

As amended to  
03 September 2004

**AUSTRALIAN PAYMENTS CLEARING ASSOCIATION  
LIMITED**

ABN 12 055 136 519

**A Company limited by Guarantee**

**REGULATIONS**

for

**BULK ELECTRONIC CLEARING SYSTEM**

**(CS2)**

**Commenced 12 December 1994**

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ABN 12 055 136 519**

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**REGULATIONS**  
**FOR**  
**BULK ELECTRONIC CLEARING SYSTEM**  
**(CS2)**

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**AUSTRALIAN PAYMENTS CLEARING ASSOCIATION LIMITED**  
ABN 12 055 136 519

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**REGULATIONS**

**For**

**BULK ELECTRONIC CLEARING SYSTEM**

**(CS2)**

**PART 1 PRELIMINARY**

**Definitions**

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

"**Advisory Council**" means the BECS Advisory Council.

Inserted effective 6/7/99

"**Appointor**" means a Participating Member or a Non-member which enters into a Representation Arrangement with a Representative and (in the case of a Non-member) provides an undertaking to the Company substantially in the form of Annexure 2.

"**Article**" means an article of the Constitution.

Last amended effective 17/08/02

"**BECS**" means Bulk Electronic Clearing System (CS2).

"**BECS Advisory Council**" means the forum so termed constituted under Part 7A to enable Interested Non-Clearers to act in an advisory capacity to the Management Committee.

Inserted effective 6/7/99

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

"**BSB Number**" means in relation to a Participating Member or other financial institution, its BSB Number (if any) assigned to it by the Company.

"**Building Society**" means a Constitutional Corporation which is permitted to use the expression "building society" under section 66 of the Banking Act 1959 of Australia.

Inserted effective 17/08/02

"**Building Society Member**" means a Participating Member which is either:

Last amended effective 17/08/02

(a) a Building Society, or

(b) an industry association the members of which are Building Societies or which otherwise represents the interests of Building Societies, or a corporation formed by or for such an

industry association.

"**Bulk Electronic Clearing System (CS2)**" means the systems and procedures contained in these Regulations for:

- (a) the purpose of co-ordinating, facilitating and protecting the conduct and settlement of exchanges of Items between Participating Members and all aspects of the related clearing cycle; and
- (b) the exchange of financial data.

"**Calculation Period**" means each period determined in accordance with Regulation 7.14(a).

"**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 7.22 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.

Last amended effective 17/08/02

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

Last amended effective 17/08/02

"**Collator**" means the Reserve Bank of Australia or such other person appointed from time to time by the Company (as necessary) to receive, collate and reconcile the regional and national settlement figures of Participating Members arising from exchanges of Items and to notify the settlement position of each Participating Member to that Participating Member and any other persons as agreed between the Reserve Bank of Australia and the Management Committee from time to time.

Inserted effective 20/08/04

"**Commencement Date**" means the date specified by the Chief Executive Officer pursuant to Regulation 1.6.

"**Company**" means Australian Payments Clearing Association Limited ABN 12 055 136 519.

Inserted effective 13/06/01

"**Confidential Information**" means any information in any form or medium in connection with the operations of the Bulk Electronic Clearing System (CS2) which is made available by the Company or any Participating Member to any other Participating Member, any member of the BECS Advisory Council or the Company from time to time and includes without limitation those provisions of the 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 Bulk electronic Clearing System (CS2).

Inserted effective 6/7/99

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

Inserted effective 17/08/02

"**Constitutional Corporation**" has the same meaning as in the Payment Systems and Netting

Inserted effective 17/08/02



Act 1998 of Australia.

"**Contingency**" means any Disabling Event and any other event or circumstance specified by the Management Committee for the purposes of Regulation 9.1.

Inserted effective 23/12/96

"**Credit Items**" includes all credit payment instructions contained in a File addressed to a Ledger FI, except as may be specifically excluded by these Regulations or the Procedures.

"**Credit Union**" means a Constitutional Corporation which is permitted to use the expression "credit union" or "credit society" under section 66 of the Banking Act 1959 of Australia.

Inserted effective 17/08/02

"**Credit Union Member**" means a Participating Member which is either:

Last amended effective 17/08/02

- (a) a Credit Union, or
- (b) an industry association the members of which are Credit Unions or which otherwise represents the interests of Credit Unions, or a corporation formed by or for such an industry association.

"**Debit Items**" includes all debit payment instructions contained in a File addressed to a Ledger FI, except as may be specifically excluded by these Regulations or the Procedures.

"**Defaulter**" means, in relation to an FTS Event, a Tier 1 Participating Member which prior to it becoming a Defaulter fails to discharge obligations incurred by it under:

Inserted effective 20/08/04

- (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 participating member of that other Clearing System; or
- (c) the regulations and manual of the Consumer Electronic Clearing System in its capacity as a CECS member,

in a manner which results in that FTS Event.

"**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.

Last amended effective 17/08/02

"**Disabling Event**" means any:

Last amended effective 23/12/96

- (a) processing, communications or other failure of a technical nature;
- (b) inaccessibility (total or partial) of facilities by means of which exchanges are conducted; or
- (c) manifestation of industrial action

which affects, or may affect, the ability of any Participating Member to participate to the normal and usual extent in exchanges of Items, (including any Record Type 1 Items issued by any User, any Returned Items and any Refused Items).

"Dispute" means a dispute or difference between:

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

arising out of, or in any way connected with, the Constitution (insofar as they relate to the operation or management of BECS), 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 BECS), these Regulations or the Procedures;
- (d) arising out of, or in any way connected with, any decision of the Board which relates to BECS, 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 4.32 to 4.35 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; or
- (g) arising out of, or in any way are connected with, the efficiency of the methods and procedures used by a Participating Member or an Appointor for which that Participating Member acts as a Representative.

"Electoral Group" means the relevant group of Participating Members referred to in Regulations 7.1(a) or (d).

"ESA" means an exchange settlement account, or similar account, maintained by a Participating Member with the Reserve Bank of Australia used for, amongst other things, effecting settlement of inter-institutional payment obligations.

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

"File" means one or more Items in an electronic format the specifications for which are in the Procedures (and, for the avoidance of doubt, includes Files containing Record Type 1 Items issued by any Users, Return Files and Refusal Files).

"FTS Event" has the meaning given in Regulation 12.2.

"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 6.17 or 6.21) 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.

Inserted  
effective 24/1/00

"**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 Participating Member be wound up;
- (b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of a Participating Member, or one of them is appointed, whether or not under an order;
- (c) a Participating Member 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 Participating Member resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so;
- (e) a Participating Member 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 or any corresponding legislation, a Participating Member is taken to have failed to comply with a statutory demand;
- (g) a Participating Member is, or makes a statement from which it may be reasonably deduced that the Participating Member is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act or any corresponding legislation;
- (h) a Participating Member takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to a Participating Member;
- (i) the Australian Prudential Regulation Authority or another body responsible for the prudential supervision of a Participating Member assumes management and control of that Participating Member;
- (j) to the extent not otherwise provided for above, a Participating Member goes into external administration within the meaning of the Payment Systems and Netting Act 1998; 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.

Last amended  
effective 17/08/02

Last amended  
effective 17/08/02

Last amended  
effective 18/4/2000

Inserted  
effective 25/5/99

Last amended  
effective 25/5/99

"**Interested Non-Clearer**" has the meaning given in Regulation 7A.2.

Inserted  
effective 6/7/99

"**Inward Clearings**" means Items which are received or to be received by or on behalf of a Participating Member or Non-member from another Participating Member or Non-member. In relation to a Representation Arrangement or a Representative under a Representation Arrangement, 'Inward Clearings' means Items which are received or to be received by the relevant Appointor.

Inserted  
effective 14/12/95

"**Items**" means Credit Items and Debit items (and, for the avoidance of doubt, includes Record Type 1 Items issued by any User, Returned Items, and Refused Items).

Last amended  
effective 23/12/96

"**Ledger FI**" means in relation to an Item, the Participating Member or Appointor to which the Item is addressed.

"**Management Committee**" means the committee constituted pursuant to Part 7.

"**Membership Change Date**" means:

- (a) one date in every second month of a calendar year specified by the Management Committee prior to the commencement of that calendar year as being the Membership Change Dates for that year;
- (b) any other date in a calendar year specified by the Management Committee to be a Membership Change Date to take account of any special circumstances applicable to a particular Participating Member,

provided that:

- (c) at least 2 months' notice is given to all Participating Members of each Membership Change Date specified by the Management Committee under paragraphs (a) or (b) (but in the case of paragraph (b) less than 2 months' notice may be given if the Management Committee so determines in its discretion); and
- (d) the Chief Executive Officer may approve a variation in a Membership Change Date (on a general basis or in respect of a particular Participating Member) for operational reasons or in exceptional circumstances, provided further that the Chief Executive Officer promptly notifies all Participating Members of any such variation.

"**National Transaction Volume**" means the daily aggregate number of Items the particulars of which are exchanged by all Participating Members pursuant to BECS on a national basis averaged over a Calculation Period and otherwise estimated from time to time in accordance with Regulation 7.14.

"**Non-member**" means a body corporate having a BSB Number which is a Provider of Payment Services which receives or initiates Items (or both) which are identified as belonging to it by the use of its BSB Number but for any reason is not a Participating Member.

"**Ordinary Membership Change Date**" has the meaning given in sub-paragraph (a) of the definition of "Membership Change Date" in this Regulation 1.1. for the relevant calendar year.

Inserted effective 23/12/96

"**Outward Clearings**" means Items which are delivered or to be delivered by or on behalf of a Participating Member or Non-member to another Participating Member or Non-member. In relation to a Representation Arrangement or a Representative under a Representation Arrangement, 'Outward Clearings' means Items which are delivered or to be delivered by or on behalf of the relevant Appointor.

Inserted effective 14/12/95

"**Participating Member**" means a body corporate which in accordance with these Regulations is a participant in BECS in the capacity of:

- (a) a Tier 1 Participating Member; or
- (b) a Tier 2 Participating Member,

as determined in accordance with Part 4.

"**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.

Inserted effective  
20/08/04

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

"**Provider of Payment Services**" [Deleted]

"**Receiver**" means a Constitutional Corporation that will receive Items from another Participating Member or Members in accordance with the BECS Procedures once admitted into BECS.

"**Record Type**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

"**Refusal File**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

"**Refused Item**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

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

Last amended  
effective 17/08/02

"**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, Participating Members in BECS.

"**Relevant Operational Change**" has the meaning given to that term in Regulation 6.5.

Inserted  
effective 23/12/96

"**Representation Arrangement**" means an arrangement pursuant to which a Tier 1 Participating Member acts as a Representative for another Participating Member or a Non-member.

"**Representative**" means a Tier 1 Participating Member which represents another Participating Member or a Non-member in exchanges of Items.

"**Return File**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

"**Returned Item**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

"**Revised Settlement**" means, in relation to an FTS Event, the settlement among Survivors following an FTS Event, calculated in accordance with Regulation 12.11.

Inserted effective  
20/08/04

"**Secretary**" means a person appointed by the Chief Executive Officer to perform the duties of secretary of the Management Committee under Regulation 7.27.

"**Sender**" means a Constitutional Corporation that will send Items to another Participating Member or Members in accordance with the BECS Procedures once admitted into BECS.

"**Special Membership Change Date**" has the meaning given in sub-paragraph (b) of the definition of "Membership Change Date" in this Regulation 1.1 for the relevant calendar year.

Inserted  
effective 23/12/96

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

Inserted effective 24/11/00

"**Surviving Tier 1 Participating Member**" means a Tier 1 Participating Member which is not a "Defaulter" within the meaning of Annexure 7 or, on Annexure 7 ceasing to form part of these

Last amended  
effective 14/12/95

Regulations, Part 12.

"**Survivor**" means, in relation to an FTS Event, each Tier 1 Participating Member other than a Defaulter.

Inserted effective  
2008/04

"**Suspension Event**" has the meaning specified in Regulation 4.23.

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

Inserted effective 24/1/00

"**Taxable Supply**"

Inserted effective 24/1/00

- (a) in Regulations 6.16 to 6.19 (inclusive), has the meaning given in Regulation 6.17;
- (b) in Regulations 6.20 to 6.23 (inclusive), has the meaning given in Regulation 6.21.

"**User**" has the meaning given to that term in the Procedures.

Inserted  
effective 23/12/96

## Interpretation

1.2 In these Regulations:

- (a) words importing any gender include the other genders;
- (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 (or to a provision of a statute, code or the Corporations Act) means the statute, the code, the Corporations Act 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 or the provision.

Last amended  
effective 17/08/02

1.3 In Parts 7, 8 and 9, a Participating Member 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 Participating Member for those purposes (including, without limitation, in the definition of National Transaction Volume) is deemed to be a reference to the Participating Member and its Subsidiaries acting jointly.

1.4 A reference in Part 13 to:

- (a) a determination by a person includes a decision by that person;
- (b) proceedings includes actions, suits and proceedings at law, in equity or otherwise.

1.5 Words defined in the Corporations Act have, unless the contrary intention appears, the same meaning in these Regulations.

Last amended  
effective 17/08/02

1.6 These Regulations have been adopted by the Board and take effect on a date to be specified by the Chief Executive Officer.

1.7 Headings are inserted for convenience and do not affect the interpretation of these Regulations.

**Inconsistency with Constitution or Procedures**

- 1.8 If a provision of these Regulations or the Procedures is inconsistent with a provision of the Constitution, the provision of the Constitution prevails. Last amended effective 17/08/02
- 1.9 If a provision of the Procedures is inconsistent with a provision of these Regulations, the provision of these Regulations prevails.

**Governing Law**

- 1.10 These Regulations are to be interpreted in accordance with the same laws which govern the interpretation of the Constitution. Last amended effective 17/08/02

**Copyright**

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

**Payment Systems and Netting Act 1998**

- 1.12 For the purposes of Part 3 of the Payment Systems and Netting Act 1998 (“Act”) as it applies to the netting arrangement contemplated by these Regulations and the Procedures: Inserted effective 25/5/99
- (a) the Company is the coordinator of the arrangement;
  - (b) notification to the coordinator for the purposes of sub-sections 12(1)(e)(i) and (f) of the Act is by means of notice given to the Chief Executive Officer pursuant to Regulation 2.9; and
  - (c) discretion to exclude a party from the arrangement for the purposes of sub-section 12(1)(e)(ii) of the Act is available to the coordinator by means of the Management Committee taking action pursuant to Regulation 4.24(e), the operation of Regulation 4.30(b) or (c) or the Board acting pursuant to Article 2.18 or Regulation 4.32.

**The next page is 2.1**

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**PART 2 SCOPE AND EFFECT**

**Objects and Scope of Clearing System 2**

2.1 The primary object of BECS is to co-ordinate, manage and ensure the implementation and operation of effective systems, policies and procedures for the conduct and settlement of exchanges of Items between Participating Members and all aspects of the related clearing cycle including, without limitation:

- (a) the preservation of the integrity and efficiency of such exchanges; and
- (b) specifications for the Items to be exchanged, delivery procedures, the conduct of exchanges, the settlement of obligations arising out of exchanges and the return or rejection of invalid Items.

BECS has been initially established to assume responsibility for, and management of, the type of direct entry systems activities which were conducted by the Australian Bankers' Association, the Australian Federation of Credit Unions Ltd. and Funds Transfer Services Limited, Funds Transfer Services (QLD) Limited and FTS (NSW) Pty Limited prior to the Commencement Date.

The essential characteristic of BECS is that payment instructions are exchanged electronically in bulk. BECS may evolve over time to handle a variety of activities related to this essential characteristic.

In addition the Bulk Electronic Clearing System (CS2) is intended to facilitate multilateral settlement of amounts owing to or by a Participating Member as a consequence of participating in any other Clearing System operated on a net deferred settlement basis (including but not limited to the High Value Clearing System (CS4) if that system is settled on a net deferred basis in fall back mode because settlements cannot occur in real time as a result of some contingency).

Inserted effective  
20/08/04

**Effect of Regulations and Procedures**

2.2 BECS has been established for the benefit of Participating Members who, by and in consideration of becoming Participating Members, 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.

Last amended  
effective 17/08/02

2.3 These Regulations and the Procedures have the effect of a contract under seal:

- (a) between the Company and each Participating Member; and
- (b) between the Participating Members.

