either on settlement of the Survivor's final net allocated cross Clearing System national settlement position in accordance with the Procedures or if the Survivor's final net allocated cross Clearing System national settlement position is zero.

12.10 Framework Participants' Obligations

To the extent it is legally able to do so, each Framework Participant must act in accordance with this PART 12 in the event that a Framework Participant is unable to discharge at the prescribed time the obligations incurred as a result of the exchange of payments in accordance with these Regulations and the Procedures.

12.11 No Effect On Other Clearing Systems

Except as expressly provided, this PART 12 does not apply to, and in no way affects, any rights or obligations arising under the regulations or the procedures or the manual for or in respect of the operations of any other Clearing System operated by, or under the auspices of, the Company.

The next page is 13.1

PART 13 BREACHES OF REGULATIONS AND DISPUTES

13.1 Resolution of Disputes

- (a) Subject to Regulations 13.4 and 13.5, all Disputes must be referred in writing to a meeting of the Management Committee for determination by the Management Committee. A determination of the Management Committee in relation to a Dispute must be evidenced by a Certificate and a determination so evidenced will be binding upon all parties to the Dispute (including, without limitation, any Framework Participant which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as a Framework Participant or whose membership is terminated pursuant to Regulation 5.17).
- (b) Subject to Regulations 13.4(a)(iii), (iv) and 13.5 and except in the circumstances referred to in Regulations 13.4(a)(i) and (ii), no proceedings may be commenced in any court of law or equity or otherwise in relation to any Dispute unless:
 - (i) the Dispute has first or already been referred to the Management Committee pursuant to Regulation 13.1;
 - (ii) the Dispute has been determined by the Management Committee; and
 - (iii) the determination has been evidenced by a Certificate in accordance with Regulation 13.1.

13.2 Dispute Resolution Fee and Costs

- (a) Subject to Regulation 13.2(c), each Framework Participant party to a Dispute which is referred to the Management Committee pursuant to Regulation 13.1 or to the Board pursuant to Regulation 13.5 (whether initially or by way of review) must:
 - (i) pay to the Company within 14 days of the date on which the Dispute is first referred to the Management Committee or the Board a dispute resolution fee which, subject to Regulation 6.7, shall be \$1,000; and
 - (ii) pay to the Company within 14 days of determination of the Dispute by the Management Committee and (in such proportions as the Management Committee shall determine are reasonable and appropriate in all the circumstances) all costs and expenses incurred by the Company in relation to that referral (including, without limitation, all costs and expenses (on a solicitor and own client basis) incurred in obtaining legal, financial, actuarial or accountancy advice and administrative costs reasonably incurred by the Company).

PART 13 BREACHES OF REGULATIONS AND DISPUTES

- (b) For the avoidance of doubt, the Management Committee may determine that all costs and expenses referred to in Regulation 13.2(a)(ii) are to be paid by any one party to the relevant Dispute.
- (c) If the parties to a Dispute settle the Dispute prior to determination of it by the Management Committee, they may withdraw the Dispute from the Management Committee by each giving written notice of that withdrawal to the Secretary.
- (d) If a Dispute is withdrawn from the Management Committee pursuant to Regulation 13.2(c) and the parties concerned have agreed, confidentially or otherwise, as to the apportionment among them of costs and expenses referred to in Regulation 13.2(a)(ii), then the parties involved may notify the Company in writing, within 7 days of the date on which all notices of withdrawal of the Dispute under this Regulation 13.2(d) are received by the Secretary (the "Withdrawal Date") of the agreed apportionment of those costs and expenses and the Company will render invoices in accordance with the notified agreed apportionment payable within 14 days of the Withdrawal Date.
- (e) If a Dispute has been withdrawn by the parties concerned pursuant to Regulation 13.2(c), and those parties have not reached agreement as to the apportionment of the Company's costs and expenses connected with referral of the Dispute or have not notified the Company of any agreed apportionment of those costs and expenses in accordance with this Regulation, the Company may render to those parties invoices for recovery of those costs and expenses requiring each party to pay the Company within 14 days of the Withdrawal Date an equal portion of those costs and expenses.
- (f) The Company must keep confidential to itself and its employees and advisers all information provided to it with respect to settlement of a Dispute, including without limitation, information about any agreement between the parties to the Dispute as to apportionment of the Company's costs and expenses, but excluding the fact that a settlement has been agreed, and may not disclose that information to any Framework Participant or Management Committee member without the consent of the parties to the Dispute.

13.3 Commencement of Proceedings

- (a) This Regulation applies to all Disputes, other than:
 - (i) a determination to which Regulation 13.4 applies if that determination relates to a question concerning the efficiency of the methods and procedures used by a Framework Participant in relation to the exchange of payments or the return or rejection of invalid payments; and

PART 13 BREACHES OF REGULATIONS AND DISPUTES

- (ii) any other determination to which Regulation 13.4 applies if the Management Committee certifies in writing that in its opinion the relevant Dispute is one to which it is inappropriate for this Regulation 13.3 to apply.
- (b) If a Framework Participant (in this Regulation, the "Defendant Framework Participant") fails or refuses to give effect to a determination of the Management Committee in relation to a Dispute to which this Regulation applies, which determination is evidenced by a Certificate, the Management Committee may resolve that proceedings be commenced and prosecuted against the Defendant Framework Participant by the Company in its own right.
- (c) Alternatively, any aggrieved Framework Participant which was a Framework Participant at the date of issue of the relevant Certificate (other than the Defendant Participant Member) may commence proceedings against the Defendant Framework Participant and request the assistance of the Company in relation to such proceedings in which event the Management Committee may require the Company to provide whatever administrative assistance the Management Committee determines should be rendered by the Company to facilitate the conduct of such proceedings.
- (d) If the Management Committee resolves that proceedings be commenced by the Company against the Defendant Framework Participant or if, in the opinion of the Management Committee it is desirable for the Company to render administrative assistance to facilitate the conduct of proceedings by one or more Framework Participants which were Framework Participants at the date of issue of the relevant Certificate (other than the Defendant Framework Participant), then every Framework Participant irrevocably authorises the Company to commence such proceedings or render such administrative assistance respectively.
- (e) The following costs are to be treated as costs and expenses of the operation of the Company:
 - (i) costs (including costs as between solicitor and own client) and disbursements incurred by the Company in relation to any proceedings commenced and prosecuted in accordance with this Regulation;
 - (ii) administrative costs reasonably incurred by the Company in relation to any such proceedings;
 - (iii) costs (including disbursements) and damages which may be awarded against the Company in relation to any such proceedings (or be payable by the Company as the result of any settlement of any such proceedings); and

PART 13 BREACHES OF REGULATIONS AND DISPUTES

- (iv) liabilities and losses arising from any such proceedings which are suffered or incurred by the Company.
- (f) If any proceedings are commenced by a Framework Participant or Framework Participants pursuant to this PART 13, and the Company renders administrative assistance pursuant to Regulation 13.3 to facilitate the conduct of those proceedings, then any award of damages or costs in favour of that or those Framework Participants must first be applied to reimburse the Company for the costs incurred by it in rendering such administrative assistance.

13.4 Efficiency Disputes

- (a) No Dispute of the type referred to in paragraph (g) of the definition of "Dispute" contained in Regulation 1.1 shall be submitted to the Management Committee for determination under Regulation 13.1:
 - (i) if the determination of the Management Committee would, or would purport to, affect the rights or liabilities of any customer of the Framework Participants or the Appointors concerned in the Dispute; or
 - (ii) if, or to the extent that, the matter is capable of resolution by an application of objective requirements or provisions contained in published established practices followed by members of the industry generally and there is no disagreement on any question of fact relevant to such requirements or provisions; or
 - (iii) unless and until the parties to the Dispute have tried to resolve the Dispute by discussion and negotiation between them; or
 - (iv) unless and until the Dispute has been submitted by the parties to, if relevant, a delegate of the Management Committee for an investigation of the facts and for the formulation, and forwarding to the Management Committee and to each of the parties to the Dispute, of an outline of its understanding of such facts together with an expression of its opinion as to the manner in which the Dispute might be resolved.
- (b) In determining any Dispute which is brought before it under Regulation 13.4, the Management Committee may call upon the parties to furnish it with such information and documents as it may reasonably deem necessary to enable it to adjudicate upon the Dispute.
- (c) In all cases where a loss has to be met by reason of:
 - (i) a conflict of opinion as to which of the parties to the Dispute was responsible for the loss; or

PART 13 BREACHES OF REGULATIONS AND DISPUTES

- (ii) the inability of any one or more of the parties to obtain reimbursement from or recourse against a customer,

the Management Committee will have authority to determine where the loss, and how the apportionment of the loss, will fall having regard to the merits of the individual case.

13.5 Reference to the Board

- (a) Notwithstanding anything to the contrary in this PART 13:
 - (i) prior to the Management Committee taking any preliminary or other action pursuant to Regulation 13.1 in relation to a Dispute, a Framework Participant party to that Dispute may refer that Dispute directly to the Board for determination by the Board in which case the Dispute will not be referred to the Management Committee for its determination; and
 - (ii) within 3 months of the date of a Certificate, a Framework Participant party to the relevant Dispute may also refer that Dispute to the Board by way of a request for a review of a determination of the Management Committee (which determination is evidenced by that Certificate) for further determination by the Board.
- (b) A determination of the Board in relation to a Dispute referred to it under this Regulation 13.5 must be evidenced by a resolution of the Board and a Certificate and a determination so evidenced will be binding upon all parties to the Dispute (including, without limitation, any body corporate which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as a Framework Participant pursuant to Regulation 5.17(b) or whose membership is terminated pursuant to Regulation 5.17(a)) until such time as a court of law or equity otherwise orders.
- (c) Where a determination of the Board is made and evidenced in accordance with Regulation 13.5, Regulations 13.1 to 13.4 inclusive will apply as if a determination of the Board in relation to a Dispute is a determination of the Management Committee in relation to that Dispute and the powers and duties of the Management Committee under those Regulations are powers and duties of the Board.

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PART 14 **NOTICES**

- (a) A notice may be given by the Company to any Framework Participant or other person receiving notice under these Regulations either by:
 - (i) serving it personally; or
 - (ii) sending it by post, telex or facsimile transmission to the address shown in the Register or the address supplied by that person to the Company for the giving of notices; or
 - (iii) sending an electronic mail message to an email address supplied by the Framework Participant or that person to the Company for the giving of notices or by publishing the notice on the Company's extranet or website in a manner accessible by the Framework Participant or that person receiving notice.
- (b) Publication on the Company's extranet or website must be accompanied by an electronic communication to the recipient(s) of the notice advising of the publication.
- (c) Where a notice is sent by post, service of the notice is deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and the notice is deemed to have been served on the business day after the date of its posting.
- (d) Where a notice is sent by telex or facsimile transmission, service of the notice is deemed to be effected by properly addressing the telex or facsimile transmission and transmitting same and to have been served in the case of a facsimile transmission on the business day following its despatch, and in the case of a telex transmission on the business day following receipt by the sender of the answerback of the addressee.
- (e) Where a notice is sent by electronic mail or published on the Company's extranet or website, the notice is deemed to be served on the business day following its despatch or publication.
- (f) This PART 14 does not apply with respect to PART 12.

The next page is 15.1

PART 15 MISCELLANEOUS

15.1 Statistics

- (a) Each Framework Participant must at the request of the Management Committee or the Company provide to the Company all reasonable information relating to that Framework Participant's volumes of payments, values of payments and other matters relevant to the HVCS.
- (b) The Company may arrange with the Reserve Bank for the supply to the Company of statistical data concerning payments processed in RITS.
- (c) Nothing in this Regulation 15.1 requires disclosure by any Framework Participant, or the Reserve Bank, of any particulars of any customer or client of any Framework Participant. Each Framework Participant acknowledges to the Company for the benefit of the Reserve Bank that the member unconditionally authorises and consents to release by the Reserve Bank to the Company of the statistical data referred to in this Regulation 15.1, or any of that data, (in any format whatsoever) for any purpose whatsoever in connection with these Regulations or HVCS, including without limitation for the purposes of Regulation 7.7.
- (d) Statistical data collected by the Company in accordance with this Regulation 15.1 may only be used for purposes approved by the Management Committee from time to time.

Last amended
effective
1/1/18

15.2 BSB Numbers

- (a) The Company has assumed responsibility for the allocation of BSB Numbers and agrees to allocate BSB Numbers on a basis which is consistent with the policies of the Company as determined from time to time.
- (b) Any such allocation must provide that the allottee can only use a new BSB Number with effect from the relevant commencement date notified by the Secretary in accordance with Regulation 5.7.
- (c) Where the business of a Framework Participant is acquired or assumed by an existing Framework Participant, a related body corporate subsequently accepted as a Framework Participant or a body corporate formed as the result of a merger or amalgamation and subsequently accepted as a Framework Participant (each an "Acquirer") and the first-mentioned Framework Participant:
 - (i) ceases to exist;
 - (ii) if it is a Framework Participant, gives notice to the Company of its resignation as a Framework Participant in accordance with these Regulations; or

- (iii) notifies the Company in writing that it consents to the re-allocation of its BSB Number to the Acquirer,

the Acquirer is entitled, on written request to the Company, to use the BSB Number of the first-mentioned Framework Participant with effect from a commencement date approved by the Management Committee and advised to Framework Participants by the Secretary.

15.3 Set-Off

Except as expressly provided for in PART 12, nothing in these Regulations shall be construed so as to negate or exclude any right of set-off which may otherwise arise.

15.4 Amendments

- (a) These Regulations may be amended from time to time in accordance with Article 10.8 of the Constitution (Amendment of Regulations), which requires that:
 - (i) the Management Committee recommends the amendments;
 - (ii) a meeting of the Framework Participants approves the amendments by resolution at a meeting convened in accordance with PART 8;
 - (iii) the Board approves the amendments; and
 - (iv) the amendments cannot become effective before they are approved by the Board.
- (b) Any amendment to these Regulations must contain an editorial note setting out the effective date of such amendment.

15.5 Exclusion of Fiduciary and Trustee Relationships

Subject to PART 6 neither the Company nor another person shall by reason of these Regulations or another document relating to the HVCS have a fiduciary relationship with, or be trustee for, a Framework Participant or another person unless expressly agreed.

15.6 Representations and Warranties

The Company is entitled to assume the correctness of any representation or warranty made by a Framework Participant and is not required to conduct independent enquiries or to conduct searches of public registers to confirm the correctness of any representation or warranty.

15.7 Confidentiality

- (a) All Confidential Information is confidential to the recipient of that information and its employees and each such recipient must ensure that Confidential Information is not disclosed to any other person except:
 - (i) any existing, prospective or potential contractors or consultants and any participants in a tender process initiated by or for that recipient;
 - (ii) with the consent of the provider of that information (which consent must not be unreasonably withheld);
 - (iii) (in the case of statistics) on a basis which does not identify the provider of the information;
 - (iv) if required to be disclosed by law or required by any stock exchange or supervisory authority which is responsible for the prudential supervision of the recipient;
 - (v) in connection with legal proceedings or disputes in which the recipient is a party;
 - (vi) if the information is generally and publicly available;
 - (vii) its legal advisers and auditors for the purpose of considering or advising upon the Confidential Information; or
 - (viii) to a Related Body Corporate of the recipient.
- (b) Except to the extent that it would contravene a law or stock exchange listing requirement, in respect of a disclosure by a recipient (the First Recipient) of Confidential Information to a further recipient (the Second Recipient) pursuant to subparagraphs (i), (iv), (v) and (viii) above, the First Recipient must prior to disclosure:
 - (i) advise the Company in writing; and
 - (ii) obtain from the Second Recipient an undertaking to abide by the requirements of this Regulation 15.7. The undertaking obtained should, wherever possible, be enforceable directly by the Company.

15.8 Expenditure

The expenses incurred by the Management Committee, any sub-committee of the Management Committee, any member of those committees or any other person in the performance of their duties under these Regulations and the Procedures must be in accordance with the financial budgets of the Company which have been approved by the Board or otherwise determined by the Board or the Chief Executive Officer (either specifically or on a general basis).

15.9 Indemnity

Every person who is or has been a member of the Management Committee is entitled to be indemnified out of the property of the Company against:

- (a) every liability incurred by the person in that capacity (except a liability for legal costs); and
- (b) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity,

unless:

- (c) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or
- (d) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

15.10 Insurance

The Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who is or has been a member of the Management Committee against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- (a) the Company is forbidden by statute to pay or agree to pay the premium; or
- (b) the contract would, if the Company paid the premium, be made void by statute.

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ANNEXURE 1 MEMBERSHIP APPLICATION FORM

ANNEXURE 1 MEMBERSHIP APPLICATION FORM
(Regulation 5.4)

To: The Secretary
Australian Payments Network Limited
("AusPayNet")
Level 23, Tower 3, International
Towers Sydney, 300 Barangaroo
Avenue
Sydney NSW 2000

Re: High Value Clearing System (CS4)

From: Full Name of Applicant:

ACN / ARBN:

Place of Incorporation:

Registered Office Address / Principal
Place of Business in Australia:

Name of Framework Participant
Representative:

Telephone Number: ()

Email Address:

Preferred Start Date:

This is the preferred date on which the Applicant wishes to be admitted as a Framework Participant of the HVCS.

The abovenamed body corporate ("**Applicant**") hereby applies for membership as a Framework Participant in the High Value Clearing System (CS4) and membership as a Voting Member of Australian Payments Network Limited, a company limited by guarantee. The Applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

ANNEXURE 1 MEMBERSHIP APPLICATION FORM

1. The Applicant will observe and comply with the Constitution of Australian Payments Network Limited, the Regulations for the High Value Clearing System (CS4) and the Procedures (as defined in those Regulations) in force from time to time. The Applicant hereby acknowledges receipt of a copy of the Constitution, the Regulations and the Procedures as currently in force.
2. The Applicant will observe and comply with the requirements and directions of the Company and any relevant statutory authority in force from time to time relating to the High Value Clearing System (CS4).
3. The Applicant undertakes not to adversely affect the integrity of payments sent and received between Framework Participants or the settlement of those payments (or otherwise introduce a significant new risk into the High Value Clearing System (CS4)) after becoming a Framework Participant.
4. The Applicant undertakes to comply with the technical and operational standards applicable to the High Value Clearing System (CS4) generally and to the AusPayNet PDS specified in the annexure to this application which are contained in the Regulations and the Procedures.
5. The Applicant gives the acknowledgments and undertakings set out in the annexure to this application and agrees to comply with the terms and conditions of use of any service provided to, or to AusPayNet on behalf of, Framework Participants by any Service Provider in connection with the AusPayNet PDS specified or otherwise referred to in the annexure to this application.
6. The Applicant undertakes not to impair the overall efficiency of the High Value Clearing System (CS4) after becoming a Framework Participant.
7. The Applicant undertakes to pay the fees and other amounts payable under the Regulations by a Framework Participant.
8. The rights and obligations contained herein shall enure not only to the Company, but to every other Framework Participant who has agreed to observe and comply with the Constitution, the Regulations and the Procedures.
9. The following information is enclosed with this application to demonstrate that the Applicant satisfies the applicable requirements for membership which are contained in Regulation 5.2:

[list information and documents enclosed with the application]

Terms not defined in this application have the same meaning as in the Regulations for the High Value Clearing System (CS4).

Dated: []

EXECUTED by THE APPLICANT by or)
in the presence of:)

Signature of Secretary/Director

Signature of Director

Full name of signatory

Full name of signatory

ANNEXURE 1 MEMBERSHIP APPLICATION FORM

This annexure is to be used with the HVCS membership application form if the applicant proposes to use the SWIFT PDS.

ANNEXURE TO APPLICATION FOR MEMBERSHIP OF THE HIGH VALUE CLEARING SYSTEM (CS4)

SWIFT PDS

Name of Applicant:

Prime SWIFT Address:

Other SWIFT Address:

Preferred Participant Start Date:

In addition to any rights and obligations contained in the Applicant's application for membership of the High Value Clearing System (CS4) to which this annexure is appended (the "Application"), the Applicant further agrees that if the Application is accepted then subject to and in consideration of that acceptance:

- (a) The Applicant acknowledges that:
 - (i) the proper operation of the SWIFT FIN Copy Service ("FIN Copy") is subject to any and all Framework Participants which use the SWIFT PDS ("Clearing Entities") being fully informed of all operational parameter values as specified in the FIN Copy Service Profile ("FIN Copy Profile") annexed to the SWIFT Service Agreement and having duly and in a timely manner implemented those parameter values and any changes to those parameter values notified by the Company from time to time;
 - (ii) the Company has notified the Applicant of the FIN Copy operational parameter values as specified in the FIN Copy Profile;
 - (iii) the Applicant is informed of and understands the consequences (if any) with respect to the Applicant's use of, and/or the operation of, FIN Copy;
 - (iv) the Applicant has received from the Company a copy of the SWIFT Service Agreement and understands that the Applicant will be bound by the terms and conditions for use of FIN Copy as set out in that agreement and that after duly completing the requirements for membership of the High Value Clearing System (CS4) and SWIFT's requirements for use of FIN Copy, SWIFT will be able to enforce those terms and conditions directly against the Applicant;

ANNEXURE 1 MEMBERSHIP APPLICATION FORM

- (v) subject to the provisions of the Regulations and the Procedures and the SWIFT Service Agreement, the Company has sole discretion to allow any SWIFT User to enter or re-enter the AusPayNet Closed User Group (as defined in the SWIFT Service Agreement) ("Closed User Group") and to withdraw any Clearing Entity from that Closed User Group;
 - (vi) subject to the provisions of the Regulations and the Procedures and the SWIFT Service Agreement, the Company may manage and monitor the Closed User Group in any manner as may in the Company's opinion be required for the performance of the Company's obligations under the SWIFT Service Agreement and the proper operation of FIN Copy;
 - (vii) the Company has previously notified the Applicant and the Applicant understands that termination of FIN Copy for any reason automatically terminates the provision of FIN Copy within the Closed User Group; and
 - (viii) the Company has advised the Applicant of, and the Applicant is aware of, the obligations of confidentiality under the SWIFT Service Agreement, in particular but without limitation the confidentiality obligations set out in Article 13 of the Constitution of that agreement.
- (b) The Applicant undertakes to comply with the terms and conditions for use of FIN Copy as set out in the Regulations and the Procedures and the SWIFT Service Agreement, including without limitation the conditions for payment of charges for use of FIN Copy.

Terms not defined in this annexure have the same meanings as in the Application.

Notes:

Applications should be completed in accordance with the following instructions:

- (a) by two directors or a director and a company secretary of the Applicant; OR
- (b) by affixing the Applicant's common seal witnessed by two directors or a director and a company secretary of the Applicant; OR
- (c) under power of attorney, in which case the attorney must state that no notice of revocation of the power of attorney under which the application is signed has been received and an original power of attorney or certified copy should be enclosed for noting

AusPayNet may require additional supporting documentation to satisfy itself that the application has been duly executed by the Applicant. If this is the case, AusPayNet will contact the Applicant directly.

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ANNEXURE 2 CONFIDENTIALITY AGREEMENT
(Regulation 5.4)

THIS AGREEMENT is made on:

BETWEEN: **AUSTRALIAN PAYMENTS NETWORK LIMITED**, ABN 12 055 136 519, a company incorporated in the Australian Capital Territory and having its registered office at Level 23, Tower 3, International Towers, 300 Barangaroo Avenue, Sydney NSW 2000 ("**AusPayNet**")

AND: **[NAME OF INSTITUTION]** ("**Clearing Entity**")

RECITALS

- A. AusPayNet is responsible for implementing and administering a system (the "HVCS") for exchange and clearance of domestic high value payments among AusPayNet's members.
- B. AusPayNet has entered or will enter into an agreement ("Service Agreement") with the Society for Worldwide Interbank Financial Telecommunication s.c ("SWIFT") pursuant to which SWIFT will provide certain services to AusPayNet in connection with AusPayNet's HVCS.
- C. It is a term of the Service Agreement that AusPayNet keeps confidential certain information of a confidential nature of which it has or might become aware in connection with the Service Agreement.
- D. Under the Service Agreement AusPayNet may disclose that confidential information to the Clearing Entity provided that it also keeps the information confidential.
- E. It will probably be necessary for AusPayNet to disclose to the Clearing Entity, on a confidential basis, other information of a confidential nature in connection with the HVCS and the Clearing Entity's membership of and participating in the HVCS.

INTERPRETATION

The following words have these meanings in this Agreement:

"**SWIFT PDS**" means the electronic payment delivery system forming part of AusPayNet's domestic high value clearing system using SWIFT's FIN Copy Service;

"**FIN Copy Service**" means the message transport and processing service provided by SWIFT to AusPayNet under the Service Agreement;

"**Relevant Jurisdiction**" means the Commonwealth of Australia, any State or Territory of Australia and any jurisdiction the laws of which govern the incorporation or other constitution of, or prudential supervisory arrangements for, the Clearing Entity or any Related Body Corporate;

ANNEXURE 2 CONFIDENTIALITY AGREEMENT

“Related Body Corporate” means a related body corporate, within the meaning of that term in the Corporations Law, of the Clearing Entity;

“RITS” means the settlement system established and operated by the Reserve Bank for, among other things, real time gross settlement of payment obligations.

Last amended
effective
1/1/18

In this Agreement unless the contrary intention appears:

- (a) a reference to this Agreement or another instrument or document includes any variation or replacement of any of them; and
- (b) the singular includes the plural and vice versa; and
- (c) the word “person” includes a firm, a body corporate, an unincorporated association or an authority; and
- (d) a reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including without limitation, persons taking by novation) and assigns; and
- (e) a reference to any law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

CONFIDENTIAL INFORMATION

In this Agreement, “Confidential Information” means any information of a secret, confidential or otherwise commercially sensitive nature of which a person has become or becomes aware in connection with the HVCS, the Service Agreement or the SWIFT PDS. Confidential Information includes, without limiting the generality of the foregoing, the following:

- (a) the Service Agreement; and
- (b) any functional specifications produced in whole or in part by or on behalf of SWIFT or AusPayNet in connection with the SWIFT PDS; and
- (c) any project plan produced in whole or in part by or on behalf of SWIFT or AusPayNet in connection with the SWIFT PDS.

NON-DISCLOSURE

In consideration of, among other things, AusPayNet providing to the Clearing Entity, or ensuring that the Clearing Entity is provided with, certain Confidential Information in connection with the Clearing Entity’s existing or proposed membership of and participation in the HVCS, from the date of this agreement and during the term of the Service Agreement and thereafter, the Clearing Entity must:

- (a) not use or exploit the Confidential Information for its own purposes, other than in connection with its participation in the HVCS or its use of the SWIFT PDS or RITS; and

Last amended
effective
1/1/18

ANNEXURE 2 CONFIDENTIALITY AGREEMENT

- (b) not disclose the Confidential Information to any other person other than on the terms of this Agreement; and
- (c) ensure that its employees, permitted sub-licensees, agents, contractors, consultants and assignees do not use or exploit or disclose the Confidential Information other than on the terms of this Agreement; and
- (d) take reasonable measures to protect the Confidential Information and keep it secure from unauthorised persons; and
- (e) inform AusPayNet immediately if:
 - (i) it becomes aware or suspects that there has been a breach of the Clearing Entity's obligations under this Agreement; or
 - (ii) disclosure of any of the Confidential Information is required by any law of any Relevant Jurisdiction or by any supervisory authority which is responsible for prudential supervision of the Clearing Entity or any Related Body Corporate.

EXCEPTIONS TO NON-DISCLOSURE

The Clearing Entity may disclose any of the Confidential Information to any of its employees, permitted sub-licensees, agents, contractors, consultants and assignees to whom that disclosure may be reasonably necessary or desirable in connection with the HVCS, Service Agreement, SWIFT PDS or RITS. However, before disclosing any Confidential Information to any employee, sub-licensee, agent, contractor, consultant or assignee, the Clearing Entity must make sure that the person to whom disclosure is to be made:

Last amended
effective
1/1/18

- (a) is aware of the Clearing Entity's obligations under this Agreement; and
- (b) will keep that information confidential in accordance with those obligations.

The Clearing Entity does not under this Agreement have to treat as confidential:

- (a) information which is or becomes part of the public domain, except information that is or becomes so because it has been disclosed in breach of this Agreement; or
- (b) information which is or becomes available from another person who is in possession of it lawfully and can disclose it on a non-confidential basis; or
- (c) information which is required to be disclosed because:
 - (i) of any law of any Relevant Jurisdiction, in which event the Clearing Entity must endeavour to ensure that such disclosure is limited in any way which AusPayNet reasonably requests to the extent permitted by that law; or

ANNEXURE 2 CONFIDENTIALITY AGREEMENT

- (ii) any supervisory authority which is responsible for prudential supervision of the Clearing Entity or any Related Body Corporate requires such disclosure.

INDEMNITY

The Clearing Entity indemnifies AusPayNet and agrees to keep AusPayNet indemnified in respect of all loss, damage, expense and costs arising because the Clearing Entity does not observe the conditions of this Agreement for any reason.

This indemnity is a continuing and separate obligation and survives termination of this Agreement however caused.

GENERAL

Entire Agreement

Apart from any confidentiality provisions contained in the Service Agreement to which the Clearing Entity might become a party, this Agreement contains the entire agreement on the subject matter between AusPayNet and the Clearing Entity and takes the place of any other statements or understandings about the Confidential Information.

Waiver and Variation

A provision of or a right created under this Agreement may not be:

- (a) waived, except in writing signed by the party granting the waiver; or
- (b) changed, except in writing signed by AusPayNet and the Clearing Entity.

Remedies Cumulative

The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

Failure or delay by AusPayNet in exercising any right or remedy under this Agreement does not mean that AusPayNet has waived the right or cannot exercise it later.

Governing Law

The Agreement is governed by the laws in force in New South Wales. AusPayNet and the Clearing Entity irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales and courts entitled to hear appeals therefrom.

EXECUTED as an agreement

Signed for **AUSTRALIAN PAYMENTS**)
NETWORK LIMITED)
ABN 12 055 136 519 by:)
)
)
)

Australian Payments Network Limited [ABN 12 055 136 519]

) By executing this Agreement the signatory
) warrants that the signatory is duly authorised
) to execute this Agreement on behalf of
) **AUSTRALIAN PAYMENTS NETWORK**
LIMITED

[illegible] $\begin{pmatrix} \cdot \\) \\) \\) \\) \\) \\) \\) \end{pmatrix}$
$$\begin{pmatrix} \cdot \\ \cdot \\ \cdot \\ \cdot \end{pmatrix}$$

)
)
)
)

) By executing this agreement the signatory
) warrants that the signatory is duly
) authorised to execute this Agreement on
) behalf of [NAME OF INSTITUTION]

[illegible]
$$\begin{pmatrix} \cdot \\ \cdot \\ \cdot \\ \cdot \\ \cdot \\ \cdot \\ \cdot \end{pmatrix}$$
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-- END --

**Effective 19 July 2021
Version E039**

AUSTRALIAN PAYMENTS NETWORK LIMITED

ABN 12 055 136 519

A Company limited by Guarantee

PROCEDURES

for

**HIGH VALUE CLEARING SYSTEM
FRAMEWORK**

(CS4)

Commenced August 1997

**Copyright © 1996 – 2021 Australian Payments Network Limited
ABN 12 055 136 519**

**Australian Payments Network Limited
Level 23, Tower 3, International Towers Sydney, 300 Barangaroo Avenue, SYDNEY NSW 2000
Telephone: (02) 9216 4888**

PROCEDURES

FOR

HIGH VALUE CLEARING SYSTEM FRAMEWORK

(CS4)

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AUSTRALIAN PAYMENTS NETWORK LIMITED
ABN 12 055 136 519

A Company limited by Guarantee

Last amended
effective 30/09/02

PROCEDURES
for
HIGH VALUE CLEARING SYSTEM FRAMEWORK
(CS4)

PART 1 PRELIMINARY

Definitions

- 1.1 The following words have these meanings in these Procedures unless the contrary intention appears.