The contractual relationship between the Company and the Participating Members and between the Participating Members forms part of an ongoing business relationship between such parties in relation to the conduct and settlement of exchanges of Items between Participating Members.



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### Participating Members Act as Principals

- 2.4 In incurring rights and obligations under these Regulations and the Procedures (whether as a result of the exchange of Items or otherwise), each Participating Member acts on the basis that it assumes those rights and incurs those obligations as a principal, notwithstanding any other fact, matter or circumstance (including without limitation, any actual or constructive notice of any agency relationship entered into by a Participating Member or the fact that an Item is being exchanged as an agent for the payee or another person).
- 2.5 Each Participating Member which is an Appointor and each Non-member which provides an undertaking to the Company substantially in the form of Annexure 2, agrees and acknowledges that a Tier 1 Participating Member which acts as its Representative assumes rights and incurs obligations under these Regulations and the Procedures as principal notwithstanding that the Items exchanged by that Representative include Items addressed to, and Items initiated by or through, that Participating Member or Non-member.
- 2.6 No person other than the Participating Member which assumes rights or incurs obligations under these Regulations and the Procedures (including any person asserting rights as a principal on whose behalf such Participating Member acts) may enforce those rights or assume those obligations.
- 2.7 Any rights and obligations attaching to any Item exchanged in accordance with these Regulations and the Procedures which:
- (a) are vested in, or which may be acquired or incurred (whether at law, in equity or otherwise) by, the Tier 1 Participating Member which exchanges or receives that Item at an exchange conducted in accordance with these Regulations and the Procedures,
- against or in favour of:
- (b) the other Tier 1 Participating Member which exchanges or receives that Item at that exchange,
- 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 Items.
- Nothing in this Regulation 2.7 shall affect the rights and obligations attaching to any Item which are vested in, or may be acquired or incurred (whether at law, in equity or otherwise) by, any other person.

### Assignment and Transfer

- 2.8 The rights and obligations of each Participating Member 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 Participating Member. No action which purports to do any of the foregoing shall affect in any manner the rights and obligations of a Participating Member under the Constitution, these Regulations and the Procedures.

Last amended effective 17/08/02

### Insolvency

- 2.9 A Participating Member must notify the Chief Executive Officer immediately upon becoming

Last amended effective 17/08/02

aware of:

- (a) any Insolvency Event in respect of itself; or
- (b) any reasonable grounds to suspect that any other Participating Member is insolvent.

For the purposes of Regulation 2.9(b), “insolvent” is to be read as meaning that the relevant Participating Member is not able to pay all its debts as and when they become due and payable.

Last amended effective 17/08/02

Upon receiving any notification under Regulation 2.9(a), the Chief Executive Officer must promptly notify all other Participating Members, all members of the Management Committee and all Directors.

Upon receiving any notification under Regulation 2.9(b), the Chief Executive Officer must promptly make enquiries of the Participating Member in respect of which insolvency is reported to be suspected and, if the relevant Participating Member is prudentially supervised, the relevant supervisor. To the extent that an Insolvency Event is either admitted by the relevant Participating Member 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 Participating Members, all members of the Management Committee and all Directors.

The provisions of Regulation 4.24 (Suspension) or Regulation 4.30 (Termination) may apply as a result.

### **Relationship with Other Clearing Systems**

- 2.10 Except as may be determined from time to time by the Board, any payment instruction 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 through that Clearing System may not be cleared, exchanged or settled through BECS. Participating Members (in their capacity as such) are not responsible for any failure to settle or perform other obligations arising from the operations of any such other Clearing System.

### **Items Suitable for Exchange**

- 2.11 These Regulations and the Procedures do not apply to the clearing and settlement of items denominated in a currency other than Australian dollars or items which are for exchange outside Australia.
- 2.12 The Procedures may stipulate that additional Items of a particular description or type are unacceptable for inclusion in any exchange.

### **Independent Exchanges**

- 2.13 Any two Participating Members may conduct exchanges between themselves in a manner and at times agreed bilaterally between them. Subject to Part 12, the amounts concerned in each such exchange will be taken into account at the settlement effected in respect of other exchanges of

Last amended effective 23/12/96

Items on the date on which such first mentioned exchange takes place in the manner specified in the Procedures where such Items exchanged would normally be included in those settlement obligations.

**Review**

- 2.14 The Management Committee must regularly review the overall integrity and efficiency of BECS 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.

**Transitional**

- 2.15 Notwithstanding any other provision of these Regulations, Credit Union Financial Services (Australia) Limited will be obliged to receive Debit Items at exchanges once Participating Members accept Returns (as defined in the Procedures) electronically, but will not be obliged to do so before that occurs.

**The next page is 3.1**

## PART 3 DISCLAIMERS AND LIMITATION OF LIABILITY

### Assets and Liabilities of the Company

- 3.1 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 Participating Members) nor incur any liabilities as a result of the conduct and settlement of exchanges of Items between Participating Members in accordance with the Constitution, these Regulations and the Procedures.

Last amended effective 17/08/02

### Representations and Warranties

- 3.2 Each Participating Member represents and warrants to the Company and each other Participating Member that:

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

Last amended effective 17/08/02

### Disclaimers

- 3.3 Neither the Company nor any of its officers, employees or agents has any duty or responsibility, either initially or on a continuing basis to:

- (a) keep itself informed about the performance by the Participating Members of their respective obligations under the Constitution, these Regulations and the Procedures, provided that if the Company becomes aware that a Participating Member has breached its obligations under the Constitution, these Regulations or the Procedures, the Company will bring the matter to the attention of that Participating Member and the Management Committee; or
- (b) keep itself informed about the financial condition, affairs or creditworthiness of any Participating Member; or
- (c) except as expressly provided in the Constitution, these Regulations or the Procedures, provide any Participating Member with credit or other information with respect to any other Participating Member.

Last amended effective 17/08/02

Last amended effective 17/08/02

- 3.4 Each Participating Member 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 BECS which are inconsistent with the Constitution, these Regulations or the Procedures.

Last amended  
effective 17/08/02

#### **Exclusions**

- 3.5 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 Participating Member 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 BECS, 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, its 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 outside the scope of their employment with the Company, except to the extent to which the Company would have been responsible at common law for such fraud;
  - (d) the failure of the Company, its 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, its officers, employees or agents by any other person;
  - (f) any error or omission in any document issued by the Company, other than an error or omission resulting from a negligent act or omission of the Company;
  - (g) any technological failure of any sort (including without limitation any telephone, computer or electrical failure);
  - (h) any unauthorised access to, or participation in, BECS by any person, other than an officer, employee or agent of the Company;
  - (i) any contractual arrangements between any Participating Member and another person; or
  - (j) any change in the status, financial condition, affairs or creditworthiness of a Participating Member or another person.

**Limit of Liability**

3.6 If, notwithstanding Regulations 3.1 to 3.5 inclusive, any liability is incurred by the Company in relation to BECS, the aggregate amount of that liability in respect of all claims made by Participating Members in respect of or arising out of any one event will not exceed the highest aggregate amount of periodic operating fees paid by any Tier 1 Participating Member in accordance with Regulation 6.8 during the twelve months preceding the month in which the liability is incurred or, if these Regulations have not been in effect for twelve months preceding that month, then during the period preceding that month during which these Regulations have been in effect.

All claims made by Participating Members against the Company in relation to BECS must be made within 12 months of the occurrence of the event which it is alleged gives rise to the claims against the Company.

3.7 For the purposes of Regulation 3.6 all inter-related events which give rise to the Company's liability under these Regulations or otherwise will be treated as one event.

3.8 In the event of any 2 or more Participating Members suffering losses which exceed the total aggregate limit specified in Regulation 3.6, the liability of the Company to each of those Participating Members in accordance with these Regulations will be proportional to the total loss suffered by each of those Participating Members respectively.

**The next page is 4.1**

**PART 4 PARTICIPATING MEMBERSHIP****Categories of Participating Members**

4.1 Participating Members must elect to belong to BECS in one of the following capacities:

- (a) a Tier 1 Participating Member; or
- (b) a Tier 2 Participating Member.

4.2 A Tier 1 Participating Member:

- (a) must directly exchange Items with all other Tier 1 Participating Members.

For the purposes of sub-paragraph (a) of this Regulation 4.2, a Tier 1 Participating Member will be taken to directly exchange Items with other Tier 1 Participating Members where it uses the services of any other person in accordance with Regulation 4.18 to directly exchange Items electronically for that Tier 1 Participating Member; and

- (b) must provide for the settlement of the obligations incurred by it under these Regulations and the Procedures as the result of the exchange of Items by:
  - (i) the debiting or crediting of its Exchange Settlement Account (or a similar account) at the Reserve Bank of Australia; or
  - (ii) providing finality of payment by such other means which are both recommended by the Management Committee and determined by the Board.

[sub-paragraph (c) deleted effective 20/08/04]

4.3 A Tier 2 Participating Member to exchange Items:

- (a) must:
  - (i) (subject to Regulations 2.13 and 5.2) have entered into one or more Representation Arrangements (as an Appointor) for a Representative to receive Items as its representative (ie by being an indirect clearer) with all Participating Members, to the satisfaction of the Management Committee; and
  - (ii) (subject to Regulations 5.1 and 5.2) appoint one or more Representatives to settle (or arrange settlement) for the obligations incurred under these Regulations and the Procedures as a result of the exchange of Items addressed to or initiated by that Tier 2 Participating Member or any person where Items addressed to or initiated by that person are forwarded to that Tier 2 Participating Member pursuant to a Representation Agreement; and

- (b) may, with the approval of the Management Committee, agree with a Tier 1 Participating Member:
- (i) to receive Items directly from that Tier 1 Participating Member; and
  - (ii) to determine the manner of receiving payment in settlement of the Tier 1 Participating Member's obligations arising from such Items.

Last amended effective 20/08/04

[sub-paragraph (c) deleted effective 20/08/04]

### Appointor Risk

- 4.4 The risk of an Appointor and its Representative failing to meet their obligations to each other will be borne in accordance with Part 5.

### Qualifications - All Participating Members

- 4.5 In order to be a Participating Member in a particular capacity in BECS, a person must:

- (a) be a "Constitutional Corporation" which carries on business at or through a permanent establishment in Australia;
- (b) be:
  - (i) Sender; and/or
  - (ii) Receiver; and/or
  - (iii) a body corporate that represents one or more Senders or Receivers and, in such capacity, settles directly or indirectly by arrangement with another Participating Member 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 Items pursuant to these Regulations and the Procedures.
- (c) be able to comply with all applicable laws, the Constitution, these Regulations and the Procedures as they apply to that capacity;
- (d) not adversely affect the integrity of the conduct and settlement of exchanges of Items between Participating Members (or otherwise introduce a significant new risk into BECS) by becoming a Participating Member in that capacity;
- (e) be able to comply with the technical and operational standards applicable to that capacity which are contained in these Regulations and the Procedures;
- (f) not impair the overall efficiency of BECS by becoming a Participating Member in that capacity, but in determining whether the overall efficiency is impaired or not, the impact (whether financial or otherwise) of that person becoming a Participating Member in that capacity on individual Participating Members shall not be taken into account, unless those individual Participating Members constitute a majority of the Tier 1 Participating Members;
- (g) (if applicable) be a person named or referred to as a party or proposed party to a contract,

Last amended effective 17/08/02

Last amended effective 18/08/00

Last amended effective 17/08/02

Last amended effective 17/08/02



arrangement or understanding in any successful application lodged by the Company with the Australian Competition and Consumer Commission for authorisation under section 88 of the Trade Practices Act 1974 in respect of any matter contained in the Constitution (insofar as they relate to BECS), these Regulations or the Procedures; and

- (h) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Participating Members in that capacity in accordance with these Regulations.

In addition, in order to be a Tier 1 Participating Member a body corporate must also satisfy the requirements of Regulation 4.7.

No additional requirements need to be satisfied in order to be a Tier 2 Participating Member.

#### **What is a Provider of Payment Services?**

4.6 [Deleted]

#### **Qualifications – Tier 1 Participating Members**

4.7 In addition to the requirements set out in Regulation 4.5, in order to be a Tier 1 Participating Member, a body corporate must:

- (a) be subject (whether by legislation, mutual agreement or otherwise) to prudential supervision by the Australian Prudential Regulation Authority; or
- (b) fall within one or more of the following categories:
  - (i) a body corporate, the members of which are all bodies corporate supervised in accordance with Regulation 4.7(a), 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 Tier 1 Participating Member;

last amended effective 18/4/00

- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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 Tier 1 Participating Member.

As a further condition, the Management Committee or the Board may require an applicant for Tier 1 Participating Membership which is subject to prudential supervision to provide evidence that the relevant supervisor does not object to the application for Tier 1 Participating Membership.

#### **Applications for Participating Membership**

4.8 Applications to become a Participating Member shall be addressed to the Secretary and must specify the capacity in which the applicant wishes to participate in BECS. Each application must be in the form of Annexure 6. Applicants must:

Last amended effective 23/12/96

- (a) comply with all the conditions of application as are specified in these Regulations;
- (b) provide sufficient information to demonstrate that the applicant satisfies the requirements for Participating Membership in the relevant capacity which are contained in Regulations 4.2 or 4.3 for the relevant capacity of Participating Member and in Regulations 4.5 to 4.7 inclusive; and
- (c) promptly supply such other information as the Management Committee may reasonably require.

4.9 The Secretary must promptly forward a copy of each application for Participating Membership to the members of the Management Committee. All applications for Participating Membership received by the Management Committee must be promptly considered by the Management Committee which shall accept for membership an applicant which complies with the conditions for membership specified in these Regulations.

If:

- (a) the Management Committee is unable to determine whether an applicant complies with the conditions for membership specified in these Regulations; or

- (b) 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,

the Management Committee (without having accepted or rejected the relevant application) must refer the relevant application 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.

- 4.10 A body corporate which has applied for Participating Membership but has not been informed by the Secretary of the result of its application may withdraw the application at any time.
- 4.11 If an application for Participating Membership is not accepted by the Management Committee the Secretary must notify the applicant. Any such applicant is entitled:
  - (a) within 3 months to request that the Board review that decision; or
  - (b) at any time to lodge a fresh application for membership in accordance with these Regulations.
- 4.12 If an application for Participating Membership is accepted, the Secretary must promptly notify the applicant. The Secretary must also promptly notify all Participating Members of each successful application for Participating Membership and:
  - (a) the capacity in which the new Participating Member will participate in BECS; and
  - (b) the Membership Change Date on which the new Participating Member will commence participation in BECS in accordance with Regulation 4.16.

Last amended effective 23/12/96

#### **Transitional Arrangements**

- 4.13 [Deleted]

#### **Changes in Capacity**

- 4.14 If a Tier 2 Participating Member wishes to become a Tier 1 Participating Member then such Participating Member must lodge a new application for membership in the particular capacity pursuant to Regulations 4.8 to 4.12 in the same manner as a Non-member.
- 4.15 If a Tier 1 Participating Member wishes to become a Tier 2 Participating Member, then such Participating Member must give the Secretary not less than 2 months' notice of the change in its capacity specifying the Membership Change Date on which the change is to take effect. The Secretary must promptly notify all Participating Members of the change in capacity and the Membership Change Date on which such change is to take effect.

A Tier 1 Participating Member which becomes a Tier 2 Participating Member pursuant to this Regulation 4.15 may at any time lodge a fresh application to become a Tier 1 Participating Member in accordance with these Regulations. If that fresh application is accepted, that Participating Member is not obliged to pay any amount pursuant to Regulation 6.1 as a result of the acceptance of that application, but must, unless the Management Committee otherwise determines and notwithstanding the provisions of Regulation 6.5(e)(i), pay to the Company an operational change fee of \$10,000 (subject to indexation in accordance with Regulation 6.7 from the Commencement Date). That operational change fee is:

Inserted  
effective 27/1/98

- (i) payable to the Company in addition to any other fees payable under these Regulations;
- (ii) payable within 30 days of the date on which the Secretary advised the Participating Member pursuant to Regulation 4.12 that its application for Tier 1 Participating Membership has been accepted by the Management Committee; and
- (iii) to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by the Tier 1 Participating Members pursuant to Regulation 6.8.