“**ACK**” means Acknowledgment.

“**Acknowledgment**” (“**ACK**”) means a SWIFT advice, issued by SWIFT in response to the receipt of a message in the SWIFT PDS, advising that the message has been received by SWIFT and passed all necessary validation requirements.

“**Advance Information Standards Release Guide**” means the document referred to as such in Clause 5.24 or such other replacement document as may be published by SWIFT from time to time.

“**AEDT**” means Australian Eastern Daylight Time.

Inserted effective
1/01/18

“**AEST**” means Australian Eastern Standard Time.

Inserted effective
1/01/18

“**Affected Participant**” means a Framework Participant that is experiencing a Disabling Event which prevents that Framework Participant from sending HVCS payments in the normal way.

Inserted
effective 19/7/21

“**AIF**” means Automated Information Facility.

“**Applicant**” means a person who has lodged an application for membership of the HVCS as a Framework Participant or who proposes to lodge such an application.

“**Assisted Transaction**” means a transaction entered into RITS by the Reserve Bank of Australia on behalf of the Framework Participant, subject to the appropriate authorisation and in accordance with the RITS Regulations.

Inserted
effective 19/7/21

“**AusPayNet**” means Australian Payments Network Limited.

Inserted
effective 1/01/18

“AusPayNet PDS” means:

- (a) the SWIFT PDS, and
- (b) any other payment delivery system implemented by the Company from time to time,

for sending and receiving domestic high value payments in the HVCS between Framework Participants.

“Automated Information Facility” (“AIF”) means the service provided within RITS for the initiation and monitoring of SWIFT message based Commands, Enquiries and Unsolicited Advices.

Last amended effective 1/01/18

“Back-up Computer Site” means, in relation to each Framework Participant using the SWIFT PDS, all system configuration components necessary to ensure connection to the SWIFT PDS as an alternate to the Primary Computer Site, particularly when the Primary Computer Site is not available. For the avoidance of doubt, the system components which together comprise a “Back-up Computer Site” need not be situated at the same physical location provided that, taken as a whole, those components satisfy the operational and security requirements of clauses 7.15 to 7.23 inclusive.

Last amended effective 23/04/98

“Back-up Tier” means either of the two tiers of back-up referred to in Clause 7.12, and in relation to a Framework Participant, the tier of back-up applicable to that member from time to time as determined in accordance with Clauses 7.12 to 7.14 inclusive. A Framework Participant’s Back-up Tier is determinative of the back-up requirements with which that member must comply.

Amended effective 1/01/14

“Board” means the board of directors of the Company.

“Business Officer” means a person who has the authority to instruct SWIFT to change the FIN-Copy Service Mode.

Inserted effective 19/7/21

“BSB Number” means, in relation to a Framework Participant, its BSB Number assigned to it by the Company.

“Business Day” means a day on which RITS is operating to process payments.

Last amended effective 1/01/18

“Bypass Mode” [Deleted]

Deleted effective 20/08/04

“CAP” means Customer Access Point.

“Cash Settlement Rate” [Renamed “ESR”].

Last amended effective 13/06/01

“CBT” means computer based terminal (including hardware and software) and, in relation to an AusPayNet PDS, means a computer based terminal used to access that AusPayNet PDS.

“Central SWIFT Interface” (“CSI”) means the RITS interface to the SWIFT FIN Copy Service.

Last amended effective 1/01/18

“Certification Test Plan” means the test plan, incorporating test scripts, produced by the Company for the purpose of obtaining System Certification in accordance with Clauses 7.36 to 7.43 inclusive, to ensure that a Framework Participant’s CBT has the correct PDS configuration loaded and can successfully interact with SWIFT FIN-Copy.

“CEST” means Central European Summer Time.

Inserted effective 01/07/02

“**CET**” means Central European Time.

Inserted
effective 01/07/02

“**Chief Executive Officer**” means the person appointed as a chief executive officer of the Company under Article 7.13 and a reference in these Procedures to the Chief Executive Officer includes a reference to a person nominated by the chief executive officer to be responsible for the matter referred to in that reference.

“**CLS Payments**” means payments exchanged between a Framework Participant and CLS Bank through the SWIFT PDS, normally for the purposes of settling the Australian Dollar leg of foreign exchange transactions. CLS Payments are excluded from the Fallback Solutions provided for in the HVCS Contingency Instructions.

Inserted
effective 19/7/21

“**Collator**” [Deleted]

Deleted effective
23/04/13

“**Company**” means Australian Payments Network Limited (A.C.N. 055 136 519).

“**Core Business Hours**” means the minimum period during each Business Day that a Framework Participant’s CBT must be logged on to the SWIFT PDS as specified in Clause 4.4.

“**Core PPS**” means the specific hardware and software that is normally used by participants to generate or process the bulk of their RITS SWIFT messages, by value, for high value payments. This would include, for example, systems required for sending correspondent banking and financial markets transactions.

Last amended
effective 1/01/18

“**Crisis Meeting**” has the meaning given to it in the AusPayNet Crisis Communications Plan.

Inserted
effective 19/7/21

“**Crisis Management Team**” has the meaning given to it in the AusPayNet Crisis Communications Plan.

Inserted
effective 19/7/21

“**CSI**” means Central SWIFT Interface.

“**Customer**” means the customer of the Receiver into whose account payments are credited.

“**Customer Access Point**” (“**CAP**”) means a dedicated SWIFT access point that is located within a Framework Participant’s premises and is used to access the SWIFT FIN Copy Service.

“**Daily Settlement Session**” has the meaning given to that term in the RITS Regulations (see Clauses 4.1 and 4.3).

“**Digital Certificate 1**” means the PKI digital certificate used to authenticate each SWIFT PDS payment passing between a particular Sender and the Framework Participant to which that payment is addressed.

Inserted
effective 31/10/07

“**Digital Certificate 2**” means the PKI digital certificate used to authenticate each payment passing, via the SWIFT FIN-Copy Service, between a particular Sender and the CSI or between the CSI and a particular Framework Participant to which the payment is addressed.

Inserted
effective 31/10/07

“Disabling Event” means:

Last amended effective
1/01/18

- (a) processing, communications or other failure of a technical nature;
- (b) inaccessibility (total or partial) to facilities by means of which payments are sent and received; or
- (c) manifestation of industrial action,

which affects, or may affect, the ability of any Framework Participant to participate to the normal and usual extent in sending and receiving payments.

“Eligible Payment” means a Payment where both the Sender and Receiver have agreed to operate in the Evening Settlement Session.

Inserted
effective 01/07/02

“Error of Magnitude” means an error (or a series of errors on the one exchange) of or exceeding \$2 million or such other amount as may be determined from time to time by the Management Committee.

Last amended
effective 16/01/09

“ESA” means Exchange Settlement Account.

“ESCA” [Deleted]

Deleted
effective 20/11/06

“ESCA plus NIBO Limit” [Deleted]

Deleted
effective 20/11/06

“ESR” means the interest rate payable by the Reserve Bank of Australia on overnight credit balances of Exchange Settlement Accounts.

Last amended
effective 13/06/01

“Evening Settlement Session” has the meaning given to that term in Clause 4.1.

Inserted
effective 01/07/02

“Exchange Settlement Account” (“ESA”) means an exchange settlement account, or similar account, maintained by a Framework Participant with the Reserve Bank of Australia.

“Exchange Settlement Cash Account” (“ESCA”) [Deleted]

Deleted
effective 20/11/06

“Exchange Settlement Funds” has the meaning given in the RITS Regulations.

“Exchange Summary Form” means a summary document substantially in the form of Appendix Gin the format prescribed by the Reserve Bank of Australia.

Last amended effective
19/7/21

“Exchange Summary Data File Transfer Facility” [Deleted]

Deleted
effective 23/04/13

“Failure To Match Rules” means the rules set out in clause 9.25.

Last amended
effective 13/11/13

“Fallback Period” means either a HVCS Fallback Period and/or a Participant Fallback Period, as applicable, declared by the Chief Executive Officer as set out in the Contingency Instructions.

Last amended
effective 19/7/21

“Fallback Settlement” means, in relation to a Fallback Period, the deferred net settlement of HVCS obligations exchanged during the Fallback Period that is effected in accordance with the Contingency Instructions.

Amended effective
19/7/21

“Fallback Solution” means either the HVCS Fallback Solution and/or the Participant Fallback Solution, as applicable.

Inserted
effective 19/7/21

“Framework Participant” means a body corporate which in accordance with the Regulations is a participant in the HVCS and which is permitted, in accordance with the Regulations and these Procedures, to use the SWIFT PDS.

Inserted effective
1/07/14

“Future Dated Payment” means any payment entered into the SWIFT PDS in advance of the value date for the payment.

“High Value Clearing System” (“CS4”) means the framework of systems and procedures contained in the Regulations for the purpose of co-ordinating, facilitating and protecting the conduct and exchange of AusPayNet PDS payments among Framework Participants and all aspects of the related clearing cycle.

“HSM” means Hardware Security Module: A hardened, tamper-resistant device used for safe storage, generation and management of digital keys.

Amended
effective 26/11/18

“HVCS” means High Value Clearing System (CS4).

“HVCS Bilateral Clearing Form” in relation to a Participant Fallback Period, means a form in the format prescribed by the Company that an Affected Participant uses to send HVCS payments to another Framework Participant.

Inserted
effective 19/7/21

“HVCS Contingency Instructions” means the HVCS contingency instructions set out in Appendix J.

Inserted
effective 19/7/21

“HVCS Exchange Figures Advice” in relation to a HVCS Fallback Period, means a summary document (provisional or final), issued by and in a format prescribed by the Reserve Bank of Australia, showing the net obligations between a Framework Participant and the other Framework Participants, as calculated by the Reserve Bank of Australia using data received from Framework Participants in the HVCS Exchange Summary Form.

Inserted
effective 19/7/21

“HVCS Fallback Period” means a period declared by the Chief Executive Officer to be a HVCS Fallback Period under Clause 9.17 to authorise the use of the HVCS Fallback Solution as the method for clearing and settlement of HVCS payments during a RITS Outage.

Inserted
effective 19/7/21

“HVCS Fallback Solution” means the method used for clearing and settlement of HVCS payments during a HVCS Fallback Period that is outlined in Section 3.1 of the HVCS Contingency Instructions.

Inserted
effective 19/7/21

“In-Flight” in relation to a HVCS Fallback Period, means payments that are stored in the SWIFT FIN Y Copy Service pending a settlement response from RITS when a RITS Outage occurs.

Inserted
effective 19/7/21

“Interim Session” has the meaning given to that term in Clause 4.1.

Last amended effective
1/01/18

“Inter-organisation Compensation Rules” means the document (as amended or replaced) known as the Inter-organisation Compensation Rules, Publication No. 6.1 of the Company.

Inserted effective
13/06/01

“MAC” [Deleted]

Deleted
effective 31/10/07

“Management Committee” means the committee constituted pursuant to Part 7 of the Regulations.

“Message Authentication Code” (“MAC”) [Deleted]

Deleted
effective 31/10/07

“Morning Settlement Session” has the meaning given to that term in the RITS Regulations (see Clauses 4.1 and 4.3).

“NAK” means Negative Acknowledgment.

“Negative Acknowledgment” (“NAK”) means a SWIFT advice, issued by SWIFT in response to the receipt of a message, advising that the message has been received by SWIFT and rejected on the basis that it has not met the necessary validation requirements.

“Net Clearing System Obligations Advice” in relation to a HVCS Fallback Period, means a summary document, issued by and in a format prescribed by the Reserve Bank of Australia that shows a Framework Participant’s net obligation in the multilateral contingency batch for settlement in RITS, including clearing system interest.

Inserted
effective 19/7/21

“Net Interbank Obligation” (“NIBO”) [Deleted]

Deleted
effective 20/11/06

“NIBO” [Deleted]

Deleted
effective 20/11/06

“9.00am Settlement” means settlement of certain multilaterally netted payment obligations by debiting and crediting Exchange Settlement Accounts at or about 9.00am or at such other time as may be prescribed by the Reserve Bank of Australia.

Amended
effective 23/04/13

“9.00am Settlement Session” has the meaning given to that term in Clause 4.1.

“Non Eligible Payment” means a Payment where either the Sender or Receiver or both have not agreed to operate in the Evening Settlement Session.

Inserted
effective 01/07/02

“PAC” [Deleted]

Deleted
effective 31/10/07

“Participant Fallback Period” means a period declared by the Chief Executive Officer to be a Participant Fallback Period under Clause 9.17 to authorise the use of the Participant Fallback Solution as the method for clearing and settlement of HVCS payments during a Participant Outage.

Inserted
effective 19/7/21

“Participant Fallback Solution” means the method for clearing and settlement of HVCS payments during a Participant Fallback Period that is outlined in Section 3.1 of the Contingency Instructions.

Inserted
effective 19/7/21

“Participant Outage” means a period during which a Framework Participant experiences a Disabling Event which prevents that Framework Participant from sending HVCS payments in the normal way.

Inserted
effective 19/7/21

“Participant Start Date” means, in relation to a Framework Participant, the date on and from which that member is entitled to use the SWIFT PDS to send and receive payments, being a date specified as such for that member by the Management Committee in accordance with the Regulations.

“Participating Member” [deleted]

Deleted effective
1/07/14

“Payment” means, in relation to an AusPayNet PDS, a payment submitted via that AusPayNet PDS for settlement in RITS.

Last amended effective
1/01/18

“Payments Operations” has, in relation to each Framework Participant using the SWIFT PDS, the meaning given in Clause 7.25.

Amended
effective 26/11/18

“PPS” means the Payments Processor System which is hardware and software used to generate or process RITS SWIFT messages.

Last amended
effective 1/01/18

“Primary Computer Site” means, in relation to each Framework Participant using the SWIFT PDS, all system configuration components necessary to ensure connection to the SWIFT PDS on a daily basis. For the avoidance of doubt, the system components which together comprise a “Primary Computer Site” need not be situated at the same physical location provided that, taken as a whole, those components satisfy the operational and security requirements of clauses 7.2 to 7.11 inclusive.

Last amended
effective 23/04/98

“Proprietary Authentication Code” (“PAC”) [Deleted]

Deleted
effective 31/10/07

“Real Time Gross Settlement” means, in respect of settlement of payment obligations in any particular settlement system, the processing and settlement of those payment obligations in that system in real time and on a gross (not net) basis.

“Receiver” means a Constitutional Corporation that receives Payments from another Framework Participant in accordance with the HVCS Regulations and Procedures once admitted into the HVCS.

Last amended effective 20/11/06

“Regulations” means the regulations for the HVCS as prescribed by the Company.

“Repair Routing Code BSB” means a BSB number, assigned in accordance with Clause 8.4 (See also Clause 4.14).

“Reports Session” has the meaning given to that term in clause 4.1.

Inserted effective 1/01/18

“RITS” means the settlement system established and operated by the Reserve Bank of Australia for Real Time Gross Settlement and includes the Central SWIFT Interface. For the avoidance of doubt, references to RITS include that system when operating to effect settlement of Payments on a Real Time Gross Settlement basis and when otherwise operating to effect settlement of payments on a deferred net settlement basis.

Last amended effective 1/01/18

“RITS Cash Transfer” or **“Cash Transfer”** means the transfer of funds between Exchange Settlement Accounts undertaken using functionality provided by the Reserve Bank of Australia in the RITS User Interface and in accordance with the RITS Regulations.

Inserted effective 19/7/21

“RITS Outage” means a period during which the central site (RITS or CSI) is experiencing a Disabling Event that prevents RITS or CSI, as applicable, from effecting settlement of HVCS payments in the normal way.

Inserted effective 19/7/21

“RITS Regulations” means the regulations for RITS published from time to time by the Reserve Bank of Australia.

Last amended effective 1/01/18

“RITS User Handbook” means the user guides issued by the Reserve Bank of Australia in connection with the RITS Regulations.

“RITS User Interface” or **“RITS UI”** means the interface made available by the Reserve Bank of Australia through which RITS Members or the Reserve Bank of Australia may input, view and manage transactions; perform administration activities; view and download reports; and perform other ancillary actions within RITS, in accordance with the RITS Regulations.

Inserted effective 19/7/21

“Sender” means a Constitutional Corporation that sends Payments to another Framework Participant in accordance with the HVCS Regulations and Procedures once admitted into the HVCS.

Last amended effective 20/11/06

“Settlement Close Session” has the meaning given to that term in the RITS Regulations (see Clauses 4.1 and 4.3).

“Settlement Day” means a day on which Payments are processed in RITS as specified in, or in accordance with, the RITS Regulations.

Last amended effective 1/01/18

“Settlement Session” has the same meaning as in the RITS Regulations.

“SWIFT” means Society For Worldwide Interbank Financial Telecommunication s.c., having its registered address at Avenue Adèle, 1 B-1310 La Hulpe, Belgium.

“SWIFT Customer Security Controls Framework” means SWIFT’s set of mandatory and advisory security controls for SWIFT Users as published by SWIFT from time to time.

Inserted effective
1/01/18

“SWIFT Customer Security Mandatory Controls Non-Compliance Form” means the form set out at the end of the Yearly Audit Compliance Certificate (Appendix A2)

Inserted effective
1/01/18

“SWIFT FIN Service” means SWIFT's core message transport and processing service described in the SWIFT User Handbook.

“SWIFT FIN-Copy Service” means the service provided by SWIFT to Framework Participants pursuant to the SWIFT Service Agreement.

“SWIFT Network” means the proprietary telecommunication network and associated software owned and utilised by SWIFT to provide communications services to its users.

“SWIFT PDS” means the SWIFT FIN-Copy Service, operating, under normal circumstances, in Y-Mode, configured with Framework Participants’ CBTs to meet the processing requirements of the HVCS, together with any ancillary SWIFT services provided in connection with the SWIFT FIN-Copy Service.

“SWIFT PDS CUG” is the group of Framework Participants admitted to use the SWIFT PDS to send and receive payments.

“SWIFT PDS Log” means the record to be maintained by Framework Participants in accordance with Clause 7.33 of all system outages, changes to the SWIFT PDS configuration and system test details, which forms part of the Yearly Audit Compliance Certificate.

“SWIFT PDS Operations Manager” means the person designated as such from time to time by the Chief Executive Officer.

“SWIFT PDS System” means, in relation to a Framework Participant using the SWIFT PDS, that member’s own CBT, related software and ancillary equipment used to access the SWIFT PDS and process the sending and receipt of payment instructions.

“SWIFT Secure Channel” means an online application provided by SWIFT, through which a Business Officer can instruct SWIFT to change to the FIN-Copy Service Mode.

Inserted
effective 19/7/21

“SWIFT Service Agreement” means the agreement effective 16 December 1996 entitled Agreement between the Company and SWIFT for FIN-Copy Service Administration, pursuant to which SWIFT provides its FIN Copy Service to Framework Participants.

“SWIFT T-Copy” or **“T-Copy”** means one of the message copy modes in the SWIFT FIN-Copy Service under which a partial-copy of a payment message is copied to the CSI then forwarded directly to the Receiver without awaiting a settlement response from RITS.

Inserted
effective 19/7/21

“SWIFT User” means a body corporate that has been granted the right to connect to the SWIFT Network in accordance with the terms and conditions set out in the by-laws of SWIFT and in the SWIFT User Handbook.

“SWIFT User Handbook” means the set of rules and procedures published from time to time by SWIFT (in whatever medium) as the "SWIFT User Handbook" governing use of SWIFT's services.

“System Administrator” means the person appointed by the Reserve Bank of Australia to supervise operation of RITS.

Last amended effective
1/01/18

“System Certification” means, in relation to an AusPayNet PDS, the initial certification by the Management Committee in accordance with Part 7 of these Procedures prior to that person being permitted to send and receive payments using that AusPayNet PDS.

“System Certification Checklist” means a checklist in the form of Appendix A1 of these Procedures, to be used by Framework Participants in accordance with Part 7 of these Procedures to obtain System Certification.

“System Compliance Certificate” means a certificate issued pursuant to Clause 7.41 by the Management Committee to a Framework Participant which has successfully completed the process for System Certification.

“System Queue” means the RITS Queue in which each Payment (other than a Warehoused Payment) is held pending processing in RITS prior to settlement.

Last amended effective 1/01/18

“Total National Transaction Value” means, in respect of an AusPayNet PDS, the aggregate value of all payments sent and received by all Framework Participants using that AusPayNet PDS. This aggregate value is determined using the statistical data collected for the purposes of and in accordance with Clause 7.13.

Last amended effective 23/04/98

“Transitional Member” [Deleted]

Deleted effective 20/11/06

“Transitional Period” [Deleted]

Deleted effective 20/11/06

“Uninterruptable Power Supply” (“UPS”) means equipment or facilities which provide for the supply of a continuous source of electricity to the CBT, whether through the use of batteries, generators or any other suitable means, in the event of the loss of mains power.

“UPS” means Uninterruptable Power Supply.

“Warehoused Payments” means Future Dated Payments received by RITS and held pending the due date when the payments are placed back in the System Queue for normal processing.

Last amended effective 1/01/18

“Yearly Audit Compliance Certificate” means a certificate in the form of that in Appendix A2.

“Year” means a calendar year.

Interpretation

1.2 In these Procedures:

- (a) words importing any one gender include the other gender;
- (b) the word person includes a firm, a body corporate, an unincorporated association or an authority;
- (c) the singular includes the plural and vice versa;
- (d) a reference to a statute, code or the Corporations Law (or to a provision of a statute, code or the Corporations Law) means the statute, the code, the Corporations Law or the provision as modified or amended and in operation for the time being, or any statute, code or provision enacted in lieu thereof and includes any regulation or rule for the time being in force under the statute, the code, the Corporations Law or the provision; and a reference to a specific time means that time in Sydney unless the context requires otherwise.

1.3 Words defined in the Corporations Law have, unless the contrary intention appears, the same meaning in these Procedures.

1.4 Words defined in the Regulations have, unless the contrary intention appears, the same meaning in these Procedures.

1.5 These Procedures have been determined by the Management Committee and take effect on the date specified by the Chief Executive Officer pursuant to Regulation 1.2.

1.6 Headings are inserted for convenience and do not affect the interpretation of these Procedures.

Inconsistency with Articles or Regulations

1.7 If a provision of the Regulations or these Procedures is inconsistent with a provision of the Articles, the provision of the Articles prevails.

1.8 If a provision of these Procedures is inconsistent with a provision of the Regulations, the provision of the Regulations prevails.

Governing Law

1.9 These Procedures are to be interpreted in accordance with the same laws which govern the interpretation of the Articles.

Copyright

1.10 Copyright in these Procedures is vested in the Company.

The next page is 2.1

PART 2 EFFECT

- 2.1 These Procedures have the effect set out in Part 2 of the Regulations.
- 2.2 The provisions of these Procedures apply to the Framework known or referred to as the domestic high value clearing system but only with respect to payment instructions sent and received electronically using the SWIFT PDS.
- 2.3 If any AusPayNet PDS other than the SWIFT PDS is to be implemented, additional separate procedures will be required for that other AusPayNet PDS.

The next page is 3.1

PART 3 PROCEDURES AND AMENDMENT

Conduct of Clearings

- 3.1 Pursuant to Regulation 11.1 and in addition to and subject to the Regulations, the sending and receipt of payment instructions by Framework Participants must comply with the applicable practices, procedures, standards and specifications contained in these Procedures.

Amendments

- 3.2 These Procedures may be varied by the Management Committee in accordance with Regulation 11.3 and Clause 3.3 of these Procedures. Any variation to these Procedures must contain an editorial note setting out the effective date of such variation.
- 3.3 Each Framework Participant must notify the Company of any changes to its contact points as specified in Appendices C1, C2 and C3. The Chief Executive Officer may vary Appendices C1, C2 and C3 in accordance with such notification without the need to obtain the approval of the Management Committee or any other person. A variation made by the Chief Executive Officer pursuant to this Clause 3.3 will, upon publication by the Company, be binding on that Framework Participant and each other Framework Participant.

Inconsistency With Other Applicable Rules and Regulations

- 3.4 Some of the provisions of these Procedures refer to or reflect the requirements of SWIFT in relation to the SWIFT PDS or the requirements of the Reserve Bank of Australia in relation to RITS. Those requirements of SWIFT or the Reserve Bank of Australia might change from time to time. Last amended effective 1/01/18
- 3.5 Subject to this Clause 3.5, if any provision of these Procedures is inconsistent with any mandatory provision of the SWIFT User Handbook, the provision in the SWIFT User Handbook prevails to the extent of that inconsistency. However, any provision of these Procedures which:
- (a) deals with the same subject as any provision of the SWIFT User Handbook, and
 - (b) imposes on any Framework Participant more rigorous obligations in relation to that subject than does that provision of the SWIFT User Handbook, or removes or limits any discretion that may have been available under or in accordance with that provision of the SWIFT User Handbook in relation to that subject, or imposes additional obligations to those imposed by that provision of the SWIFT User Handbook in relation to that subject, and
 - (c) can be performed without breaching that other provision of the SWIFT User Handbook, is not to be construed as inconsistent with, and accordingly prevails over, that other provision of the SWIFT User Handbook.
- 3.6 Any provision of these Procedures which restates terms or conditions applicable to, or which otherwise covers, operation of RITS is included for information purposes only and is not, by virtue of these Procedures only, binding under these Procedures. Framework Participants should refer to the RITS Regulations for the terms and conditions of operation of RITS. Last amended effective 1/01/18
- 3.7 Framework Participants should, therefore, be conversant with the relevant provisions of both the SWIFT User Handbook and RITS Regulations.

The next page is 4.1

PART 4 GENERAL OPERATIONAL REQUIREMENTS

RITS Operating Day

Last amended effective 1/01/18

- 4.1 The RITS operating day is made up of four distinct operating sessions plus three closed sessions to enable completion of 9.00am Settlement, preparation for the Evening Settlement Session and overnight processing. The usual times for the sessions are specified below, but the Reserve Bank may advise other times on any given day.

Last amended effective 1/01/18

Future Dated Payments (see Warehoused Payments, Clause 5.13) received by RITS at any time during the operating day will, subject to appropriate checks, be processed and stored by RITS as Warehoused Payments. Future Dated Payments entered outside of RITS operating day will be held on the SWIFT PDS queue and forwarded to RITS on the next Business Day. *NB: See Clause 5.13, Future Dated Payments may only be entered in limited circumstances.*

Last amended effective 1/01/18

Framework Participant processing arrangements for same day value payments during each of the operating sessions varies and details are set out below.

Last amended effective 23/04/98

- Morning Settlement Session 7.30am to 8.45am Monday to Friday.

Last amended effective 3/06/99

Framework Participants may use the Morning Settlement Session to fund their 9.00am Settlement position and prepare for the Daily Settlement Session. SWIFT PDS payments are not available during this period. Any SWIFT PDS payments initiated during this period for same day value will be verified, to ensure they meet all appropriate checks, and held on the System Queue until commencement of the Daily Settlement Session at which time they will be considered for settlement in the normal course.

- 9.00am Settlement Session 8.45am to 9.15am Monday to Friday.

Only RITS processing associated with the 9.00am Settlement will be undertaken during the 9.00am Settlement Session.

Last amended effective 1/01/18

- Daily Settlement Session 9.15am to 4.30pm Monday to Friday.

Last amended effective 13/07/01

Framework Participants may initiate SWIFT PDS payments for same day value up until the close of the SWIFT PDS operating day in accordance with Clause 4.2. However, RITS will continue to be available for RITS “bank to bank” transactions until the end of the Settlement Close Session.

Last amended effective 1/01/18

- Settlement Close Session 4.30pm to 5.15pm Monday to Friday.

Last amended effective 13/07/01

Framework Participants may continue to test and settle already queued SWIFT PDS payments, and may initiate new Eligible Payments, but no other new payments may be initiated.

Inserted effective 1/01/18

It is expected that Framework Participants use reasonable endeavours to ensure that Non Eligible Payments remaining on the System Queue following closure of the Daily Settlement Session are settled. This will assist all Framework Participants in managing their end of day liquidity requirements.

At the end of the Settlement Close Session, on completion of transaction testing, RITS will reject all unsettled Non Eligible Payments remaining on the System Queue using an Abort Notification (see Clause 5.17), including payments with a status of “Deferred”.

Last amended effective 1/01/18

- Interim Session approximately 5.15pm to 5.25pm Monday to Friday.

Last amended effective 1/01/18

No transaction processing occurs during the Interim Session. This session is designed to allow those Framework Participants, who have not agreed to participate in the Evening Settlement Session, to obtain end of day reports and finalise their day's work.

Inserted
effective 1/07/02

- Evening Settlement Session closure of the Interim Session (approximately 5.25pm) to 10.00pm or such later time as the Reserve Bank may prescribe from time to time Monday to Friday.

Last amended
effective 1/01/18

Input of SWIFT payments will cut-off *prior* to the end of the Evening Settlement Session, at 6.05pm / 7.05pm / 8.05pm *(refer clause 4.4A). Eligible Payments remaining on the System Queue at 6.30pm / 7.30pm / 8.30pm will be rejected.

Last amended
effective 11/11/13

Those members that have agreed with the Reserve Bank of Australia to participate in the Evening

Inserted
effective 1/07/02

Settlement Session must have sufficient front and back office staff available for efficient inter-bank dealings during the Evening Settlement Session. Framework Participants will be able to alter this agreement with the Reserve Bank of Australia in accordance with arrangements prescribed from time to time by the Reserve Bank of Australia.

- Reports Session 10.00pm to 10.30pm or such later time as the Reserve Bank may prescribe from time to time* (refer clause 4.4A) Monday to Friday.

Last amended
effective 1/01/18

No transaction processing occurs during the Reports Session. This session is designed to allow Framework Participants who have been operating in the Evening Settlement Session to obtain end of day reports and finalise their day's work.

Last amended
effective 1/01/18

RITS will issue "Time Period" advices throughout the day to those Framework Participants which have elected to receive them, advising those Framework Participants of the move to each new operational session, with the exception of the commencement of the 9.00am Settlement Session for which no advice will be issued.

Last amended effective
1/01/18

SWIFT PDS Operating Day

4.2 SWIFT PDS operating hours for the sending of payments are:

Last amended
effective 23/04/98

9.15am to 4.30pm Monday to Friday for the exchange of all applicable message types; and

Last amended
effective 1/07/02

until 6.05pm / 7.05pm / 8.05pm* (refer clause 4.4A) for the exchange of MT202 and associated messages for those Framework Participants that have agreed to participate in the Evening Settlement Session.

Last amended
effective 20/06/05

Framework Participants may initiate payments, for same day value, at any time during the SWIFT PDS operating hours specified in this Clause 4.2.

Following closure of the SWIFT PDS for the day, RITS will continue to accept same day value payments provided:

Last amended effective
1/01/18

- SWIFT has sent an Acknowledgment for that MT103 payment prior to 4.30pm;
- SWIFT has sent an Acknowledgment for that MT202 payment prior to 4.30pm for Non Eligible Payments or prior to 6.05pm / 7.05pm / 8.05pm*(refer clause 4.4A) for Eligible Payments; and
- the payment is received at RITS Queue prior to 4.35pm for Non Eligible Payments and prior to 6.10pm / 7.10pm / 8.10pm* (refer clause 4.4A) for Eligible Payments.

Last amended
effective 12/12/03

Last amended
effective 20/06/05

Last amended
effective 1/01/18

Framework Participants will need to consider RITS cut off arrangements in evaluating an appropriate internal cut-off time for sending SWIFT PDS payments.