#### Commencement of Participation or Changes

- 4.16 Any applicant accepted for Participating Membership (including an existing Participating Member in a new capacity) is entitled to participate in BECS in the relevant capacity with effect from a Membership Change Date no earlier than 2 months after the date the Secretary gives notice to that applicant pursuant to Regulation 4.12.
- 4.17 Any change in capacity pursuant to Regulation 4.15 takes effect from the Membership Change Date specified by the Participating Member concerned in the notice referred to in Regulation 4.15.

#### Use of Third Parties to Exchange Items

- 4.18 If a Tier 1 Participating Member engages the services of any other person (not being an employee of that Tier 1 Participating Member) to directly exchange Items electronically for that Tier 1 Participating Member, it must advise the Company of that arrangement not less than two months before commencement of that arrangement.

Inserted  
effective 23/12/96

#### Rights, Restrictions and Obligations of Participating Members

- 4.19 A Participating Member (in its capacity as a Participating Member) may not share 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.
- 4.20 A Participating Member (in its capacity as a Participating Member) has no right to vote at general meetings of the Company.
- 4.21 A Participating Member has the same rights as Owner Members of the Company to receive notices, annual reports and audited profit and loss accounts and audited balance sheets and to attend and speak at general meetings of the Company.

Reinserted  
effective 23/12/96

Reinserted  
effective 23/12/96

Last amended  
effective 17/08/02

- 4.22 A Participating Member has the right to be a participant in BECS, to clear and settle Items in accordance with these Regulations and the Procedures and to vote at any BECS meeting convened in accordance with Part 8 or any other meeting of the Participating Members of BECS convened in accordance with the Constitution or the Corporations Act. Last amended effective 17/08/02

In exercising any such right, each Participating Member must act in good faith.

- 4.23 A Participating Member may not transfer or share its participating membership. Renumbered effective 23/12/96

### Suspension

- 4.24 The Management Committee may suspend the membership of a Participating Member for a specified or indefinite period of time in the following circumstances (each a "**Suspension Event**"): Renumbered and amended effective 23/12/96

- (a) the Participating Member is subject to prudential supervision and the relevant supervisor requests such suspension;
- (b) by agreement with the Participating Member concerned;
- (c) the Participating Member no longer satisfies any applicable requirement for membership set out in Regulations 4.5 to 4.7 inclusive;
- (d) a Disabling Event occurs in respect of the Participating Member, but only during the continuance of that Disabling Event;
- (e) an Insolvency Event (not being an event which results in automatic cessation of membership pursuant to Regulation 4.30(b) or (c)) occurs in respect of the Participating Member; or
- (f) the Participating Member 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. Last amended effective 17/08/02

A Participating Member may also be automatically suspended in accordance with Part 12.

### Effect of Suspension

- 4.25 Subject to Regulation 4.28, a Participating Member whose membership is suspended under Regulation 4.24 is not entitled (including, without limitation, in any capacity as a Representative) to: Last amended effective 20/08/04

- (a) participate in BECS;
- (b) clear and settle Items in accordance with these Regulations and the Procedures; nor
- (c) vote at any BECS meeting convened in accordance with Part 8, or any other meeting of the Participating Members of Bulk Electronic Clearing Systems (CS2) convened in accordance with the Constitution or the Corporations Act, Last amended effective 17/08/02

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). If that Participating Member is an Appointor, the relevant provisions of the relevant agreement for a Representation Arrangement are also suspended during the period of suspension under Regulation 4.24.

- 4.26 In addition, if a Participating Member whose membership is suspended under Regulation 4.24 has nominated a member of the Management Committee pursuant to Regulation 7.1(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 4.24. Renumbered and amended effective 23/12/96
- 4.27 If a Suspension Event occurs in respect of a Participating Member, the Management Committee may (in lieu of suspending the membership of that Participating Member) impose conditions on the membership of that Participating Member (including changing the capacity in which that Participating Member may participate in BECS) or vary any provision of the Procedures in relation to the exchange of Items addressed to or initiated by that Participating Member. The rights and obligations of that Participating Member 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. Renumbered effective 23/12/96
- 4.28 A Participating Member whose membership is suspended under Regulation 4.24 or which is subject to any condition or variation under Regulation 4.27 is not excused from discharging, in accordance with these Regulations and the Procedures, obligations incurred by it under the Constitution, these Regulations and the Procedures including, without limitation, obligations incurred in connection with Items exchanged prior to the suspension of that Participating Member, except as expressly provided in or pursuant to these Regulations or the Procedures. Last amended effective 20/08/04
- 4.29 The Secretary must immediately notify all Participating Members (by the most expeditious means available) of any suspension under Regulation 4.24 and must promptly notify all Participating Members of all other action taken under Regulations 4.24 to 4.28 inclusive. Renumbered and amended effective 23/12/96

### Termination

- 4.30 A Participating Member ceases to be a Participating Member on: Renumbered effective 23/12/96
- (a) resignation;
  - (b) becoming insolvent or making an arrangement or composition with creditors generally;
  - (c) being wound-up, dissolved or otherwise ceasing to exist; or
  - (d) the Board terminating that Participating Member's membership in accordance with the Constitution and these Regulations. Last amended effective 17/08/02
- 4.31 A Participating Member may, by notice in writing to the Company, resign as a Participating Member with effect from a Membership Change Date occurring not less than 3 months and not more than 6 months after the service of the notice. The notice is irrevocable. Renumbered and amended effective 23/12/96

A Participating Member may not resign except by giving notice in accordance with this Regulation 4.31.

4.32 The Board (after consultation with the Management Committee) may, by notice in writing to a Participating Member, terminate the membership of that Participating Member with immediate effect or with effect from a Membership Change Date occurring not less than 3 months and not more than 6 months after the service of the notice, provided that the Board may not terminate the membership of a Participating Member unless the following pre-conditions have been fulfilled:

Renumbered  
effective 23/12/96

- (a) a Suspension Event has occurred in respect of that Participating Member and has not been remedied;
- (b) (if that Participating Member is subject to prudential supervision) the Board has consulted with the relevant supervisor regarding such termination; and
- (c) the Board has provided an opportunity for that Participating Member to make submissions to the Board regarding such termination.

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.

4.33 Any resignation or termination of the membership of a Participating Member 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.

Last amended  
effective 17/08/02

A Participating Member who resigns pursuant to Regulation 4.31 or whose membership is terminated pursuant to Regulation 4.32 shall continue to be bound by the Constitution and these Regulations in respect of:

Last amended  
effective 17/08/02

- (a) 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
- (b) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Participating Members 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.

### **Effect of Termination**

4.34 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:

Renumbered  
effective 23/12/96

- (a) the resigning or terminating Participating Member must immediately pay all sums of money (if any) owed by it to any other Participating Member in respect of obligations arising from exchanges; and

- (b) all sums of money (if any) owed to it by any other Participating Member in respect of all such exchanges must be paid by that other Participating Member to the resigning or terminating Participating Member.

The records maintained by the Company shall be prima facie evidence of the sum or sums owing by or to such Participating Member.

- 4.35 Any Participating Member which resigns or whose membership is terminated immediately ceases to be entitled to effect exchanges in accordance with these Regulations and the Procedures.

Renumbered effective 23/12/96

- 4.36 A Participating Member 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.

Renumbered effective 23/12/96

**The next page is 5.1**



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**PART 5 REPRESENTATION ARRANGEMENTS**

**Representatives**

- 5.1 Each Tier 2 Participating Member must ensure at least one Representative is appointed to exchange Items as representative for that Participating Member so that all Participating Members are able, through such arrangements, to exchange Items with all Participating Members.

Last amended  
effective 23/12/96

If a Non-member wishes to appoint a Representative to exchange Items for it, that Representative must ensure one or more Representatives are appointed to exchange Items as representative for that Non-member with all Participating Members.

- 5.2 An Appointor may use only one Representative in respect of Inward Clearings.

Last amended  
effective 23/12/96

**Consent of Management Committee**

- 5.3 No Participating Member may enter into a Representation Arrangement which relates to Inward Clearings (or vary any term of such a Representation Arrangement which was specifically approved by the Management Committee when giving its consent) without the prior written consent of the Management Committee.

Last amended  
effective 14/12/95

- 5.4 Each Participating Member which exchanges Items as a Representative for a Non-member must ensure that the Non-member provides an undertaking to the Representative and the Company to be bound by the provisions of these Regulations and the Procedures. Such an undertaking must be substantially in the form of Annexure 2 and is a pre-condition to the obtaining of consent under Regulation 5.3.

- 5.5 To obtain the consent of the Management Committee, a Participating Member must forward a request to the Secretary, together with sufficient information to demonstrate that the proposed Representation Arrangement (or variation to a Representation Arrangement):

- (a) is consistent with these Regulations and the Procedures (including, without limitation, any other material requested by the Management Committee setting out the times and manner in which Items will be exchanged) and that the parties to the proposed Representation Arrangement are able to comply with the relevant technical and operational requirements imposed by BECS; and
- (b) will be conducted in a manner which will not:
  - (i) adversely affect the integrity of the conduct and settlement of exchanges of Items between Participating Members (or otherwise introduce a significant new risk into BECS); or
  - (ii) impair the overall efficiency of BECS.

Participating Members seeking consent must comply with all the conditions as are specified in these Regulations and the Procedures and must promptly supply such other information as the Management Committee may reasonably require.

- 5.6 The Management Committee must consider every request by a Participating Member to enter into, or vary, a Representation Arrangement. The Secretary must advise the Participating Member making the request of the Management Committee's decision and, if the application is refused, the reasons for refusal.

**Criteria for Approval**

- 5.7 In reaching its decision the Management Committee may not unreasonably withhold its approval if the information provided by the Participating Member demonstrates that the proposed Representation Arrangement (or variation to a Representation Arrangement):
- (a) is consistent with the Regulations and the Procedures and that the parties to the proposed Representation Arrangement are able to comply with the relevant technical and operational requirements imposed by BECS; and
  - (b) will be conducted in a manner which will not:
    - (i) adversely affect the integrity of the conduct and settlement of exchanges of Items between Participating Members (or otherwise introduce significant new risk into BECS); or
    - (ii) impair the overall efficiency of BECS, but in determining whether the overall efficiency is impaired or not, the impact (whether financial or otherwise) of that Representation Arrangement on individual Participating Members shall not be taken into account, unless those individual Participating Members constitute a majority of the Tier 1 Participating Members.
- 5.8 As at the Commencement Date, the Management Committee will be deemed to have consented to the Representation Arrangements specified in Annexure 3 provided that the Appointor is a Participating Member or has provided an undertaking to the Representative and the Company to be bound by the provisions of these Regulations and the Procedures, substantially in the form of Annexure 2.

Nothing in this Regulation 5.8 is to be taken as a precedent for (or an indication of) whether or not the consent of the Management Committee will be granted under Regulation 5.3 in respect of any future Representation Arrangement.

**Agreements for Representation Arrangements**

- 5.9 The Management Committee may publish the minimum requirements for, and specimen clauses to be included in, an agreement for a Representation Arrangement entered into after the Commencement Date. As a condition of any consent granted under Regulation 5.3, the Management Committee may require that such minimum requirements be satisfied or such clauses be adopted by the parties to the relevant agreement for a Representation Arrangement.

**Commencement of Representation Arrangements or Changes**

- 5.10 A new Representation Arrangement in respect of Inward Clearings (or any variation to a Representation Arrangement which alters the identity of any Representative appointed to effect Inward Clearings) must take effect from a Membership Change Date no earlier than 2 months after the date the Management Committee approves the Representation Arrangement (or such a variation to the Representation Arrangement). The relevant Representative must give the Secretary not less than 2 months' notice of the Membership Change Date on which the change in the Representation Arrangement (or such a variation) is to take effect and the Secretary must promptly notify all Participating Members of the Representation Arrangement (or such a variation) and the Membership Change Date on which such Representation Arrangement (or variation) is to take place.

Last amended effective 14/12/95**Settlement Responsibility**

- 5.11 A Tier 1 Participating Member which is appointed as Representative for a Tier 2 Participating Member or a Non-member is responsible for the settlement of the balances of the Appointor arising out of exchanges conducted by it on the Appointor's behalf.
- 5.12 Nothing in these Regulations affects the responsibilities and obligations between an Appointor and its Representative in a failure to settle situation.

Renumbered effective 23/12/96**Cessation of Representation Arrangement**

- 5.13 No Participating Member which is a party to a Representation Arrangement in respect of Inward Clearings may terminate that Representation Arrangement unless:
- (a) the Participating Member:
    - (i) forms the view in good faith and on grounds which appear to it to be reasonable that the other party to the Representation Arrangement is, or is about to be, unable to provide it with the whole or any part of the funds owing to it under the Representation Arrangement; and
    - (ii) terminates the Representation Arrangement with immediate effect and provides a copy of the notice of termination to the Secretary; or
  - (b) the Participating Member gives at least 2 months' written notice of its intention to do so to the Secretary and such termination takes effect on a Membership Change Date.

Last amended effective 23/12/96

A Participating Member which is a party to a Representation Arrangement in relation to Outward Clearings may at any time terminate that Representation Arrangement.

- 5.14 Every Participating Member which acts as a Representative for a Non-member in respect of Inward Clearings shall use all reasonable endeavours to ensure:
- (a) that the Non-member does not terminate the relevant Representation Arrangement unless at least 2 months' written notice of an intention to terminate is given to that Participating Member and the Secretary; and

Last amended effective 23/12/96

(b) such termination takes effect on a Membership Change Date.

5.15 Immediately on receipt of any notice under Regulations 5.13 or 5.14, the Secretary must forward a copy of the notice to each member of the Management Committee and each Participating Member that is not the employer of a member of the Management Committee. If the notice is received under Regulation 5.13(a), the Secretary must also immediately notify all Participating Members (by the most expeditious means available) of the termination of the relevant Representation Agreement.

Last amended  
effective 23/12/96

5.16 A Representation Arrangement will be automatically terminated or suspended (as the case may be) if any one or more of the Participating Members party to that Representation Arrangement resigns as a Participating Member or has its membership terminated or suspended unless the Participating Member who resigns or whose membership is terminated or suspended is the Appointor and that Participating Member provides an undertaking to the Representative and the Company to be bound by the provisions of these Regulations and the Procedures. Such an undertaking must be substantially in the form of Annexure 2.

Renumbered  
effective 23/12/96

#### Inability to Obtain Representation Arrangements

5.17 If:

Last amended  
effective 23/12/96

- (a) a Participating Member which wishes to enter into a Representation Arrangement as an Appointor is unable to do so for any reason;
- (b) a Participating Member which acts as a Representative is suspended under Regulation 4.24 and the Appointor under the relevant Representation Agreement is a Participating Member; or
- (c) a Representation Arrangement is terminated under Regulations 5.14 or 5.17 and the Appointor under that Representation Arrangement is a Participating Member,

then, at the request of the relevant Participating Member, the Management Committee must take such steps as are reasonable in all the circumstances to assist that Participating Member to participate in BECS on a basis which is consistent with the Constitution, these Regulations and the Procedures.

Last amended  
effective 17/6/02

Regs 5.19 to 5.28:  
Deleted  
effective 23/12/96

**The next page is 6.1**

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**PART 6 FEES**

**Entrance Fees**

- 6.1 Subject to Regulation 6.7, the entrance fees payable to the Company by each applicant for Participating Membership is \$5,000.

No entrance fee is payable if a Participating Member changes the capacity in which it participates as a Participating Member of the Bulk Electronic Clearing System.

- 6.2 [Deleted]

- 6.3 The entrance fee is payable to the Company within 30 days of the date on which the Secretary advises an applicant pursuant to Regulation 4.12 that its application for Participating Membership has been accepted by the Management Committee.

A new Participating Member may not participate in BECS until the entrance fee is paid to the Company.

- 6.4 Entrance fees paid to the Company are to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by Tier 1 Participating Members pursuant to Regulation 6.8.

**Operational Change Fees**

- 6.5 (a) Subject to the other provisions of this Regulation 6.5, operational change fees are payable whenever a Relevant Operational Change results in existing Tier 1 Participating Members which exchange directly being obliged to deliver to any other Tier 1 Participating Member which is a direct clearer (the "Relevant Tier 1 Participating Member") any Items comprised in their Outward Clearings addressed to a previously unallocated BSB Number destination or to a BSB Number destination for which a Tier 1 Participating Member other than the Relevant Tier 1 Participating Member was responsible immediately before the Relevant Operational Change.