Last amended effective 1/01/18

All payments on RITS Queue during the Settlement Close Session, will be tested and either settled or queued depending upon the status of the payment and funds availability. Non Eligible Payments remaining on the System Queue once the Settlement Close Session has closed will be rejected.

Last amended effective 1/01/18

Eligible Payments remaining on the System Queue at 6.30pm / 7.30pm / 8.30pm* (refer clause 4.4A) will be rejected.

Inserted effective 11/11/13

Future Dated Payments initiated on any particular Business Day after closure of the SWIFT PDS will be held on the SWIFT PDS queue pending despatch to RITS on the next Business Day.

Last amended effective 1/01/18

Extension of Normal Operating Hours

- 4.3 RITS operating hours may be extended or varied by the System Administrator for SWIFT PDS payments where normal operations have been adversely affected by extraordinary circumstances. The System Administrator will notify all Framework Participants of such extensions or varied operating hours.

Last amended effective 1/01/18

Core Business Hours

- 4.4 For assessment of Framework Participants' CBT availability requirements, in accordance with Clause 7.32, RITS Core Business Hours are 9.15am to 5.15pm, Monday to Friday for those Framework Participants that are not participating in the Evening Settlement Session, and 9.15am to 6.30pm / 7.30pm / 8.30pm*(refer clause 4.4A) for those Framework Participants that are participating in the Evening Settlement Session, for any day on which RITS is operational.

Last amended effective 1/01/18

*NOTE in relation to processing times:

Inserted effective 1/07/02

- 4.4A Evening Settlement Session closure times and Reports Session start and closure times are determined with reference to Central European Time and Central European Summer Time and therefore will vary throughout the year.

Last amended effective 1/01/18

As a guide Central European Summer Time commences at the end of March and concludes at the end of October. Australian Eastern Summer Time usually commences at the beginning of October and concludes at the end of March. However, the relevant commencement and conclusion dates do not always coincide.

Last amended effective 1/01/18

The following table may assist Framework Participants in aligning processing times for summer time and normal time across the two time zones.

Inserted effective 1/07/02

10.00am CET = 8.00pm AEDT

Last amended effective 1/01/18

10.00am CEST = 6.00pm AEST

Last amended effective 1/01/18

10.00am CEST = 7.00pm AEDT

Last amended effective 1/01/18

10.00am CET = 7.00pm AEST

Last amended effective 1/01/18

The closure times for the Evening Settlement Session may be varied by the Reserve Bank of Australia in consultation with AusPayNet. Any variation to the closure times for the Evening Settlement Session will result in variations to the start and closure times for the Reports Session.

Last amended effective 1/01/18

The Reserve Bank of Australia will, where practicable, notify HVCS Framework Participants of any such variations in advance of the day(s) that those variations apply to.

Inserted
effective 18/11/02

CBT Start Up Requirement

4.5 Framework Participants must be logged on to SWIFT PDS prior to 9.15am on each day that the SWIFT PDS is open for business and remain logged on for the entire operating day.

4.6 If a Framework Participant:

- is unable to log its CBT on to SWIFT PDS for commencement of the Daily Settlement Session;
- experiences any technical or operational problem with its CBT during the then current Business Day; or
- experiences any technical problems with its Core PPS during the then current Business Day,

Last amended
effective 14/08/08

which prevents it from processing payments, the Framework Participant must advise details of the outage to the System Administrator (see Appendix C1) as soon as possible, but no later than 30 minutes after that Framework Participant first became aware of the problem.

Where it is considered the outage will be protracted the System Administrator will advise Framework Participants in accordance with Clause 9.6.

4.7 Where a Framework Participant has advised details of a system outage in accordance with Clause 4.6 and the problem has subsequently been corrected, that Framework Participant must advise the System Administrator that the problem has been rectified and that the Framework Participant can resume normal processing. After receiving advice from a Framework Participant under this Clause 4.7, the System Administrator will immediately advise Framework Participants of the changed circumstances.

4.8 Full details of all system outages, including the date/time, cause and duration of the problem must be recorded in the SWIFT PDS Log.

4.9 Framework Participants experiencing difficulties with their Core PPS, rather than their CBT, must ensure that the CBT remains logged on to SWIFT for the entire Business Day to allow for the receipt of inward payments.

Last amended
effective 14/08/08

Full details of Contingency Procedures requirements are set out in Part 9 of these Procedures.

CBT Close Down

4.10 Framework Participants must remain logged on to the SWIFT PDS on each Business Day on which RITS is operating until payments processing for the day has been completed. Once payment processing has been completed at the central site, those Framework Participants who have elected to receive Time Period Advices will receive a Time Period Advice from RITS, advising a change in operational state “RTGS System Queue Processing Complete”.

Last amended
effective 1/01/18

Holiday Arrangements

4.11 The SWIFT PDS will be open for normal operations on any day on which RITS is operating.

Last amended effective
1/01/18

An annual listing of days on which RITS will not be operating may be obtained from RITS using the AIF (see generally Part 6). Framework Participants wishing to utilise this service should refer to the RITS Regulations.

Last amended effective
1/01/18

- 4.12 Framework Participants based in a location not experiencing a public holiday on a day on which RITS is closed will be unable to process payments for value that day. It will be a decision for individual Framework Participants as to whether they offer SWIFT PDS payment facilities on that day. Any payments to be sent on such a day will need to be entered as Future Dated Payments.

Last amended
effective 1/01/18

SWIFT PDS BIC/BSB Data

- 4.13 BIC/BSB particulars for Framework Participants will be recorded in the Company's "HVCS BIC/BSB Directory". The paper based version of the BIC/BSB Directory will list all SWIFT PDS BIC/BSB links both numerically, by BSB number, and alphabetically in Framework Participant order. Framework Participants' Repair Routing Code BSBs will be recorded alphabetically in Framework Participant order in a separate section of the Directory. File and Record Formats for the HVCS BIC/BSB Directory are set out in Appendix H.

Last amended
effective 23/04/98

A monthly BIC/BSB Update Report, listing all changes made to the BIC/BSB links since the last report, will also be available in electronic or paper form. File and Record Formats for the BIC/BSB Update Report are set out in Appendix H.

If a Framework Participant operates multiple SWIFT PDS BICs, that member must advise the Company of details of each BSB linked to each BIC. If the volume of data is significant, details may be provided on computer diskette in the format set out in Appendix H.

Each Framework Participant must advise the Company of any new BIC/BSB links or changes to its existing BIC/BSB details. New and amended BIC/BSB data will be activated for use within the SWIFT PDS from the effective date of the monthly amendment advice containing the changes in accordance with this Clause 4.13.

The Company will provide Framework Participants with a monthly copy of the Directory or the Update Report in either electronic or paper form. To allow Framework Participants sufficient time to amend their own files AusPayNet will provide the Directory/Update Report to Framework Participants 14 days in advance of the effective date for the new version.

Repair Routing Code BSB Processing

- 4.14 If a Framework Participant wants to send a payment and details of the intended Receiver are known but insufficient details are available to precisely identify the beneficiary's branch, that member may send the payment to that Receiver using that Receiver's Repair Routing Code BSB (see Clause 8.4). Use of the Repair Routing Code BSB informs the Receiver that the particulars of the payment are incomplete and that manual intervention is required.

The Sender may only forward the payment to the intended Receiver using that Receiver's Repair Routing Code BSB, after it has reasonably decided that it is impracticable to contact the originator of the payment to clarify beneficiary details.

Where the Receiver is unable to apply any payment sent to it in accordance with this Clause 4.14, the Receiver must return the payment to the Sender in accordance with Clause 4.26.

- 4.15 Any apparent abuse of the Repair Routing Code BSB facility should immediately be brought to the attention of the Framework Participant in question, so that corrective action can be implemented.

Continual abuse of the repair facility should be reported to the Management Committee which may take such action as it considers necessary to prevent that abuse continuing so as to protect the efficiency of the HVCS.

SWIFT PDS Log

- 4.16 Framework Participants must maintain a SWIFT PDS Log in which they will record details of all:

Last amended effective 23/04/98

- system outages and the time required to re-establish live operations (Clause 4.6);
- alterations to their Primary and Backup Computer Site system configurations (Clause 7.2, 7.16 and 7.17); and
- the date, time, duration and results of Backup Computer Site testing (Clause 7.24).

Data from the SWIFT PDS Log will form the basis of Framework Participants' responses to selected segments of the Yearly Audit Compliance Certificate (see Appendix A2).

Central Site Automated Information Facility Destination Code

- 4.17 The RITS Central Site SWIFT destination code for Automated Information Facility messages (Commands, Enquires and Unsolicited messages) is RSBKAUSR. Framework Participants utilising the service must ensure that Automated Information Facility messages forwarded to RITS record the above mentioned destination code.

Last amended effective 1/01/18

Full details regarding RITS Automated Information Facility are contained in the RITS Regulations.

Last amended effective 1/01/18

Rules Governing Compensation Claims

- 4.18 Any claims among Framework Participants for compensation for which provision is made in this Part 4 in respect of payments in the HVCS, must be made in accordance with the Inter-organisation Compensation Rules, to the extent applicable, unless the Framework Participants which are parties to a particular compensation claim agree (on a case by case basis) to alternative compensation arrangements in respect of that particular claim.

Last amended effective 13/06/01

Each Framework Participant must nominate, in writing, to the Company a compensation contact point for the purposes of the Inter-organisation Compensation Rules. Full details of any compensation claim made in accordance with the Inter-organisation Compensation Rules must be provided to the relevant Framework Participant's nominated compensation contact point as set out in Appendix C3. Framework Participants must promptly notify the Company in writing of any changes in the contact details of their compensation contact points not less than 5 business days prior to such changes taking effect, clearly identifying the effective date in their advice.

Amended effective 01/01/12

[Original clauses 4.19 to 4.21 (inclusive) deleted. Following clauses renumbered accordingly].

Deleted effective 13/06/01

Disputes Relating to Compensation Claims

- 4.19 If the Framework Participants concerned are unable to agree upon any matter arising in connection with a claim for compensation in respect of a payment in the HVCS, the provisions of Part 13 of the Regulations will apply to resolution of that disagreement.

Last amended effective 13/06/01

Request for Return of a Settled Payment Sent in Error

- 4.20 Where a Framework Participant decides (for whatever reason) that a previously settled Payment was sent in error, it may request return of that Payment from the Receiver using a SWIFT Request For Cancellation message (MT192 or MT292).

Payments settled across RITS are irrevocable and accordingly any decision to return a Payment in response to a request to do so under this Clause 4.20 rests with the Receiver. The Receiver is under no obligation under these Procedures to return a settled Payment.

Last amended effective 1/01/18

4.21 Where the Receiver agrees in accordance with Clause 4.20 to return any payment or otherwise returns the payment in accordance with Clause 4.27, it must return the funds to the Sender using the same message type as the original payment order. In general, the contents of block 4 (message text) of the original payment order should be returned unaltered. However, due to the processing requirements of RITS and the need to identify these payments as returned payments, some fields will need to be changed. These are:

Last amended effective 1/01/18

- Field 20, this field should contain a new transaction reference number which is unique to the Framework Participant returning the payment.
- Field 32A, if the payment is returned on a day other than the day on which it was received, this field must be changed to show the value date as the date of return, otherwise the payment will be rejected by RITS.
- Field 72, the original contents of this field must be deleted and replaced with the appropriate SWIFT codeword, as set out in the SWIFT User Handbook, plus reason codes and the transaction reference number of the original returned payment order.

Last amended effective 1/01/18

Refer Appendix D Message Content for additional information regarding field usage for returned payments.

4.22 Where funds are returned in accordance with Clause 4.21, on any day after the value date of the original payment, the Sender may request compensation from the Receiver, for the Receiver's use of the funds.

On receipt of a claim in accordance with this Clause 4.22, the Receiver is obliged to pay compensation in accordance with Clause 4.18, subject to refusal justifiable on legally sustainable grounds.

Receiver Unable to Apply Payment

4.23 The procedures in Clauses 4.23 to 4.26 inclusive apply where the Receiver is unable to apply an inward payment due to incorrect or incomplete beneficiary information.

Last amended effective 13/06/01

In such cases the payment must be returned:

- (a) within four hours of receipt of the original payment message; or
- (b) if the Receiver is unable to return the payment within that four hour period because of end of day closure of RITS, within four hours after the commencement of the next Business Day's Daily Settlement Session (see also Clause 4.25).

Last amended effective 1/01/18

4.24 If the Receiver must return any payment to the Sender under Clause 4.23, the Receiver must use the same message type as used for the original payment order. In general, the contents of block 4 (message text) of the original payment order should be returned unaltered. However, due to the processing requirements of RITS and the need to identify these payments as returned payments, some fields will need to be changed. These are:

Last amended effective 1/01/18

- Field 20, this field should contain a new transaction reference number which is unique to the Framework Participant returning the payment.
- Field 32A, if the payment is returned on a day other than the day on which it was received, this field must be changed to show the value date as the date of return, otherwise the payment will be rejected by RITS.
- Field 72, the original contents of this field must be deleted and replaced with the appropriate SWIFT codeword, as set out in the SWIFT User Handbook, plus reason codes and the transaction reference number of the original returned payment order.

Last amended effective 1/01/18

Refer Appendix D Message Content for additional information regarding field usage for rejected payments.

- 4.25 Where the Receiver is unable under Clause 4.23 to return a payment on the day of receipt of it, the Sender is entitled to compensation in accordance with Clause 4.18 for the Receiver's use of the funds.

Last amended effective 13/06/01

On receipt of a claim in accordance with this Clause 4.25, the Receiver is required to pay the relevant compensation, subject to refusal justifiable on legally sustainable grounds.

- 4.26 Any apparent breach of Clause 4.23, should immediately be brought to the attention of the Framework Participant concerned, so that corrective action can be taken by that member.

Last amended effective 13/06/01

Continual breaches of Clause 4.23 by the same Framework Participant should be reported to the Management Committee.

(Note: The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) imposes pre-conditions which must be satisfied before financial institutions may initiate, pass on or take any other action to carry out electronic funds transfers instructions. Please refer to Part 5 of the Act for details.)

Inserted effective 30/04/07

Incorrectly Applied Items

- 4.27 Where it is ascertained by either the Sender or the Receiver that a payment has been misapplied, including where it has been applied to an account other than that of the intended beneficiary because the Sender transmitted incorrect account number details on which the Receiver relied (see Clause 4.29), the Receiver must on becoming aware of the error endeavour to promptly reverse that payment from the account to which it has been applied and apply the funds to the intended account, if known, or if not known, return the funds to the Sender in accordance with Clause 4.21.

Last amended effective 19/09/02

Note: It is up to the Receiver to determine whether and how Customers are to be notified or prior authorisation obtained in relation to the reversals of incorrectly applied items.

Inserted effective 13/06/01

Any notification of, or other arrangements with Customers, regarding the reversal of a misapplied payment beyond any obligation otherwise imposed on the Receiver by statute, common law or these Procedures, is a proprietary matter for the Receiver.

- 4.28 If the Sender requests the Receiver to endeavour to reverse a payment in accordance with Clause 4.27 and the payment is reversed, but it is subsequently ascertained that the original payment was not misapplied and ought not have been reversed, then as between the Sender and Receiver the Sender bears responsibility and must indemnify the Receiver in respect of any damage or claim the Receiver may suffer arising because of the reversal of that payment.

Last amended effective 19/09/02

Processing by Account Number OnlyInserted effective
30/11/01

- 4.29 If funds have been applied by the Receiver in accordance with the account number details provided by the Sender but the funds have been applied to the wrong account, then as between the Sender and Receiver, the Receiver is not liable to compensate the Sender, any person on whose behalf the Sender sends a payment, the intended beneficiary or any other person for loss of such payment. In these circumstances, liability, if any, for compensating any person for temporary or permanent loss of such payment and for any other loss or damage which a person may suffer directly or indirectly in connection with the payment is the responsibility of the Sender. Receivers are entitled to rely solely on account number details in all circumstances, regardless whether any beneficiary name details are transmitted with the account number details or are otherwise known to the Receiver. Receivers are not obliged (including under any duty to the Sender which may but for this Clause 4.29 arise at law or in equity) to check whether account number details are correct. If a Receiver suffers loss or damage, or receives any claim for loss or damage, arising because the Receiver has relied solely on account number details provided by the Sender when processing a payment, the Sender must fully indemnify the Receiver in relation to such loss or damage or claim.

Inserted effective
30/11/01*(Notes:*

1. *For the purpose of this Clause 4.29, account number details means the BSB number and account number or, in the case of a Receiver which has a unique account numbers system, the account number only.*
2. *The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) requires that certain information must be included in electronic funds transfer instructions. Please refer to Part 5 of the Act for details.*
3. *Beneficiary Details contained in Sequence B of the MT202COV variant are for information only and do not constitute payment instructions to the receiving Framework Participant.)*

Last amended
effective 21/11/09Last amended
effective 21/11/09Inserted effective
21/11/09**Requests for Back Valuation and Forward Valuation of Payments**

[Original clause 4.32 deleted and the following clauses renumbered accordingly].

Deleted effective
13/06/01

- 4.30 Where a payment is received after its due date because the Sender despatched it late, the Sender may request the Receiver to back value the payment. On receipt of a request under this Clause 4.30 to back value a payment, the Receiver must back value that payment, subject to refusal justifiable on legally sustainable grounds.
- 4.31 Where a payment is back valued under Clause 4.30, the Receiver is entitled to compensation from the Sender.
- 4.32 Where a payment is received before its due date because the Sender despatched it early, the Sender may request the Receiver to forward value the payment. On receipt of a request under this Clause 4.32 to forward value a payment, the Receiver must forward value that payment, subject to refusal justifiable on legally sustainable grounds.
- 4.33 Where a payment is forward valued under Clause 4.32, the Sender is entitled to compensation from the Receiver.
- 4.34 Subject to Clause 4.18, a Framework Participant may claim compensation from another Framework Participant in any circumstance, additional to those set out in this Part 4, that is applicable to HVCS payments and is contemplated by the Inter-organisation Compensation Rules.

Last amended
effective 13/06/01Last amended
effective 13/06/01Last amended
effective 13/06/01Last amended
effective 13/06/01**The next page is 5.1**

PART 5 SWIFT PDS CLOSED USER GROUP**Overview**

- 5.1 The SWIFT PDS CUG uses the facilities of the SWIFT FIN-Copy Service, designed to meet the needs of high value clearing systems internationally. The SWIFT FIN-Copy Service allows each country to configure its closed user group to meet its own specific requirements. AusPayNet has worked with SWIFT to configure the SWIFT PDS to meet the Australian domestic high value clearing needs of its members. For the SWIFT PDS CUG AusPayNet's SWIFT PDS configuration allows some variation from normal SWIFT messaging, to cater for RITS requirements. Details of SWIFT PDS CUG requirements are set out in this Part 5 and in Appendix D.

Last amended effective
1/01/18

To use the SWIFT PDS to send and receive payments a Framework Participant must be a SWIFT User and must meet the mandatory security control objectives in the SWIFT Customer Security Controls Framework.

Last amended effective
1/01/18**SWIFT Membership**

- 5.2 Each Applicant proposing to use the SWIFT PDS which is not a SWIFT User, should approach the SWIFT Regional Account Manager regarding SWIFT requirements to becoming a SWIFT User. The size and international nature of the SWIFT network requires that the connection of new SWIFT Users be carried out on set dates (March, June, September and December) each year. Because of this requirement and internal systems development by the Applicant, SWIFT advises that Applicants proposing to use the SWIFT PDS should allow at least 6 months to complete the SWIFT membership process.

SWIFT PDS Closed User Group Management

- 5.3 The SWIFT PDS CUG will be administered by the Company. The Company will be responsible for certification pursuant to Clauses 7.36 to 7.43 inclusive, the daily operation of the SWIFT PDS CUG and the maintenance and implementation of the HVCS Regulations and Procedures applicable to the SWIFT PDS CUG.

Applicants should contact the SWIFT PDS Operations Manager concerning requirements for HVCS membership and the requirements in relation to use of the SWIFT PDS. Copies of applicable SWIFT forms can be obtained from the Company by contacting the SWIFT PDS Operations Manager.

Last amended
effective 20/06/05**SWIFT PDS CUG Membership Application - General**

- 5.4 Applicants proposing to use the SWIFT PDS will be required to complete the applicable SWIFT forms for SWIFT PDS CUG membership for test and training and/or SWIFT PDS CUG membership for live operations (as the case may be).

Last amended
effective 20/06/05

Completed forms should be returned to the SWIFT PDS Operations Manager as the Company may be required to countersign the completed forms before on-sending them to SWIFT if the Applicant is to be admitted to the SWIFT PDS CUG.

Last amended
effective 20/06/05

SWIFT PDS CUG Membership Application for Test and Training

- 5.5 As part of their overall SWIFT PDS System development, Applicants should ensure that they apply for membership of the SWIFT PDS CUG for test and training purposes in sufficient time to ensure their system will be available for proprietary testing. A minimum of 21 days should be allowed for processing the application and inclusion of the Applicant's details in the SWIFT PDS CUG records.

As specified in Clause 5.4 Applicants must complete the applicable SWIFT forms for SWIFT PDS CUG membership for test and training and forward them to the Company's SWIFT PDS Operations Manager. If the Applicant is to be admitted to the SWIFT PDS CUG for test and training purposes, the Company will countersign the completed forms and forward them to SWIFT. SWIFT will then update the SWIFT PDS CUG test and training records using the Applicants' details on those forms.

Last amended
effective 20/06/05

After receipt of advice from SWIFT, the Company will inform the Applicant when SWIFT PDS CUG records have been updated and the date from which the Applicant can commence test and training in the SWIFT PDS CUG.

SWIFT PDS CUG Membership Application for Live Operations

- 5.6 As part of the System Certification process set out in Clause 7.36, each Applicant must complete the applicable SWIFT forms for SWIFT PDS CUG membership for live operations, and attach the completed form to the System Certification Checklist which is to be forwarded to the Company in accordance with Clause 7.39.

Last amended
effective 20/06/05

Where the Applicant's application for System Certification is successful the Company will, following Management Committee's approval in accordance with Regulation 5.5, forward the completed forms to SWIFT. SWIFT will then update the SWIFT PDS CUG live operations records using the Applicants' details on that form.

Last amended
effective 20/06/05

The Secretary will, in accordance with Regulation 5.7, advise the Applicant of the date on which the Applicant may commence participation in SWIFT PDS.

Amendment of Framework Participant SWIFT PDS CUG Details

- 5.7 Any Framework Participant wishing to amend its SWIFT PDS CUG details must complete the applicable SWIFT form and forward the form to the Company's SWIFT PDS Operations Manager. If the Company approves that amendment it will countersign the form and then forward it to SWIFT.

Last amended
effective 20/06/05

The Company will advise the Framework Participant concerned when that amendment has been carried out.

SWIFT PDS (CUG) Suspension/Withdrawal of a Framework Participant

- 5.8 Where a Framework Participant's membership of SWIFT PDS is terminated pursuant to Regulation 5.17 or is suspended pursuant to Regulation 5.10, the Company will immediately advise SWIFT of the change to the SWIFT PDS CUG membership, using the applicable SWIFT form.

Last amended
effective 20/06/05

SWIFT will confirm receipt of the applicable SWIFT form, with a further advice confirming removal of applicant data from the SWIFT PDS CUG.

Last amended
effective 20/06/05

SWIFT PDS CUG Framework Participant Re-entry

- 5.9 Where the Company revokes a Framework Participant's suspension in terms of Regulation 5.16, it must immediately advise SWIFT of the reinstatement of the member using the applicable SWIFT form.

Last amended
effective 20/06/05

SWIFT will confirm receipt of the applicable SWIFT form, with a further advice confirming successful implementation of applicant data.

Last amended
effective 20/06/05**Bank Identifier Code (BIC)**

- 5.10 Framework Participants must have a current SWIFT BIC. Framework Participants can define multiple BICs for use within the SWIFT PDS.
- 5.11 Where a Framework Participant chooses to implement multiple BICs it must advise the Company of full details of the BSBs attached to each BIC in accordance with Clause 4.13.

Valid SWIFT PDS Payment MessagesLast amended
effective 12/12/03

- 5.12 Two kinds of payment messages have been authorised for use in the SWIFT PDS CUG:

Last amended
effective 19/11/01

- MT103 Single Customer Credit Transfer; and
- MT202 General Financial Institution Transfer.

Inserted
effective 19/11/01

Framework Participants must ensure that all SWIFT PDS CUG payment messages contain the FIN-Copy Service Identifier "PDS" in Field 103, in accordance with Clause 8.6.

The MT103+ variation of the MT103 Single Customer Credit Transfer will be an allowable message type within the SWIFT PDS CUG. The MT103+ is distinguished from the MT103 by the use of the code "STP" in the validation flag field (message tag 119) within the user header block (block 3).

Inserted
effective 19/11/01

The MT202COV variation of the MT202 General Financial Transfer will be an allowable message type within the SWIFT PDS CUG. The MT202COV is distinguished from the MT202 by the use of the code "COV" in the validation flag field (message tag 119) within the user header block (block 3). Beneficiary details contained in sequence B of the MT202COV are for information only and do not constitute payment instructions to the receiving Framework Participant.

Last amended effective
21/11/09

Each Framework Participant is responsible for ensuring that payment messages, including usage and content of fields in those messages, conform to the specifications set out in Appendix D.

(Note: The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) requires that certain information must be included in electronic funds transfer instructions. Please Refer to Part 5 of the Act for details.)

Inserted effective
30/04/07**Warehoused Payments**

- 5.13 Framework Participants may enter any payment (as a Future Dated Payment) into the SWIFT PDS System provided the value date for that payment is the next Business Day. RITS determines the value date from the "Value Date" contained within Field 32A of the payment message.

Last amended
effective 1/01/18

Future Dated Payments will be held in the SWIFT PDS queue and forwarded to RITS on the next Business Day.

Last amended
effective 1/01/18

To assist Framework Participants assess liquidity requirements for the day participants may use RITS to view their own Warehoused Payments, both inward and outward (excluding inward SWIFT PDS Payments with a status of deferred) due for settlement that day, from 7.00am on. With commencement of the Daily Settlement Session (9.15am) the Payments will be placed on the System Queue and processed in the normal manner.

Last amended effective 1/01/18

Framework Participants can recall Warehoused Payments utilising a Recall Request, full details of which are available in the RITS Regulations.

Recall Request

- 5.14 Where a SWIFT PDS payment is held on the RITS Queue or is a Warehoused Payment the Sender may seek return of the payment by issuing a Recall Request. Full details of the Recall Request (Message Based Command) procedure are available in the RITS Regulations.

Last amended effective 1/01/18

Out of Hours Payments

- 5.15 Payments sent “for value today” but despatched to RITS after normal RITS operating hours, on any particular Business Day, will be acknowledged (ACKed) by the SWIFT Fin-Copy Service and held in the SWIFT FIN-Copy queue pending opening of RITS on the next Business Day. As the value date will no longer be valid the payment will be rejected by RITS and the SWIFT FIN-Copy Service will advise details of the rejection to the Sender.

Last amended effective 1/01/18

Payments sent “for value today” but despatched to RITS, on any particular Business Day, before RITS operating hours will be acknowledged (ACKed) by the SWIFT FIN-Copy Service and held in the SWIFT FIN-Copy queue pending opening of RITS on that Business day.

Last amended effective 1/01/18

Sender Notification (MT012)

- 5.16 On the successful settlement of a Payment, RITS will send settlement details to SWIFT FIN-Copy which will forward a Sender Notification (MT012) to the Sender advising full details of the settlement, including the Sender’s ESA balance following settlement of the Payment.

Last amended effective 1/01/18

Abort Notification (MT019)

- 5.17 When RITS is unable to process a payment it will send details of rejection of that payment to SWIFT FIN-Copy, which will forward an Abort Notification (MT019) to the Sender advising the reason for the rejection.

Last amended effective 1/01/18

On closure of the Settlement Close Session, RITS will automatically reject each payment remaining on the System Queue and send details of that rejection to SWIFT FIN-Copy, which will forward an Abort Notification (MT019) to the Sender advising the reason for the rejection.

Last amended effective 1/01/18

Receiver Payment Order (MT103/MT202 and variants)

Last amended effective 1/01/18

- 5.18 On advice from RITS, of the successful settlement of a Payment, SWIFT FIN-Copy will identify the original payment message, add the settlement information (time of settlement and the ESA balance following settlement of the Payment) in Field 115, and forward the original Payment with the additional settlement particulars to the Receiver (using MT103, MT202 or their respective variants as appropriate).

Last amended effective 21/11/09

A more detailed description of the SWIFT FIN-Copy message process is contained in Appendix D.

Undelivered Message Reports

5.19 The following standard SWIFT reports are issued in response to a Framework Participant's request for information concerning undelivered SWIFT FIN and SWIFT FIN-Copy messages.

- Solicited Undelivered Message Report (MT066) issued in response to a MT046;
- Undelivered Message Report at a Fixed Hour (MT082) issued in response to a MT044; and
- Undelivered Message Report at Cut-off Time (MT083) issued in response to a MT044.

Where the report is dealing with FIN-Copy messages, details of fields 431 (Message Status) and 103 (Service Code) will be present in the report. Full details regarding the above reports are available from the FIN System Messages module of the SWIFT User Handbook.

Delivery Notifications

5.20 Although not part of the standard SWIFT PDS service, the Sender can specify on an individual payment basis, whether they require advice of delivery ("Delivery Notification") or a non-delivery warning ("Non-Delivery Warning"). These advices relate to the delivery or non-delivery of the payment to the Receiver and will be delivered via the SWIFT FIN Service. Normal SWIFT fees will apply for the provision of Non-Delivery Warning (MT010) and Delivery Notification (MT011) messages.

Conditional Payments

5.21 Normal SWIFT procedures as set out in the SWIFT User Handbook will apply in relation to payments containing approved SWIFT codes in Field 72, such as "/HOLD/" for a payment requiring identification before completion.

SWIFT CUG Fees

5.22 The SWIFT fee for payments processed across the CUG, has three components:

- a Domestic FIN Message Charge;
- a Sender Notification Charge; and
- a FIN-Copy Supplement Charge.

The actual SWIFT charges will vary from time to time and Framework Participants will be advised, by SWIFT, of any changes to the CUG fee structure.

SWIFT CUG fees will be invoiced as part of the normal SWIFT fee cycle.

SWIFT Archival Arrangements

5.23 SWIFT archives all sent and received messages and their associated input and delivery history for the past 123 days. Framework Participants can obtain copies of the data by instituting either a Retrieval Request (Text and History - MT020) or a Retrieval Request (History - MT022). Both messages include the Message Status (Field 431), recording the status of the original message which is being retrieved.

SWIFT Approved Standards Amendments

- 5.24 SWIFT operates under strict change control procedures. Amendments to the SWIFT applications normally are introduced once a year, usually in November. SWIFT publishes throughout each year several versions of its “Advance Information Standards Release Guide” advising full details of the forthcoming changes to the SWIFT FIN Service standards. The first version of the Advance Information Standards Release Guide is normally issued in or around January each year. That guide also specifies the date on which the amended standards are to be introduced, although, particularly in the early stages, it is subject to change.

If the yearly changes to SWIFT standards directly affect the SWIFT PDS, the Management Committee will advise Framework Participants of these changes and details of action required by Framework Participants.

Each Framework Participant must implement changes to that member’s SWIFT PDS System in accordance with the Advance Standards Release Guide. Such changes will be reviewed when the Company reviews that member’s Yearly Audit Compliance Certificate (see Clause 7.44).

Requests by Framework Participants for SWIFT PDS Amendments

- 5.25 If a Framework Participant wishes to propose an amendment to the existing SWIFT PDS configuration, that member should submit details of the proposal to the Company using a Change Request Form (see Appendix F), and forward the completed form to the Secretary. The details may be submitted by e-mail, using an electronic version of Appendix F (saved as a rich text format attachment).

Last amended
effective 30/09/02

The Secretary will acknowledge receipt of the completed Change Request Form and arrange for details to be provided to the Management Committee, which must consider the proposal as soon as reasonably practicable.

The Secretary will advise details of the Management Committee’s decision to the Framework Participant which submitted the relevant Change Request Form.

SWIFT Customer Support Centre

- 5.26 Normal SWIFT Customer Support Centre facilities will be available should Framework Participants experience difficulties with the SWIFT system, in accordance with the SWIFT User Handbook.

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PART 6 AUTOMATED INFORMATION FACILITY

AIF Availability

- 6.1 RITS allows Framework Participants the scope to implement a variety of Credit and Liquidity Management mechanisms and has provided a number of Command and Enquiry options to assist Framework Participants in this regard. A full range of Commands and Enquiries is available on RITS. However, for those Framework Participants which wish to automate their payments processing, a sub-set of Commands and Enquiries is available via the SWIFT FIN service utilising RITS Automated Information Facility (AIF).

Last amended effective
1/01/18

The availability of separate Credit (Credit Status) and Liquidity (ESA Status) controls, allows Framework Participant's payment areas to release payments to the System Queue independently of any decision by that member's Credit and Liquidity areas. Each Framework Participant must decide whether it will utilise the AIF and, if so, where within its organisation these facilities would be best administered.

- 6.2 A range of RITS AIF Unsolicited Messages and Reports are also available to Framework Participants via the SWIFT FIN service.

Last amended effective
1/01/18

- 6.3 Framework Participants requiring further information on the AIF should refer to the RITS Regulations and RITS User Handbook.

The next page is 7.1

PART 7 FRAMEWORK PARTICIPANT TECHNICAL REQUIREMENTS

Environmental Requirements

7.1 To safeguard the SWIFT PDS and Framework Participants' interests with respect to their participation in the HVCS, it is necessary to impose certain minimum operational and security requirements on each Framework Participant's SWIFT PDS System environment. Each Framework Participant using the SWIFT PDS is required to meet specified standards in the following key areas in accordance with this Part 7:

Last amended
effective 23/04/98

- Primary Computer Site - Clauses 7.2 to 7.11 inclusive;
- Back-up Computer Site - Clause 7.12 to 7.24 inclusive;
- Payments Operations - Clause 7.25 to 7.26 inclusive; and
- Availability and Throughput Requirements - Clauses 7.31 to 7.34 inclusive.

Amended
effective 26/11/18

Primary Computer Site Overview

7.2 Each Framework Participant's Primary Computer Site configuration must include the hardware required to operate its primary CBT. Each Framework Participant must ensure that all areas housing components of its Primary Computer Site configuration are secure and that access to the area is controlled to protect against insider and external threats.

Last amended
effective 26/11/18

Every component of the Primary Computer Site configuration must be appropriately protected against fire, flood and water damage.

The CBT hardware, and any related hardware included in each Framework Participant's Primary Computer Site configuration which is essential to the continuous operation and availability of that member's SWIFT PDS System, must have an Uninterruptable Power Supply.

All alterations to each Framework Participant's Primary Computer Site configuration since the date of its last Yearly Audit Compliance Certificate, or if it has not previously given a Yearly Audit Compliance Certificate, the date of its System Certification Checklist, are to be recorded in its SWIFT PDS Log.

Last amended
effective 18/04/05

Primary Hardware and Software Requirements

7.3 Each Framework Participant's Primary Computer Site hardware and software configuration must be capable of meeting the minimum throughput requirements specified in Clause 7.34.

7.4 Each Framework Participant must maintain SWIFT certified CBT software used to allow access to the SWIFT PDS. The CBT must be SWIFT FIN-Copy compliant, that is, it must be able to load the SWIFT PDS configuration.

7.5 A back-up of the CBT software must be kept off-site for recovery purposes.

Last amended
effective 18/04/05

7.6 [Deleted]

Deleted effective
31/10/07

Primary Computer Site Security Requirements

Amended
effective 26/11/18

- 7.7 Each Primary Computer Site must have a minimum of one HSM (Hardware Security Module) to enable Secure Login, Select (SLS) functions using PKI (Public Key Infrastructure). Last amended
effective 31/10/07
- 7.8 A second HSM is required to provide system redundancy. Last amended
effective 31/10/07
- The second HSM must be tested a minimum of once every six months. Last amended
effective 31/10/07
- 7.9 Access to all HSMs, including at the Back-up Computer Site (see Clause 7.21), must be restricted to authorised personnel only. Last amended
effective 31/10/07

Primary Operating System Security

- 7.10 Each Framework Participant must ensure that the operating system security under which its CBT runs provides as a minimum the same level of operating system security as required by the SWIFT Customer Security Controls Framework. Last amended
effective 26/11/18

Primary Site Communication Requirements

Deleted effective
18/04/05

SWIFTNet IP network

Inserted effective
13/10/03

- 7.11 Each Framework Participant must have two differently routed communication lines, each to a separate SWIFT Point of Presence (POP), ie. a primary line and a secondary line. Last amended
effective 26/11/18

If the adopted configuration makes use of two of the same communications options, to negate the possibility of a single point of failure they must either:

1. Be sourced from a separate service provider for each facility; or
2. If the same service provider is used then connectivity must be through diverse connection points.

Secondary communication lines to the Primary Computer Site must be tested at least four times a year at intervals of no less than two months.

Back-up Computer Requirements

- 7.12 Each Framework Participant must have a Back-up Computer Site configuration which includes the hardware, software and ancillary equipment required to recover that member's SWIFT PDS System operations if its Primary Computer Site fails. Last amended
effective 23/04/98

The level of back-up computer support that a Framework Participant must have is dependent upon the value of SWIFT PDS payments sent and received using the SWIFT PDS. Each Framework Participant will fall within one of the following two Backup Tiers, for the purposes of the back-up requirements of these Procedures, based on the transaction values that each processes and subject to Clauses 7.13 and 7.14. The two Back-up Tiers are:

Tier 1 Back-up: 2.00% or more of Total National Transaction Value;

Tier 2 Back-up: up to but not including 2.00% of Total National Transaction Value. Amended
effective 1/01/14

Each Framework Participant must comply with the requirements for back-up specified in these Procedures for the Back-up Tier applicable to that member, as determined in accordance with this Clause 7.12.

Any Framework Participant may implement more robust back-up arrangements than those required to comply with these Procedures if that member believes it to be necessary or desirable in its particular circumstances.

The Secretary will advise each Framework Participant of the Back-up Tier applicable to that member:

- (a) with any notice by the Secretary to that member under Regulation 5.7 (notification of successful HVCS membership application); and
- (b) with any notice by the Secretary to that member, under Clause 7.13, of the Management Committee's decision in response to a written request by that member under that clause; and
- (c) with any notice by the Secretary to that member under Clause 7.14.

Transaction Data Back-up Tier Allocation

Amended effective
1/07/14

- 7.13 The Company must collate and provide to the Management Committee quarterly statistical data showing each Framework Participant's percentage of Total National Transaction Value. The statistical collections will be in respect of each period of three consecutive calendar months commencing immediately following the preceding quarterly statistical collection period. Where a new Framework Participant joins the HVCS during a quarterly statistical collection period, its percentage share of Total National Transaction Value will be calculated on a pro-rata basis by reference to the actual period of membership of that Framework Participant.

Last amended
effective 20/11/06

If any Framework Participant reasonably believes that it is required in accordance with Clause 7.12 to maintain Back-up Computer Site arrangements applicable for a different Back-up Tier than is appropriate for that member because its current percentage share of Total National Transaction Value is not a reasonable estimate of its likely SWIFT PDS traffic, then that member may in writing request the Management Committee to approve Back-up Computer Site arrangements complying with the back-up requirements applicable for a different Back-up Tier. The Management Committee may in its sole discretion consent to a request by a Framework Participant under this Clause 7.13, but such consent will not affect the application of Clause 7.14 to that member. The Secretary will notify each Framework Participant which lodges a written request with the Management Committee of the Management Committee's decision with respect to that request.

An Applicant for HVCS membership must provide to the Company in connection with its HVCS membership application a reasonable estimate in writing of its likely SWIFT PDS traffic. The Secretary will be entitled to rely on that member's estimate when notifying it, pursuant to Clause 7.12, of the Back-up Tier which will apply to it for that period.

Amended effective
1/07/14

Review of Member's Back-up Arrangements

- 7.14 The Management Committee will review the quarterly statistical data provided to it under Clause 7.13, and determine whether each Framework Participant's share of Total National Transaction Value has increased sufficiently to warrant maintenance by that member of back-up requirements applicable for a different Back-up Tier to that member's then current Back-up Tier.

Without prejudice to the generality of the foregoing, where any increase in a Framework Participant's share of National Transaction Value is such that the member would in accordance with Clause 7.13, fall within a different Back-up Tier to that member's then current Back-up Tier and that situation continues for two consecutive quarterly statistical collection periods referred to in Clause 7.13, the Management Committee will, subject to the following provisions of this Clause 7.14, assume that the member's share of National Transaction Value has permanently increased and require the member to comply with back-up requirements applicable for that different Back-up Tier.

If the Management Committee determines in accordance with this Clause 7.14 that any Framework Participant should comply with the back-up requirements applicable for a different Back-up Tier to that member's then current Back-up Tier, the Secretary will notify that member accordingly in writing.

If any Framework Participant receives a notice from the Secretary under this Clause 7.14, that member must respond to the Management Committee in writing within 30 days of the date of that notice providing either:

- (a) a written undertaking to implement the new back-up requirements within six months of the Secretary's notice; or
- (b) an explanation, accompanied by any available supporting evidence, as to why the quarterly statistics on which the Management Committee's decision was based are uncharacteristic of that member's likely ongoing share of Total National Transaction Value and written confirmation that the member does not reasonably expect its likely ongoing share of Total National Transaction Value to require, in accordance with Clause 7.12, back-up arrangements applicable for a different Back-up Tier to that member's then current Back-up Tier; or
- (c) a request, accompanied by any available supporting evidence, for exemption by the Management Committee from compliance with the new back-up requirements on the basis that it will be substantially disadvantaged by the proposed change.

If the Management Committee receives a response from any Framework Participant in terms of sub-paragraph (b) or (c) of this Clause 7.14, it will consider that response and without unreasonable delay determine whether that member must comply with the back-up requirements applicable for a different Back-up Tier to that member's then current Back-up Tier. The Secretary will then promptly notify the Framework Participant concerned of the Management Committee's determination.

Back-up Computer Site Overview

7.15 Each Framework Participant must maintain a Back-up Computer Site suitably configured to meet the minimum back-up requirements applicable to that member under these Procedures. Each Framework Participant's back-up arrangements will involve either a:

- geographically remote site, where each of the components of the Back-up Computer Site are differently located to the equivalent components of the Primary Computer Site; or
- same building site, where the Primary Computer Site and Back-up Computer Site are maintained in the one building.

Last amended
effective 23/04/98

Tier 1 Back-up - Geographically Remote Back-up Computer Site Requirements

- 7.16 Each Framework Participant that falls within the tier 1 Back-up Tier must maintain, as a minimum requirement, a Back-up Computer Site which is geographically remote from its Primary Computer Site, in terms of Clause 7.15, and which otherwise meets the requirements specified in this Clause 7.16.

A tier 1 Back-up Framework Participant must be able to:

Last amended
effective 1/01/14

- (a) begin sending and receiving payments within two (2) hours in the event of a systems failure within the Primary Computer Site; or
- (b) switch to its Back-up Computer Site and begin sending and receiving payments within four (4) hours in the event of a site failure at the Primary Computer Site.

Amended
effective 1/01/14

Inserted effective
1/01/14

The Framework Participant must ensure that its Back-up Computer Site is secure from unauthorised entry and that access to the area is controlled to protect against insider and external threats.

Amended
effective 26/11/18

The Back-up Computer Site must be appropriately protected against fire, flood and water damage.

The Back-up Computer Site, including CBT hardware and any related hardware essential to the continuous operation and availability of the system, must have an Uninterruptable Power Supply.

All alterations to the Framework Participant's Back-up Computer Site configuration since the date of its last Yearly Audit Compliance Certificate, or if it has not previously given a Yearly Audit Compliance Certificate, the date of its System Certification Checklist, are to be recorded in its SWIFT PDS Log.

Last amended
effective 18/04/05

Tier 2 Back-up - Single Building Back-up Computer Site Requirements

Amended
effective 1/01/14

- 7.17 Each Framework Participant which falls within the tier 2 Back-up Tier must maintain, as a minimum requirement, a Back-up Computer Site which meets the requirements specified in this Clause 7.17. Each Framework Participant to which this Clause 7.17 applies may maintain a Back-up Computer Site in the same building as that member's Primary Computer Site, instead of a geographically remote site as is required for the tier 1 Back-up Tier. Each Framework Participant maintaining its Back-up Computer Site in the same building as its Primary Computer Site is not required to meet the redundancy requirements set out in Clauses 7.21 and 7.23.

Amended
effective 1/01/14

The Framework Participant must ensure that its Back-up Computer Site is secure from unauthorised entry and that access to the area is controlled to protect against insider and external threats.

Amended
effective 26/11/18

The Back-up Computer Site must be appropriately protected against fire, and flood and water damage.

The Back-up Computer Site, including CBT hardware and any related hardware essential to the continuous operation and availability of the system, must have an Uninterruptable Power Supply.

All alterations to the Framework Participant's Back-up Computer Site configuration since the date of its last Yearly Audit Compliance Certificate, or if it has not previously given a Yearly Audit Compliance Certificate, the date of its System Certification Checklist, are to be recorded in its SWIFT PDS Log.

Last amended
effective 18/04/05

A tier 2 Back-up Framework Participant must be able to:

Amended
effective 1/01/14

- (a) begin sending and receiving payments within four (4) hours in the event of a systems failure within the Primary Computer Site; or
- (b) switch to its Back-up Computer Site and begin sending and receiving payments within six (6) hours in the event of a site failure at the Primary Computer Site.

Last amended
effective 1/01/14

Last amended
effective 1/01/14

Although geographical remoteness of the Back-up Computer Site from the Primary Computer Site is not a mandatory requirement for those Framework Participants subject to tier 2 back-up requirements in accordance with Clause 7.12, those Framework Participants are encouraged to consider the merits of geographically remote back-up which is strongly recommended.

Amended
effective 1/01/14

Back-up Hardware and Software Requirements

7.18 Each Framework Participant's Back-up Computer Site hardware and software configuration must be capable of meeting the minimum throughput requirements specified in Clause 7.34.

7.19 Framework Participants may agree to share a Back-up Computer Site with other Framework Participants or to use a Back-up Computer Site provided by a third party, provided such arrangements are implemented in a manner which enables the Framework Participants concerned to satisfy the security and other obligations under these Procedures. Each Framework Participant entering into a shared Back-up Computer Site arrangement or using a third party to provide its Back-up Computer Site, must enter into an appropriate legally binding agreement, setting out the terms of the arrangement and ensuring the requirements set out in Clauses 7.15 to 7.17 are met.

If any Framework Participant has switched from its Primary Computer Site to its Back-up Computer Site in a shared back-up environment, all files and other data brought over to the Back-up Computer Site CBT by that Framework Participant must be irreversibly deleted/removed from the Back-up Computer Site by that Framework Participant:

- (a) if that Back-up Computer Site is provided by a third party; or
- (b) if that Back-up Computer Site is shared with any other Framework Participant,

immediately after processing is switched back to the first mentioned Framework Participant's Primary Computer Site.

The adequacy of each Framework Participant's Back-up Computer Site arrangements and any supporting agreement required under this Clause 7.19 will be reviewed as part of the certification process under Clauses 7.36 and 7.44.

7.20 Each Framework Participant must maintain a SWIFT certified copy of CBT software used to allow access to the SWIFT PDS on the backup configuration.

Last amended
effective 26/11/18

Back-up Security Requirements

- 7.21 Subject to Clause 7.17 (same building Back-up Computer Site) the Back-up Computer Site must contain at least one HSM.

Last amended effective 31/10/07

Back-up Operating System Security

- 7.22 Each Framework Participant must ensure that the operating system security under which its Back-up Computer Site CBT runs provides as a minimum the same level of operating system security as required by the SWIFT Customer Security Controls Framework.

Last amended effective 26/11/18

Back-up Communication Requirements

Deleted effective 18/04/05

SWIFTNet IP network

Inserted effective 13/10/03

- 7.23 Subject to Clause 7.17 (same building Back-up Computer Site) each Framework Participant must maintain at least one communication line to a SWIFT POP from that member's Back-up Computer Site. This must be a separate communication line than those used at the Primary Computer Site and must be routed through a different exchange. It may connect to the same SWIFT POP(s) used by the Primary Computer Site.

Last amended effective 26/11/18

Testing of Back-up Configuration

- 7.24 Each Framework Participant must test its Back-up Computer Site system configuration at least twice a year at intervals of no less than four months. It is recommended that the tests involve live traffic, but if Framework Participants are unable to achieve this then the test may be carried out using "test mode" traffic.

Last amended effective 26/11/18

Full details of all Back-up Computer Site system tests required to be carried out under this Clause 7.24, including the dates that those tests were carried out and the results achieved, must be recorded by each Framework Participant concerned in that member's SWIFT PDS Log.

Payments Operations Overview

- 7.25 A Framework Participant's Payments Operations are its operations relating to its SWIFT PDS input and release terminals. Each Framework Participant's Payment Operations must include security controls in accordance with Clause 7.26.

Amended effective 26/11/18

Payments Operations Security Requirements

Amended effective 26/11/18

- 7.26 Each Framework Participant must ensure that adequate physical and logical security controls are in place in its Payments Operations. Physical and logical user access to its SWIFT PDS input and release terminals should be managed for the creation, amendment and deletion of SWIFT PDS messages, such that unauthorised access is prevented, authorised access is allowed, and all access requests are logged and audited.
Compliance with the SWIFT Customer Security Controls Framework is sufficient for compliance with this clause 7.26.

Amended effective 26/11/18

Inserted effective 26/11/18

- 7.27 [Deleted]

Deleted effective 31/10/07

- 7.28 [Deleted]

Deleted effective 31/10/07

- 7.29 [Deleted]

Deleted effective 31/10/07

7.30 [Deleted]

Deleted effective
31/10/07

Maintenance Requirements

Deleted Effective
18/04/05

SWIFTNet IP network

Inserted effective
13/10/03

7.31 To ensure the reliability of the overall SWIFT PDS and minimise outages suffered by individual Framework Participants, all software and hardware required to run any Framework Participant's CBT or to connect to and use the SWIFT PDS must at all times be covered by a current maintenance agreement with the vendor of that software or hardware or a third party maintenance provider. Such maintenance agreement must cover:

Last amended
effective 18/04/05

- CBT software;
- system software under which the CBT runs;
- hardware on which the CBT runs; and
- communication lines and related network devices.

Amended
effective 26/11/18

The maintenance requirements in this Clause 7.31 apply equally to the Primary Computer Site and Back-up Computer Site.

System Availability

7.32 Each Framework Participant must be logged on to the SWIFT PDS during the Core Business Hours (see Clause 4.4).

7.33 Each Framework Participant must maintain high reliability and achieve prompt resumption of payments processing following any disruption to its high value payments systems. This is to ensure efficient operation of the Australian payments system and maintain market liquidity. The following requirements apply to tier 1 Back-up and tier 2 Back-up respectively:

Last amended
effective 1/01/14

- (a) Each tier 1 Back-up Framework Participant's system (which includes the CBT and the Core PPS) must meet a minimum of 99.7% up-time during the Core Business Hours on an annual basis.

Last amended
effective 1/01/14

Following any disruption of processing during Core Business Hours, a tier 1 Back-up Framework Participant must substantially resume payments processing in accordance with clause 7.16(a) or 7.16(b) as applicable.

Last amended
effective 1/01/14

Failure to resume payments processing within the timeframes prescribed in clause 7.16(a) or 7.16(b) as applicable will result in formal reporting by the Member at the next Management Committee meeting.

Amended
effective 1/01/14

No single outage of any tier 1 Back-up Framework Participant's CBT and/or Core PPS may exceed four (4) hours duration and the aggregate duration of all such outages of a CBT and/or Core PPS during the Year may not exceed six (6) hours for those Framework Participants that do not participate in the Evening Settlement Session and eight (8) hours for those Framework Participants that participate in the Evening Settlement Session.

Last amended
effective 1/01/14

- (b) Each tier 2 Back-up Framework Participant's system (which includes the CBT and the Core PPS) must meet a minimum of 99.5% up-time during the Core Business Hours on an annual basis.

Inserted
effective 1/01/14

Following any disruption of processing during Core Business Hours, a tier 2 Back-up Framework Participant must substantially resume payments processing in accordance with clause 7.17(a) or 7.17(b) as applicable.

Inserted effective 1/01/14

Failure to resume payments processing within the timeframes prescribed in clause 7.17(a) or 7.17(b) as applicable will result in formal reporting by the Member at the next Management Committee meeting.

Inserted effective 1/01/14

No single outage of any tier 2 Back-up Framework Participant's CBT and/or Core PPS may exceed six (6) hours duration and the aggregate duration of all such outages of a CBT and/or Core PPS during the Year may not exceed ten (10) hours for those Framework Participants that do not participate in the Evening Settlement Session and thirteen (13) hours for those Framework Participants that participate in the Evening Settlement Session.

Inserted effective 1/01/14

The Provisions of this Clause 7.33 apply equally to each Framework Participant's Primary Computer Site and Back-up Computer Site configurations.

Each Framework Participant must maintain a SWIFT PDS Log containing details of all its SWIFT PDS System outages, the nature of the problem causing each outage, the time taken to correct that problem and whether processing of payments was switched to that member's Back-up Computer Site must be maintained. The SWIFT PDS Log forms part of that Framework Participant's Yearly Audit Compliance Certificate (see Clause 7.44).

In addition to formal incident reporting to the Management Committee, Framework Participants must report any single outage of two (2) hours or more to the Company. Appendix A3 may be used for this purpose. The Company will notify the Management Committee of such outages, whether or not the outage also forms the basis of a Framework Participant's formal incident report.

Amended effective 1/01/14

Minimum System Throughput Requirements

Amended effective 1/07/14

7.34 Each Framework Participant's CBT must be capable of processing a minimum of 50% of its average daily SWIFT PDS transaction volume in any one hour, including both inward and outward traffic and associated Acknowledgments.

Last amended effective 23/04/98

In respect of the System Certification, each Applicant must estimate its daily SWIFT PDS transaction volume, and specify that estimate in its System Certification Checklist.

The provisions of this Clause 7.34 apply equally in respect of both the Primary Computer Site and Back-up Computer Site.

Framework Participant Archival Requirements

7.35 Each Framework Participant must maintain archival records of all Payments and associated messages sent and received using the SWIFT PDS for each Business Day and must retain those records for a minimum of seven (7) years.

Initial Certification of Framework Participant's SWIFT PDS System

7.36 Each Applicant must arrange for certification of its SWIFT PDS System in accordance with Clauses 7.36 to 7.43 inclusive by completing and submitting a System Certification Checklist. The System Certification Checklist must be in the form appearing in Appendix A1 and is to be completed and signed by a duly authorised officer of the Applicant.

7.37 Copies of the System Certification Checklist and Certification Test Plan can be obtained from the Company by contacting the SWIFT PDS Operations Manager.

7.38 Each Applicant must demonstrate, by completing the test scripts contained within the Certification Test Plan, that its CBT is configured correctly and capable of processing SWIFT PDS messages in accordance with the HVCS Regulations and Procedures. The Company does not require Framework Participants to provide a hardcopy of the test results, except as set out in Clause 7.39, but a hardcopy should be produced and retained for internal audit purposes. AusPayNet may, as part of the verification process, request a Framework Participant to provide hardcopy test results to assist in evaluation of the Certification results. In the event that a Framework Participant is unable to produce the requested hardcopy results the Framework Participant will need to re-run the test in question. Full details of the certification test requirements are set out in the Certification Test Plan.

Last amended
effective 23/04/98

7.39 The completed System Certification Checklist and the test result forms required in terms of the Certification Test Plan are to be provided to the SWIFT PDS Operations Manager. Where actual test results differ from the expected result and the Framework Participant believes that it has successfully completed the test, supporting evidence should be provided so that AusPayNet can ensure that no misunderstanding of the test requirements has occurred.

The Applicant must provide to the Company with that completed System Certification Checklist the applicable SWIFT form (duly completed) in accordance with Clause 5.6.

Last amended
effective 20/06/05

The completed System Certification Checklist must be signed by a duly authorised officer of the Applicant. Any evidence of that authorisation which is reasonably requested by the Secretary or the Management Committee must be promptly produced to the Secretary following the request.

7.40 The Company will evaluate the test result forms, as set out in the Certification Test Plan, any test data provided in terms of Clause 7.39 and the related System Certification Checklist, within fourteen days of receipt of the completed System Certification Checklist, and provide a detailed report of its evaluation to the Applicant. If all requirements have been met, details of the successful System Certification will be provided to the Management Committee.

7.41 On acceptance of the System Certification Checklist by the Management Committee, the Secretary will promptly notify all Framework Participants of the successful System Certification and, if the relevant successful Applicant is already a Framework Participant, the date from which that successful Applicant will be entitled to send and receive payments using the SWIFT PDS.

The Management Committee will provide to the successful Applicant a System Compliance Certificate confirming and evidencing successful System Certification with respect to the SWIFT PDS.

7.42 If the certification process fails in part, the Company will provide the applicant with details of the deficiency as part of its report as specified in Clause 7.40, and request either a partial or complete re-run of the certification process, depending upon the nature of the problem. The applicant will be required to rectify all deficiencies and submit supporting evidence as required by the Company.

7.43 Upon receipt of the additional certification documentation the Company will carry out a review of the material in terms of Clause 7.41.

Yearly Audit Compliance

- 7.44 Each Framework Participant must submit to the Company annually a Yearly Audit Compliance Certificate, in the form of Appendix A2, by the end of January each year, such certificate to cover the prior calendar year and confirm that all SWIFT upgrades required since the last Yearly Audit Compliance Certificate have been implemented.

Last amended
effective 16/01/09

The Yearly Audit Compliance Certificate is to be signed by a duly authorised officer of the Framework Participant. Any evidence of that authorisation which is reasonably requested by the Secretary or the Management Committee must be promptly produced to the Secretary following that request.

See also Appendix A2 for further instructions on the procedural requirements in relation to Yearly Audit Compliance Certificates.

Failure to Meet Technical Requirements

- 7.45 If the Yearly Audit Compliance Certificate given by a Framework Participant in accordance with Clause 7.44 reveals that a Framework Participant has failed to meet any of the technical requirements specified in this Part 7, the Company will, subject to Clause 7.47, notify the Framework Participant of the deficiency, in writing, requesting rectification of the deficiency within 30 days of the date of that notice.
- 7.46 If any deficiency specified in any notice issued by the Company in accordance with Clause 7.45 is not rectified within the permitted 30 day period, the Company will advise details of the deficiency and action taken to date to the Management Committee for consideration as to what action will be taken, which could include (without limitation) suspension of the Framework Participant under Regulation 5.10.
- 7.47 If, in the opinion of the Chief Executive Officer, the deficiency notified in accordance with Clause 7.46 is such that it poses a risk to the efficiency or security of the HVCS, the deficiency will be reported directly to the Management Committee. The Management Committee may then take such remedial action which it considers necessary or desirable under the Regulations and these Procedures, including (without limitation) suspension of the Framework Participant under Regulation 5.10.

CBT Modifications and Upgrades

- 7.48 Any Framework Participant implementing any new CBT must successfully complete the normal initial certification process, in accordance with Clauses 7.36 to 7.40 inclusive, prior to implementing the new configuration.
- 7.49 Any Framework Participant implementing any upgrade or modification of its existing CBT, or any part of that system, must, prior to sending and receiving payments using the upgraded or modified system, ensure that the upgraded or modified system complies with minimum technical standards and specifications required under the Regulations and these Procedures.
- 7.50 If a Framework Participant upgrades or modifies, or proposes to upgrade or modify, its CBT, then the Management Committee may require that Framework Participant to provide to it particulars of that, or that proposed, upgrade or modification within 14 days of receipt of the Management Committee's request.

The Management Committee may then review the particulars of that, or that proposed, upgrade or modification provided to it under this Clause 7.50 and may issue such instructions as it considers necessary to ensure that the upgraded or modified CBT complies or will, after implementation of the proposed upgrade or modification, comply with the minimum technical standards and specifications required under the Regulations and these Procedures.

The next page is 8.1

PART 8 SWIFT PDS MESSAGE CONTENT SPECIFICATIONS**Overview**

- 8.1 To provide for maximum automation of processing of Framework Participants inward payments, it is essential that SWIFT PDS payments input by the Sender conform to the message content specifications set out in this Part 8 and Appendix D. Close attention by Framework Participants to the completion of SWIFT PDS message details in accordance with these Procedures, will ensure the smooth and efficient operation of each Framework Participant's own SWIFT PDS System and the SWIFT PDS as a whole.

(Note: The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) requires that certain information must be included in electronic funds transfer instructions and that certain information must be obtained in respect of those instructions before financial institutions may initiate, pass on or take any other action to carry out the electronic funds transfer instructions. Please refer to Part 5 of the Act for details.)

Inserted effective
30/04/07

Message Preparation Guidelines

- 8.2 Message preparation guidelines, designed to assist in the straight through processing of SWIFT PDS payments, are set out in Appendix I. The guidelines are not mandatory, as they exceed normal SWIFT requirements, but are strongly recommended as a means of maximising the level of automation available within Framework Participants' own systems.

BSB Number

- 8.3 To use the SWIFT PDS each Framework Participant must have a BSB Number which will represent the ultimate destination for delivery of payments to that Framework Participant.

If an Applicant has not already been allocated a BSB Number by the Company because of its participation in another Framework (which BSB Number is also valid for the HVCS upon notification to AusPayNet to activate that BSB Number for the HVCS), that Applicant must request allocation of a BSB Number from the Company when applying to join the HVCS.

Repair Routing Code BSB

- 8.4 All Framework Participants must assign one BSB Number, to be known as the Repair Routing Code BSB, to which Framework Participants may direct payments if details of the intended recipient Framework Participant are known but there is insufficient information available to precisely identify the beneficiary's branch. Each Framework Participant must advise the Company of its Repair Routing Code BSB, which can be an existing BSB Number, by completing a "BSB and BIC Amendment Advice" available from the Company.

BIC/BSB Relationship

- 8.5 All authorised HVCS BSB Numbers must be linked to Framework Participant's BIC or BICs, where multiple BICs have been defined, and will be recorded in the Company's publication "HVCS BIC/BSB Directory". Each Framework Participant must ensure that the BIC and BSB Numbers included in SWIFT PDS payments sent by it conform to the approved arrangements as set out in the "HVCS BIC/BSB Directory".

FIN-Copy Service Code Identifier

- 8.6 SWIFT use an identification code called the FIN-Copy Service Code Identifier to uniquely identify the various FIN-Copy services operating within the SWIFT Network internationally.

The characters “PDS” will be the FIN Copy Service Code Identifier for the SWIFT PDS. Framework Participants must ensure that their SWIFT PDS Systems are configured to set Field 103 in the User Header Block 3 to “PDS” for all SWIFT PDS (MT103, MT202 and their variants).

Last amended
effective 21/11/09

Character Set

- 8.7 Normal SWIFT Character Set requirements, as set out in the SWIFT User Handbook, will apply for all SWIFT PDS payments.