Last amended effective 23/12/96

- (b) Each of the following is a Relevant Operational Change:

- (i) a change in the capacity in which a Participating Member participates in the Bulk Electronic Clearing System (CS2);
- (ii) a new Representation Arrangement;

- (iii) a termination of, or variation to, an existing Representation Arrangement; and
  - (iv) the allocation of a substitute or additional BSB Number or the re-allocation of an existing BSB Number, under Regulation 15.2.
- (c) The operational change fee is payable by the Relevant Tier 1 Participating Member to the Company in respect of each date notified to existing Tier 1 Participating Members as the Membership Change Date on which the Relevant Operational Change is to take effect.

The amount of the operational change fee is:

- (i) for each Relevant Operational Change which is to take effect on an Ordinary Membership Change Date (and for which an operational change fee is payable), \$10,000 subject to indexation in accordance with Regulation 6.7 from the Commencement Date; and
  - (ii) for each Relevant Operational Change which is to take effect on a Special Membership Change Date (and for which an operational change fee is payable), 150% of the operational change fee that otherwise would be payable if that Relevant Operational Change were to take effect on an Ordinary Membership Change Date in the same calendar year.
- (d) A single operational change fee only, rather than multiple fees, is payable by the Relevant Tier 1 Participating Member for those Relevant Operational Changes which each result, on the same date, in the same obligations of existing Tier 1 Participating Members (which are direct clearers) to exchange Items comprised in their Outward Clearings addressed to a previously unallocated BSB Number destination or to a BSB Number destination for which a Tier 1 Participating Member other than the Relevant Tier 1 Participating Member was responsible immediately before the Relevant Operational Change.
- (e) Notwithstanding any of the above provisions of this Regulation 6.5, no operational change fee is payable in connection with a Relevant Operational Change if:
- (i) the Relevant Operational Change is solely the result of a Participating Member changing its capacity to become a Tier 1 Participating Member and directly participating in exchanges in respect of Items addressed to it and Items initiated by it, or
  - (ii) the Management Committee determines that in the circumstances it would be inequitable for those fees to apply. In exercising its discretion under this paragraph, the Management Committee must have regard to all matters which it considers relevant and (without limitation) the underlying circumstances giving rise to the Relevant Operational Change and the likely or estimated extent of systems changes required to be made by other Tier 1 Participating Members.

- 6.6 Operational change fees payable under Regulation 6.5 are payable in advance to the Company by no later than 30 days after the date on which the Secretary has, under Regulation 4.12, 5.10 or 15.2 (as applicable), notified the Relevant Operational Change and the Membership Change Date approved by the Management Committee as the date on which the Relevant Operational Change is to take effect. Once paid those operational change fees are not refundable and are to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by the Tier 1 Participating Members pursuant to Regulation 6.8.

Last amended effective 23/12/96

**Indexation**

- 6.7 The entrance fee payable under Regulation 6.1, the operational change fee payable under Regulation 6.5, the fee payable under Regulation 6.10 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:

Last amended effective 14/1/2015

$$A = B \times \frac{(100+C)}{100}$$

where:

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

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.

The amount represented by A in the above formula shall be rounded to the nearest:

- (a) \$100 in the case of the entrance fee payable by Tier 1 Participating Members, the operational change fee and the fee payable under Regulation 6.10 (\$50 being rounded up); and
- (b) \$10 in the case of the entrance fee payable by Tier 2 Participating Members and the dispute resolution fee (\$5 being rounded up).

Last amended effective 14/1/2015

**Operating Fees**

- 6.8 Each Tier 1 Participating Member must pay to the Company a periodic operating fee in the amount represented by "A" in the formula:

Last amended effective 5/2/2015

$$A = \left[ \frac{SV}{AV} \times (CE - B) \times (1 - CG) \right] + \left[ \frac{(CE - B) \times CG}{N} \right]$$

where:

SV is that Tier 1 Participating Member's percentage share of National Transaction Volume as estimated by the Management Committee in accordance with Regulation 7.14 and expressed as a number and not a percentage (eg a 20.5% share of National Transaction Volume would be expressed as 20.5);

AV is the sum of the SV for all Tier 1 Participating Members;

CE is the aggregate of:

- (i) the costs and expenses (actual or budgeted) of operating, or incurred in connection with, BECS during the relevant period; and
- (ii) the proportionate share (as determined by the Board prior to the end of the relevant period) of the general operating and administrative costs (actual or budgeted) for the relevant period which is to be borne by BECS; and

B is the aggregate of:

- (i) the amount received in the preceding period which is available for application by the Company in the manner specified in Regulations 6.4, 6.6, 6.9, 6.10 and 6.11; and
- (ii) any surplus amount received in the preceding period under this Regulation 6.8; and
- (iii) any other income received or receivable by the Company which can be applied in payment of the costs and expenses referred to in the definition of "CE"; and

CG is the proportion of clearing system costs net of income attributable to corporate governance as determined by the Board from time to time, and

N is the total number of Tier 1 Participating Members.

The periodic operating fee is payable in the manner and at the times determined by the Chief Executive Officer from time to time.

## Disputes

- 6.9 Each Participating Member must also pay to the Company the fees, costs and expenses stipulated in Part 13. Any fees received by the Company pursuant to Regulation 13.3 are to be applied towards the payment of those costs and expenses of the Company which would otherwise be borne by the Tier 1 Participating Members pursuant to Regulation 6.8.

## Mergers, Acquisitions and Re-organisations

- 6.10 (a) Where, by takeover, merger or other action, an existing Participating Member becomes a Subsidiary of or is otherwise acquired by another body corporate or that Participating Member's business is assumed by another body corporate which is a Related Body Corporate of that Participating Member 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 Participating Membership within 12 months of such occurrence and is accepted as a Participating Member, 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 6.1.

Last amended effective 23/12/06



- (b) If the Management Committee waives the fee otherwise payable under Regulation 6.1 by an Owner accepted as a Tier 1 Participating Member, that Owner must unless the Management Committee otherwise determines, pay to the Company an operational change fee of \$10,000 (subject to indexation in accordance with Regulation 6.7 from the Commencement Date). That operational change fee is:
- (i) payable to the Company in addition to any other fees payable under these Regulations;
  - (ii) payable within 30 days of the date on which the Secretary advises the Owner pursuant to Regulation 4.12 that its application for Tier 1 Participating Membership has been accepted by the Management Committee; and
  - (iii) to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by the Tier 1 Participating Members pursuant to Regulation 6.8.

#### Annual Membership Fee

- 6.11 Each Participating Member must pay to the Company an annual fee of \$1,000 for membership of the Bulk Electronic Clearing System ("CS2") commencing January 1996. The annual membership fee is payable within 30 days of the date (expected to be in January of each year) on which the Secretary advises Participating Members that the annual membership fee is payable.

Last amended  
effective 14/1/2015

Such fee is to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by the Tier 1 Participating Members pursuant to Regulation 6.8.

#### Changes to Mnemonics

- 6.12 If an existing Participating Member wishes to change the 3 alpha mnemonic approved by the Company for use by that Participating Member in BECS, it must give the Secretary prior written notice of the proposed change. The Company will approve a change to a mnemonic if the changed mnemonic would, on first use by that Participating Member, be unique to that Participating Member in BECS. An approved change to a mnemonic may take effect from a Membership Change Date no earlier than 2 months after the date of notice to the Secretary under this Regulation 6.12. The Secretary will promptly notify all Participating Members of approved changes notified to the Secretary under this Regulation 6.12.
- 6.13 If a Participating Member changes the 3 alpha mnemonic approved by the Company for use by that Participating Member in connection with each BSB Number issued to it by the Company:
- (a) that change will be taken to be a Relevant Operational Change for the purposes of Regulation 6.5 (c) and (e) and the terms of those Regulations will apply accordingly; and

Inserted  
effective 27/1/98

Inserted  
effective 27/1/98

- (b) that Participating Member will be liable to pay to the Company an operational change fee in accordance with Regulation 6.5(c) as if that Participating Member were a Relevant Tier 1 Participating Member within the meaning of that Regulation. That operational change fee is payable by that Participating Member no later than 30 days after the date on which the Secretary notifies Participating Members under Regulation 6.12 of the Membership Change Date on which the mnemonic change takes effect, and the terms of Regulation 6.6 otherwise apply.

For the avoidance of doubt, no operational change fee is payable under this Regulation 6.13 by a Participating Member which changes its approved mnemonic if, at the same time, a substitute or additional BSB Number has been allocated to it or an existing BSB Number re-allocated to it for use in connection with the changed mnemonic, so as to give rise separately to liability for an operational change fee under Regulation 6.5.

### Changes to Inward Exchange Destinations

- 6.14 A Tier 1 Participating Member must give the Secretary prior written notice of any proposed change to the physical destination for receipt of its Inward Clearings. Such changes may only take effect from a Membership Change Date no earlier than 2 months after the date of notice to the Secretary under this Regulation 6.14. The Secretary will promptly notify all Participating Members of changes notified to the Secretary under this Regulation 6.14. Inserted effective 27/1/98

- 6.15 If a Tier 1 Participating Member changes the physical destination for receipt of its Inward Clearings: Inserted effective 27/1/98

- (i) that change will be taken to be a Relevant Operational Change for the purposes of Regulations 6.5(c) and (e) and the terms of those Regulations will apply accordingly; and
- (ii) that Tier 1 Participating Member will be liable to pay the Company an operational change fee in accordance with Regulation 6.5(c) as if that Tier 1 Participating Member were a Relevant Tier 1 Participating Member within the meaning of that Regulation. That operational change fee is payable by no later than 30 days after the date on which the Secretary notifies Participating Members under Regulation 6.14 of the Membership Change Date on which that change takes effect and the terms of Regulation 6.6 otherwise apply.

### Gross up for GST Inserted effective 24/1/00

### Supplies by the Company

- 6.16 Clauses 6.17 to 6.19 (inclusive) apply only to Participating Members who become Participating Members on or after 1 July 2000. Inserted effective 24/1/00

- 6.17 If: Inserted effective 24/1/00
- (a) the Company makes a Supply to a Participating Member (in its capacity as Participating Member) under the Constitution, these Regulations or the Procedures; and Last amended effective 17/08/02
- (b) the Company is required to pay GST under the GST Law in respect of that Supply (a “**Taxable Supply**”), then
- the Participating Member 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.
- 6.18 The Company must issue a Tax Invoice to each Participating Member for the GST on each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law. Inserted effective 24/1/00
- 6.19 The Participating Member must pay the additional amount payable under Regulation 6.17 at the same time and manner as the GST Exclusive Consideration (or, if the GST Exclusive Consideration is not payable, within 30 days). Inserted effective 24/1/00

#### Supplies Between Members

- 6.20 Regulations 6.21 to 6.23 (inclusive) apply only to agreements entered into: Inserted effective 24/1/00
- (a) between Participating Members who became Participating Members on or after 1 July 2000 (“**New Participating Members**”) and Participating Members who became Participating Members prior to that date (“**Existing Participating Members**”) (each a “Member”); and
- (b) between New Participating Members.
- 6.21 If: Inserted effective 24/1/00
- (a) a New Participating Member makes a Supply to an Existing Participating Member;
- (b) an Existing Participating Member makes a Supply to a New Participating Member; or
- (c) a New Participating Member makes a Supply to another New Participating Member,
- each in its capacity as a Participating Member, and the Member making the Supply (“the **Supplier**”) is required to pay GST under the GST Law in respect of that Supply, (a “**Taxable Supply**”), then the Member 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.
- 6.22 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. Inserted effective 24/1/00
- 6.23 The Recipient must pay the additional amount payable under Regulation 6.21 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 30 days). Inserted effective 24/1/00

**The next page is 7.1**

**PART 7 MANAGEMENT COMMITTEE****Composition**

- 7.1 Subject to Article 8.3, Regulation 1.3 and Regulation 7.2, the following persons are entitled to be members of the Management Committee of BECS if appointed, nominated or elected in the manner set out in these Regulations: Last amended effective 17/08/02
- (a) if the Directors so elect, one person appointed by the Board under Article 8.3; Last amended effective 17/08/02
  - (b) a person nominated by each Tier 1 Participating Member which has, or by any group of Participating Members which collectively have, at least 5% of National Transaction Volume, provided that each Participating Member individually or collectively as a part of a group is only entitled to nominate one member of the Management Committee under Regulation 7.1; Last amended effective 17/08/02
  - (c) one person elected by the Participating Members which are not entitled to nominate a member of the Management Committee under Regulation 7.1(b), but which are Building Society Members; Last amended effective 17/08/02
  - (d) one person elected by the Participating Members which are not entitled to nominate a member of the Management Committee under Regulation 7.1(b), but which are Credit Union Members; and Last amended effective 17/08/02
  - (e) if any of the Participating Members are not entitled to nominate or elect, or have not nominated or elected, a member of the Management Committee under Regulation 7.1 subparagraph (b), either: Last amended effective 23/02/04
    - (i) where there is more than one such Participating Member, up to two other persons appointed by the Directors to represent the interests of those Participating Members in accordance with the relevant policy set from time to time by the Board, provided that if the Directors appoint two members of the Management Committee they specify those Participating Members which each such member of the Management Committee represents, or
    - (ii) where there is only one such Participating Member, one person appointed by the Directors to represent the interests of that Participating Member.
- 7.2 Each election under Regulations 7.1(c) and (d) must be held in accordance with Annexure 4. Last amended effective 17/08/02
- 7.3 For the avoidance of doubt:
- (a) a Participating Member or group of Participating Members referred to in Regulation 7.1(b) which at the commencement of the term of office of members of the Management Committee did not have individually or, with respect to a group, collectively at least 5% of National Transaction Volume, but which upon a subsequent determination of National Transaction Volume in accordance with Regulation 7.14 has individually or, with respect to a group, collectively at least 5% of National Transaction Volume, may nominate a member of the Management Committee for the balance of the term of the other members of the Management Committee. Any such nomination shall not affect the validity of any previous nomination or election pursuant to Regulations 7.1(c) or (d) inclusive; Last amended effective 17/08/02
  - (b) if a Participating Member or group of Participating Members which nominated a member Last amended effective 17/08/02

of the Management Committee pursuant to Regulation 7.1(b) ceases to have individually or, with respect to a group, collectively at least 5% of National Transaction Volume upon a subsequent determination of National Transaction Volume in accordance with Regulation 7.14, that member remains in office for the balance of his or her term of office; and

- (c) if a Participating Member or group of Participating Members does not nominate a member under Regulations 7.1(b) in accordance with Regulation 7.7, that Participating Member may exercise the right of nomination at a later date.

Last amended  
effective 17/08/02

- 7.4 The composition of the Management Committee and the voting entitlement of members of the Management Committee were determined following consultation with participants in the Australian banking, permanent building society and credit union industries during 1992 and 1993 and represent a compromise designed to ensure that participants in operational payments clearing and settlement systems in Australia have an ability to participate in the management of BECS.

Accordingly, it may from time to time be necessary to review the composition of the Management Committee or the voting entitlement of members of the Management Committee. In addition to the procedures set out in Regulations 15.4 and 15.5 and Part 8, if the circumstances which gave rise to the compromise referred to above change in a material respect in the opinion of at least 3 Directors, then any 3 Directors may propose a resolution to amend these Regulations in relation to the composition of the Management Committee or the voting entitlement of members of the Management Committee. The Directors must, on the requisition of those Directors immediately convene a BECS meeting to be held as soon as practicable, but in any case, not later than 3 months after the receipt by the Company of the requisition to consider that resolution.

#### **Term of Office**

- 7.5 Except as provided in Regulations 7.3 and 7.22, 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.
- 7.6 Subject to Article 8.3 and Regulations 7.21 and 7.22, the term of office of all members of the Management Committee expires at the conclusion of the second annual general meeting of the Company following the appointment of the then current chairman. A retiring member of the Management Committee may be re-appointed or re-elected, as the case may be.

Last amended  
effective 14/12/95

Last amended  
effective 17/08/02

#### **Nominations**

- 7.7 Each nomination of a Management Committee member under Regulation 7.1(b) or (c) must be in writing signed by the Participating Member entitled to nominate, or by each Participating Member which is part of the group entitled to nominate, that member of the Management Committee and endorsed with the nominee's consent.