Transaction Reference Number (TRN)

- 8.8 Framework Participants are responsible for ensuring that all SWIFT PDS payments contain a unique Transaction Reference Number (“TRN”) (Field 20), and that the TRN is unique within any given fourteen (14) day period. Where a Framework Participant uses multiple Logical Terminals (LT) it must ensure the uniqueness of its TRNs across all LTs.

All TRNs are a maximum of 16 alpha-numeric characters in length.

- 8.9 To ensure the uniqueness of TRNs across individual high value systems (HVCS, RITS, Austraclear System), it has been agreed with the operators of these other high value systems that all RITS and Austraclear System TRNs will commence with a four character alpha identifier. The RITS TRN alpha identifier will be “RITS” while the Austraclear System identifier will be “ACLR”.

Last amended
effective 18/04/05

SWIFT PDS messages will not require a TRN alpha identifier but Framework Participants must ensure that they exclude the use of “RITS” and “ACLR” alpha characters from the first four digits of their SWIFT PDS TRN generation routine.

- 8.10 Where a message is to be re-sent as the result of the original message being rejected by RITS, the Sender of the message to be re-sent must assign a new TRN to the re-sent message.

Last amended
effective 1/01/18

Value Date

- 8.11 Framework Participants may input payments for same day value or otherwise in accordance with Clause 5.13. RITS will ascertain the payment value date from the value date contained within the Amount Field (Field 32A) in the payment message.

Last amended
effective 1/01/18

Where a Framework Participant inputs a payment with a value date more than 5 Settlement Days in advance of the input date, RITS will reject the payment and SWIFT FIN-Copy will return an Abort Notification (MT019) to the Sender advising the reason for that rejection. Framework Participants should note that payments may only be entered as Future Dated Payments strictly in accordance with Clause 5.13.

Last amended
effective 1/01/18

Currency

- 8.12 Framework Participants may only send payments denominated in Australian dollars.

The next page is 9.1

PART 9 CONTINGENCY PROCEDURES

Application of Part 9

- 9.1 The provisions of this Part 9 are designed to enable orderly operation of the SWIFT PDS during a Contingency.
Contingency means:

Amended
effective 19/7/21

Inserted
effective 19/7/21

- (a) a Disabling Event occurring at the:
 - (i) Framework Participant level;
 - (ii) central site (RITS and CSI) level; or
 - (iii) SWIFT network level; or
- (b) any event or other event or circumstance specified by the Management Committee for the purposes of this Part 9.

Application of Appendix J (HVCS Contingency Instructions)

Inserted
effective 19/7/21

- 9.1A Where a Disabling Event occurring at the Framework Participant level prevents the Framework Participant from sending payments in the normal way (**Participant Outage**); or where a Disabling Event occurring at the central site level (RITS or CSI) prevents RITS from effecting settlement of payments in the normal way (**RITS Outage**), then the Contingency Instructions may also apply.
- 9.1B During any period in which any provisions of this Part 9 apply, to the extent of any inconsistency, the Contingency Instructions will prevail over these provisions in Part 9 and over any other provisions of these Procedures.

Responsibilities

- 9.2 Framework Participants have a responsibility to each other, and to the system as a whole, to co-operate in resolving any processing difficulties.

To the extent that such co-operation does not adversely affect its own processing environment, a Framework Participant receiving a request for assistance from any other Framework Participant, the Company or the System Administrator may not unreasonably withhold such assistance.

Nature of Contingency

- 9.3 Abnormal processing conditions which may occur, within the overall high value system, and need to be provided for include:

Amended
effective 19/7/21

- * A Disabling Event occurring at the Framework Participant level. Note that if the Disabling Event is a Participant Outage, the Contingency Instructions may also apply.
- * A Disabling Event occurring at the central site (RITS or CSI) level. Note if the Disabling Event is a RITS Outage, the Contingency Instructions may also apply.
- * A Disabling Event occurring at the SWIFT communication service (SWIFT FIN Service or SWIFT FIN-Copy Service) level. Note the Contingency Instructions do not apply to this type of Contingency.

- * Any other event or circumstance specified by the Management Committee and designated a Contingency for the purpose of this Part 9.

Framework Participant System Failure Overview

Amended
effective 19/7/21

- 9.4 The appropriate response to a Disabling Event at the Framework Participant level depends very much upon the nature of the problem, the time of day that the problem occurs and the level of redundancy that the Framework Participant concerned has available at its Primary Computer Site. While each Framework Participant has responsibilities regarding timely fallback to back-up arrangements, in accordance with Clauses 7.15 to 7.17, usually only that Framework Participant will be in the position to properly evaluate the problem and decide on the appropriate course of action for the particular circumstances applying at the time.

The Procedures set out in this Part 9 (and where applicable the Contingency Instructions) are designed to provide a framework within which each Framework Participant can consider its response to a particular Disabling Event, but it is recognised that outside factors, for example nature of the Disabling Event and the time of day that the problem occurs, might affect that Framework Participant's course of action, and where applicable, ability to comply with any contingency procedures in this Part 9 such as fallback to the Back-up Computer Site. In accordance with Clause 9.5, a Framework Participant must immediately notify the System Administrator of any Disabling Event and in doing so must indicate:

- (a) If the circumstances are such that the Framework Participant is unable to comply with any contingency procedures in this Part 9 or if any applicable provisions of this Part 9 would in the circumstances be inappropriate.
- (b) If the Disabling Event has or may cause a Participant Outage, the Framework Participant must:
 - (i) immediately notify the System Administrator in accordance with Clause 9.5 and refer to the Contingency Instructions;
 - (ii) immediately consider and discuss with the System Administrator that the Framework Participant's potential response may be to request the declaration of the Participant Fallback Period, during which the Framework Participant is permitted to send payments using the Participant Fallback Solution provided for in the Contingency Instructions;
 - (iii) use the Participant Outage runsheet in the Contingency Instructions as a guide for the time of day that any such decision to request or declare a Participant Fallback Period should be taken.

Each Framework Participant experiencing a Disabling Event affecting its ability to receive inward payments will continue to have inward settled Payments delivered to the SWIFT PDS queue pending re-establishment of its SWIFT PDS System operations. It is important that each Framework Participant resolve its inward payments processing problems as soon as possible, either by correcting the problem with its Primary Computer Site or initiating fallback to its Back-up Computer Site.

In all cases, a Framework Participant experiencing a Disabling Event must continue to manage its ESA liquidity position in RITS throughout the Disabling Event.

Details of all CBT system or Core PPS problems that adversely affect the ability of any Framework Participant to send and receive payments must be recorded in that member's SWIFT PDS Log in accordance with Clause 4.8.

Last amended
effective 14/08/08

Redundancy and back-up arrangements for proprietary payment processors linked to CBTs (see also Clause 9.5) are not part of these procedures, but Framework Participants are expected to comply with normal industry best practice in these areas.

All Disabling Events to be Advised to System Administrator

Amended
effective 19/7/21

- 9.5 Any Framework Participant experiencing a Disabling Event which adversely affects its ability to send or receive payments in a normal way must immediately advise the System Administrator in accordance with Clause 4.6. That Framework Participant must provide to the System Administrator brief details of the problem being experienced and, if applicable, give some indication as to when its SWIFT PDS System is likely to be operating as normal. This will assist the System Administrator in deciding whether or not to advise all Framework Participants of the issue.

In accordance with Clause 9.4, if the Framework Participant's Disabling Event has or may cause a Participant Outage, the Affected Participant must notify the System Administrator and discuss the potential for a Participant Fallback Period to be declared.

Advice of HVCS Framework Participants Experiencing a Disabling Event

Amended
effective 19/7/21

- 9.6 If the System Administrator considers that a Framework Participant's Disabling Event is likely to be protracted, the System Administrator is responsible for immediately advising details of the Framework Participant experiencing those problems to all HVCS Framework Participants by issuing a RITS broadcast message.

Advice of a Participant Fallback Period

Inserted
effective 19/7/21

- 9.6A If the Disabling Event has caused a Participant Outage, and a Participant Fallback Period has or could be declared, the System Administrator will advise all Framework Participants of this in accordance with the Contingency Instructions.

End-to-end test of Fallback Solutions

Amended effective
19/7/21

- 9.6B Each Framework Participant must participate in an end-to-end test of Fallback Solutions provided for in the Contingency Instructions, occurring annually or as otherwise advised, on the dates specified by the Management Committee from time to time.

HVCS Processing Difficulties Contact Points

- 9.7 Framework Participants must, before using the SWIFT PDS to send or receive payments, nominate and advise the Company and the System Administrator of a contact point(s) to whom information or enquiries must be directed in the event of processing difficulties. A list of contact points is shown in Appendix C1.

HVCS Payments to Framework Participants Experiencing a Disabling Event

Amended
effective 19/7/21

- 9.8 Framework Participants with payments to be sent to any Framework Participant experiencing a Disabling Event that affects its ability to receive inward payments will need to consider the liquidity implications of continuing to forward payments to that Framework Participant via the SWIFT PDS. Framework Participants should also consider the urgency or special requirements of any payments to be sent to a Framework Participant experiencing a Disabling Event, as payments may be delayed in the SWIFT queue for some considerable time.

HVCS Payments to a Framework Participant During a Participant Fallback PeriodInserted
effective 19/7/21

- 9.8A If a Framework Participant's Disabling Event causes a Participant Fallback Period to be declared, then Framework Participants with payments to be sent to the Affected Participant must continue to use SWIFT PDS, having regards to the liquidity implications and potential delays outlined above. The Participant Fallback Solution provides a means for the Affected Participant to send payments. It cannot be used as a means for the Affected Participant to receive payments outside of the SWIFT PDS.

Framework Participants must, to the best of their ability, pause sending payments to an Affected Participant if requested to do so by the Affected Participant.

Simultaneous Failure of Framework Participant's Primary and Back-up ConfigurationsAmended
effective 19/7/21

- 9.9 If a Framework Participant's Disabling Event causes both its Primary Computer Site and Back-up Computer Site to fail, such that it cannot fallback to the Back-up Computer Site and is prevented from sending or receiving payments in the usual way, then that Framework Participant will need to consider alternative arrangements for sending and receiving domestic high value payments.

Sending PaymentsInserted
effective 19/7/21

- 9.9A If the Disabling Event is preventing a Framework Participant from sending payments in the usual way (Participant Outage), the Contingency Instructions may apply and a Participant Fallback Period could be declared. During this time the alternative arrangements for the Affected Participant to send payments in the HVCS will be the Participant Fallback Solution provided for in the Contingency Instructions. In accordance with Clause 9.4, the Affected Participant must notify the System Administrator of the Disabling Event and obtain approval to use the Participant Fallback Solution by means of a Participant Fallback Period being declared.

Receiving PaymentsInserted
effective 19/7/21

- 9.9B If the Disabling Event is preventing a Framework Participant from receiving payments in the usual way then that Framework Participant must be aware that in accordance with Clause 9.10, their inbound payments will, subject to appropriate testing by RITS, continue to be settled and will be queued on that Framework Participant's SWIFT queue pending re-establishment of its connection. For the avoidance of doubt, and in accordance with Clause 9.8, the Participant Fallback Solution cannot be used as a means for that Framework Participant to receive payments outside of the SWIFT PDS. Further, that Framework Participant must continue to manage its ESA position in RITS throughout the Disabling Event and may in some circumstances consider requesting that other Framework Participants limit or pause the dispatch of further payments until the Disabling Event is resolved.

Need for Framework Participants to Re-establish CBT Connection in the Shortest Possible TimeAmended effective
19/7/21

- 9.10 Payments forwarded to a Framework Participant experiencing a Disabling Event affective its inward payments processing will, subject to appropriate testing by RITS, be settled and queued on that Participant's SWIFT queue pending re-establishment of its connection. It is therefore imperative that the Framework Participant endeavour to re-establish its CBT connection either from the Primary Computer Site or Back-up Computer Site without delay.

Advise System Administrator When Disabling Event is resolved

Amended
effective 19/7/21

9.11 Where any Framework Participant's Disabling Event is resolved, and if applicable, its SWIFT PDS System is operating again in the normal way, that Framework Participant must immediately advise:

- (a) the System Administrator; and
- (b) if the System Administrator has issued a RITS broadcast message to all HVCS Framework Participants in respect of the problem, the Company;

of the change of status.

If a Participant Fallback Period is in operation at the time that the Disabling Event is resolved, the Affected Participant must comply with the Contingency Instructions with respect to the continued use of the Participant Fallback Solution and reversion to the SWIFT PDS for sending payments.

RITS or CSI (Central Site) Disabling Event

Last amended effective
21/7/21

9.12 Both RITS and the CSI have two processors and each can withstand the failure of one of its two processors. However, if both processors should fail the system will revert to its back-up site. Until the move to processing using that back-up site is complete all RITS processing will cease. Framework Participants forwarding SWIFT PDS payments to RITS during this period will have those payments queued in the SWIFT PDS pending recovery of RITS.

Last amended
effective 1/01/18

Technically it is possible for the CSI to fail separately from RITS. In these circumstances other payment delivery feeder systems to RITS, such as RITS, might continue to use RITS to settle payments on a Real Time Gross Settlement basis, because those payment delivery systems are unaffected by failure of the CSI.

Last amended
effective 1/01/18

Advice of RITS Central Site Failure

Last amended effective
1/01/18

9.13 The System Administrator is responsible for advising all Framework Participants, of any Disabling Event occurring at the RITS or the CSI level, and any action initiated to correct the situation including the likely time until the system will be operating as normal. Advice by the System Administrator in accordance with this Clause 9.13 will be given either by issuing a RITS broadcast message if possible or otherwise by the most expeditious means reasonably available using Framework Participant's contact points in Appendix C1.

Last amended
effective 19/7/21

Resynchronisation of RITS Data Base

Last amended effective
1/01/18

9.14 The Reserve Bank of Australia has advised that if RITS fails and the RITS data base is corrupted, that data base including Framework Participants' ESA balances, will be recreated from separately maintained "redo logs". However, because there may be a period of several minutes after compilation of the last redo log and the actual system failure, there is a possibility that some data on previously settled Payments may be lost. In this case the Reserve Bank of Australia will contact each Framework Participant to verify the ESA balance and associated transactions. Where a difference exists between the balance quoted by the Reserve Bank of Australia and a Framework Participant's position, the figure quoted by the Reserve Bank of Australia will be final.

Last amended effective
1/01/18

A difference in the ESA balance figure indicates that one or more previously “settled payments” have been lost and the Senders and Receivers of the payments in question will need to adjust their own figures accordingly and the Sender must re-send those payments. Framework Participants requiring further details should refer to the RITS Regulations and RITS User Handbook.

[New Clause 9.15 inserted. New Clause 9.15 was previously Clause 9.34. Following Clauses re-numbered accordingly – effective 20/08/04.]

Central Communications Failure (SWIFT FIN Service)

Inserted effective
20/08/04

Partial Communications Failure (SWIFT FIN-Copy)

- 9.15 Standard SWIFT procedures set out in the SWIFT User Handbook will apply where the SWIFT Network or part of the SWIFT Network is experiencing difficulties.

If normal SWIFT fallback arrangements fail to resolve the problem and the difficulties become protracted, the System Administrator in conjunction with the Chief Executive Officer, will notify Framework Participants of the likely extent of the problem, using the contact details set out in Appendix C1, and action proposed. If a notice in accordance with this Clause 9.15 is issued it will be necessary for Framework Participants to consider alternative arrangements for the despatch of payments.

Failure of Both RITS and/or CSI Primary & Back-up Configurations

Last amended
effective 1/01/18

- 9.16 If a Disabling Event causes both RITS main site and back-up site to fail, or the main CSI and back-up to fail, the System Administrator will need to consider alternative means of processing payments. If the Disabling Event causes a RITS Outage the System Administrator:

- (a) could recommend to the Company that a HVCS Fallback Period be declared during which time the HVCS Fallback Solution provided for in the Contingency Instructions will apply;
- (b) must notify all Framework Participants if a HVCS Fallback Period has or could be declared; and
- (c) will have regard to the timings in the RITS Outage runsheet timings in the Contingency Instructions and use this as a guide for the time of day that any such decision to declare a HVCS Fallback Period may need to be taken.

The System Administrator has responsibility for advising full details of the failure and intended alternative processing arrangements to Framework Participants using a RITS broadcast message if possible or otherwise by the most expeditious means reasonably available using Framework Participant’s contact points in Appendix C1.

Last amended
effective 1/01/18

- 9.16A In the event that the System Administrator issues a RITS broadcast message under either clause 9.6, clause 9.13 or clause 9.15, or otherwise notifies HVCS Framework Participants of any other Contingency under Part 9 of these Procedures, then the Chief Executive Officer may, if he considers it appropriate to do so, invoke the Member Incident Plan, which is available on the Company’s Extranet, either by written notice to, or verbally notifying, the Management Committee. The Member Incident Plan provides a framework for Management Committee communication and consultation during applicable contingency events. If the Chief Executive Officer invokes the Member Incident Plan, the Management Committee will comply with its requirements.

Last amended effective
19/7/21

Note: Clause 9.6 relates to a Framework Participant Disabling event, clause 9.13 relates to a central site (RITS or CSI) Disabling Event, and clause 9.15 relates to a SWIFT Network Disabling Event.

Last amended effective 19/7/21

FIN-Copy Operating in Bypass Mode – Deleted

Deleted effective 20/08/04

Decision to Abandon Y-Copy Processing - Deleted

Deleted effective 20/08/04

SWIFT PDS Payment Instructions Processed in Bypass Mode - Deleted

Deleted effective 20/08/04

CLS Payments – Deleted

Deleted effective 20/08/04

Future Dated Payments in Bypass Mode - Deleted

Deleted effective 20/08/04

Deferred Status Payments in Bypass Mode - Deleted

Deleted effective 20/08/04

Possible Duplicated Settlement Amounts - Deleted

Deleted effective 20/08/04

Fallback Period

Inserted effective 20/08/04

9.17 (a) The Chief Executive Officer may, in consultation with the System Administrator, declare that a specified period is to be a Fallback Period. Any such declaration must be notified to Framework Participants by the System Administrator by the most expeditious means reasonably available using the Framework Participants' contact points in Appendix C1.

Last amended effective 19/7/21

(b) Any HVCS Fallback Period owing to a RITS Outage and Participant Fallback Period owing to a Participant Outage will be undertaken in accordance with the Contingency Instructions, unless otherwise agreed by the Company and advised by the System Administrator.

Amended effective 19/7/21

9.18 During a Fallback Period, every HVCS payment sent and received pursuant to the Fallback Solutions provided for in the Contingency Instructions is irrevocable at the time of receipt of that payment by the Receiver. For the avoidance of doubt, in relation to the Participant Fallback Solution, the reference to "receipt of that payment" in this Clause 9.18 means actual receipt by the Receiver of the hard copy or electronic form of the relevant payment instruction.

Last amended effective 19/7/21

Note 1: During a Fallback Period, Framework Participants should not send HVCS payments by means of instruments that fall within other clearing systems (eg. direct entry credits).

Last amended effective 1.01.18

Possible Duplicate Payments [Deleted]

Deleted effective 19/7/21

Deferred Net Settlement

Amended effective 13/11/13

9.22 Subject to Clause 9.27, where RITS cannot be used to effect settlement of HVCS payments on a Real Time Gross Settlement basis, settlement must be conducted in accordance with Clauses 9.23 to 9.26.

Last amended effective 1/01/18

Method of Settlement

9.23 Settlement under Clause 9.22, between Framework Participants in respect of each HVCS payment (other than payments addressed to, or sent by, CLS Bank International) must be effected:

Last amended effective 23/04/13

(a) across Exchange Settlement Accounts using Fallback Settlement; and

Last amended 13/11/13

- (b) either for the multilateral net amount owing between each Framework Participant and all other Framework Participants or for the bilateral net amount owing between one Framework Participant and another Framework Participant.

Last amended
effective 19/7/21

Payments settled by RITS, prior to the decision to move to deferred net settlement in accordance with Clause 9.17, are not affected by Clauses 9.23 to 9.26 inclusive as they have already been irrevocably settled. Normal RITS reports will be available to Framework Participants, using the AIF, as soon as RITS is operational.

Last amended
effective 19/7/21

- 9.24 For Settlement under clause 9.22, each Framework Participant is responsible for separately identifying the amounts which are payable and receivable in respect of all payments sent and received by it, and where applicable, for directly notifying the relevant settlement figures to the Reserve Bank of Australia. Where this is undertaken during a HVCS Fallback Period or a Participant Fallback Period, it must be done in accordance with the Contingency Instructions.

Last amended
effective 19/7/21

Note: Payments addressed to, or sent by, CLS Bank International, should not be included in the relevant settlement figures, because such payments must not be processed on a deferred settlement basis.

Last amended
effective 20/08/04

Failure To Match Rules

Amended
effective 13/11/13

- 9.25 For Settlement under clause 9.22, the Failure to Match Rules are as follows:

Amended
effective 19/7/21

- (a) if the amount that one Framework Participant claims is owed to it by another Framework Participant is larger than the amount admitted by that other Framework Participant, the lesser amount will be accepted as the final settlement figure;
- (b) in particular, if one Framework Participant does not admit that any amount is owing, or fails to provide settlement figures by the latest time allowed, the final settlement figure in that case will be zero;
- (c) similarly, if each of two Framework Participants claims that the balance between them is in its favour, or if each of two Framework Participants claims that the balance between them is in favour of the other, the final settlement figure in that instance will be zero.

Inserted effective
13/11/13

Inserted effective
13/11/13

Inserted effective
13/11/13

ESA Entries

Inserted effective
13/11/13

- 9.25A The Reserve Bank of Australia will apply entries to the Exchange Settlement Accounts of Framework Participants in accordance with the final settlement figures calculated in accordance with this Part 9.

Amended effective
18/01/16

Interest Adjustment Where Settlement Delayed

- 9.26 Where settlement in respect of any exchange of any payment is (for whatever reason) effected on a day other than the day on which that payment was exchanged for value, an adjustment of interest will be made between the creditor and debtor Framework Participants in respect of that payment calculated at the ESR.

Last amended
effective 23/04/13

The Reserve Bank of Australia will record the net balance owing to or by each Framework Participant for each day on which it despatched settlement figures and calculate the interest on the net balance owing for the number of days elapsed until the day of settlement using the ESR applicable to each of those days during that period.

Inserted effective
13/11/13

The Reserve Bank of Australia will notify each Framework Participant of the net amount due to or by it on account of such interest and include such interest each day in the Fallback Settlement amount of each Framework Participant.

Inserted effective
13/11/13

Failure To Settle

- 9.27 The provisions of Part 12 of the Regulations apply if any Framework Participant is unable to meet its HVCS payment obligations due to be discharged at any particular Fallback Settlement.

Last amended
effective 13/11/13

Settlement Contact Points

- 9.28 The primary and fallback contact details and numbers to be used to contact the Reserve Bank of Australia and the settlement contact points for each Framework Participant are specified in Appendix C2. Each Framework Participant must notify the Reserve Bank of Australia in writing of any change to its settlement contact point (including any temporary change) at least five business days prior to the change, clearly identifying the effective date in their advice. Each Framework Participant is solely responsible for the consequences of any failure by it to notify the Reserve Bank of Australia of any change to its settlement contact point in accordance with this Clause 9.28.

Last amended
effective 13/11/13

Errors and Adjustments to Totals of Exchanges

- 9.29 All adjustments to totals caused by any error must be accounted for in the manner set out in this Clause 9.29:

Last amended
effective 20/08/04

- (a) For each error which is an Error of Magnitude, the Receiver or the Sender, whichever first locates the error must notify the other immediately the details of the error are known. Once the error is agreed by both those Framework Participants, an adjustment (including interest calculated in accordance with Clause 9.30) must be effected as follows:

Last amended
effective 20/08/04

Errors of Magnitude

- (i) if the error is agreed before 7.00am Sydney time on any day, then either:
- (A) where RITS is not, at the time of that agreement, functioning to effect settlements on a Real Time Gross Settlement basis, the necessary adjustment must be made in the next Fallback Settlement, or
- (B) where RITS is, at the time of that agreement, functioning to effect settlements on a Real Time Gross Settlement basis, the necessary adjustment must be made by sending a Payment for same day value on that day, or
- (ii) if the error is agreed after 7.00am Sydney time on any day, the necessary adjustment must be made in a manner and at a time agreeable to both Framework Participants concerned, provided that if not effected earlier it must be effected either:
- (A) where RITS is not, at the time of that agreement, functioning to effect settlements on a Real Time Gross Settlement basis, in the next Fallback Settlement after that day, or
- (B) where RITS is, at the time of that agreement, functioning to effect settlements on a Real Time Gross Settlement basis, by sending a Payment for same day value no later than on the next Business Day, and

Last amended
effective 1/01/18

Last amended effective
1/01/18

Last amended
effective 1/01/18

Last amended effective
1/01/18

Errors which are not Errors of Magnitude

- (b) For each error which is not an Error of Magnitude, an adjustment must be effected as follows:

- (i) if the error is found on the day of receipt of the erroneous payment or within 3 Business Days after the day on which that erroneous payment was sent, then either:
 - (A) where RITS is not, at the time at which the error is found, functioning to effect settlements on a Real Time Gross Settlement basis the necessary adjustment must be made in a Fallback Settlement on any of those days, or
 - (B) where RITS is, at the time at which the error is found, functioning to effect settlements on a Real Time Gross Settlement basis the necessary adjustment must be made by sending a Payment for same day value on any of those days, or
- (ii) if the error is not found on the day of receipt of the erroneous payment or within 3 Business Days after the day on which the erroneous payment was sent necessary adjustment must be made in a manner and at a time to be agreed between the Framework Participants concerned.

Last amended effective 1/01/18

Last amended effective 1/01/18

Interest Adjustments For Errors

9.30 The interest payable pursuant to Clause 9.29(a) will be calculated as follows:

Last amended effective 20/08/04

- (a) in respect of the first day - interest will be calculated at the ESR; and
- (b) in respect of subsequent days - interest will be calculated at the ESR; however if, because of a rate of interest actually obtained by, lost to, or paid by either or both of those Framework Participants concerned upon the amount involved or upon an amount equivalent thereto, it would be equitable for some other rate to be applied, then such other rate will be applied.

Last amended effective 13/06/01

Last amended effective 13/06/01

Further Provisions Relating to Interest

9.31 If the Receiver and Sender concerned are unable to agree upon any question arising under Clause 9.29, the provisions of Regulations Part 13 will apply.

Last amended effective 20/08/04

Losses

9.32 The provisions of Part 13 of the Regulations apply in all cases where a loss has to be met by reason of a conflict of opinion as to which Framework Participant was responsible for the loss.

Last amended effective 20/08/04

[Original Clause 9.34 re-numbered as Clause 9.15 effective 20/08/04]

SWIFT PDS and RITS/RTGS System Failure – Deleted

Deleted effective 20/08/04

[Original Clauses 9.35 to 9.39 (inclusive) have been re-numbered as Clauses 9.17 to 9.20 (inclusive) effective 20/08/04]

[Original Clause 9.40 has been deleted effective 20/08/04]

[Original Clause 9.41 has been re-numbered as Clause 9.21 effective 20/08/04]

9.33 Exchange Summary Data File Transfer Facility [Deleted]

Deleted effective 23/04/13

The next page is 10.1

PART 10 TRANSITIONAL ARRANGEMENTS

[Deleted, effective 20/11/06]

The next page is A1.1

**SYSTEM CERTIFICATION CHECKLIST
FOR MEMBERSHIP OF THE
HIGH VALUE CLEARING SYSTEM (“HVCS”)
(Clause 7.36)**

Last amended
effective 20/11/06

It is a requirement of the HVCS that Framework Participants satisfy certain system and environmental requirements specified in the HVCS Regulations and Procedures prior to sending or receiving payments. Copies of the System Certification Checklist are available from the Company and can be obtained from the SWIFT PDS Operations Manager.

The System Certification Checklist has been designed to assist applicants and particularly audit personnel to ensure that all requirements have been met. The System Certification Checklist is divided into a number of self-contained sections, each detailing a range of requirements cross-referenced to the relevant Clause of the HVCS Procedures. Each item in the System Certification Checklist requires a simple positive (tick) or negative (cross) response. Should a particular item require clarification or the provision of additional data, comment or information can be included at the foot of each section or a separate advice provided and attached to the System Certification Checklist.

If any clarification or additional information is required, regarding the certification process, applicants should contact the SWIFT PDS Operations Manager.

The System Certification Checklist must be completed and signed by a duly authorised officer for and on behalf of the Applicant.

The actual commencement date for a new Framework Participant is designated by the Management Committee at the time the membership application is approved. However, where the applicant has a preferred launch date, the completed System Certification Checklist and the related test results will need to be provided to the Company no less than four weeks prior to that date.

Certification Testing

It is strongly recommended that Framework Participants perform certification testing on both their primary and backup configurations but it is recognised that this may cause difficulties for some members where an existing production environment is being utilised. If this is the case a Framework Participant may complete its certification on a similar configuration such as a test system. Where this occurs it is expected that the test configuration will closely replicate the live environment, details of which will be provided to AusPayNet as part of the Certification Test Factsheet. A hardcopy of the test results are not required except in those cases where the actual test result differs from the expected result in which case the requirements of Clause 7.39 apply.

SYSTEM CERTIFICATION CHECKLIST

Last amended effective 26/11/18

TO: THE SWIFT PDS OPERATIONS MANAGER
 AUSTRALIAN PAYMENTS NETWORK LIMITED
 LEVEL 23, TOWER 3
 INTERNATIONAL TOWERS SYDNEY, 300 BARANGAROO AVENUE
 SYDNEY NSW 2000

RE: THE HIGH VALUE CLEARING SYSTEM FRAMEWORK (CS4)

FROM NAME OF APPLICANT ("Applicant") _____

PLACE OF INCORPORATION _____

AUSTRALIAN COMPANY NUMBER _____
 AUSTRALIAN REGISTERED BODY NUMBER _____

REGISTERED OFFICE ADDRESS _____

NAME OF CONTACT PERSON _____

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

Environment - Primary Computer Site

- A HSM (Hardware Security Module) is available for PKI (Public Key Infrastructure) and Select (SLS) functions (Clause 7.7). ☐
- A SWIFT certified copy of CBT software is maintained (Clause 7.4). ☐
- A backup HSM is available (Clause 7.8). ☐
- Two SWIFT communication lines, a primary and a secondary line for redundancy purposes, are available (Clause 7.11). ☐
- Both SWIFT communication lines are encrypted (Clause 7.11). ☐
- Uninterruptable Power Supply (UPS) is available and supplied to the CBT hardware configuration (Clause 7.2). ☐
- The area is fitted with adequate protection against fire, flood and water damage (Clause 7.2). ☐
- CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clause 7.2, 7.16 and 7.17). ☐

Environment - Backup Computer Site

- **Tier 1 Back-up Applicants Only** - Backup computer site is geographically separate from the primary site (Clause 7.16). ☐
- **Tier 2 Back-up Applicants Only** - Backup computer site configuration meets requirements (Clause 7.17). ☐
- A SWIFT certified copy of CBT software is maintained (Clause 7.20). ☐
- A HSM is available for SLS functions (Clause 7.21). ☐
- **Tier 1 Back-up Framework Participant Only** - At least one SWIFT communication line is available, which is physically different from the two located at the primary site. The line must be encrypted (Clause 7.23). ☐
- UPS is available and supplied to the CBT hardware configuration (Clauses 7.16 and 7.17). ☐
- The area is fitted with adequate protection against fire, flood and water damage (Clauses 7.16 and 7.17). ☐
- CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clauses 7.16 and 7.17). ☐
- The Backup configuration is capable of moving to live operations within the approved timeframe (Clauses 7.16 and 7.17). ☐
- If shared backup facilities are in place, full details of the arrangement are contained in a legally binding agreement (Clause 7.19). ☐

Environment - Payments OperationsAmended
effective
26/11/18

- Adequate physical and logical security controls are in place (Clause 7.26). ☐

CBT Application

- CBT is configured with the SWIFT PDS profile (Clause 7.4). ☐
- CBT security enforces segregation of duties for data entry, i.e. the person entering the payment cannot be the same person that authorises it (Clause 7.26). ☐

SecurityLast
amended
effective
1/01/18

- Self-attestation to the SWIFT Customer Security Controls Framework has been completed and submitted to SWIFT for each 8-character BIC operating in the PDS as per the SWIFT Customer Security Controls Policy (Clause 5.1). ☐
- All mandatory security control objectives as defined in the SWIFT Customer Security Controls Framework have been met.¹ (Clause 5.1) ☐

¹ Note – if all mandatory controls have not been satisfied please complete the SWIFT Customer Security Mandatory Controls Non-compliance form.

- Operating system security which runs on the CBT hardware functionally conforms to the SWIFT Customer Security Controls Framework (Clause 7.10 and 7.22). ☐
- Access to the HSM is by authorised personnel only (Clause 7.9). ☐

System AvailabilityLast amended
effective 1/01/14

- **Tier 1 Back-up Applicants only** - the system (which includes the CBT and the Core PPS) must be available at least 99.7% of the Core Business Hours (Clause 7.33(a)). The level of system redundancy is designed to ensure: ☐
 - (i) No single outage will exceed four (4) hours (Clause 7.33(a)). ☐
 - (ii) Yearly downtime will not exceed six (6) hours for those Framework Participants that do not participate in the Evening Settlement Session and eight (8) hours for those Framework Participants that do participate in the Evening Settlement Session (Clause 7.33(a)). ☐
- **Tier 2 Back-up Applicants only** - the system (which includes the CBT and the Core PPS) must be available at least 99.5% of the Core Business Hours (Clause 7.33(b)). The level of system redundancy is designed to ensure: ☐
 - (i) No single outage will exceed six (6) hours (Clause 7.33(b)). ☐
 - (ii) Yearly downtime will not exceed ten (10) hours for those Framework Participants that do not participate in the Evening Settlement Session and thirteen (13) hours for those Framework Participants that do participate in the Evening Settlement Session (Clause 7.33(b)). ☐

System Performance

- Primary CBT is capable of processing 50% of daily transaction volume in 1 hour (Clause 7.34). ☐
- Backup CBT is capable of processing 50% of daily transaction volume in 1 hour (Clause 7.34). ☐
- Specify estimated daily transaction volume (Clause 7.34). ☐

CBT Support

- CBT and system software are fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☐
- CBT hardware is fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☐

Operations

- SWIFT PDS messages are stored on a suitable medium (tape, microfile, etc) for a minimum of 7 years (Clause 7.35). ☐
- A backup tape of the CBT software and data files is kept off-site (Clause 7.5). ☐
- A SWIFT PDS Log is maintained that details dates, times and durations of backup tests, outages and their cause, changes to either the primary or backup environments etc (Clauses 4.8, 7.2, 7.16, 7.17, 7.24 and 9.4). ☐

Certification Test Plan Results

Last amended
effective 14/08/08

The following Certification Test Plan forms have been completed and are attached:

- Certification Test Factsheet;
- Specific Conditions Test Checklist; and
- Community Test Checklist.

☐
☐
☐

Full details of test script results required in terms of Clause 7.39 are attached.

Full details of test script results required in terms of Clause 7.39 are attached.

REPRESENTATIONS AND UNDERTAKINGS

By executing this System Certification Checklist the Applicant:

- (a) acknowledges that for the Applicant to qualify as a Framework Participant of HVCS to use the SWIFT PDS to send and receive payments under the HVCS Regulations and Procedures the Applicant must have obtained System Certification in accordance with the HVCS Regulations and Procedures and that this System Certification Checklist is required to obtain that System Certification;
- (b) warrants and represents that the information contained in this completed System Certification Checklist (including without limitation the attached test results) is correct and accurately reflects the results of system testing using the appropriate test script supplied by the Company for the purpose of that testing;
- (c) acknowledges that the Company and each other Framework Participant of the HVCS relies and will continue to rely on the accuracy of the information and the Applicant's representations, acknowledgments, warranties and undertakings contained in this Certification checklist; and
- (d) agrees that if the Applicant is accepted as a Framework Participant and/or if the Applicant is permitted to use the SWIFT PDS to send and receive payments, then, in consideration of such acceptance as a Framework Participant and/or permission to use the SWIFT PDS, the Applicant will:
 - (i) immediately notify the Company if it becomes, or has become, aware that any information contained in this System Certification Checklist (including without limitation the attached test results) is wrong or misleading (including without limitation because of any omission to provide relevant additional information); and
 - (ii) provide to the Company with that notification full particulars of that wrong or misleading information.

Terms used in this Checklist in a defined sense have the same meanings as in the HVCS Procedures unless the context requires otherwise.

SIGNED FOR AND ON BEHALF
OF [NAME OF APPLICANT]:

SIGNATURE OF AUTHORISED PERSON

By signing this System Certification Checklist the signatory states that the signatory is duly authorised to sign this System Certification Checklist for and on behalf of [NAME OF APPLICANT]

NAME OF AUTHORISED PERSON (BLOCK LETTERS)

OFFICE HELD

DATE:

The next page is A2.1

**YEARLY AUDIT COMPLIANCE CERTIFICATE
FOR CONTINUING MEMBERSHIP OF THE
HIGH VALUE CLEARING SYSTEM (“HVCS”)
(Clause 7.44)**

Last amended
effective 26/11/18

It is a requirement of the HVCS that Framework Participants using the SWIFT PDS continue to meet at all times the SWIFT PDS and related environmental requirements, specified in the HVCS Regulations and Procedures. To assist with ensuring system-wide compliance, Framework Participants are required to carry out a yearly compliance audit in accordance with Clause 7.44 of the HVCS Procedures. Copies of the Yearly Audit Compliance Certificate to be given by each Framework Participant are available from the Company and can be obtained from the SWIFT PDS Operations Manager.

The Yearly Audit Compliance Certificate contains a standard checklist designed to assist Framework Participants and particularly audit personnel to ensure that all requirements have been met. The checklist is divided into a number of self-contained sections, each detailing a range of requirements cross-referenced to the relevant Clause of the HVCS Procedures. Each item in the checklist requires a simple positive (tick) or negative (cross) response. Should a particular item require clarification or the provision of additional information, comments can be included at the foot of each section or in a separate advice provided and annexed to the Yearly Audit Compliance Certificate.

Each Framework Participant is required to maintain a SWIFT PDS Log (see Clause 4.16) containing details of:

- * the date, time and nature of all its system outages, and the time required to re-establish live operations;
- * alterations to its Primary Computer Site or Backup Computer Site system configuration since the date of its last Yearly Audit Compliance Certificate or if it has not previously given a Yearly Audit Compliance Certificate, the date of its System Certification Checklist; and
- * the date, time, duration and results of all its backup tests.

The SWIFT PDS Log will form the basis of a number of the certification checks and should be perused to ensure that complete and adequate details are recorded.

If any additional information or clarification is required the Framework Participant should contact the SWIFT PDS Operations Manager.

The Yearly Audit Compliance Certificate (including the checklist) must be completed and signed by a duly authorised officer for and on behalf of the Framework Participant.

The Yearly Audit Compliance Certificate must be completed and returned to the Company by the end of January each year, such certificate to cover the prior calendar year and confirm that all SWIFT upgrades required since the last Yearly Audit Compliance Certificate have been implemented.

Last amended
effective 16/01/09

YEARLY AUDIT COMPLIANCE CERTIFICATE

Last amended effective 26/11/18

TO: THE SWIFT PDS OPERATIONS MANAGER
AUSTRALIAN PAYMENTS NETWORK LIMITED
LEVEL 23, TOWER 3
INTERNATIONAL TOWERS SYDNEY, 300 BARANGAROO AVENUE SYDNEY NSW 2000

RE: THE HIGH VALUE CLEARING SYSTEM FRAMEWORK (CS4)

FROM: NAME OF FRAMEWORK PARTICIPANT ("Member") _____

PLACE OF INCORPORATION _____

AUSTRALIAN COMPANY NUMBER _____
AUSTRALIAN REGISTERED BODY NUMBER _____

REGISTERED OFFICE ADDRESS _____

NAME OF CONTACT PERSON _____

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

Environment - Primary Computer Site

- A HSM (Hardware Security Module) is available for PKI (Public Key Infrastructure) and Select (SLS) functions (Clause 7.7). ☐
- A SWIFT certified copy of CBT software is maintained (Clause 7.4). ☐
- A backup HSM is available (Clause 7.8). ☐
- Two SWIFT communication lines, a primary and a secondary line for redundancy purposes, are available and both are encrypted (Clause 7.11). ☐
- Uninterruptable Power Supply (UPS) is available and supplied to the CBT hardware configuration (Clause 7.2). ☐
- The area is fitted with adequate protection against fire, flood and water damage (Clause 7.2). ☐
- CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clause 7.2, 7.16 and 7.17). ☐

- The backup HSM was tested twice during the year (Clause 7.8). ☐
- The secondary SWIFT communication line was tested on a minimum of four times during the year (Clause 7.11). ☐

Environment - Backup Computer Site

- **Tier 1 Back-up Framework Participants Only** - Backup computer site is geographically separate from the primary site (Clause 7.16). ☐
- **Tier 2 Back-up Framework Participants Only** - Backup computer site configuration meets requirements (Clause 7.17). ☐
- A SWIFT certified copy of CBT software is maintained (Clause 7.20). ☐
- A HSM is available for SLS functions (Clause 7.21). ☐
- **Tier 1 Back-up Framework Participant Only** - At least one SWIFT communication line is available, which is physically different from the two located at the primary site. The line must be encrypted (Clause 7.23). ☐
- UPS is available and supplied to the CBT hardware configuration (Clauses 7.16 and 7.17). ☐
- The area is fitted with adequate protection against fire, flood and water damage (Clauses 7.16 and 7.17). ☐
- CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clauses 7.16 and 7.17). ☐
- If shared backup facilities are in place, full details of the arrangement are contained in a legally binding agreement (Clause 7.19). ☐
- **Tier 1 Back-up Framework Participant Only** - The Backup configuration's ability to move to live operations, with the required timeframes (as per clause 7.16(a)), was successfully tested at least twice during the year (Clause 7.24). ☐
- **Tier 2 Back-up Framework Participants Only** - The Backup configuration's ability to move to live operations, with the required timeframe (as per clause 7.17(a)), was successfully tested at least twice during the year (Clause 7.24). ☐

Environment – Payments Operations

- Adequate physical and logical security controls are in place (Clause 7.26). ☐

CBT Application

- CBT is configured with the SWIFT PDS profile (Clause 7.4). ☐
- CBT security enforces segregation of duties for data entry, i.e. the person entering the payment cannot be the same person that authorises it (Clause 7.26). ☐

Security

- Operating system security which runs on the CBT hardware functionally conforms to the SWIFT Customer Security Controls Framework (Clause 7.10 and 7.22). ☐

- Access to the HSM is by authorised personnel only (Clause 7.9). ☐

System AvailabilityLast amended
effective 1/01/14

- **Tier 1 Back-up Framework Participants Only:**

- (i) The system (which includes the CBT and the Core PPS) was available at least 99.7% of the Core Business Hours during the last year (Clause 7.33(a)); ☐
- (ii) No single outage exceeded four (4) hours (Clause 7.33(a)); and ☐
- (iii) Yearly downtime did not exceed six (6) hours for those Framework Participants that do not participate in the Evening Settlement Session and eight (8) hours for those Framework Participants that do participate in the Evening Settlement Session (Clause 7.33(a)). ☐

- **Tier 2 Back-up Framework Participants Only:**

- (i) The system (which includes the CBT and the Core PPS) was available at least 99.5% of the Core Business Hours during the last year (Clause 7.33(b)); ☐
- (ii) No single outage exceeded six (6) hours (Clause 7.33(b)); and ☐
- (iii) Yearly downtime did not exceed ten (10) hours for those Framework Participants that do not participate in the Evening Settlement Session and thirteen (13) hours for those Framework Participants that do participate in the Evening Settlement Session (Clause 7.33(b)). ☐

System Performance

- Primary CBT is capable of processing 50% of the daily transaction volume in 1 hour (Clause 7.34). ☐
- Backup CBT is capable of processing 50% of the daily transaction volume in 1 hour (Clause 7.34). ☐

CBT Support

- CBT and system software are fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☐
- CBT hardware is fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☐

Operations

- SWIFT PDS messages are stored on a suitable medium (tape, microfile, etc) for a minimum of 7 years (Clause 7.35). ☐
- A backup of the CBT software and data files is kept off-site (Clause 7.5). ☐

SWIFT PDS Log

- A SWIFT PDS Log has been maintained and all appropriate details recorded as required in terms of these Procedures (Clause 4.16). ☐

SWIFT Approved Standards Amendments

- Yearly SWIFT standards amendments as set out in the final version of the Advance Information Standards release guide for the relevant year and which are applicable to the SWIFT PDS, have been successfully implemented as required (Clause 5.24). ☐

Amended
effective
30/01/0

SWIFT Customer Security Controls Framework

Inserted
effective
1/01/18

- Self-attestation to the SWIFT Customer Security Controls Framework has been completed and submitted to SWIFT for each 8-character BIC operating in the PDS as per the SWIFT Customer Security Controls Policy for the period corresponding to this annual compliance certificate (Clause 5.1). ☐
- All mandatory security control objectives as defined in the SWIFT Customer Security Controls Framework have been met.¹ (Clause 5.1). ☐

Fallback Mode Processes and Testing

Inserted
effective
18/01/16

- Documented procedures exist and staff are appropriately trained in fallback mode processes that meet the requirements of Part 9 of the Procedures. ☐
- The most recent end-to-end test of fallback mode as required under Clause 9.6A of the Procedures was undertaken. ☐

Inserted
effective
18/01/16

Inserted
effective
18/01/16

REPRESENTATIONS AND UNDERTAKINGS

By executing this Certificate the Member:

- (a) acknowledges that under the HVCS Procedures the Member is required to submit this Yearly Audit Compliance Certificate to the Company in accordance with those Procedures;
- (b) warrants and represents that the information contained in this Yearly Audit Compliance Certificate is correct and accurately reflects both the information recorded in the SWIFT PDS Log maintained by the Member under the HVCS Procedures and the operational status generally of the Member's systems used for HVCS exchanges;
- (c) acknowledges that the Company and each other Framework Participant of the HVCS relies and will continue to rely on the accuracy of the information and the Member's representations, acknowledgments, warranties and undertakings contained in this Yearly Audit Compliance Certificate; and
- (d) undertakes to immediately notify the Company if it becomes aware that any information contained in this Yearly Audit Compliance Certificate is wrong or misleading (including without limitation because of any omission to provide relevant additional information) and to provide to the Company with that notification full particulars of that wrong or misleading information.

¹ Note – if all mandatory controls have not been satisfied please complete the SWIFT Customer Security Mandatory Controls Non-compliance form.

**SIGNED FOR AND ON BEHALF
OF [NAME OF MEMBER]:**

SIGNATURE OF AUTHORISED PERSON

By signing this Certificate the signatory states that the
signatory is duly authorised to sign this Certificate for
and on behalf of [NAME OF MEMBER]

NAME OF AUTHORISED PERSON (BLOCK LETTERS)

OFFICE HELD

DATE:

The next page is A2.7

SWIFT Customer Security Mandatory Controls Non-Compliance

Inserted effective 1/01/18

This form maybe used by an HVCS Framework Participant to report non-compliance of the SWIFT Customer Security Mandatory Controls. Alternatively, participants may submit to AusPayNet the information contained in their SWIFT Customer Security Control Policy self-attestation.

This form will need to be populated separately for each instance of non-compliance.

TO: RISK AND COMPLIANCE
AUSTRALIAN PAYMENTS NETWORK
LEVEL 23, TOWER 3
INTERNATIONAL TOWERS SYDNEY, 300 BARANGAROO AVE.
SYDNEY NSW 2000

or:

compliance@auspaynet.com.au

RE: THE HIGH VALUE CLEARING SYSTEM FRAMEWORK (CS4)

FROM: NAME OF FRAMEWORK PARTICIPANT ("Member") _____

NAME OF CONTACT PERSON _____

TELEPHONE NUMBER _____

EMAIL ADDRESS _____

Control Item Not Satisfied	
Explanation of Non-Compliance	
Plan to Become Compliant	
Target Compliance Date	

Please copy the table above as necessary to report multiple instances of non-compliance

The next page is A3.1

INCIDENT REPORT

Last amended effective 26/11/18

This form may be used by an HVCS Framework Participant to report a breach of Clause 7.33 as part of that Framework Participant's Yearly Audit Compliance Certificate (see Clause 7.44) or for the purposes of advising AusPayNet of any such breach prior to completion of the Yearly Audit Compliance Certificate.

TO: RISK AND COMPLIANCE
AUSTRALIAN PAYMENTS NETWORK LIMITED
LEVEL 23, TOWER 3
INTERNATIONAL TOWERS SYDNEY, 300 BARANGAROO AVENUE
SYDNEY NSW 2000

or:

compliance@auspaynet.com.au

RE: THE HIGH VALUE CLEARING SYSTEM FRAMEWORK (CS4)

FROM NAME OF FRAMEWORK PARTICIPANT
("Member")

NAME OF CONTACT PERSON

TELEPHONE NUMBER

EMAIL ADDRESS

Date of the outage	
Time outage began	
Time outage ended	
Description of event	
Impact	

Type of system failure (e.g. hardware, software, network etc.)	
Steps taken to resolve and/or work around the problem (including time frames for problem determination and decisions taken and details of any contingency measures invoked, including use of Back-up system).	
Analysis of what caused the outage	
Steps taken to mitigate risk of problem occurring again (e.g. improved monitoring, quicker response times, more controls and checks, new procedures/technology, etc).	
Author of incident report & contact details	

The next page is A4.1

Guidelines for Certification when using Third Party Service Providers

Last amended effective 26/11/18

The purpose of these guidelines is to provide information to High Value Clearing System (HVCS) Framework Participants or Applicants (FP/A) who intend to use Third Party Providers (TPP) to supply the infrastructure to meet the technical requirements set out in Annexure A1 System Certification Checklist and Annexure A2 Yearly Audit Compliance Certificate.

Use of Third Party Providers for provision of a complete service (provision of primary and backup site and application software) is only available to Tier 2 Framework Participants (see clauses 7.12 and 7.19).

This document contains information on what requirements must be met by the Third Party Provider, by the Framework Participant or Applicant, or by both.

It is incumbent on the Framework Participant /Applicant to receive the appropriate signoff of these requirements from their TPP.

Environment - Primary Computer Site

	TPP	M/A
• A HSM (Hardware Security Module) is available for PKI (Public Key Infrastructure) and Select (SLS) functions (Clause 7.7).	<input checked="" type="checkbox"/>	
• A SWIFT certified copy of CBT software is maintained (Clause 7.4).	<input checked="" type="checkbox"/>	
• A backup HSM is available (Clause 7.8).	<input checked="" type="checkbox"/>	
• Two SWIFT communication lines, a primary and a secondary line for redundancy purposes, are available and both are encrypted (Clause 7.11).	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
• Uninterruptable Power Supply (UPS) is available and supplied to the CBT hardware configuration (Clause 7.2).	<input checked="" type="checkbox"/>	
• The area is fitted with adequate protection against fire, flood and water damage (Clause 7.2).	<input checked="" type="checkbox"/>	
• CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clause 7.2).	<input checked="" type="checkbox"/>	
• The backup HSM was tested twice during the year (Clause 7.8). (A2 Requirement only)	<input checked="" type="checkbox"/>	
• The secondary SWIFT communication line was tested on a minimum of four times during the year (Clause 7.11). (A2 Requirement only)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Environment - Backup Computer Site

• Tier 2 Framework Participants - Backup computer site configuration meets requirements (Clause 7.17).	<input checked="" type="checkbox"/>
• A SWIFT certified copy of CBT software is maintained (Clause 7.20).	<input checked="" type="checkbox"/>
• A HSM is available for SLS functions (Clause 7.21).	<input checked="" type="checkbox"/>
• UPS is available and supplied to the CBT hardware configuration (Clauses 7.16 and 7.17).	<input checked="" type="checkbox"/>

-
- | | | | |
|---|-------------------------------------|-------------------------------------|-----|
| • The area is fitted with adequate protection against fire, flood and water damage (Clauses 7.16 and 7.17). | <input checked="" type="checkbox"/> | | |
| • CBT hardware is located in a physically secure area. Access to that area is controlled to protect against insider and external threats (Clauses 7.16 and 7.17). | <input checked="" type="checkbox"/> | TPP | M/A |
| • If shared backup facilities are in place, full details of the arrangement are contained in a legally binding agreement (Clause 7.19). (A2 Requirement only) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| • Tier 2 Framework Participants - The Backup configuration's ability to move to live operations, with the approved timeframe (as per clause 7.17), was successfully tested at least twice during the year (Clause 7.24). (A2 Requirement only) | <input checked="" type="checkbox"/> | | |

Environment - Payments Area

Adequate physical and logical security controls are in place (Clause 7.26). ☒

CBT Application

- | | | | |
|--|-------------------------------------|-------------------------------------|--|
| • CBT is configured with the SWIFT PDS profile (Clause 7.4). | <input checked="" type="checkbox"/> | | |
| • CBT security enforces segregation of duties for data entry, i.e. the person entering the payment cannot be the same person that authorises it (Clause 7.26). | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |

Security

- | | | | |
|--|-------------------------------------|--|--|
| • Operating system security which runs on the CBT hardware functionally conforms to the SWIFT Customer Security Controls Framework (Clause 7.10 and 7.22). | <input checked="" type="checkbox"/> | | |
| • Access to the HSM is by authorised personnel only (Clause 7.9). | <input checked="" type="checkbox"/> | | |

System Availability

Last amended effective
1/01/18

- | | | | |
|---|-------------------------------------|-------------------------------------|--|
| • The system (which includes the CBT and the Core PPS) was available at least 99.7% of the core RITS hours during the last year (Clause 7.33). | <input checked="" type="checkbox"/> | | |
| • No single outage exceeded 2 hours (Clause 7.33). | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |
| • Yearly downtime did not exceed 5 hours for those Framework Participants that do not participate in the Evening Settlement Session and 8 hours for those Framework Participants that do participate in the Evening Settlement Session (Clause 7.33). | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | |

System Performance

- | | | | |
|---|-------------------------------------|-----|-----|
| • Primary CBT is capable of processing 50% of the daily transaction volume in 1 hour (Clause 7.34). | <input checked="" type="checkbox"/> | TPP | M/A |
| • Backup CBT is capable of processing 50% of the daily transaction volume in 1 hour (Clause 7.34). | <input checked="" type="checkbox"/> | | |
-

CBT Support

- CBT and system software are fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☒
- CBT hardware is fully supported by a current maintenance agreement with the vendor or third party (Clause 7.31). ☒

Operations

- SWIFT PDS messages are stored on a suitable medium (tape, microfile, etc) for a minimum of 7 years (Clause 7.35). ☒
- A backup of the CBT software and data files is kept off-site (Clause 7.5). ☒

SWIFT PDS Log

- A SWIFT PDS Log has been maintained and all appropriate details recorded as required in terms of these Procedures (Clause 4.16). ☒ ☒

SWIFT Approved Standards Amendments

- Yearly SWIFT standards amendments as set out in the final version of the Advance Information Standards release guide for the relevant year and which are applicable to the SWIFT PDS, have been successfully implemented as required (Clause 5.24). (A2 Requirement only) ☒

SWIFT Customer Security Controls Framework

Inserted effective 1.01.18

- Self-attestation to the SWIFT Customer Security Controls Framework has been completed and submitted to SWIFT for each 8-character BIC operating in the PDS as per the SWIFT Customer Security Controls Policy for the period corresponding to this annual compliance certificate (Clause 5.1). ☒
- All mandatory security control objectives as defined in the SWIFT Customer Security Controls Framework have been met.¹ (Clause 5.1). ☒ ☒

The next page is B1.1

¹ Note – if all mandatory controls have not been satisfied please complete the SWIFT Customer Security Mandatory Controls Non-compliance form.

Appendix B1 deleted effective 20/06/05

The next page is B2.1

Appendix B2 deleted effective 20/06/05

The next page is B3.1

Appendix B3 deleted effective 20/06/05

The next page is B4.1

Appendix B4 deleted effective 20/06/05

The next page is C1.1

APPENDIX C IS ISSUED AS A SEPARATE DOCUMENT

The next page is D.1

Appendix D is confidential

Confidential

MESSAGE CONTENT
(Clause 8.1)

Last amended effective 18/11/06

Confidential

The next page is E.1
Appendix E is Confidential

Confidential

Deleted
effective 26/11/18

Appendix E deleted effective 26/11/18

The next page is F.1

CHANGE REQUEST FORM
(Clause 5.25)

Change Request Number	<u><i>AusPayNet documents</i></u>	<u><i>Joint documents</i></u>
	AusPayNet	AusPayNet/RBA
Short Title		
Priority: <i>(high, medium or low)</i>		
Project team member for Contact:		
Contact telephone number:		

(To be Completed by AusPayNet)

Document affected:	
Change requested by:	<i>Organisation:</i> <i>Name:</i> <i>Telephone number:</i>

Description of change:

Reasons for change:

Benefits/disadvantages of changing:
<i>Benefits:</i>
<i>Disadvantages:</i>

Effects of not changing:

CHANGE REQUEST FORM

CONFIDENTIAL COMMUNICATION: This message is confidential and intended only for the use of the addressee. If you have received this message in error, please notify the financial institution from which you received it, at the telephone number given, to arrange disposal. Unauthorised use of the information in this message may result in legal proceedings against the user. Thank you.

TO: AUSTRALIAN PAYMENTS NETWORK LIMITED

The Secretary:

e-mail Address:

FROM:

Date sent:

Name of Financial Institution:

Change Request Number:

AusPayNet documents:

AusPayNet

Joint documents:

AusPayNet/RBA

Short Title:

Priority

High/Medium/Low

Project team member for Contact:

Contact phone number:

Document affected:

Change requested by:

Organisation:

Name:

Telephone number:

Description of change:

Reasons for change:

Benefits/disadvantages of changing:

Benefits:

Disadvantages:

Effects of not changing:

The next page is G.1

APPENDIX G EXCHANGE SUMMARY

Appendix G is displayed on the Company's extranet

Last amended effective 18/01/16

The next page is H.1

HVCS BIC/BSB DIRECTORY FILE AND RECORD FORMATS (Clause 4.13)

The following functional specifications have been prepared to assist Framework Participants to make the necessary modifications to their own proprietary systems.

General Characteristics:

The electronic files will be a fixed length file produced on a 31/2" floppy disk and contain the same fields as the printed reports. There will be a header, a variable number of detail records and a trailer for each file.

Record Descriptions

Header Record

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field (all zeros)	1	N (Contains "0")
2 - 9	File Effective Date	8	N (CCYYMMDD)
10 - 23	Creation Date & Time Stamp	14	N (CCYYMMDDhhmmss)
24 - 32	File update Number	9	N
33 - 209	Spare	177	AN

Detail Record

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field	1	N (Contains “1”)
2 - 7	BSB Number	6	N
8 - 9	BSB Usage Indicator (see Note 1 for detail)	2	AN
10 - 44	BSB Name	35	AN
45 - 79	BSB Street Address	35	AN
80 - 99	BSB City/Town/Suburb	20	AN
100 - 102	BSB State	3	AN
103 - 106	BSB Post Code	4	N
107 – 109	Framework Participant	3	AN
110 - 120	BIC	11	AN
121 - 209	Reserved for future use	89	AN

Trailer Record

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field	1	N (Contains “9”)
2 - 10	Number of detail records on File	9	N
11 - 209	Spare	199	AN

BIC BSB UPDATE REPORT*Record Descriptions:***Header Record**

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field (all zeros)	1	N (Contains “0”)
2 - 9	File Effective Date	8	N (CCYYMMDD)
10 - 23	Creation Date & Time Stamp	14	N (CCYYMMDDhhmmss)
24 - 32	File update Number	9	N
33 – 209	Spare	177	AN

Detail Record

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field	1	N (Contains “1”)
2 - 4	Change Indicator (see Note 2 for detail)	3	AN
5 - 10	BSB Number	6	N
11 - 12	BSB Usage Indicator (see Note 1 for detail)	2	AN
13 - 47	BSB Name	35	AN
48 - 82	BSB Street Address	35	AN
83 - 102	BSB City/Town/Suburb	20	AN
103 - 105	BSB State	3	AN
106 - 109	BSB Post Code	4	N
110 - 112	Framework Participant	3	AN
113 - 123	BIC	11	AN
124 - 209	Reserved for future use	86	AN

Trailer Record

BYTE LOCATIONS	FIELD NAME	FIELD LENGTH	DATA FORMAT
1	Control Field	1	N (Contains “9”)
2 - 10	Number of detail records on File	9	N
11 - 209	Spare	199	AN

Legend:

N Numeric only, left zero fill
AN Alpha/Numeric

Notes on Detail Record:

Note 1:

The BSB Usage indicator has the following values:

00	-	BSB
01	-	BSB Repair Routing Code

Note 2

The Change Indicator will have the following values:

ADD - if the record has been added
CHG - if the record has been changed
DEL - if the record has been deleted

The next page is I.1

Appendix I is Confidential

Confidential

APPENDIX J CONTINGENCY INSTRUCTIONS FOR THE HIGH VALUE CLEARING SYSTEMIssued
effective 19/7/21**1. INTRODUCTION**

These Contingency Instructions provide instructions and guidance for High Value Clearing System (HVCS) Framework Participants (Participants) to ensure the continuity of orderly clearing and settlement in the event that either:

- a Participant experiences a Disabling Event that prevents it from sending HVCS payments in the normal way; or
- the Reserve Bank of Australia (RBA) experiences a Disabling Event that prevents the Reserve Bank Information and Transfer System (RITS) from settling HVCS payments in the normal way.

Participants must comply with the instructions set out in this document.

1.1 Relationship with other documents

Document	Relationship / Purpose	Owner
HVCS Contingency Industry Test Strategy	The high-level strategy for testing HVCS contingency arrangements.	AusPayNet
HVCS Contingency Industry Test Plan	The detailed test plan for industry contingency test exercises. A test plan is produced for each annual test.	AusPayNet
HVCS Exchange Summary Form	A summary document substantially in the form of Appendix G in a format prescribed by the RBA. Used by a Framework Participant to submit its net bilateral obligations with each of its counterparties to the RBA for net settlement the next day.	RBA
HVCS Bilateral Clearing Form	A document in a format prescribed by AusPayNet used by an Affected Participant to send HVCS payments to another Framework Participant.	AusPayNet
RITS Member Contingency Procedures (MCP)	High-level procedures to be followed by RITS Members if a contingency disrupts the efficient operation of RITS or the Fast Settlement Service (FSS) over an extended period.	RBA
AusPayNet Member Incident Plan (MIP)	Framework for industry coordination during an operational incident affecting the HVCS.	AusPayNet
AusPayNet Crisis Communication Plan (CCP)	Framework for industry and media communication during a major disruption to any of the payments systems or infrastructure that fall under the remit of AusPayNet.	AusPayNet

2 SCOPE

These Contingency Instructions provide instructions and guidance for Framework Participants in the event of an extended RITS Outage or an extended Participant Outage. The Contingency Instructions are intended to set a baseline of operational requirements and expectations among Participants to ensure the continuity of HVCS payments during a HVCS Fallback Period or a Participant Fallback Period.