Last amended  
effective 17/08/02

A nomination under Regulation 7.1(b) or (c) must be made not later than 7 days (or such shorter 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.

#### **Member Unable or Unwilling to Act**

- 7.8 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 Participating Member, that Participating Member) 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.

Any such nomination must be in writing and forwarded to the Secretary.

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.

### **Powers and Duties**

- 7.9 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 7.10, 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.

Last amended effective 17/08/02

- 7.10 Subject to Article 8.7, 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 7.9.

Last amended effective 17/08/02

- 7.11 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:

- (a) at all times act honestly in the exercise of his or her powers and the discharge of the duties of his or her office;
- (b) 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;
- (c) 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;
- (d) 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.

This Regulation 7.11 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.

- 7.12 In addition to any other rights, powers and privileges to which he or she may be entitled:
- (a) each member of the Management Committee shall be at liberty to convey to the Participating Members which nominated, or the Participating Members of the Electoral Group which 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 Participating Members; and
  - (b) the chairman of the Management Committee shall be at liberty to convey to any Participating Member 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 Participating Member.

### **Responsibilities**

- 7.13 The Management Committee shall be responsible for the effective operation and management of BECS, including without limitation:
- (a) technical and efficiency standards;
  - (b) the amendment of the fees and charges payable by Participating Members pursuant to Part 6 for the purpose of recovering the costs and expenses of operating BECS and other costs and expenses incurred in connection with BECS (including, without limitation, a proportionate share of the general operating and administrative costs and expenses of the Company);
  - (c) operating procedures and policies;
  - (d) subject to a Participating Member 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 Participating Members;
  - (e) supervision of the observance by Participating Members of these Regulations and the Procedures;
  - (f) the other matters expressly referred to in these Regulations and the Procedures; and
  - (g) such other matters as the Board may consider necessary, desirable or expedient for the better and more secure, efficient and equitable operation of BECS.

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.

Last amended  
effective 17/08/02

### **Estimation of Transaction Volume**

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7.14 The respective percentage shares of National Transaction Volume for each Participating Member (irrespective of the capacity in which such Participating Member participates in BECS) shall be estimated as follows:

- (a) the Company shall from time to time (and must at least once during the first nine months of a calendar year) collect statistical information as to the volume of Items given and received physically or by particulars by all Participating Members on a national basis over a particular period (being not less than one calendar month);
- (b) such statistical information is to be collected by means of surveys of the Items exchanged between Participating Members, questionnaires completed by Participating Members and Representatives and such other methods as may be determined by the Company after consultation with appropriate parties;
- (c) it is acknowledged that the Items exchanged by a Tier 1 Participating Member will include Items exchanged for an Appointor pursuant to a Representation Arrangement and that this will result in multiple counting such that the aggregates of the percentage shares of National Transaction Volume may exceed 100;
- (d) the Management Committee must from time to time (and at a minimum by not later than 30 September in each year) estimate the respective percentage shares of National Transaction Volume to the nearest 0.1% (or estimate the relevant percentage as being less than 0.1%) for each Participating Member on the basis of the information which has been so collected;
- (e) the Management Committee is entitled to assume that the share of National Transaction Volume for each Building Society Member and each Credit Union Member which, in either case, is not a Tier 1 Participating Member is less than 0.1% unless that Participating Member advises the Management Committee to the contrary and provides evidence as to its share of National Transaction Volume where it believes its share of National Transaction Volume exceeds 0.1%;
- (f) where the Management Committee estimates that one or more Participating Members' respective share of National Transaction Volume is less than 0.1%, the Management Committee must estimate the collective percentage share of National Transaction Volume held by all such Participating Members which are members of the same Electoral Group (ie excluding the members of that Electoral Group each of which has more than 0.1% of National Transaction Volume) (or estimate the collective percentage share as being less than 0.1%); and
- (g) the Management Committee may re-estimate those percentage shares in the event of the admission or resignation of a Participating Member or a change in the capacity in which a Participating Member participates in BECS without the Company collecting further statistical information.

Last amended effective 14/12/05

Each such estimate (or re-estimate) must be promptly notified by the Secretary to all Participating Members and (upon admission) to all persons which are admitted as Participating Members prior to the making of the next estimation under this Regulation 7.14.

Each estimate (or re-estimate) made in good faith shall be binding and conclusive upon all Participating Members and shall supersede any previous estimate.

#### Proceedings



7.15 The person (if any) appointed by the Board under Article 8.3 shall act as chairman of the Management Committee. Failing any such appointment, the chairman will be that member of the Management Committee selected for the time being by the Board in accordance with Article 8.8.

Last amended effective 17/08/02

7.16 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.

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.

7.17 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.

7.18 The quorum for a meeting of the Management Committee is 75% of the number of members of the Management Committee for the time being.

7.19 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.

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.

### Voting Entitlement

7.20 Subject to Regulations 1.3 and 4.26, each member of the Management Committee will be entitled to cast the following votes at meetings of the Management Committee:

Last amended effective 23/12/96

- (a) the member appointed under Regulation 7.1(a), no vote; and
- (b) each other member, one vote for every 1% (or part of such percentage) of the National Transaction Volume held by the Participating Member which nominated, or those Participating Members forming the group which nominated, or the Participating Members of the Electoral Group which elected, that member.

Last amended effective 17/08/02

National Transaction Volume is determined in accordance with Regulation 7.14 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 upon each determination of National Transaction Volume pursuant to Regulation 7.14.

### Vacation of Office

7.21 The office of a member of the Management Committee becomes vacant if:

- (a) 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;
- (b) that member resigns his or her office by notice in writing to the Secretary;
- (c) 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;
- (d) that member is removed by the Board in accordance with Article 8.4; Last amended effective 17/08/02
- (e) that member is removed by the Participating Member or group of Participating Members which nominated such member as a member of the Management Committee pursuant to Regulations 7.1(b); Last amended effective 17/08/02
- (f) that member is removed by a majority of the Participating Members of the Electoral Group which would have been entitled to elect that member pursuant to Regulation 7.1(c) or (d) if an election were held at the time of such removal; Last amended effective 17/08/02
- (g) the Participating Member entitled to nominate, or each Participating Member forming the group entitled to nominate, that member ceases to be a Participating Member; Last amended effective 17/08/02
- (h) the Participating Member entitled to nominate, or each Participating Member forming the group entitled to nominate, that member becomes a Subsidiary of another Participating Member; or Last amended effective 17/08/02
- (i) all the Participating Members of the Electoral Group which would have been entitled to elect that member pursuant to Regulation 7.1(c) or (d) cease to be Participating Members. Last amended effective 17/08/02

A notice of removal under Regulation 7.21(c) or (d) must be in writing and signed by the chairman of the Management Committee. A notice of removal under Regulation 7.21(e) or (f) must be in writing and signed by all the Participating Members entitled to effect such removal. A notice of removal takes effect upon its receipt by the Secretary.

7.22 Where the office of a member of the Management Committee becomes vacant pursuant to Regulations 7.21(a)-(f), then:

- (a) the Participating Member which nominated the retiring or removed member (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 in the same manner as prescribed in Regulation 7.7; or
- (b) the Secretary must, at his or her option, conduct a written ballot or ensure that a meeting of the Participating Members of the Electoral Group is duly convened, in each case in a manner consistent with the procedures set out in Annexure 4.

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 7.22(a) or upon declaration of an election held in accordance with Regulation 7.22(b). Such a person is eligible for re-appointment or re-election.

### Written Resolution

- 7.23 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.
- 7.24 For the purposes of Regulation 7.23, 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.

### **Meetings Defined**

- 7.25 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 paragraph (b) is deemed to be present (including for the purposes of constituting a quorum) and entitled to vote at the meeting.

### **Validity of Acts**

- 7.26 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.

### **Appointment of Secretary**

- 7.27 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.
- 7.28 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.
- 7.29 The Secretary is entitled to attend all meetings of the Management Committee and all meetings of Participating Members and may be heard on any matter.

- 7.30 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 and each Director.

**Chief Executive Officer**

- 7.31 The Chief Executive Officer is entitled to attend all meetings of the Management Committee and all meetings of Participating Members and may be heard on any matter.

**Discretion as to Short Notice**

- 7.32 The Management Committee may from time to time consider the merits of and at its discretion approve an application to shorten the period of notice required to be given by any person under any of Regulations 4.16, 4.31, 5.10, 5.13(b), 6.12, 6.14 or 15.2.

Last amended effective 27/1/98

**BECS Advisory Council**

- 7.33 Liaison between management Committee and the BECS Advisory Council will be effected in accordance with Part 7A.

Inserted effective 6/7/99

- 7.34 The Management Committee is entitled to assume, unless stated otherwise, that any opinion or decision put forward by the Chairman of the Advisory Council represents the collective opinion or decision of the Advisory Council.

Inserted effective 6/7/99

- 7.35 The Management Committee must have due regard to any such opinions or decisions in performing its duties under these Regulations.

Inserted Effective 6/7/99

**The next page is 7A.1**

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**PART 7A BECS ADVISORY COUNCIL**

Part 7A inserted  
effective 6/7/99

**Establishment**

- 7A.1 The Company must establish a forum to be known as the BECS Advisory Council, to act in an advisory capacity to the Management Committee.

Subject to Regulation 7A.7, the BECS Advisory Council must be established in accordance with these Regulations as soon after the adoption of this Part 7A as is practicable in all the circumstances.

**Object**

- 7A.2 The object of establishing the BECS Advisory Council is to provide a forum to enable interested bodies corporate (and, at the discretion of the Board, other interested persons or entities) that are not eligible for membership of BECS under these Regulations but which issue payment instruments, process and/or switch payment messages or otherwise participate in payments transfers related to the bulk electronic clearing cycle (collectively, “Interested Non-Clearers”), through their appointed representatives, effectively and efficiently to communicate to the Management Committee opinions, advice and information on matters related to aspects of that clearing cycle.

Last amended  
effective 18/4/2000

**Composition**

- 7A.3 The BECS Advisory Council must not comprise more than 12 members or such other number of members that the Board or Chief Executive Officer may determine from time to time.

Last amended  
effective 5/12/02

- 7A.4 The initial members of the Advisory Council, and any replacement or additional members as may be required from time to time, will be appointed by the Board, for a period specified by the Board.

Before making any such appointments, the Board must, through the Chief Executive Officer, consult with relevant functional interests or persons that have been identified by, or to, the Company.

Subject to Regulation 7A.3, the Board has discretion to determine the composition of the Advisory Council, but in doing so must have regard to the desirability of providing for an appropriate balance in representation among Interested Non-Clearers.

**Removal**

- 7A.5 An Interested Non-clearer may remove its representative member on the BECS Advisory Council at any time by notice in writing to the Company.

- 7A.6 The Board has discretion:

- (a) to remove a member of the Advisory Council at any time if:
  - (i) that member has been absent from 5 consecutive meetings of that forum;

- (ii) the Interested Non-Clearer which that member represents becomes a Participating Member, ceases to exist or otherwise ceases to be an Interested Non-Clearer; or
  - (iii) in its opinion, having regard in good faith to the principles set out in Regulation 7A.4 and having first consulted with relevant Interested Non-Clearer(s), a more appropriate means, or balance, of representation on the Advisory Council is available; and
- (b) to fill any vacancy from time to time in the Advisory Council or to appoint additional members, in each case having due regard to the requirements of, and principles contained in, Regulations 7A.3 and 7A.4.

### **No Obligation**

7A.7 The Company will not be obliged to establish or maintain a BECS Advisory Council in circumstances where the Board determines in good faith, having consulted broadly as contemplated by Regulation 7A.4, that the Advisory Council, if constituted at that time, would comprise fewer than 6 representatives of Interested Non-Clearers.

Any such determination by the Board must be reviewed by it on or about each anniversary of that determination, to the extent it continues to apply.

### **Terms and Conditions of Appointment**

7A.8 The Company must obtain the prior agreement of all Interested Non-Clearers whose representatives are appointed at any time to the Advisory Council, and the separate agreement of each appointee, as to the basis on which that appointment will take effect, as set out in Regulations 7A.9 to 7A.20 inclusive.

### **Privileges**

- 7A.9 The Company will extend to each member of the BECS Advisory Council the following privileges:
- (a) the opportunity individually to attend and speak, but not vote, at the annual BECS meeting;
  - (b) the opportunity collectively to bring relevant matters to the attention of Participating Members through the Company documentation delivered to Participating Members for use in connection with deliberations at that annual BECS meeting;
  - (c) the opportunity collectively (through the chairman of the BECS Advisory Council) to attend and speak, but not vote, at meetings of the Management Committee; and
  - (d) access individually to copies of Company documents relating to operational, technical and standards issues for BECS that are provided to members of the Management Committee for use in connection with deliberations at meetings of the Management Committee,

EXCEPT WHERE, in the case of paragraphs (c) and (d), in the opinion in good faith of the chairman of the Management Committee, such participation or access to documents may conflict with or be prejudicial to the Company's interests or the interests of Participating Members taken as a whole, or may relate to matters properly requiring to be kept confidential to the Company or any one or more Participating Members (including documents relating to clearing statistics or costs or that are otherwise subject to legal professional privilege).

In exercising these privileges, members of the Advisory Council must act in good faith.

Documents provided to members of the Advisory Council in accordance with Regulation 7A.9(d) remain at all times the property of the Company and must be returned to the Company immediately on request.

### **Confidentiality**

7A.10 Each member of the BECS Advisory Council is entitled to report to any Interested Non-Clearer which he or she represents as to the deliberations of any Company forum in which he or she participates.

Where the deliberations of that forum, or documents relating to those deliberations, involve Confidential Information to which that member is given access, that Confidential Information remains the property of the Company or applicable Participating Member, and no Interested Non-Clearer and no member of the BECS Advisory Council will acquire any right, title or interest in it.

7A.11 Each Interested Non-Clearer and each member of the Advisory Council (including any alternate members from time to time) will be required to:

- (a) take reasonable steps to protect any Confidential Information and keep it secure from unauthorised persons; and
- (b) ensure that its employees, contractors, agents, consultants and legal and other advisers do not disclose it to any other person without the prior consent of the provider of that information,

EXCEPT:

- (c) information that is generally and publicly available, other than where it becomes so as a result of unauthorised disclosure; or
- (d) where disclosure is required by law.

### **Proceedings**

7A.12 The Advisory Council may meet whenever the members think fit.

If 2 or more members so request, the chairman of the Advisory Council for the time being must convene a meeting.

A meeting includes members communicating with each other by 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.

- 7A.13 The members of the Advisory Council must select one of their number to act as chairman at meetings for such period as they may collectively determine.
- 7A.14 The quorum for a meeting of the Advisory Council is to be two-thirds of the number of members for the time being or seven persons, whichever is the lesser. Last amended effective 10/3/03
- 7A.15 The Advisory Council may, if it considers it necessary or desirable to do so at any time, invite a representative of the Management Committee to attend any meeting of the Advisory Council.
- 7A.16 If it is not reasonably practicable for a member of the Advisory Council to attend a particular meeting, that person may nominate another person, by notice in writing to the Company, to be his or her alternate.
- 7A.17 Any opinion or decision put forward to the Management Committee by the chairman of the Advisory Council will, unless stated otherwise, be taken to represent the collective opinion or decision of the Advisory Council.

#### **No Representations**

- 7A.18 No Interested Non-Clearer represented on the BECS Advisory Council and no member of the BECS Advisory Council has any authority to make any representations or otherwise bind the Company or any Participating Member in relation to the operations of BECS.

#### **Costs and Expenses**

- 7A.19 Subject to Regulation 7A.20, administrative expenses arising in connection with carrying out the Company's responsibilities under Regulation 7A.9 are to be borne by the Company, and will be taken to the expenses incurred in connection with BECS for the purposes of Regulation 6.8.
- 7A.20 The Company will have no responsibility at any time to meet travel or accommodation costs for members of the BECS Advisory Council acting in that capacity.

**The next page is 8.1**



## **PART 8 MEETINGS OF PARTICIPATING MEMBERS**

### **BECS Meetings and the Annual BECS Meeting**

- 8.1 BECS must, in addition to any other BECS meeting held by it, hold a BECS meeting of the Participating Members to be called the annual BECS meeting, at least once in every calendar year and within the period of 5 months of the end of each of the Company's financial years.