2.1 Applicable Scenarios

2.1.1 RITS Outage

This is a period during which the RBA is experiencing a Disabling Event that prevents RITS from effecting settlement of HVCS payments in the normal way. The scenario would be such that the RBA has ruled out the possibility to resolve the Disabling Event in time to complete settlement of HVCS payments in the normal way on that day. Where this occurs, AusPayNet, after consultation with the RBA, can declare a HVCS Fallback Period during which the HVCS Fallback Solution will be used to enable same-day clearing to occur, with settlement deferred to the next business day. The HVCS Fallback Solution comprises:

Fallback Clearing	Same-day clearing through the SWIFT PDS in T-Copy Mode.
Fallback Settlement	Deferred (next-day) multilateral net settlement using data submitted to the RBA from Participants in HVCS Exchange Summary Form spreadsheets.

2.1.2 Participant Outage

This is a period during which a Participant is experiencing a Disabling Event that prevents that Participant from sending HVCS payments in the normal way. The scenario would be such that the Affected Participant, in consultation with AusPayNet and the RBA, is not confident that the Disabling Event can be resolved in time to send any payments deemed urgent by the Affected Participant before the RITS cut-off times. Where this occurs, AusPayNet can declare a Participant Fallback Period during which the Participant Fallback Solution can be used to enable same-day clearing of the Affected Participants outbound HVCS payments to continue, with settlement of the net bilateral obligations occurring on the same day via RITS Cash Transfers. The Participant Fallback Solution comprises:

Fallback Clearing	Outbound payments: Clearing information sent from the Affected Participant to each Receiver using the HVCS Bilateral Clearing Form. Note that inbound payments will continue to be sent to the Affected Participant through the SWIFT PDS in the normal way.
Fallback Settlement	Outbound payments: Deferred (same-day) bilateral net settlement using RITS Cash Transfers. Note that the settlement of inbound payments received by RITS through the SWIFT PDS feeder will be effected in the normal way (RTGS).

2.1.3 Out of Scope

Arrangements for the following Contingency scenarios are outside the scope of these Contingency Instructions:

- Disabling Events occurring at the Participant, RITS or CSI level that can be resolved on the same day, within the checkpoint times outlined in the RITS Outage Runsheet and Participant Outage Runsheet contained in these Contingency Instructions.
- Contingency arrangements for a Disabling Event at the SWIFT Network level.

- Contingency arrangements for HVCS payments to or from CLS Bank. During a RITS Outage, Participants must not send payments to CLS Bank using the HVCS Fallback Solution. A CLS AUD holiday could be declared in such circumstances, in accordance with the CLS Bank's own contingency procedures.

2.2 Document Structure

The Contingency Instructions for each of the two outage scenarios are divided into the following sections:

Section	Description
Runsheets	Checkpoint times and sequence of events for declaring a Fallback Period and using the Fallback Solution
Instructions	<p><i>Operational Readiness:</i> Pre-requisites and preparation for a Fallback Period.</p> <p><i>Participation:</i> Who participates during a Fallback Period.</p> <p><i>Entering Fallback:</i> Declaring a Fallback Period and invoking the Fallback Solution.</p> <p><i>During Fallback:</i> Using the Fallback Solution.</p> <p><i>Exiting Fallback:</i> Decision and processes to exit a Fallback Period.</p> <p><i>Operational Capacity:</i> Payment volumes when using the Fallback Solution.</p> <p><i>Applying Funds:</i> Applying funds received through the Fallback Solution to Customer accounts.</p>

2.3 Classification of Instructions

These Contingency instructions can be applied under Part 9 of these Procedures which is designed to enable orderly operation of the HVCS during a Contingency. In accordance with Clause 9.2 of these Procedures, Participants have a responsibility to each other, and to the system as a whole, to cooperate in resolving any processing difficulties. To the extent that such co-operation does not adversely affect its own processing environment, a Participant should provide such co-operation.

There are three classifications of instructions:

Rating	Definition
Must	<p>Participants are required to implement all 'Must' items. These <i>requirements</i>:</p> <ul style="list-style-type: none"> define a minimum level of functionality in order for a Fallback Solution to be viable and meet its objectives; enable Participants to meet their clearing obligations and minimise disruption to Customers.
Should	<p>Participants are expected to implement 'Should' items. These <i>expectations</i>:</p> <ul style="list-style-type: none"> provide instructions and guidance on aspects of the Fallback Solution that may vary based on the specifics of a Participants systems or operations.
Could	<p>Participants are encouraged to consider 'Could' items but are not required to implement them. These <i>considerations</i>:</p> <ul style="list-style-type: none"> provide indications of recommended best practice.

2.4 Classification of Framework Participants

These Contingency Instructions classify Participants in accordance with Clause 7.12 of these Procedures regarding the Back-up Computer Site a Participant must maintain in order to resume SWIFT PDS operations during a disruption to their Primary Computer Site. Back-up Computer Site tiers are based on the Participants payment values:

- Tier 1 Back-up: 2.00% or more of Total National Transaction Value.
- Tier 2 Back-up: up to but not including 2.00% of Total National Transaction Value.

The Total National Payment Value means the aggregate value of all payments sent and received by all Framework Participants participating in the SWIFT PDS. This aggregate value is determined using statistical data collected over a period of three consecutive calendar months, in accordance with Clause 7.13 of these Procedures.

3 RITS Outage Runsheet

This runsheet outlines the checkpoint times and sequence of events for a HVCS Fallback Period. It is based on the following assumptions:

- 1) The priority is recovering RITS in order to resume normal operations. As such, a decision to declare a HVCS Fallback Period is unlikely to be taken ahead of the checkpoint times outlined. However, where a recovery of RITS has been ruled out ahead of the checkpoint times, then ensuring ongoing clearing of HVCS payments becomes a priority and a HVCS Fallback Period may be declared earlier. Once active, T-Copy mode will remain in place for the duration of the PDS Operating Day.
- 2) HVCS Fallback operations for the day, up to and including the submission of HVCS Exchange Summary Forms to the RBA (Step 6), should be complete by 21:00.
- 3) To achieve this, the decision to declare a HVCS Fallback Period should be taken by 16:00. Where it is necessary to delay this decision, the 21:00 completion time may also be delayed and the time available to Participants for clearing payments using the HVCS Fallback Solution (Step 4) may be reduced.
- 4) If a Disabling Event occurs after 15:00, the assumption is that a HVCS Fallback Period would not normally be required; however the RBA would assess the conditions and potential systemic impact on the day of the event.
- 5) In all cases, a decision to declare a HVCS Fallback Period will not be taken within one hour of a Disabling Event occurring in order to allow for sufficient investigation by the RBA. Participants should begin preparing for a potential HVCS Fallback Period when a Disabling Event occurs, but will be given a minimum of 30 minutes from when the HVCS Fallback Period is declared to the implementation of the HVCS Fallback Solution.

Step / Checkpoint	Time	Description	Who
Before		A Disabling Event prevents RITS from effecting settlement in the normal way.	RBA, AusPayNet and Participants
	Before 15:00	An incident is raised and managed in accordance with the AusPayNet Member Incident Plan and if applicable, the Crisis Communication Plan. The RBA works to resolve the issue and recover RITS. Participants are aware of the potential for a HVCS Fallback Period and begin to prepare.	
	By 16:00	The RBA determines RITS cannot be recovered in time to complete settlement and AusPayNet declare a HVCS Fallback Period.	RBA and AusPayNet
Checkpoint	16:00	Decision to declare HVCS Fallback Period to be made by this time.	
Step 1	15 min	A Business Officer instructs SWIFT via the SWIFT Secure Channel. The Business Officer will request that SWIFT close the service and effect the change no earlier than 30 minutes from the time that the HVCS Fallback Period was declared to Participants.	AusPayNet or RBA
Step 2	45 min	SWIFT enact the service mode change. SWIFT require a maximum of 45 minutes to do this (i.e. from the point of being instructed to the point that the service reopens in T-Copy mode).	SWIFT
Checkpoint	17:00	PDS to be operating in T-Copy mode by this time.	
Step 3	5 min	The RBA notify Participants upon receiving confirmation from SWIFT that the mode has changed.	RBA

Appendix J Contingency Instructions for the High Value Clearing System (CS4)

Step 4	Clearing continues in T-Copy.	2 hrs	Participants exchange HVCS payments. This could include clearing up to a full day's volume of payments, including any additional steps Participants must perform when operating in T-Copy. The RBA will notify Participants of the approaching T-Copy Cut-off Time 30 minutes before the Cut-off Time.	Participants
Checkpoint	T-Copy Cut-off time.	19:00	No further T-Copy clearing to occur after this time.	
Step 5	SWIFT instructed to change FIN-Copy Service mode.	5 min	A Business Officer instructs SWIFT via the SWIFT Secure Channel to change the FIN-Copy Service from T-Copy to Y-Copy mode.	AusPayNet or RBA
Step 6	Participants compile and submit provisional HVCS Exchange Summary Forms to RBA.	2 hrs	Participants record the net bilateral obligations arising from the payments exchanged in Step 4 in the HVCS Exchange Summary Form. Each Participant sends one HVCS Exchange Summary Form to the RBA. The RBA confirms receipt of these via encrypted email. Resolution of discrepancies and failures to match is performed in Step 8.	Participants
Step 7	RBA produces and sends Provisional HVCS Exchange Figures Advice to Participants.	1 hr	The RBA generate a Provisional HVCS Exchange Figures Advice for each Participant based on the HVCS Exchange Summary Forms submitted in Step 6. Any mismatching net bilateral positions between Participants will be displayed in this advice. The advices will be sent to Participants via encrypted email. Participants have until the commencement of the Morning Settlement Session the next day to reconcile any discrepancies with other Participants and submit a revised version of their HVCS Exchange Summary Form to the RBA (see Step 12).	RBA
Step 8	Overrun buffer.	2 hrs	Buffer if Steps 1 to 7 overrun. Participants can use this time to resolve mismatching net bilateral positions advised by the RBA in Step 7.	-

Appendix J Contingency Instructions for the High Value Clearing System (CS4)

Checkpoint	Midnight.	00:00	Hard cut-off time. Step 7 must be complete by this time.	
Step 9	RITS recovery continues.		Where necessary, the RBA continue work to recover RITS ready for the overnight processing required before the next day.	
Step 10	RITS reports and overnight processing occurs.	6.5 hrs	RBA proceed with normal report production and overnight processing required to prepare RITS for the next day.	RBA
Step 11	RITS connection to SWIFT Feeder restored.		Once RITS is recovered and the system date has rolled forward, the SWIFT Feeder connection is restored. The backlog of settlement requests held in the CSI from T-Copy clearing the previous day will enter RITS and be rejected due to the back-dated value date. Senders can use the RITS UI to view the record of rejected T-Copy settlement requests (see Step 12).	
Checkpoint	RITS available.	06:30	RITS to be available by this time to prepare contingency batch.	
Step 12	Participants perform optional reconciliation of HVCS Exchange Summary Forms to RITS.	30 min	Using the RITS UI, Participants can export a record of payments sent in T-Copy the previous day (Step 4) and rejected by RITS (Step 11). Participants can also obtain a record of payments settled or rejected by RITS prior to the Disabling Event using statements produced in Step 10, or the RITS UI. Participants can elect to use these RITS records to reconcile the net obligations in their Exchange Summary Forms which may help to resolve a failure to match discrepancy identified in Step 7. Where required, Participants can submit a revised HVCS Exchange Summary Form to the RBA at any time between Step 8 and Step 12 (inclusive).	Participants

Checkpoint	HVCS Exchange Summary Form discrepancies rectified.	07:00	RBA applies Failure To Match (FTM) rules to all remaining discrepancies.	
Step 13	RBA produces and sends Final Exchange Figures Advice & Net Clearing System Obligations Advice to Participants.	30 min	The RBA apply FTM rules in accordance with Clause 9.25 of these Procedures to any remaining discrepancies in Participant's HVCS Exchange Summary Form and sends a Final HVCS Exchange Figures Advice to Participants via encrypted email. This will include a Net Clearing System Obligations Advice that shows a Participant's multilateral net position in the contingency batch, including clearing interest	RBA
Checkpoint	RITS Morning Settlement Session starts.	07:30	RBA enters the contingency batch in RITS at the commencement of the Morning Settlement Session (MSS).	
Step 14	Participants pre-fund ESAs.	25 min	Where required, Participants pre-fund their ESA in preparation for settlement of the contingency batch.	Participants
Step 15	Contingency batch entered in RITS and settlement testing begins.	5 min	Batch obligations could settle immediately if all Participants in the batch have sufficient ESA funds.	RBA
Step 16	Contingency batch settlement testing period.	30 min	Participants with a shortfall of ESA funds must finalise funding within this 30 minute window. Settlement testing for the contingency batch times out after 30 minutes.	Participants
Checkpoint	Contingency batch settled.	08:45	If the contingency batch has not settled by the end of this period the RBA may extend the MSS as necessary until the batch is settled.	
After	9.00am batch settlement occurs.	30 min	Only processing associated with the 9.00am batch can be undertaken during this session. The contingency batch cannot settle in this session.	RBA
Checkpoint	RITS Daily Settlement Session starts.	09:15	RITS Daily Settlement Session will not begin until the previous day's HVCS obligations have settled.	
After	Normal operations resume.	-	HVCS payments dispatched on the current day clear in Y-Copy mode.	-

4 Participant Outage Runsheets

This runsheet outlines the checkpoint times and sequence of events for a Participant Fallback Period. It is based on the following assumptions:

- 1) The priority is recovering the Affected Participant's Disabling Event in order to resume normal operations. As such, a decision to declare a Participant Fallback Period is unlikely to be taken ahead of the checkpoint times outlined. However, if the Affected Participant has urgent payments to send and cannot estimate their recovery time; or is able to rule out a recovery ahead of the checkpoint times, then minimising the delay to payments becomes a priority and a Participant Fallback Period could be declared earlier.
- 2) Where the Affected Participant has not recovered by 15:00, a Participant Fallback Period could be declared, during which time the Participant Fallback Solution can be used to send payments from the Affected Participant to Receivers. Payments to the Affected Participant must continue to go through the SWIFT PDS and will be queued in the Affected Participant's SWIFT systems until their inward processing is restored. These payments will continue to be tested and settled in RITS as per the normal operation of the SWIFT PDS Feeder.
- 3) The Participant Fallback Period checkpoints are linked to RITS session times and rules. This allows Receivers to effectively manage their end of day liquidity operations and ensure they have sufficient operational staff available.
- 4) Outgoing payments from the Affected Participant to Receivers should be complete by the end of the RITS Settlement Close Session at 17:15. The checkpoint times and instructions regarding the frequency of bilateral clearing and settlement should enable the Affected Participant to send and settle at least one batch of payments per Receiver. Where the Affected Participant is Evening Agreed and wishes to send payments to another Evening Agreed Participant after the Settlement Close Session, the Affected Participant must obtain prior agreement from the Receiver. These payments must be complete by the Evening Settlement Cut-off.
- 5) Where the volume of payments the Affected Participant intends to send a Receiver exceeds the instructions on payment volumes, the Affected Participant must obtain prior agreement from the Receiver.
- 6) If the Affected Participant's Disabling Event occurs after 14:00, AusPayNet in consultation with the RBA, would normally expect that a Participant Fallback Period would not be required, but would consider the value of outstanding payments in its assessment.

Step / Checkpoint		Time	Description	Who
Before	Disabling Event occurs and	Before	A Disabling Event occurs that prevents the Affected Participant from sending HVCS	RBA,

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	incident coordination begins.	14:00	<p>payments in the normal way.</p> <p>An incident is raised and managed according to the AusPayNet Member Incident Plan.</p> <p>The Affected Participant works to resolve the issue.</p> <p>All Participants are aware of the potential for a Participant Fallback Period and begin to prepare.</p> <p>During this period, the Affected Participant actively manages their ESA balance and where necessary, recycles liquidity via RITS Cash Transfers. Other Participants must be able to pause outbound payments to the Affected Participant if requested to do so by the Affected Participant.</p>	AusPayNet and Participants
	Decision taken to declare a Participant Fallback Period.	By 15:00	If the Affected Participant has not recovered by this time, AusPayNet, in consultation with the RBA and the Affected Participant, declare a Participant Fallback Period.	AusPayNet, RBA and Affected Participant
Checkpoint	Participant Fallback decision point.	15:00	Decision to declare a Participant Fallback to be made by this time.	
Step 1	Affected Participant sends payments using the HVCS Bilateral Clearing Form and enters corresponding RITS CT.	60 min	The Affected Participant produces and sends a HVCS Bilateral Clearing Form to Receivers; and enters the corresponding bilateral settlement obligations to RITS via Cash Transfer.	Affected Participant
Step 2	Receivers accept the HVCS Bilateral Clearing Form and enter corresponding RITS CT.	30 min	Receivers review the HVCS Bilateral Clearing Form received from the Affected Participant and enter the corresponding bilateral settlement obligation to RITS via Cash Transfer.	Other Participants
Checkpoint	RITS Daily Settlement Session ends.	16:30	Cut-off for sending payments.	
Step 3	RITS CT matched and bilateral obligations settle.	-	Settlement occurs when the Cash Transfers input by the Affected Participant and Receiver are matched in RITS, subject to the Affected Participant having sufficient	-

			ESA funds.	
Step 4	Receivers post payments to Customer accounts.	45 min	The Receiver should aim to apply funds received from the Affected Participant to Customer accounts before the RITS Settlement Close Session ends. Where this is not possible, the Receiver could inform the Affected Participant of the expected completion time.	Other Participants
Checkpoint	RITS Settlement Close Session ends.	17:15	Cut-off for settlement of payments.	
-	Overrun buffer.	45 min to 3 hr 15	The Affected Participant can send additional payments during this period if they and the Receiver are both Evening Agreed and where the Receiver agrees to accept the payments.	Affected Participant
Checkpoint	RITS Evening Settlement cut-off.	18:30 19:30 20:30	Cut-off for settlement of Evening Agreed Participant payments.	

5 RITS Outage Instructions

5.1 Operational Readiness

The following instructions cover items that Participants are expected to have in place in preparation for a HVCS Fallback Period.

5.1.1 Operational Readiness

Participants **must** be operationally ready to continue to participate in the HVCS if a HVCS Fallback Period is declared. This includes:

- 1) being familiar with these Procedures and the Contingency Instructions;
- 2) being capable of making the internal system and operational changes required to send and receive payments during the HVCS Fallback Period;
- 3) participating in contingency test exercises coordinated by AusPayNet; and
- 4) ensuring staff are available and contactable at all times during the HVCS Fallback Period and during planned contingency test exercises.

Participants **must** attest to their adherence with these requirements as part of the completion of the Yearly Audit Compliance Certificate (Appendix A2).

5.1.2 Projected ESA Balance

Participants **must** have reliable and preferably system-based methods for tracking their bilateral net settlement obligations and projected ESA balance during a HVCS Fallback Period.

Note: Depending on the nature of the Disabling Event, it may not be possible for Participants to obtain the most recent record of their ESA balance from RITS. As such, Participants must be ready to use the last-known ESA balance according to their own internal records or obtained from RITS prior to the Disabling Event.

5.1.3 Non-Current Day Payments

Participants **must** have reliable and preferably system-based methods for preventing future-dated and back-dated payments from being sent in SWIFT T-Copy¹ and for identifying future-dated and back-dated payments received in error.

5.1.4 Processing Rules

Participants **should** establish system rules required to smoothly handle differences between SWIFT T-Copy messages compared to SWIFT Y-Copy. Requirements will depend on the configuration of Participants internal systems. For example:

- Senders will not receive MT012 or MT019 responses from RITS for payments sent under T-Copy. Participants that rely on these messages **should** have a system-based method to account for this in their downstream processing.

¹ SWIFT does not perform date validations on payment messages sent to the FIN-Copy Service and as such, these messages will be delivered straight to the Receiver when T-Copy mode is in operation.

- Senders will receive a negative acknowledgement (NAK) from SWIFT with error code X09 for payments sent while the SWIFT PDS FIN-Copy Service is closed to change modes. Participants **should** establish system rules to process these NAK's. Payments can be resent once the SWIFT PDS reopens in T-Copy.
- Receivers will not see Field 115 or the Digital Certificate 2 field in messages received under T-Copy. In addition to this, where a payment was dispatched under Y-Copy but subsequently released under T-Copy, Receivers will also see an empty PAC trailer added to block 5 of the message. Participants that use these fields **should** have systems-based means to account for this in their downstream processing.

5.2 Participation

The following instructions describe the extent to which Participants are expected to participate in the HVCS when a HVCS Fallback Period has been declared.

5.2.1 Extent of Participation

When a HVCS Fallback Period has been declared and the SWIFT PDS is operating in T-Copy Mode:

- 1) All Participants **must** continue to *accept* payments received from another Participant. Instructions for applying incoming funds to Customer accounts are set out in Section 6.7.
- 2) Tier 1 Participants **must** continue to *send* payments in accordance with the operational capacity instructions in Section 6.6.
- 3) Tier 2 Participants **should** continue to *send* payments in accordance with the operational capacity instructions in Section 6.6 but can, where it determines in advance that it will not send payments, elect to opt-out, in accordance with 6.2.2.
- 4) All Participants **must** manage their forecast liquidity position during the HVCS Fallback Period, taking account of the net bilateral obligations due for settlement in the contingency batch the next day.

5.2.2 Participation Opt-Out

Tier 2 Participants that do not intend to continue sending payments during a HVCS Fallback Period **must** have pre-agreed this arrangement with AusPayNet. Where there are extenuating circumstances in which the Tier 2 Participant needs to send payments during a HVCS Fallback Period, the Tier 2 Participant **must** notify and obtain prior agreement from the Receiver.

Note: A list of pre-agreed Tier 2 Participants will be available from the AusPayNet Extranet site such that during a HVCS Fallback Period, it is clear that other Participants should not expect to receive payments from those on the list.

5.2.3 SWIFT Connectivity

Participants **must** remain connected to the SWIFT PDS during the HVCS Fallback Period. That is, a Participant must not disable its connection to the SWIFT network via physical or logical means or deliberately undertake any action that would result in them being unable to send or receive payments via the SWIFT PDS.

5.3 Entering HVCS Fallback

The key checkpoint times for declaring and entering a HVCS Fallback Period are set out in the RITS Outage Runsheet. In summary, where a Disabling Event prevents RITS from settling HVCS payments the priority is recovering RITS in order to resume normal system operations. As such, a decision to declare a HVCS Fallback Period is unlikely to be taken ahead of the checkpoint times outlined. However, if the RBA rule out a recovery of RITS ahead of the checkpoint times, then minimising the delay to payments becomes the priority and a HVCS Fallback Period could be declared earlier. If a Disabling Event occurs after 15:00, the RBA would not normally expect to declare a HVCS Fallback Period, but would assess the conditions and potential systemic impact on the day of the event. In all cases, a decision to declare a HVCS Fallback Period will not be taken within one hour of a Disabling Event occurring in order to allow for sufficient system investigation by the RBA.

The following instructions apply once a HVCS Fallback Period has been declared.

5.3.1 Participant Preparation Time

Participants **should** begin preparing for a potential HVCS Fallback Period when a Disabling Event occurs, but will be given a minimum lead time of 30 minutes from the decision to declare a HVCS Fallback Period to its implementation. AusPayNet or the RBA will instruct SWIFT to close the FIN-Copy Service and effect the change to T-Copy no earlier than 30 minutes from the time that the HVCS Fallback Period was declared to Participants.

Transition to SWIFT T-Copy

AusPayNet or the RBA inform SWIFT of the incident by phone call and foreshadow the impending action to change the SWIFT FIN-Copy Service from Y-Copy to T-Copy mode. The instruction is formally lodged with SWIFT using the SWIFT Secure Channel.²

Upon instruction, SWIFT commence the procedure to switch the FIN-Copy Service mode. Switching modes takes up to 45 minutes during which time the FIN-Copy Service will close for up to 15 minutes. The impact on payments during the transition to T-Copy is as follows:

- **Before:** Payments sent before the SWIFT FIN-Copy Service closes, including those that were deferred in RITS or In-Flight when the Disabling Event began, will remain stored in the SWIFT FIN-Copy Service. When the SWIFT FIN-Copy Service closes, SWIFT will immediately forward the stored payments to the Receiver. The messages delivered to the Receiver will contain an empty PAC trailer in block 5 of the message and will not contain a Digital Certificate 2 from RITS. This indicates that the message was sent when the FIN-Copy Service was in Y-Copy mode, and has subsequently bypassed RITS due to the mode change. The Sender will not receive MT012 or MT019 responses for these payments.
- **During:** Payments sent while the SWIFT FIN-Copy Service is temporarily in a closed state will receive a NAK from SWIFT with error code X09. The Sender can resend these payments when the SWIFT FIN-Copy Service reopens.
- **After:** Payments sent after the SWIFT FIN-Copy Service reopens in T-Copy mode will immediately be forwarded to the Receiver by SWIFT. The messages delivered to the Receiver will not contain a Digital Certificate 2 from RITS. This indicates that the message was sent in T-Copy mode and has bypassed RITS.³ The Sender will not receive MT012 or MT019 responses for these payments.

² Information available at <https://www.swift.com/myswift/secure-channel>

³ MT096 messages will still be created and sent to the CSI as per Y-Copy, but will not be passed to RITS.

5.3.2 Notifying Participants

The RBA will notify Participants upon receiving confirmation from SWIFT that FIN-Copy Service mode has been changed. Service notifications will be sent to RITS Operational Contacts via email and SMS.⁴

5.3.3 Confirmation of ESA Balance

If possible, the RBA will provide Participants with confirmation of their last known ESA balance prior to entering the HVCS Fallback Period. This may not be possible if the Disabling Event prevents the RBA from accessing this information, in which case, Participants **must** use their own internal records.

5.3.4 Payment Status

Participants **must** use their internal system records to determine the status of payments sent prior to and during the HVCS Fallback Period.

Note: As previously described, receipt of a MT012 or MT019 response from RITS indicates that a payment has been processed by RITS. Once the FIN-Copy Service has reopened in T-Copy mode, the absence of a MT012 or MT019 response from RITS indicates that a payment has bypassed RITS. For the avoidance of doubt, payments sent prior to the Disabling Event for which the Sender has received a MT012 or MT019 have been settled or rejected and their processing can be considered as complete.

5.4 During HVCS Fallback**5.4.1 Message Format**

Senders **must** continue to format MT103 and MT202 messages in accordance with the Message Preparation Guidelines set out in these Procedures.

5.4.2 Preventing Non-current Day Payments

Participants **must** ensure that the methods they use for preventing future and back dated payments from being sent in T-Copy and for identifying future and back dated payments received in T-Copy are operating as expected.

5.4.3 Reversing Non-current Day Payments

Senders **must** be responsible for rectifying any future or back dated payments mistakenly sent during the HVCS Fallback Period.

5.4.4 Cash Transfers

Participants **should** send payments that would ordinarily be submitted to RITS through a Cash Transfer as a SWIFT payment, if required.

5.4.5 Projected ESA Balance

Participants **must** use their internal system records to track their bilateral net settlement obligations and projected ESA balance during a HVCS Fallback Period.

4 See RITS Member Contingency Procedures (available on the RITS Information Facility) for details.

5.5 Exiting HVCS Fallback

5.5.1 Approaching T-Copy Cut-Off Time

The RBA will send a notification to Participants thirty minutes prior to the Cut-off Time instructing Participants to begin finalising payments.

5.5.2 T-Copy Cut-Off Time

Participants **must** stop sending payments at the Cut-off Time. It is important that Participants do not continue to send payments after this time in order for each Participant to obtain their final bilateral net positions prior to compilation of the HVCS Exchange Summary Form.

5.5.3 SWIFT PDS Reversion

AusPayNet or the RBA will instruct SWIFT to revert the SWIFT PDS FIN-Copy Service to Y-Copy mode. This may be lodged in advance of the Cut-off Time but will instruct SWIFT not to action the change any earlier than the Cut-off Time. The SWIFT timings and process for doing this are the same as for the switch to T-Copy performed earlier in the day.

5.5.4 Submit HVCS Exchange Summary Forms

Participants **must** compile their HVCS Exchange Summary Form and submit it to the RBA via email within two hours of the Cut-off Time.

Note: The RBA will consolidate and compare the HVCS Exchange Summary Form submitted by each Participant to generate a Provisional HVCS Exchange Figures Advice for each Participant. Where applicable, the HVCS Exchange Figures Advice will advise a Participant that the amount of a net bilateral obligation they have submitted fails to match the amount submitted by the other Participant (failure to match).

5.5.5 Agree Provisional HVCS Exchange Figures Advice

Participants **should** provide the RBA with email confirmation that they agree to the Provisional HVCS Exchange Figures Advice provided by the RBA at the earliest possible opportunity and by no later than 30 minutes before commencement of the Morning Settlement Session (7am) on the day after the HVCS Fallback Period. Where the HVCS Exchange Figures Advice from the RBA has advised a Participant of a failure to match, the Participant must investigate this and if required, submit a revised HVCS Exchange Summary Form to the RBA before 7am on the day after the HVCS Fallback Period.

Note: From 7am on the day after the HVCS Fallback Period, the RBA will generate and send a Final HVCS Exchange Figures Advice and Net Clearing System Obligations Advice showing a Participant's multilateral net position in the contingency batch, including clearing interest. Where a failure to match remains unresolved, the RBA will apply Failure To Match rules and proceed with the contingency batch.

5.5.6 Failure To Match

The RBA will apply Failure To Match rules in accordance with Clause 9.25 of these Procedures if two or more Participants cannot agree on the amount owing for a given obligation.

5.5.7 Reconciliation to RITS

Participants **should** reconcile the internal record of payments (used to calculate their net bilateral obligations) to RITS when RITS recovers.

Note: When RITS is recovered and the system date has rolled forward to the day after the HVCS Fallback Period, the SWIFT Feeder connection is restored. The backlog of HVCS settlement requests stored in the CSI will enter RITS and be rejected due to the back-dated value date. Participants can use the RITS UI to view and export the record of rejected T-Copy payments. Participants can also obtain the record of payments settled or rejected by RITS prior to the Disabling Event using MT950 statements or the RITS UI. Participants can use these RITS records to reconcile the internal records used to calculate the net bilateral obligations submitted to the RBA in the HVCS Exchange Summary Form, which could help to resolve failure(s) to match advised by the RBA in the HVCS Exchange Figures Advice.

Where the reconciliation to RITS cannot be completed before 7am on the day after the HVCS Fallback Period, and the RBA has applied Failure To Match rules in order to proceed with the contingency batch, Participants can continue the reconciliation after the batch has settled and if required, bilaterally arrange the return or correction of a mistaken payment in normal way (in accordance with these Procedures).

5.5.8 ESA Funding

Participants **must** fund any ESA balance shortfall that prevents the contingency batch from settling before the Morning Settlement Session ends.

5.6 Operational Capacity

The following instructions describe the volume of payments that Participants are expected to be operationally capable of processing within the HVCS Fallback Period timeframes.

5.6.1 Payment Volumes

Participants **must** be capable of processing the same volume of payments under T-Copy as they would under Y-Copy. That is, payment volumes must not be reduced during the HVCS Fallback Period because of operational capacity limitations.

Note: For the avoidance of doubt, processing means undertaking the end-to-end steps in the RITS Outage Runsheet which includes exchanging clearing messages in T-Copy, applying funds to Customer accounts, submitting net bilateral settlement obligations to the RBA using the HVCS Exchange Summary Form, and resolving any failure to match discrepancies where required. This requires Participants to ensure the processes they use during a HVCS Fallback Period are scalable for business-as-usual payment volumes.

5.6.2 Staffing

Participants **must** have a pre-determined plan to call on sufficient staff to undertake all steps set out in the RITS Outage Runsheet if a HVCS Fallback Period is declared. Where necessary, this will include non-payment operations staff from the credit, treasury or client account functions, or any other function required by a Participant to facilitate payment exchange during the HVCS Fallback Period.

5.6.3 Timings

Participants **must** be capable of completing all steps set out in the RITS Outage Runsheet within the allocated timeframes.

5.7 Applying Funds

A fundamental objective of the HVCS Fallback Solution is to minimise the potential for systemic disruption during a protracted RITS Disabling Event that could, in extremis, cause financial harm and undermine confidence in the payments system. To achieve this, it is important that Participants actively endeavour to make incoming funds available to Customers prior to deferred interbank settlement occurring the next day. This may require Participants to accept a higher degree of credit risk than when RITS is processing HVCS payments on a RTGS basis.

It should be noted that the HVCS Fallback Solution is intended to be used in the event of a technical disruption to RITS during otherwise normal market conditions. The option to invoke the HVCS Fallback Solution would be assessed at the time considering all relevant factors, including prevailing market conditions. AusPayNet and the RBA could elect not to invoke the HVCS Fallback Solution in adverse conditions where deferred net settlement could give rise to undue risk.

The following section provides instructions and guidance on the extent to which Participants are expected to apply funds to Customers during a HVCS Fallback Period. It makes a distinction between two relevant terms:

- *Posting*: a Participant credits the beneficiary Customer's account but does not make the funds available to the Customer until interbank settlement has occurred. Such credits are sometimes referred to as "uncleared funds" and denoted as a visible credit that does not yet form part of the balance of available funds.
- *Availability*: where a Participant enables the beneficiary Customer to make use of funds posted to the Customer's account. This could be in advance of interbank settlement occurring.

5.7.1 Posting

Participants **must** post funds received during a HVCS Fallback Period such that the credit entry is visible to the recipient Customer on the same day. With the exception of funds availability, Participants must treat all other aspects of the posting in the same way as normal. This includes interest accruals, which must accrue from the date of clearing not settlement, and returning payments that cannot be applied in accordance with the timeframes in Clause 4.23 of these Procedures.

5.7.2 Availability

Participants **should** make a sufficient proportion of total incoming funds available to Customers, so that the objective of the HVCS Fallback Solution can be materially achieved. Decisions concerning the availability of funds is a matter for each Participant and could vary depending on risk appetite, however the expectation is that Participants will maximise the value of funds made available to the greatest extent possible, in accordance with their internal risk appetite. As a guide, achieving the objectives of the HVCS Fallback Solution is estimated to require Participants to make at least 80 per cent of the total value of funds received during a HVCS Fallback Period available to its Customers.

5.7.3 Risk Policy

Participants **must** have an internally agreed risk policy that sets out the approach to meeting instruction 6.7.2 on funds availability during a HVCS Fallback Period. The policy must be documented and approved by the relevant senior personnel; and must be readily available in the event of a HVCS Fallback Period.

Note: The specifics of a Participants' risk policy is entirely a matter for the Participant and could depend on a range of factors including credit appetite, counterparty relationships, net exposures arising from incoming and outgoing settlement obligations; and the value of individual payments received. The policy should contemplate circumstances where Customer's outbound payments are contingent on the availability of funds received. Given the potential time constraints during a HVCS Fallback Period, it may be necessary for Participants to prioritise the assessment of inbound payments that will fund outbound payments due to occur on the same day. As noted, the HVCS Fallback Solution is intended to be used in the event of a technical disruption to RITS during otherwise normal market conditions.

5.7.4 Timely Implementation

Participants **must** be capable of implementing their risk policy during a HVCS Fallback Period, including assessment and approval of credit decisions, within the timeframes set out in the RITS Outage Runsheet.

Note: Participants could consider using a value threshold to determine lower value payments that do not require individual credit assessment before the funds are made available to Customers. For most Participants, a lower bound threshold of \$1mn would represent around 90 per cent of total inbound payment volume, but only 2 per cent of total value. Such a threshold could be an operationally efficient approach to prioritising credit decisions for the remaining 10 per cent of payments within the potentially constrained timeframes.

6. Participant Outage Instructions

6.1 Operational Readiness

The following instructions cover items that Participants are expected to have in place in preparation for a Participant Fallback Period.

6.1.1 Operational Readiness

Participants **must** be operationally ready for a Participant Fallback Period. This includes:

- 1) being familiar with these Procedures and the Contingency Instructions;
- 2) being capable of making the internal system and operational changes required to send and receive payments during a Participant Fallback Period;
- 3) participating in contingency test exercises coordinated by AusPayNet; and
- 4) ensuring staff are available and contactable at all times during the Participant Fallback Period and during planned contingency test exercises.

Participants **must** attest their adherence with these requirements in the Yearly Audit Compliance Certificate (Appendix A2).

6.2 Participation

The following instructions describe the extent to which Participants are expected participate in the HVCS when a Participant Fallback Period has been declared.

Instructions for Affected Participant

6.2.1 Sending Payments

The Affected Participant **must** use the Participant Fallback Solution provided for in these Contingency Instructions as the alternative method of sending any payments it considers to be urgent during a Participant Fallback Period.

6.2.2 Participation Opt-Out

Tier 2 Participants that do not intend to use the Participant Fallback Solution if they experience a Disabling Event **must** have pre-agreed this arrangement with AusPayNet. Where there are extenuating circumstances in which a pre-agreed opt-out Participant needs to send payments using the Participant Fallback Solution, the Participant **must** obtain prior agreement AusPayNet and from the Receiver(s).

Note: A list of the pre-agreed opt-out Participants will be available from the AusPayNet extranet site, such that during a Disabling Event, it is clear to other Participants that a Participant Fallback Period is unlikely to be declared.

6.2.3 Managing ESA Balance

The RBA Domestic Markets Department will contact the Affected Participant where significant deviations in ESA balances are observed.

Instructions for Other Participants

6.2.4 Receiving Payments

All Tier 1 Participants **must** accept payments from an Affected Participant through the Participant Fallback Solution, in accordance with the operational capacity instructions in Section 7.6.

6.2.5 Receiving Payments

All Tier 2 Participants **should** accept payments received from an Affected Participant through the Participant Fallback Solution, in accordance with the operational capacity instructions in Section 7.6. Refusals, if any, **must** be communicated to AusPayNet.

6.2.6 Sending Payments

Participants **must** continue to use the SWIFT PDS for sending payments to the Affected Participant, whilst having regard to the possible liquidity implications and processing delays described in Clause 9.8 of these Procedures. The Participant Fallback Solution provides a means for the Affected Participant to send payments. It cannot be used as a means for the Affected Participant to receive payments outside of the SWIFT PDS.

6.2.7 Pausing Payments

Participants **must**, to the best of their ability, pause sending payments to an Affected Participant if requested to do so by the Affected Participant.

6.3 Entering Participant Fallback

An Affected Participant cannot use the Participant Fallback Solution without prior authorisation from AusPayNet. Authorisation is granted when AusPayNet, or the RBA acting on behalf of AusPayNet, formally declares a Participant Fallback Period.

The key checkpoint times for declaring and entering a Participant Fallback Period are outlined in the Participant Outage Runsheet. In summary, where the Affected Participant's Disabling Event prevents it from sending HVCS payments the priority is to resolve the issue and resume normal operations. If the Disabling Event is not resolved by 15:00 then minimising the delay to payments becomes the priority and AusPayNet, in consultation with the RBA and the Affected Member, could declare a Participant Fallback Period. A Participant Fallback Period could be declared earlier than 15:00 if the Affected Participant has urgent payments to send and cannot estimate their recovery time; or is able to rule out a recovery ahead of the checkpoint times. Decisions concerning a Participant Fallback Period will be communicated to RITS operational contacts via email and SMS.

If the Affected Participant's Disabling Event occurs after 14:00, AusPayNet in consultation with the RBA, would normally expect that a Participant Fallback Period would not be required, but would consider the value of outstanding payments in its assessment.

A Participant Fallback Period will not be declared if the Disabling Event prevents the Affected Participant from using the Participant Fallback Solution.

The following instructions apply once a Participant Fallback Period has been declared.

6.4 During Participant Fallback

6.4.1 Bilateral Clearing Frequency

The Affected Participant **must** limit the number of HVCS Bilateral Clearing Forms it sends to a Receiver to no more than one every hour, unless agreed with the Receiver.

6.4.2 Payment Volumes

The Affected Participant **must** limit the volume of payments contained in a single HVCS Bilateral Clearing Form to the volumes set out in the operational capacity instructions in section 7.6, unless agreed with the Receiver.

6.4.3 Payment Value Date

The Affected Participant **must** only send value-today payments using Participant Fallback Solution. Future dated payments are not permitted.

6.4.4 Receiver Acknowledgement

The Receiver **must** immediately acknowledge receipt of a HVCS Bilateral Clearing Form from the Affected Participant via encrypted email or phone call to the Affected Participant.

6.4.5 RITS Cash Transfers

The Affected Participant and Receiver **must** each enter a single Cash Transfer for the value of the net bilateral obligation created for each individual HVCS Bilateral Clearing Form exchanged.

Note: If the Affected Participant is unable to access the RITS UI to enter a Cash Transfer, it can contact the RITS Help Desk to request an Assisted Payment.⁵

6.4.6 Settlement Timing

The Affected Participant and Receiver **must** each enter the RITS Cash Transfer and confirm its settlement within 30 minutes of the HVCS Bilateral Clearing Form being sent.

6.4.7 Status Reporting

The Affected Participant **must** update the RBA and AusPayNet at least every 30 minutes, or as requested, on the status of payments sent using the Participant Fallback Solution and the value and volume of payments outstanding.

Note: The Affected Participant **must** also continue update the RBA and AusPayNet on the status of the Disabling Event and expected resolution time, in accordance with the RTGS and Retail Payments Incident Reporting Arrangements for RITS Members.

6.4.8 Potential SWIFT Resumption

Where the Affected Participant is able to resolve the Disabling Event while using the Participant Fallback Solution, and where it can prevent payments already sent through the Participant Fallback Solution from being released to the SWIFT PDS, the Affected Participant **could** revert to SWIFT for sending payments. If it is not possible to prevent the release of payments already sent, the Affected Participant **must** consult with AusPayNet and the RBA on whether to:

- revert to SWIFT and resolve potential duplicate payments by requesting a Return of Payment from the Receiver; or
- hold all outward SWIFT payments and continue using the Participant Fallback Solution.

Note: In accordance with these Procedures, the Affected Participant **must** resume inward payment processing in the shortest possible time. The Affected Participant must consult with the RBA and AusPayNet if holding outward payments will also prevent inward payments processing from resuming.

⁵ Please see the Assisted Transactions User Guide, available at https://www.rba.gov.au/rits/info/pdf/Assisted_Transactions_User_Guide.pdf

6.4.9 Unexpected SWIFT Resumption

Where the Affected Participant resolves the Disabling Event while the Participant Fallback Solution is in use, and unexpectedly begins to release payments to the SWIFT PDS, the Affected Participant **must** pause all further outward payments processing. The Affected Participant must initiate the request for a Return of Payment for any duplicate payments released, and refer to instruction 7.4.8 on consultation with AusPayNet and the RBA before reverting to SWIFT, or otherwise continue using the Participant Fallback Solution for sending further payments.

6.4.10 Return of Payment

The Affected Participant **must** complete all Return of Payment requests in accordance with Part 4 of these Procedures.

6.5 Exiting Participant Fallback

6.5.1 Cut-off Times

The Affected Participant **must** follow RITS session times and rules when using the Participant Fallback Solution. Meaning:

- Outgoing payments from the Affected Participant to Receivers must be sent and settled in RITS by the end of the Settlement Close Session.
- Where the Affected Participant is Evening Agreed and wishes to send payments to another Evening Agreed Participant after the Settlement Close Session, the Affected Participant must obtain prior agreement from the Receiver and these payments must be sent and settled in RITS by the Evening Settlement Cut-off.

6.5.2 RITS Extension

The Affected Participant **could** request an extension to the RITS session times. The RBA will, in the normal way, consider the value and volume of payments outstanding in its assessment of whether to grant an extension.

6.6 Operational Capacity

The following instructions describe the extent to which Participants are expected to be operationally capable of sending and receiving payments during a Participant Fallback Period.

6.6.1 Staffing

All Participants **must** have a pre-determined plan to call on sufficient staff to undertake all steps set out in the Participant Outage Runsheet if a Participant Fallback Period is declared.

Instructions for Affected Participant

6.6.2 Bilateral Clearing Forms

The Affected Participant **must** be operationally capable of sending the higher of the following two:

- As many HVCS Bilateral Clearing Forms as required to cover at least 80 per cent of its outstanding outgoing transaction value; or

- A total of five HVCS Bilateral Clearing Forms per hour, with each form sent to a different Receiver (i.e. five Receivers).

Note: In all cases, the Affected Participant must limit the number of HVCS Bilateral Clearing Forms sent to a single Receiver to no more than one every hour, unless agreed with the Receiver.

6.6.3 Payment Volumes

The Affected Participant **must** be operationally capable of sending at least fifty payments in each HVCS Bilateral Clearing Form and of entering a single RITS Cash Transfer to effect interbank settlement of the bilateral obligation within 30 minutes of the HVCS Bilateral Clearing Form being sent. Fewer than **fifty** payments can be sent if required.

Note: The Affected Participant can increase the number of payments contained in a single HVCS Bilateral Clearing Form if agreed with the Receiver. This recognises that in some cases it may be preferable to send or receive one larger file rather than multiple smaller files.

6.6.4 Payment Values

The Affected Participant **should** be operationally capable of prioritising higher-value payments for inclusion in the HVCS Bilateral Clearing Form. The Affected Participant can include lower-value payments in the HVCS Bilateral Clearing Form if required, subject to this being in accordance with instruction 7.6.2 and 7.6.3.

Note: For most Participants, sending payments greater than \$10 million in value will constitute 80 per cent or more of the total outgoing daily transaction value.

Instructions for Other Participants

6.6.5 Bilateral Clearing Forms

The Receiver must be operationally capable of receiving a minimum of one HVCS Bilateral Clearing Form containing at least fifty payments every hour and of entering a single RITS Cash Transfer to effect interbank settlement of the bilateral obligation within 30 minutes of the HVCS Bilateral Clearing Form being received.

6.6.6 Applying Funds

The Receiver **must** be operationally capable of applying payments received in each HVCS Bilateral Clearing Form to Customer accounts on the same day. This includes any screening and downstream processing the Receiver needs to perform prior to applying funds to Customer accounts. For the avoidance of doubt, funds **should** be made available to the Customer for use when the payment is applied to their account.

-- END --

	Authorised provision	Current language (showing amendments since 2012)
HVCS Regulations		
1.	WAS: 5.2(h) NOW: 5.2(g)	5.2(g)(h) In order to be a Participating Member <u>Framework Participant</u> in the HVCS and subject to Regulation 5.2A , a person must: ... (gh) be able and agree to comply with all applicable requirements of any relevant Service Provider as specified in the Procedures; ...
2.	Suspension WAS: 5.16 – 5.16A NOW: 5.10	5.16 5.10: Suspension (a) The Management Committee, after consultation with the Reserve Bank of Australia and subject to Regulation 5.16A <u>5.10(c)</u> below, may suspend the membership of a Participating Member <u>Framework Participant</u> for a specified or indefinite period of time in the following circumstances (each a “ Suspension Event ”): (a)(i) the Participating Member <u>Framework Participant</u> is subject to prudential supervision and the relevant supervisor requests such suspension; (b)(ii) by agreement with the Participating Member <u>Framework Participant</u> concerned; (c)(iii) the Participating Member <u>Framework Participant</u> no longer satisfies any applicable requirement for membership set out in Regulations 5.2 and 5.3 ; (d)(iv) a Disabling Event occurs in respect of the Participating Member <u>Framework Participant</u> , but only during the continuance of that Disabling Event and any subsequent period which might be necessary because of the applicable requirements pertaining to any particular APCA AusPayNet PDS; (e)(v) an Insolvency Event (not being an event which results in automatic cessation of membership pursuant to Regulation 5.24(b) or 5.17(a)(ii) or (iii)) occurs in respect of the Participating Member <u>Framework Participant</u> ; or (f) the Participating Member <u>Framework Participant</u> breaches its obligations under the Constitution, these Regulations or the Procedures and fails to rectify the breach or provide an explanation satisfactory to the Management Committee within 30 days of receipt of a request from the Secretary to rectify the breach or provide such an explanation. (b) A participating Member may also be automatically suspended in accordance with Part 12. 5.16A: (c) If a Participating Member <u>Framework Participant</u> is subject to prudential supervision by the Australian Prudential Regulation Authority <u>APRA</u> then the Management Committee must give the Australian Prudential Regulation Authority <u>APRA</u> reasonable notice of,

	Authorised provision	Current language (showing amendments since 2012)
		and opportunity to be heard at, any meeting at which it will consider suspending the Participating Member <u>Framework Participant</u> pursuant to Regulation 5.10(a)(v) <u>5.16(e)</u> .
3.	Effect of suspension WAS: 5.17 – 5.21 NOW: 5.11 – 5.15	<p><u>5.1117: Effect of Suspension on Framework Participant</u></p> <p>Subject to Regulation 5.1420, a Participating Member<u>Framework Participant</u> whose membership is suspended under Regulation 5.1016 is not entitled to:</p> <ul style="list-style-type: none"> (a) participate in the HVCS; (b) clear and settle payments using an APCA<u>AusPayNet</u> PDS; nor (c) vote at any HVCS meeting convened in accordance with PART<u>art</u> 8, or any other meeting of the Participating Members<u>Framework Participants</u> of the High Value Clearing System (CS4) convened in accordance with the Constitution or the Corporations Act <u>2001 (Cth)</u>, <p>except to the extent set out in the Procedures or approved by the Management Committee (or the Chief Executive Officer if authorised to grant such approvals by the Management Committee).</p> <p><u>5.1218: Effect of Suspension on Management Committee Nominee</u></p> <p>In addition, if a Participating Member<u>Framework Participant</u> whose membership is suspended under Regulation 5.1016 has nominated a member of the Management Committee pursuant to Regulation 7.1(a)(b) or (c), that member is not entitled to vote at meetings of the Committee, but may continue to attend and participate in such meetings, during the period of suspension under Regulation 5.1016.</p> <p><u>5.1319: Conditions in lieu of Suspension</u></p> <p>If a Suspension Event occurs in respect of a Participating member<u>Framework Participant</u>, the Management Committee may (in lieu of suspending the membership of that Participating Member<u>Framework Participant</u>) impose conditions on the membership of that Participating Member<u>Framework Participant</u> or vary any provision of the Procedures in relation to the exchange of payments addressed to or initiated by that Participating Member<u>Framework Participant</u>. The rights and obligations of that Participating Member<u>Framework Participant</u> under these Regulations shall be subject to any such conditions or variation. The Management Committee may at any subsequent time vary or revoke any such conditions or variation.</p>

	Authorised provision	Current language (showing amendments since 2012)
		<p><u>5.1420: Obligations of a Suspended Framework Participant</u></p> <p>A Participating Member<u>Framework Participant</u> whose membership is suspended under Regulation 5.1016 or which is subject to any condition or variation under Regulation 5.1319 is not excused from discharging, in accordance with these Regulations and Procedures, obligations under the Constitution, these Regulations and the Procedures including, without limitation, obligations incurred in connection with payments exchanged prior to the suspension of that Participating Member<u>Framework Participant</u>, except as expressly provided in or pursuant to these Regulations or the Procedures.</p> <p><u>5.1521: Notification of Suspension</u></p> <p>The Secretary must immediately notify the System Administrator and all Participating Members<u>Framework Participants</u> (by the most expeditious means available) of any suspension under Regulation 5.1016 and must promptly notify all Participating Members<u>Framework Participants</u> of all other action taken under Regulations 5.1016 to 5.1420 inclusive.</p>
4.	Reinstatement of a Suspended Participating Member WAS: 5.22 – 5.23 NOW: 5.16	<p><u>5.22-5.16: Reinstatement of a Suspended Framework Participant</u></p> <p><u>(a)</u> The Management Committee after consultation with the Reserve Bank, of Australia and subject to Regulation 5.16(b), 22A below may at its discretion reinstate a suspended Participating Member<u>Framework Participant</u> effective on a given date specified by the Management Committee having regard to any applicable requirements pertaining to the relevant APCA-AusPayNet PDS, including those imposed by the Service Provider.</p> <p>5.22A: <u>(b)</u> If a Participating Member<u>Framework Participant</u> is subject to prudential supervision by the Australian Prudential Regulation Authority<u>APRA</u> and has been suspended pursuant to Regulation 5.10(a)(v) 16(e) then the Management Committee must give the Australian Prudential Regulation Authority<u>APRA</u> reasonable notice of, and an opportunity to be heard at, any meeting at which it will consider reinstating the Participating Member<u>Framework Participant</u>.</p> <p>5.23: <u>(c)</u> The Secretary must as soon as reasonably possible notify the System Administrator and all Participating Members<u>Framework Participants</u> of any decision under Regulation 5.1622 to reinstate a suspended Participating Member<u>Framework Participant</u> and the re-commencement date for that member.</p>

	Authorised provision	Current language (showing amendments since 2012)
5.	Termination WAS: 5.24 – 5.27 NOW: 5.17	<p>5.24: 5.17: Termination</p> <p>(a) A participating Member ceases to be a Participating Member on:</p> <p>(a)-(i) resignation;</p> <p>(b)-(ii) becoming insolvent or making an arrangement or composition with creditors generally;</p> <p>(c)-(iii) being wound-up, dissolved or otherwise ceasing to exist; or</p> <p>(d)-(iv) the Board terminating that Participating Member's<u>Framework Participant's</u> membership in accordance with the Articles Constitution and these Regulations.</p> <p>5.25:- (b) A Participating Member<u>Framework Participant</u> may, by notice in writing to the Company, resign as a Participating Member<u>Framework Participant</u> with effect from a date which is not less than 21 days after the date of the service of the notice. This The notice is irrevocable.</p> <p><u>(c) A Framework Participant may not resign except by giving notice in accordance with this Regulation 5.17.</u></p> <p>5.26:- (d) The Board (after consultation with the Management Committee) may, by notice in writing to a Participating Member<u>Framework Participant</u>, terminate the membership of that Participating Member<u>Framework Participant</u> with immediate effect, provided that the Board may not terminate the membership of a Participating Member<u>Framework Participant</u> unless the following pre-conditions have been fulfilled:</p> <p>(a)-(i) a Suspension Event has occurred in respect of that Participating Member<u>Framework Participant</u> and has not been remedied;</p> <p>(b)-(ii) (if that Participating Member<u>Framework Participant</u> is subject to Prudential Supervision) the Board has consulted with the relevant supervisor regarding such termination; and</p> <p>(c)-(iii) the Board has provided an opportunity for that Participating Member<u>Framework Participant</u> to make submissions to the Board regarding such termination.</p> <p><u>(e)</u> The Board is not obliged to give any reasons for such decision and may revoke any such notice at any time before it becomes effective.</p>

	Authorised provision	Current language (showing amendments since 2012)
		<p>5.27: (f) Any resignation or termination of the membership of a Participating Member<u>Framework Participant</u> shall not affect any right or liability arising under the Constitution, these Regulations or the Procedures prior to the time such resignation or termination takes effect or arising in respect of any act, matter or thing occurring prior to that time.</p> <p>(g) A Participating Member<u>Framework Participant</u> who resigns pursuant to Regulation 5.17(b)-25 or whose membership is terminated pursuant to Regulation 5.17(d)-26 shall continue to be bound by the Constitution and these Regulations in respect of:</p> <p>(a)(i) any act, matter or thing occurring prior to the time such resignation or termination takes effect or as a result of such resignation or termination; and</p> <p>(b)(ii) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Participating Members<u>Framework Participants</u> in accordance with these Regulations in respect of periods which commence prior to the time such resignation or termination takes effect or which relate to any such act, matter or thing.</p>
6.	<p>Effect of Termination</p> <p>WAS: 5.28 – 5.31</p> <p>NOW: 5.18</p>	<p>5.28: 5.18: Effect of Termination</p> <p>(a) The Secretary must immediately notify the System Administrator and all Participating Members<u>Framework Participants</u> (by the most expeditious means available) of any termination or resignation of membership under Regulation 5.17-24.</p> <p>5.29: (b) Subject to any rights of set-off, counterclaim or combination which are available at law, upon any resignation or termination of the membership of a Participating Member<u>Framework Participant</u>:</p> <p>(a)(i) the resigning or terminating Participating Member<u>Framework Participant</u> must immediately pay all sums of money (if any) owed by it to any other Participating Member<u>Framework Participant</u> in respect of obligations arising from the exchange of payments; and</p> <p>(b)(ii) all sums of money (if any) owed to it by any other Participating Member<u>Framework Participant</u> in respect of all such payments exchanged must be paid by that other Participating Member<u>Framework Participant</u> to the resigning or terminating Participating Member<u>Framework Participant</u>.</p> <p>5.30: (c) Any Participating Member<u>Framework Participant</u> which resigns or whose membership is terminated immediately ceases to be entitled to effect exchanges in the HVCS in accordance with these Regulations and the Procedures.</p> <p>5.31: (d) A Participating member<u>Framework Participant</u> which resigns or whose membership is terminated is not entitled to be repaid all or part of any entrance, operating or other fee which has been paid by it.</p>

	Authorised provision	Current language (showing amendments since 2012)
HVCS Procedures		
7.	5.1	<p>Overview</p> <p>The SWIFT PDS CUG uses the facilities of the SWIFT FIN-Copy Service, designed to meet the needs of high value clearing systems internationally. The SWIFT FIN-Copy Service allows each country to configure its closed user group to meet its own specific requirements. APCA <u>AusPayNet</u> has worked with SWIFT to configure the SWIFT PDS to meet the Australian domestic high value clearing needs of its members. For the SWIFT PDS CUG APCA's <u>AusPayNet's</u> SWIFT PDS configuration allows some variation from normal SWIFT messaging, to cater for RITS/RTGS System requirements. Details of SWIFT PDS CUG requirements are set out in this Part 5 and in Appendix D.</p> <p>To use the SWIFT PDS to send and receive payments a Participating Member <u>Framework Participant</u> must be a SWIFT User <u>and meet the mandatory security control objectives in the SWIFT Customer Security Controls Framework</u>.</p>
8.	5.2	<p>SWIFT Membership</p> <p>Each Applicant proposing to use the SWIFT PDS which is not a SWIFT User, should approach the SWIFT Regional Account Manager regarding SWIFT requirements to becoming a SWIFT User. The size and international nature of the SWIFT network requires that the connection of new SWIFT Users be carried out on set dates (March, June, September and December) each year. Because of this requirement and internal systems development by the Applicant, SWIFT advises that Applicants proposing to use the SWIFT PDS should allow at least 6 months to complete the SWIFT membership process.</p>

Application for revocation and substitution of authorisation – AusPayNet - HVCS

Contact information for ACCC

Relevant regulators and industry body (referenced at para 11.2 of the Application)

Regulator / industry body	Contact	Contact email
Reserve Bank of Australia	Muhammad Ismail	
ASX	Lisa Briggs	
NPPA	Adrian Lovney	
SWIFT	William Doran	

Framework Participants (listed in Annexure A of the Application)

Framework Participant	Primary contact – name and title	Email
Adyen Australia Pty Limited	Mr Pim Bonthuis, Treasury Manager	
Agricultural Bank of China Limited	Mr Ivan Wan, Head of Operations	
AMP Bank Limited	Mr Glenn Bax, Head of Treasury Operations	
Arab Bank Australia Limited	Mr Darren Mills, Senior Manager Operations	
Australia and New Zealand Banking Group Limited	Ms Jackie Kallman, Head of Payments Industry	

Australian Settlements Limited	Mr Mark Tibbles, Acting Chief Executive Officer
Bank of America, National Association	Mr Aneece Saleeb, Vice President Treasury Operations
Bank of China	Mr Simon Zhang, Head - Operations
Bank of China (Australia) Limited	Mr Simon Zhang, Head - Operations
Bank of Communications Co., Ltd Sydney Branch	Mr Alan Huang
Bank of Queensland Limited	Ms Stephanie Northey, Head of Payments, Financial Markets & Card Services
Bank of Sydney Ltd	Ms Stella Vourvahakis, Manager Payment Operations
Bendigo and Adelaide Bank Limited	Mr Mark Brown, Senior Manager- National Operations
BNP Paribas	Mr Tony Savino, Manager Operations
BNP Paribas Securities Services	Lesley Henderson, Business Project Manager
China Construction Bank Corporation, Sydney Branch	Mr Ashok Dawadi, Head of Settlement & Clearing
China Merchants Bank Co., Ltd.	Sokwon Hong, Head of Operations
Citibank N.A.	Ms Kirstin Renner, Head of Treasury and Trade Services (TTS) Product Australia and New Zealand
Citigroup Pty Limited	Mr Peter Smeulders, Head of Industry Relationships, Enterprise Supply Chain (ESC), Citibank Operations & Technology
CLS Bank International	Mr Andrew Cooper, UK Head of Operations
Commonwealth Bank of Australia	Ms Lynda McMillan, Head of Payments Representation, Business Banking
Cooperative Rabobank U.A.	Ms Samantha King, Manager – Client Services, Operations

Cuscal Limited	Mr Bev Jamie, Business Enablement Manager
DBS Bank Ltd., Australia Branch	Mr Paul Poh Kwang, Vice President, Technology & Operations
Deutsche Bank AG	Mr Sebastian Rebeiro, GES/DSO/FXMM Operations
Heritage Bank Limited	Mr Matthew Iseppi, Payments and Prepaid Systems Manager
Hong Kong and Shanghai Banking Corporation Limited - Australian Branch (The)	Mr Iain Trapnell, Senior Product Manager - Payables & Receivables
HSBC Bank Australia Limited	Mr Iain Trapnell, Senior Product Manager - Payables & Receivables
Industrial and Commercial Bank of China Limited	Fei Meng, Head of Operations
ING Bank (Australia) Limited (trading as ING)	Nikki So
ING Bank NV (Sydney Branch)	Nikki So
JPMorgan Chase Bank, National Association	Mr Kevin Park, Vice President
LCH.Clearnet Limited	Ms Juliet Lee
Macquarie Bank Limited	Mr Trevor You, Associate Manager
Mega International Commercial Bank Co, Ltd	Wei-Jin Chien, Head of Operations
Mizuho Bank, Ltd	Mr Daniel Lie, Department Head, Operations Department
MUFG Bank, Ltd.	Mr Justin Bolton, Vice President, Operational Support & Documentation
National Australia Bank Limited	Ms Dianne Shay, Head of Payments Industry, Transaction Banking & Enterprise Payments, Corporate & Institutional Bank
Northern Trust Company (The)	Mr Robert Poulter, Senior Vice President Manager, Cash Operations Australia

Oversea-Chinese Banking Corporation Limited	Ms Judy Lew, Head Operations
Rabobank Australia Limited	Ms Samantha King, Manager – Client Services, Operations
Reserve Bank of Australia	Mr Muhammad Ismail
Royal Bank of Canada	Mr Daniel Gray, Director APAC Operations
Standard Chartered Bank	Mr Jose Lopez, Country Technology Manager Group Technology Operations
State Bank of India	Pranay Kumar
State Street Bank and Trust Company	Ms Jennifer Holman, Manager - APAC Payments
Sumitomo Mitsui Banking Corporation	Ms Susie Costa, Manager Security
Suncorp-Metway Limited	Ms Anna Hannington, Head of Consumer Payments and Treasury Systems
UBS AG Australia Branch	Mr Andrew Lockhart
United Overseas Bank Limited	Mr Eric Yeo, Vice President and Head of Administration
Westpac Banking Corporation	Ms Rochelle Dassanayake, Payments Industry Manager