The purpose of the annual BECS meeting is to receive a report on the operations of BECS during the preceding financial year of the Company and to provide a forum for Participating Members and, to the extent applicable, the BECS Advisory Council, to discuss any aspect of the operations of BECS, the current level of fees payable pursuant to Part 6 and any other matters relevant to membership of BECS.

Last amended effective 6/7/99

### **BECS Meeting**

- 8.2 The Directors or the Management Committee may whenever they think fit convene a BECS meeting.

### **Notice of BECS Meeting**

- 8.3 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:

- (a) the place, day and the hour of the BECS meeting; and
- (b) in the case of special business, the general nature of that business,

must be given to all Participating Members, all members of the Management Committee, all Directors and, in the case of the annual BECS meeting only, all members of the BECS Advisory Council.

Last amended effective 5/7/99

The non-receipt of notice of a BECS meeting by, or the accidental omission to give notice of a BECS meeting to, a Participating Member does not invalidate any resolution passed at the BECS meeting.

### **Special Business of BECS Meeting**

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

### **Requisitioned Meeting**

- 8.5 In addition to BECS meetings convened under Regulations 8.1 and 8.2, the Management Committee must, on the requisition of 3 or more Participating Members which are entitled to cast not less than 10% of the total votes of all Participating Members on a poll at a BECS meeting, immediately convene a BECS 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.

### **Objects of Requisitioned Meeting**

- 8.6 The requisition for a BECS meeting must state the objects of the BECS 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.

### **Convening Requisitioned Meeting**

- 8.7 If the Management Committee does not, within 21 days after the deposit of the requisition, proceed to convene a BECS 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.

### **Expenses of Requisitioned Meeting**

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

### **Postponement or Cancellation of Meeting**

- 8.9 The Board or the Management Committee convening a BECS meeting may postpone or cancel that BECS 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 BECS meeting must give as much notice as is possible in all the circumstances of the postponement or cancellation of that BECS meeting to all persons entitled to receive notices of that BECS meeting.
- 8.10 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 Participating Member does not invalidate the postponement or cancellation.

### **Attendance at BECS Meetings**

- 8.11 Any Participating Member may attend any BECS meeting by appointing:
- (a) a proxy;
  - (b) an attorney; or
  - (c) a person authorised by resolution of its directors or other governing body to act on its behalf at a particular BECS meeting or at all meetings of the Participating Members.

Unless the contrary intention appears, a reference to a Participating Member in the succeeding provisions of this Part 8 means a Participating Member, a proxy, an attorney or a person appointed under Regulation 8.11(c).

### **Quorum**

- 8.12 No business may be transacted at any BECS meeting unless a quorum is present comprising Participating Members who are entitled in accordance with Regulation 8.25 to cast not less than 50% of the total votes of all Participating Members on a poll.

### **Failure to Achieve Quorum**

- 8.13 Where a BECS 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 BECS meeting, the BECS meeting must be dissolved.
- 8.14 Where a BECS meeting is convened in any other case and a quorum is not present within 30 minutes from the time appointed for that BECS meeting:
- (a) the BECS 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
  - (b) if at the adjourned BECS meeting a quorum is not present within 30 minutes from the time appointed for that BECS meeting the BECS meeting must be dissolved.

### **Appointment and Powers of Chairman of a BECS Meeting**

- 8.15 The chairman of the Management Committee must preside as chairman at every BECS meeting.
- 8.16 Where a BECS 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 Participating Members present must elect a proxy, an attorney or a person acting on behalf of a Participating Member pursuant to Regulation 8.11(c) as chairman of the meeting.

### **Adjournment of BECS Meeting**

- 8.17 The chairman of the meeting may, with the consent of any BECS meeting at which a quorum is present, and must if so directed by BECS meeting, adjourn the BECS meeting from time to time and from place to place, but no business may be transacted at any adjourned BECS meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 8.18 When a BECS meeting is adjourned for 30 days or more, notice of the adjourned BECS meeting must be given as in the case of an original BECS meeting.
- 8.19 Except as provided by Regulation 8.18, it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned BECS meeting.

### **Voting at BECS Meeting**

- 8.20 At any BECS 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:
- (a) the chairman of the meeting; or
  - (b) a Participating Member.

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 BECS, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **Passing of Resolutions**

- 8.21 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.

### **Poll**

- 8.22 If a poll is properly demanded, it must be taken in such manner and (subject to Regulation 8.23) 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 BECS meeting in respect of the matter for which the poll was demanded.
- 8.23 A poll demanded on the election of a chairman of the meeting or on a question of adjournment must be taken immediately.
- 8.24 The demand for a poll may be withdrawn.

### **Voting Entitlement**

- 8.25 Each Participating Member is entitled to one vote for each whole 0.1% of National Transaction Volume held by that Participating Member, provided that if an Electoral Group includes one or more Participating Members each of which is estimated (or assumed pursuant to Regulation 7.14(g) to have less than 0.1% of National Transaction Volume, those Participating Members (ie excluding the members of that Electoral Group each of which has more than 0.1% of National Transaction Volume) are collectively entitled to exercise one vote for each whole 0.1% of National Transaction Volume which is collectively held by them (or if such collective entitlement is less than 0.1%, such Participating Members are collectively entitled to exercise one vote).

In determining how the votes which are collectively held by those Participating Members are to be cast, each such Participating Member is entitled to such proportion of a vote as is represented by A (rounded to six decimal places, 0.0000005 being rounded up) in the formula:

$$A = \frac{B}{C}$$

where:

B is the number of votes collectively held by those Participating Members; and

C is the number of such Participating Members.

#### **Objection to Voting Qualification**

8.26 An objection may be raised to the qualification of a voter, or the number of votes which a voter can cast, only at the BECS meeting or adjourned BECS meeting before the vote objected to is given or tendered.

8.27 Any such objection must be referred to the chairman of the meeting, whose decision is final.

8.28 A vote not disallowed under such an objection is valid for all purposes.

#### **Appointment of Proxy**

8.29 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.

8.30 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.

8.31 An instrument appointing a proxy is deemed to confer authority on the proxy to demand or join in demanding a poll.

8.32 An instrument appointing a proxy must be in the form approved by the Management Committee from time to time.

8.33 A proxy may vote on a show of hands or on a poll.

#### **Deposit of Proxy and Other Instruments**

8.34 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 BECS meeting or adjourned BECS meeting at which the person named in the instrument proposes to vote.

**Validity of Vote in Certain Circumstances**

- 8.35 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 BECS meeting or adjourned BECS meeting at which the instrument is used or the power is exercised.

**Entitlement to Speak**

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

Each member of the BECS Advisory Council is entitled to attend each annual BECS meeting and is entitled to speak any such meeting.

Last amended effective 6/7/99

**Written Resolution**

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

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**PART 9 CONTINGENCY ARRANGEMENTS**

Part 9:  
Completely amended  
effective 23/12/96

**Contingency Plans**

- 9.1 The Management Committee must as soon as reasonably practicable cause contingency plans to be formulated and approve such contingency plans and may amend such contingency plans from time to time. Contingency plans:
- (a) apply during
    - (i) a Disabling Event; and
    - (ii) any other event or circumstance specified by the Management Committee in respect of which contingency plans are to apply; and
  - (b) are to be in addition to any matter contained in the Procedures; and
  - (c) will be effective on and from the date the Company publishes them from time to time.

**Notification of Contingencies**

- 9.2 If a Contingency occurs in respect of any Participating Member, that Member must immediately notify the Company. The Company will then notify all other Tier 1 Participating Members, of that Contingency.

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Part 9A Deleted  
effective 23/12/06

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## **PART 10 SETTLEMENT**

### **Settlement**

10.1 For the purpose of effecting settlement pursuant to these Regulations each Tier 1 Participating Member must:

- (a) debit or credit its ESA; or
- (b) provide finality of payment by such other means which are both recommended by the Management Committee and determined by the Board,

whereby a zero-sum balance is achieved when all obligations incurred under these Regulations and the Procedures as a result of the exchange of Items are discharged simultaneously.

10.2 Settlement shall take place in the manner specified in the Procedures.

### **Responsibility**

10.3 Except as contemplated by Regulation 4.2(b), each Tier 1 Participating Member is responsible for its own settlement. The settlement responsibility of each Participating Member which is a party to a Representation Arrangement is set out in Regulations 5.11 to 5.12 inclusive.

Last amended effective 23/12/96

**The next page is 11.1**

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**PART 11 PROCEDURES**

**Procedure for Clearings and Settlements**

- 11.1 The conduct of clearings effected between Participating Members and the settlement of balances arising as a result of the exchange of Items 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).

**Additional Procedural Requirements for Compensation**

- 11.1A In addition to and except to the extent inconsistent with the Constitution, these Regulations or the Procedures, all Tier 1 Participating Members must comply with the practices and procedures set out in the document (as amended or replaced) known as the Inter-organisation Compensation Rules, Publication No. 6.1 ("Inter-organisation Compensation Rules"), in respect of compensation matters arising from the exchange of Items in BECS between them.

Last amended effective 17/08/02

A reference in the Inter-organisation Compensation Rules to a Participating System will be taken to include a reference to BECS.

- 11.1B The Management Committee shall be responsible for reviewing, at least once during each calendar year (commencing in 2002), the compensation adjustments that are expressed in the Inter-organisation Compensation Rules to be subject to periodic review, to determine whether those compensation 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 BECS.

Inserted effective 13/06/01

- 11.1C The arrangements between an Appointor that is responsible for its Representative having assumed an obligation to compensate another Tier 1 Participating Member pursuant to the Inter-organisation Compensation Rules and that Representative are proprietary.

Inserted effective 13/06/01

**Amendment of Procedures**

- 11.2 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:
- (a) approved by the chairman of the Management Committee and the Chief Executive Officer;
  - (b) approved by the Board; or
  - (c) 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 Participating Member or the conduct of exchanges or other operations in connection with BECS, may be made by the Chief Executive Officer.

Last amended effective 18/01/02

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.

### Suspension of Procedures

- 11.3 The Procedures 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.

Last amended effective 23/12/96

### Notification of Suspension of Procedures

- 11.4 In the event of a suspension of the Procedures, the Chief Executive Officer must promptly advise the Participating Members of such decision and of any express arrangements for deferral of the kind referred to in Regulation 11.5 known to the Chief Executive Officer.

Last amended effective 23/12/96

### Position During Suspension of Procedures

- 11.5 Subject to any express arrangements for deferral of exchanges and/or settlement which may have been entered into between Participating Members, the Participating Members shall:
- (a) to the extent possible effect exchanges in accordance with normal procedures;
  - (b) to the extent to which normal procedures are precluded by such suspension, effect exchanges at such times and places and in such manner as the Chief Executive Officer shall from time to time direct; and
  - (c) 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.

Last amended effective 23/12/96

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 11.5(b) may be convened on 24 hours' notice (unless such notice is waived by all members of the Management Committee).

If any Participating Member is exempted from the obligation of participating in exchanges or settlement by reason of an agreed arrangement for deferral, such Participating Member must promptly advise the Chief Executive Officer of the names of the Participating Members with which it will conduct exchanges or settlement and of the names of the Participating Members with which it has an agreed arrangement for deferral.

- 11.6 If any Participating Member desires to enter into express arrangements for deferral of exchanges or settlement with other Participating Members but is unable to reach agreement with such Participating Members, that Participating Member may refer the matter to the Management Committee. The Management Committee after considering all submissions which all Participating Members concerned may wish to place before it, may formulate the terms of an arrangement for deferral which shall be binding on all Participating Members 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 Regulation 11.5.

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).

#### **Removal of Suspension of Procedures**

- 11.7 Any suspension of the Procedures determined upon pursuant to Regulation 11.3 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 Participating Members of every such removal.

Last amended  
effective 23/12/06

#### **Special Exchanges**

- 11.8 Nothing contained in these Regulations shall prevent special exchanges being made directly between Participating Members.
- 11.9 [deleted]

Deleted  
effective 14/12/05

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**PART 12 FAILURE TO SETTLE**Rewritten effective  
2008/04**Explanatory Preamble**

*This Part 12 of the Regulations provides a set of failure to settle rules ("FTS Rules") to deal with an FTS Event as defined in Regulation 12.2.*

*The FTS Rules apply only as between Tier 1 Participating Members. Any settlement obligation which may exist between a Tier 2 Participating Member and its Tier 1 Representative is a proprietary matter. The FTS Rules are silent on what might occur, either in the event a Tier 2 Participating Member was unable to meet settlement obligations due to its Tier 1 Representative, or in the event a Tier 1 Participating Member was unable to meet settlement obligations due to its Tier 2 Appointor.*

**Application of Part**

12.1 This Part 12 applies in connection with the occurrence of any FTS Event or Potential FTS Event.

**FTS Event**

12.2 An FTS Event occurs where a Tier 1 Participating Member 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 of 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, provided that with respect to the High Value Clearing System ("HVCS"), at the time of such failure to settle, settlement of HVCS payments is prescribed to occur on a deferred net basis; 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.

**Notification of Potential FTS Event**

12.3 Each Participating Member must immediately notify the Reserve Bank of Australia and the Company, by the most expeditious means then available, as soon as it becomes aware of a Potential FTS Event in respect of itself or another Participating Member. On receipt of such notice by the Company, the Company must as soon as practicable notify each Participating Member that the Company has received a notice under Regulation 12.3 of these Regulations and identify in that notice to each Participating Member the identity of the Participating Member the subject of the first-mentioned notice. On receipt by a Participating Member of notice by the Company pursuant to this Regulation 12.3 that Participating Member (in its capacity as a Ledger FI) need not comply with the provisions of clause 6.7(a)(i) or (ii) of the Procedures.

### **Deferral of Settlement**

- 12.4 If the Reserve Bank of Australia or the Company has been notified or otherwise becomes aware of a Potential FTS Event, the Company or the Reserve Bank of Australia (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. In addition, in such circumstances, the Chief Executive Officer may take such other action as is permitted by Part 11 of these Regulations.

### **Suspension**

- 12.5 If an FTS Event occurs, further exchanges of Items between the Defaulter and Survivors (but not between Survivors) pursuant to these Regulations and the Procedures are automatically suspended.
- 12.6 Upon the suspension of exchanges between the Defaulter and the Survivors under Regulation 12.5, the membership of the Defaulter in the Bulk Electronic Clearing System (CS2) is also suspended and subject to the other provisions of this Part 12 the provisions of Regulations 4.25 to 4.29 inclusive apply as though the automatic suspension under this Regulation 12.6 were a suspension under Regulation 4.24.

### **Responsibility for Further Exchanges**

- 12.7 Following suspension of exchanges between the Defaulter and Survivors under Regulation 12.5 and except as may be required in accordance with Regulations 4.25 to 4.29 inclusive, Survivors are not responsible for any failure to conduct further exchanges of Items with the Defaulter or to perform other obligations arising from the exchange of Items with the Defaulter (excluding any such obligations under this Part 12).
- 12.8 Where following an FTS Event a Participating Member becomes a Defaulter and exchanges with the Defaulter are suspended in the Bulk Electronic Clearing System (CS2), then any Items already lodged within the Bulk Electronic Clearing System (CS2) and the subject of a Failed Settlement may be exchanged bilaterally and the obligations arising from such exchanges (and any obligations arising from Items already exchanged within the Bulk Electronic Clearing System (CS2) 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.

### **Netting with Defaulter**

- 12.9 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.

### **Cross Clearing System Provisions**

- 12.10 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 12.9 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.

**Time and Manner of Revised Settlement**

- 12.11 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 Collator 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.
- 12.12 On the day on which settlement figures are recalculated in accordance with Regulation 12.11, the Collator will notify each Survivor of the multilateral net amount due to or by that Survivor as part of the Revised Settlement.
- 12.13 On the day of notification under Regulation 12.12 each Survivor must settle for the revised amount of its settlement obligations (if any) referred to in the notification. 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.

**Participating Members' Obligations**

- 12.14 To the extent it is legally able to do so, each Participating Member must act in accordance with this Part 12 in the event that a Participating Member is unable to discharge at the prescribed time the obligations incurred as a result of the exchange of Items in accordance with these Regulations and the Procedures.

**No Effect on Other Clearing Systems**

- 12.15 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.

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## **PART 13 BREACHES OF REGULATIONS AND DISPUTES**

### **Resolution of Disputes**

- 13.1 Subject to Regulations 13.11 and 13.15, 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 Participating Member which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as a Participating Member pursuant to Regulation 4.30 or whose membership is terminated pursuant to Regulation 4.31).
- 13.2 Subject to Regulations 13.11(c) and (d) and 13.15 and except in the circumstances referred to in Regulations 13.11(a) and (b), no proceedings may be commenced in any court of law or equity or otherwise in relation to any Dispute unless:
- (a) the Dispute has first or already been referred to the Management Committee pursuant to Regulation 13.1;
  - (b) the Dispute has been determined by the Management Committee; and
  - (c) the determination has been evidenced by a Certificate in accordance with Regulation 13.1.

### **Dispute Resolution Fee and Costs**

- 13.3 Each Participating Member party to a Dispute which is referred to the Management Committee pursuant to Regulation 13.1 or to the Board pursuant to Regulation 13.15 (whether initially or by way of review) must pay to the Company a dispute resolution fee which, subject to Regulation 6.7, shall be \$1,000. Dispute resolution fees are payable within 30 days of the date on which the Dispute is first referred to the Management Committee or the Board.

In addition, the Participating Members party to a Dispute which is referred to the Management Committee pursuant to Regulation 13.1 or to the Board pursuant to Regulation 13.15 (whether initially or by way of review) must pay to the Company (in such proportions as the Management Committee shall determine are reasonable and appropriate in all the circumstances) any extraordinary 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).

### **Commencement of Proceedings**

- 13.4 Regulations 13.5 to 13.10 inclusive apply to all Disputes, other than:
- (a) a determination to which Regulation 13.11 applies if that determination relates to a question concerning the efficiency of the methods and procedures used by a Participating Member or an Appointor in relation to the presentment of Items, the payment of Items or the return or rejection of invalid Items; and



- (b) any other determination to which Regulation 13.11 applies if the Management Committee certifies in writing that in its opinion the relevant Dispute is one to which it is inappropriate for Regulations 13.5 to 13.10 to apply.

13.5 If a Participating Member (in this Regulation, the "**Defendant Participating Member**") fails or refuses to give effect to a determination of the Management Committee in relation to a Dispute to which Regulations 13.5 to 13.10 inclusive apply, which determination is evidenced by a Certificate, the Management Committee may resolve that proceedings be commenced and prosecuted against the Defendant Participating Member by the Company in its own right.

Last amended effective 23/02/04

Alternatively, any aggrieved Participating Member which was a Participating Member at the date of issue of the relevant Certificate (other than the Defendant Participating Member) may commence proceedings against the Defendant Participating Member 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.

Last amended effective 23/02/04

If the Management Committee resolves that proceedings be commenced by the Company against the Defendant Participating Member, 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 Participating Members which were Participating Members at the date of issue of the relevant Certificate (other than the Defendant Participating Member), then every Participating Member irrevocably authorises the Company to commence such proceedings or render such administrative assistance respectively.

Last amended effective 23/02/04

13.6 [Deleted]

Deleted effective 23/02/04

13.7 [Authorities and Responsibilities of Participating Members - Deleted]

Deleted effective 23/02/04

13.8 [Control of Proceedings - Deleted]

Deleted effective 23/02/04

### Costs

13.9 All:

- (a) 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 Regulation 13.5;
- (b) administrative costs reasonably incurred by the Company in relation to any such proceedings;
- (c) 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
- (d) liabilities and losses arising from any such proceedings which are suffered or incurred by the Company,

are to be treated as costs and expenses of operating, or incurred in connection with, BECS for the purposes of Regulation 6.8 and are to be taken into account in calculating the periodic operating fees payable by Tier 1 Participating Members pursuant to Regulation 6.8.

[Distribution of Recoveries - Deleted]

Deleted effective  
23/02/04

- 13.10 If any proceedings are commenced by a Participating Member or Participating Members pursuant to this Part 13, and the Company renders administrative assistance pursuant to Regulation 13.5 to facilitate the conduct of those proceedings, then any award of damages or costs in favour of that or those Participating Members must first be applied to reimburse the Company for those costs incurred by it in rendering such administrative assistance.

Inserted effective  
23/02/04

### **Efficiency Disputes**

- 13.11 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:

- (a) if the determination of the Management Committee would, or would purport to, affect the rights or liabilities of any customer of the Participating Members or the Appointors concerned in the Dispute; or
- (b) 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
- (c) unless and until the parties to the Dispute have tried to resolve the Dispute by discussion and negotiation between them; or
- (d) 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.

- 13.12 In determining any Dispute which is brought before it under Regulation 13.11, 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.

- 13.13 In determining a Dispute which arises in connection with a Representation Arrangement, the Management Committee must have regard to, but will not be bound by, the circumstance that in the exercise of the powers conferred upon it by Regulations 5.7 and 5.8, the Management Committee may previously have consented to the Representation Arrangement with knowledge of the procedures which were proposed to be used by the parties to the Representation Arrangement in relation to the clearing and settling of Items in accordance with these Regulations and the Procedures.

- 13.14 In all cases where a loss has to be met by reason of:

- (a) a conflict of opinion as to which of the parties to the Dispute was responsible for the loss; or
- (b) 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.

**Reference to the Board**

13.15 Notwithstanding anything to the contrary in this Part 13:

- (a) prior to the Management Committee taking any preliminary or other action pursuant to Regulation 13.1 in relation to a Dispute, a Participating Member 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
- (b) within 3 months of the date of a Certificate, a Participating Member 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.

A determination of the Board in relation to a Dispute referred to it under this Regulation 13.15 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 Participating Member pursuant to Regulation 4.30 or whose membership is terminated pursuant to Regulation 4.31) until such time as a court of law or equity otherwise orders.

13.16 Where a determination of the Board is made and evidenced in accordance with Regulation 13.15, Regulations 13.2-13.14 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**

- 14.1 A notice may be given by the Company to any Participating Member or other person receiving notice under these Regulations either by:
- (a) serving it personally; or
  - (b) by 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
  - (c) sending an electronic mail message through such system and in such manner as that person has agreed for the giving of notices.
- 14.2 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 day after the date of its posting.
- 14.3 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 day following its despatch, and in the case of a telex transmission on the day following receipt by the sender of the answerback of the addressee.
- 14.4 Where a notice is sent by electronic mail, the notice is deemed to be served on the day following its despatch.

**The next page is 15.1**

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**PART 15 MISCELLANEOUS**

**Statistics**

- 15.1 Each Participating Member must at the request of the Management Committee or the Company provide to the Company all reasonable information relating to that Participating Member's costs, volumes of Items, values of Items and other matters relevant to BECS including, if requested, separate statistics on Returned Items and Refused Items.

Last amended effective 23/12/96

**BSB Numbers**

- 15.2 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.

Any such allocation must provide that the allottee can only use a new BSB number with effect from a Membership Change Date no earlier than 2 months after the date the Secretary gives notice to all Participating Members of the allocation of that BSB number and the Membership Change Date after which that BSB number may be used by the allottee.

Where the business of a Participating Member or Non-member Appointor is acquired or assumed by an existing Participating Member, a Related Body Corporate subsequently accepted as a Participating Member or a body corporate formed as the result of a merger or amalgamation and subsequently accepted as a Participating Member (each, an "Acquirer") and the first-mentioned Participating Member or Non-member Appointor:

Inserted effective 14/12/95

- (a) ceases to exist;
- (b) if it is a Participating Member, gives notice to the Company of its resignation as a Participating Member in accordance with these Regulations;
- (c) if it is a Non-member Appointor, confirms to the Company in writing that it has terminated, or is to terminate, all of its Representation Arrangements in force under these Regulations; or
- (d) notifies the Company in writing that it consents to the re-allocation of its BSB Number to the Acquirer,

the Acquirer is entitled, on request to the Company, to use the BSB Number of the first-mentioned Participating Member or Non-member Appointor with effect from a Membership Change Date approved by the Management Committee, being no earlier than 2 months after the Secretary gives notice to all Participating Members of the re-allocation of that BSB Number and the Membership Change Date approved by the Management Committee as the date after which the Acquirer may use that BSB Number.

**Set-Off**

- 15.3 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.

### **Amendments**

15.4 Subject to Regulation 15.5, these Regulations may be amended from time to time in accordance with Article 9.3 by a resolution passed at a meeting of the Participating Members convened in accordance with Part 8, provided that the Management Committee has recommended the amendments.

Last amended effective 17/08/02

15.5 Any amendment of these Regulations is effective from the date specified by the Management Committee, being not before the earlier of:

- (a) the date on which the amendment is approved by the Directors; and
- (b) the date which is 30 days after the date of the first meeting of the Directors at which the amendment (as approved by a meeting of the Participating Members convened in accordance with Part 8) is tabled by the chairman of the Management Committee,

unless the Directors have previously resolved to refer the amendment to the Management Committee for reconsideration by the Management Committee and the Participating Members, in which event the amendment shall be null and void. The Directors may refer an amendment to the Management Committee and the Participating Members for reconsideration on as many occasions as the Directors think fit.

15.6 Any amendment to these Regulations must contain an editorial note setting out the effective date of such amendment.

### **Exclusion of Fiduciary and Trustee Relationships**

15.7 Neither the Company nor another person shall by reason of these Regulations or another document relating to BECS have a fiduciary relationship with, or be trustee for, a Participating Member or another person unless expressly agreed.

### **Representations and Warranties**

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

### **Confidentiality**

15.9 All Confidential Information is confidential to the recipient of that information, its employees, legal advisers, auditors, and on a need-to-know basis, any existing, prospective or potential contractors or consultants and any participants in a tender process initiated by or for that recipient. Each such recipient is responsible for maintaining confidentiality in those terms and must ensure that Confidential Information is not disclosed to any other person except:

Last amended effective 18/01/02

- (a) with the consent of the provider of that information (which consent is not to be unreasonably withheld);
- (b) in accordance with these Regulations or the Procedures;

- (c) (in the case of statistics) on a basis which does not identify the provider of the information;
- (d) if required by law or required by any stock exchange or supervisory authority which is responsible for the prudential supervision of the recipient;
- (e) in connection with legal proceedings relating to these Regulations or the Procedures;
- (f) if the information is generally and publicly available; or
- (g) to a Related Body Corporate of the recipient, provided the Related Body Corporate undertakes to observe this Regulation.

### Expenditure

- 15.10 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).

### Indemnity

- 15.11 Every member 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 costs would, if given, be made void by statute.

### Insurance

- 15.12 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.

**ADOPTED** by the Board on 28 October 1994 and as subsequently amended prior to the commencement of Bulk Electronic Clearing System (CS2).

**The next page is A1.1**



**ANNEXURE 1**

Last amended  
effective 23/12/96

**INITIAL PARTICIPATING MEMBERS**

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**The next page is A2.1**

**ANNEXURE 2**

**FORM OF APPOINTOR UNDERTAKING**

(Regulation 5.4 and 5.17)

**THIS UNDERTAKING** is executed on [.....]

**BY:** [.....]  
(A.C.N / ARBN / ABN .....) Last amended effective 13/06/01

of [.....] ("**Appointor**")

**IN FAVOUR OF:** **AUSTRALIAN PAYMENTS CLEARING ASSOCIATION LIMITED**  
(ABN 12 055 136 519) of Level 24, 25 Bligh Street, Sydney, NSW 2000 for  
itself and on behalf of the Participating Members of the Bulk Electronic Clearing  
System (CS2) for the time being ("**Company**") Last amended effective 13/06/01

**AND:** [.....] (A.C.N./ ARBN / ABN .....) Last Amended Effective 13/06/01  
of [.....] ("**Representative**").

(Note: An ABN can only be used in place of an ACN or ARBN if: Insert of Effective 13/06/01

- (a) the last 9 digits of the ABN are the same and, in the same order, as the last 9 digits of the ACN or ARBN; and
- (b) the quotation of the ABN is effected in the same manner in which the quotation of the ACN or ARBN would normally occur).

**RECITALS:**

- A. The Appointor proposes entering into a Representation Arrangement with the Representative.
- B. The Representative is a Participating Member and must obtain the consent of the Management Committee pursuant to Regulation 5.3 prior to entering into that Representation Arrangement.
- C. A pre-condition to the obtaining of that consent is the execution of this Undertaking by the Appointor.

**OPERATIVE PROVISIONS:**

**1. INTERPRETATION:**

- 1.1 In this Undertaking the expression "**Regulations**" means the regulations from time to time existing entitled "Regulations for Bulk Electronic Clearing System (CS2)" published by the Company.
- 1.2 Words and expressions which have a defined meaning in the Regulations shall have the same meaning when used in this Undertaking.
- 1.3 In this Undertaking unless the contrary intention appears:
- (a) a reference to this Undertaking or another instrument includes any variation or replacement of any of them;
  - (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (c) the singular includes the plural and vice versa;
  - (d) the word "person" includes a firm, a body corporate, an unincorporated association or an authority;
  - (e) 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
  - (f) a reference to any thing is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any two or more of them collectively and to each of them individually.
- 1.4 Headings are inserted for convenience and do not affect the interpretation of this Undertaking.

**2. THE COMPANY**

The benefit of this Undertaking is given to the Representative and to the Company for itself and on behalf of each Participating Member.

**3. RIGHTS AND OBLIGATIONS**

- 3.1 The Appointor agrees to observe and comply with the Constitution, the Regulations and the Procedures to the extent they are of general application in relation to any aspect of the clearing cycle (including, without limitation, the matters specifically referred to in Regulation 2.1) or specifically apply to a Non-member Appointor which is a party to a Representation Arrangement.

Last amended effective 17/06/02

3.2 The Appointor agrees that the rights and obligations created by this Undertaking are in addition to and not in derogation of or in substitution for rights and obligations existing under the general law.

**4. GOVERNING LAW**

This Undertaking is governed by the law in force in the Australian Capital Territory.

**EXECUTED** under seal as a deed poll.

**THE COMMON SEAL of THE APPOINTOR** )  
is affixed in accordance with its articles of )  
association in the presence of: )  
)  
)  
)

.....  
Signature of authorised person

.....  
Signature of authorised person

.....  
Office held

.....  
Office held

.....  
Name of authorised person (block letters)

.....  
Name of authorised person (block letters)

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**ANNEXURE 3**  
**INITIAL APPROVED REPRESENTATION ARRANGEMENTS**  
**Deleted**

Annexure 3:  
Last amended  
effective 23/12/96

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**The next page is A4.1**

**ANNEXURE 4**

Annexure 4  
Last amended  
effective 18/4/2000

**PROCEDURAL RULES GOVERNING THE ELECTION OF CERTAIN MEMBERS OF  
THE MANAGEMENT COMMITTEE**

(Regulation 7.2 and 7.22)

**Entitlement to Nominate** [Deleted, effective 18/4/00]

1. [Deleted, effective 18/4/00]

**Secretary's Determination**

2. At the same time as the Secretary calls for nominations pursuant to Regulation 7.7, the Secretary will for each Electoral Group and in the case of each such Electoral Group, at the option of the Secretary:
  - (a) call for nominations for that Electoral Group; or
  - (b) request the Board or the Management Committee to convene a meeting of the Participating Members comprising that Electoral Group for the sole purpose of electing a nominee to the office of member of the Management Committee,

in each case in accordance with this Annexure. The Board or the Management Committee as the case may be, will convene a meeting of the Participating Members comprising the relevant Electoral Group for this purpose if the Secretary so requests.

**Nominations**

3.
  - (a) Every nomination of a candidate made in response to a request for nominations under paragraph 2(a) must be in writing and forwarded to the Secretary in sufficient time to reach him or her not later than 21 days (or any other period approved by the Chief Executive Officer in any particular case) after the date of a request from the Secretary under paragraph 2(a). The Secretary must obtain from each nominee his or her consent in writing to his or her nomination.
  - (b) No nomination received after that time or of any person who has not consented to the nomination will be taken to be valid. A Participating Member may withdraw a nomination and lodge a substitute nomination but only if it does so within the period specified for receipt of nominations under paragraph 3(a).
  - (c) A candidate validly nominated by Participating Members entitled collectively to cast not less than 50% of the total votes which could be cast at a meeting of an Electoral Group will be taken as having been elected by that Electoral Group.
  - (d) If only one candidate is validly nominated to represent any Electoral Group the person so nominated will be taken to have been elected by that Electoral Group.

Last amended  
effective 18/4/2000

Last amended  
effective 25/5/99

- (e) Failing an election under sub-paragraphs 3(c) or (d), but subject to paragraph 5, as soon as is reasonably practicable, the Secretary must prepare and send to each Participating Member which is a member of the relevant Electoral Group by facsimile, electronic mail, post or courier (at the Secretary's option) a ballot paper listing the qualified candidates who have been validly nominated by the members of the relevant Electoral Group for election by the members of that Electoral Group as a member of the Management Committee.
- (f) All completed ballot papers must be returned to the Secretary by means of communication acceptable to the Secretary by no later than close of business on the date stipulated by the Secretary in the relevant request for nominations.
- (g) The counting of votes will be carried out by the Secretary and the result will be announced at the annual general meeting of the Company at which the terms of office of the existing members of the Management Committee expire.
- (h) A Participating Member entitled to vote must make evident on the face of the ballot paper to the satisfaction of the Secretary its choice of candidate.
- (i) In the case of each ballot the candidate who receives the highest number of votes will be taken to have been elected.
- (j) If two or more candidates named in the same ballot paper equally receive the highest number of votes then the Secretary must determine by lot between them which of them will be taken to have been elected.
- (k) No ballot paper may be treated as valid unless it is completed and returned in the manner and within the time required in this Annexure. No vote purportedly cast by a ballot paper which is invalid may be counted.
- (l) The Secretary is not obliged to investigate the authority by which any ballot paper was completed and/or returned. Any apparently valid ballot paper which is received by the Secretary within the prescribed time will be taken for all purposes to have been completed and returned by a person duly authorised by the Participating Member to whom such ballot paper was forwarded by the Secretary.
- (m) No objection will be taken to a ballot paper on the ground that it is endorsed by any person with the name of the Participating Member whose vote it represents or that it is marked in any other way so as to identify, or be capable of identifying, the Participating Member whose vote it represents.
- (n) All ballot papers (whether valid or invalid) and all documents purporting to be ballot papers must be retained by the Secretary for a period of one month after the counting of the votes. During that month any Participating Member may require a re-count (including a re-consideration of any questions arising as to the validity or invalidity of any ballot paper or document purporting to be a ballot paper) to be undertaken by the chairman of the Management Committee whose decision is conclusive and binding on all Participating Members of that Electoral Group. The Secretary must notify all Participating Members and each Director of the chairman's decision.



### Electoral Group Meetings

4. (a) The Participating Members of an Electoral Group may in meeting by resolution elect a representative to the Management Committee.
- (b) Such a resolution will be taken to be carried if the proportion which the number of votes in favour of the resolution bears to the total number of votes on the resolution exceeds one-half. A declaration by the chairman of the meeting that the resolution has been carried will be taken to be a declaration of the relevant election for the purposes of Regulations 7.6 or 7.22 (as applicable).
- (c) Nominations for appointment to the Management Committee may be made orally at a meeting of the relevant Participating Members of the relevant Electoral Group.

No nomination of any person who has not consented either orally (if that person is present at the meeting) or in writing to the nomination will be taken to be valid.

Last amended  
effective 18/4/2006

- (d) The provisions of Part 8 (Meetings of Participating Members) of the Regulations apply (with any necessary adaptations) to meetings of the Participating Members comprising any Electoral Group held in accordance with this Annexure, subject to the following:

(i) Regulations 8.1, 8.5-8.8 inclusive, 8.13, 8.15, 8.16 and 8.36 will not apply;

Last amended  
effective 25/5/99

(ii) Regulation 8.3 will apply, but deleting references to members of the Management Committee and Directors; and

Last amended  
effective 25/5/99

(iii) any of the Chief Executive Officer, the Secretary or Director must preside as chairman of any meeting of an Electoral Group. Where an Electoral Group meeting is held and none of the Chief Executive Officer, the Secretary or a Director is 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 Electoral Group 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 Electoral Group members present must elect a proxy, an Attorney or a person acting on behalf of an Electoral Group member in accordance with this Annexure as chairman of the meeting.

Last amended  
effective 25/5/99

### No Nominations

5. (a) If no valid nominations of a candidate to represent any particular Electoral Group are received under paragraph 2(b) or 4, as applicable, the Secretary may, as he or she elects, take fresh steps under either paragraph 2(a) or (b). The Secretary may do so on as many occasions as he or she thinks fit.
- (b) If the office of member of the Management Committee remains unfilled on the day following the date of the relevant annual general meeting of the Company, it remains so throughout the term for which any such member would have been elected unless and until a majority in number of that Electoral Group request in writing that a further election be held. The Secretary must then determine whether that election is to be conducted pursuant to the procedures set out in paragraph 2(a) or paragraph 2(b) and take steps accordingly. A person duly elected under this paragraph 5(b) will hold office in accordance with and for the term prescribed in Regulation 7.22

**The next page is A5.1**

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Annexure 5:  
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effective 23/12/96

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ANNEXURE 6

MEMBERSHIP APPLICATION FORM

(Regulation 4.8)

To: The Secretary
Australian Payments Clearing Association Limited
Level 24
25 Bligh Street
Sydney NSW 2000

Re: Bulk Electronic Clearing System (CS2)

From: Name of Applicant
Place of Incorporation
Australian Company Number/
Australian Registered Body Number/
Australian Business Number\*
Registered Office Address/
Principal Place of Business in Australia
Postcode
Capacity of Participating Membership: [Tier 1/Tier 2]
Primary Delivery Location:
Name of Contact Person:
Telephone Number: ( )
Fax number: ( )

Last amended effective 13/06/01

(\*Note: The Applicant may only use its ABN with its company name in place of the ACN or ARBN if:

Inserted Effective 13/06/01

- (a) the last 9 digits of the Applicant's ABN are the same and, in the same order, as the last 9 digits of the Applicant's ACN or ARBN; and
(b) quotation of the ABN is effected in the same manner in which the quotation of the ACN or ARBN would normally occur).

The abovenamed body corporate ("Applicant") hereby applies for Participating Membership in the category specified above in the Bulk Electronic Clearing System (CS2) and guarantee membership of Australian Payments Clearing Association Limited. The Applicant agrees that if such application be accepted then subject to and in consideration of such acceptance:

1. The Applicant will observe and comply with the Constitution of Australian Payments Clearing Association Limited, the Regulations for the Bulk Electronic Clearing System (CS2) 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. Inserted effective 17/08/02
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 Bulk Electronic Clearing System (CS2).
3. The Applicant undertakes not to adversely affect the integrity of the conduct and settlement of exchanges of Items between Participating Members (or otherwise introduce a significant new risk into the Bulk Electronic Clearing System (CS2)) after becoming a Participating Member (in the capacity specified above).
4. The Applicant undertakes to comply with the technical and operational standards applicable to the capacity specified above which are contained in the Regulations and the Procedures.
5. The Applicant undertakes not to impair the overall efficiency of the Bulk Electronic Clearing system (CS2) after becoming a Participating Member (in the capacity specified above).
6. The Applicant undertakes to pay the fees and other amounts payable under the Regulations by a Participating Member (in the category specified above).
7. The rights and obligations contained herein shall enure not only to the Company, but to every other Participating Member who has agreed to observe and comply with the Constitution, the Regulations and the Procedures. Inserted effective 17/08/02
8. The following information is enclosed with this application to demonstrate that the Applicant satisfies the requirements for Participating Membership in the capacity specified above which are contained in Regulations 4.5 to 4.7 inclusive:  
  
[list information and documents enclosed with the application]
9. Terms not defined in this application have the same meaning as in the Regulations for the Bulk Electronic Clearing System (CS2).

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)

**Notes:**

Inserted effective  
13/06/01

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.

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

**The next page is A7.1**

**ANNEXURE 7**

Deleted effective  
2008/04

**FAILURE TO SETTLE PRINCIPLES**

(Regulation 12)

**[Deleted effective 20 August 2004]**

**The next page is A8.1**

## Table 2 is Confidential

## ANNEXURE 8

**TABLE 1A : ELECTRONIC EXCHANGES  
APPROVED EXCHANGE ARRANGEMENTS (TIER 1)  
(Regulation 5.25)**

Annexure 8:  
Inserted  
effective 14/12/95  
  
Table 1A:  
Last amended  
effective 23/12/96

- ❖ The notation L indicates that the Tier 1 PM is directly exchanging Items with more than one other Tier 1 PM, via electronic links (see Table 2). The notation X(ABC) indicates that the Tier 1 PM is directly exchanging Items, via an electronic link, with the institution whose mnemonic is shown inside the brackets.

Abbreviated Institution Names (Not the full legal names)	Status	Alpha Code	BSB Numbers	Direct Electronic Links	Exchange through Third-Party (Reg 4.18)	Electronic Delivery Location	Effective Date
AAPBS Settlements	T1	ASL	57	see note below	CAL*WBC	Sydney	12/12/95
Adelaide Bank	T1	ADL	610	X(RBA)	RBA	Adelaide	12/12/95
Advance Bank	T1	ADV	19*46	see note below	CAL*WBC	Sydney	12/12/95
ANZ Banking Group	T1	ANZ	01*71*27*28	L		Melbourne	12/12/95
Bank of Melbourne	T1	BML	55	L		Melbourne	12/12/95
Bank of New Zealand	T1	BNZ	20	X(RBA)	NAB	Sydney	12/12/95
Bank of Queensland	T1	BQL	12	see note below	QES	Brisbane	12/12/95
Bank of South Australia	T1	BSA	10*50	L		Adelaide	12/12/95
Bank of Western Australia	T1	BWA	30	L		Perth	12/12/95
Banque Nationale de Paris	T1	BNP	22	X(RBA)	NAB	Sydney	12/12/95
Bendigo Bank	T1	BBL	633	X(RBA)	RBA	Sydney	12/12/95
Challenge Bank	T1	CBL	47	X(CMB)	CMB	Sydney	12/12/95
Chase Manhattan Bank, N.A. (The)	T1	CMB	21	L		Sydney	12/12/95
Citibank	T1	CTI	24	X(RBA)	NAB	Sydney	12/12/95
Commonwealth Bank	T1	CBA	06*76*16*17*60	L		Sydney	12/12/95
Credit Union Financial Services (Australia)	T1	CRU	80	L	WBC	Sydney	12/12/95
Metway Bank	T1	MET	48	X(CMB)	CMB	Sydney	12/12/95
National Australia Bank	T1	NAB	08*78*05*75*62	L		Melbourne	12/12/95
Reserve Bank	T1	RBA	09	L		Sydney	12/12/95
St.George Bank	T1	STG	11	L	NAB	Sydney	12/12/95
State Bank of New South Wales	T1	SBN	40	L		Sydney	12/12/95
Trust Bank	T1	TBT	42*52	X(RBA)	RBA	Sydney	12/12/95
Westpac Bank	T1	WBC	03*73*04*74	L		Sydney	12/12/95

**Notes:** ASL and ADV have appointed Cashcard Australia Limited (CAL), to exchange Items on their behalf and have a temporary arrangement to exchange Items with BWA and BQL via WBC. ASL and BQL have appointed Queensland Electronic Switching Pty Ltd (QES) to exchange Items. CAL and QES are not members of BECS.

The Electronic Delivery Location indicates the city where all inward electronic files for the Institutions are to be sent.

## Table 2 is Confidential

## ANNEXURE 8

**TABLE 1B: ELECTRONIC EXCHANGES  
APPROVED REPRESENTATION ARRANGEMENTS (TIER 2)**  
(Regulation 5.25)

Abbreviated Institution Names (Not the full legal names)	Status	Alpha Code	BSB Numbers	Representatives Appointed	Electronic Delivery Location	Effective Date
Armidale Building Society	T2	ABS	630	CAL*WBC	Sydney	12/12/95
Australian Unity Building Society	T2	AUB	647	CAL*WBC	Sydney	12/12/95
Bank of America	T2	BAL	23	NAB	Melbourne	12/12/95
Bank of China	T2	BOC	35	CBA	Sydney	12/12/95
Bank of Singapore	T2	BOS	45	ANZ	Melbourne	12/12/95
Bank of Tokyo	T2	BOT	29	WBC	Sydney	12/12/95
Bankers Trust	T2	BTA	26	WBC	Sydney	12/12/95
Bass & Equitable Building Society	T2	BAE	632	CAL*WBC	Sydney	12/12/95
Deutsche Bank	T2	DBA	41	ANZ	Melbourne	12/12/95
First Provincial Building Society	T2	FST	636	CAL*WBC	Sydney	12/12/95
GIO Building Society	T2	GIO	657	CAL*WBC	Sydney	12/12/95
Greater Building Society	T2	GBS	637	CAL*WBC	Sydney	12/12/95
Heritage Building Society	T2	HBS	638	CAL*WBC	Sydney	12/12/95
HongkongBank	T2	HBA	34	NAB (in) CAL (out)	Melbourne	12/12/95
Hume Building Society	T2	HUM	640	CAL*WBC	Sydney	12/12/95
IBJ Bank	T2	IBJ	36	WBC	Sydney	12/12/95
Illawarra Mutual Building Society	T2	IMB	641	CAL*WBC	Sydney	12/12/95
ING Mercantile Mutual Bank	T2	ING	923	WBC	Sydney	12/12/95
IOOF Building Society	T2	IOF	643	CAL*WBC	Sydney	12/12/95
Ipswich & West Moreton Building Society	T2	IWM	644	CAL*WBC	Sydney	12/12/95
Lloyds Bank	T2	LBL	31	NAB	Melbourne	12/12/95
Mackay Permanent Building Society	T2	MPB	645	CAL*WBC	Sydney	12/12/95
Macquarie Bank	T2	MBL	18	NAB	Melbourne	12/12/95
Maitland Mutual Building Society	T2	MMB	646	CAL*WBC	Sydney	12/12/95
Mitchell Building Society (The)	T2	MBS	648	CAL*WBC	Sydney	12/12/95
Mitsubishi Bank	T2	MBA	39	NAB	Melbourne	12/12/95
NatWest Markets Australia	T2	NWA	25	NAB	Melbourne	12/12/95



**Table 2 is Confidential****ANNEXURE 8**

**TABLE 1B : ELECTRONIC EXCHANGES  
APPROVED REPRESENTATION ARRANGEMENTS (TIER 2)**  
(Continued)  
(Regulation 5.25)

Abbreviated Institution Names (Not the full legal names)	Status	Alpha Code	BSB Numbers	Representatives Appointed	Electronic Delivery Location	Effective Date
NBD Bank, NA	T2	NBD	915	CBA	Sydney	12/12/95
Newcastle Permanent Building Society	T2	NEW	650	CAL*WBC	Sydney	12/12/95
Northern Building Society	T2	NOR	651	CAL*WBC	Sydney	12/12/95
Pioneer Permanent Building Society	T2	PPB	653	CAL*WBC	Sydney	12/12/95
Primary Industry Bank	T2	PIB	14	NAB	Sydney	12/12/95
St.George Partnership Banking	T2	SGP	33	NAB	Melbourne	12/12/95
Standard Chartered Bank	T2	SCB	43	WBC	Sydney	12/12/95
SUNCORP Building Society	T2	SUN	66	WBC	Brisbane	12/12/95
Territory Mutual Building Society	T2	TMB	654	CAL*WBC	Sydney	12/12/95
The Rock Building Society	T2	ROK	655	CAL*WBC	Sydney	12/12/95
Town & Country Bank (A Division of ANZ Bank)	***	T&C	15	ANZ	Melbourne	12/12/95
United Overseas Bank	T2	UOB	922	WBC	Sydney	12/12/95
Wide Bay Capricorn Building Society	T2	BAY	656	CAL*WBC	Sydney	12/12/95

**Note:** The **Electronic Delivery Location** indicates the city where all **inward** electronic files for the Institutions are to be sent.

Australian Payments Clearing Association  
Bulk Electronic Clearing System (BECS)

Annexure A

Regulations

Annexure 8, Table 2

**Confidentiality Granted**

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Annexure 9:  
Deleted  
effective 23/12/96

**End**