



**Australian  
Competition &  
Consumer  
Commission**

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Our Ref: C2006/1965-02  
Contact Officer: Tina Pigliardo  
Contact Phone: (03) 9290 1481

21 November 2006

Ms Temogen Hield  
General Counsel  
Australian Payments Clearing Association Ltd  
Level 24  
25 Bligh Street  
Sydney NSW 2000

Dear Ms Hield

**APCA's application for re-authorisation in relation to the  
High Value Clearing System (HVCS) authorisations — interested party submissions**

I refer to the above application for re-authorisation lodged with the Australian Competition and Consumer Commission (the ACCC) on 20 October 2006.

As you are aware, on 25 October 2006, the ACCC wrote to interested parties seeking submissions in relation to the application. The ACCC requested submissions to be provided by 17 November 2006.

The ACCC has received submissions from the following interested parties:

- Australia and New Zealand Banking Group Limited
- Commonwealth Bank of Australia
- Indue Empowering Financial solutions and
- The Reserve Bank of Australia.

A copy of each of these submissions is attached. All publicly available submissions are also posted on the ACCC internet site at [www.accc.gov.au](http://www.accc.gov.au).

If you wish to comment on the submissions, please do so by **cob Monday, 4 December 2006**.



This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Tina Pigliardo on (03) 9290 1481.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Hatfield', is written over a light grey rectangular background.

David Hatfield  
Acting General Manager  
Adjudication Branch

Australia and New Zealand Banking Group Limited  
ABN 11 005 357 522



Payments Risk & Industry  
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3 November 2006

The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

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Dear Sir

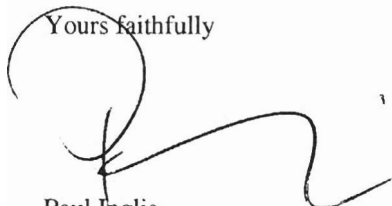
**APCA's application for revocation of authorisations A90617 to A90619 and substitution of authorisations A91016 to A91018 in relation to the High Value Clearing System (HVCS) authorisations – Interested Party Consultation**

In reference to your letter of 25 October 2006, I thank you for the opportunity to comment on the above application.

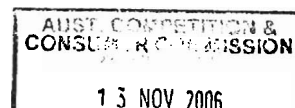
Australia and New Zealand Banking Group Limited through its industry sources is aware of the contents of the application made by the Australian Payments Clearing Association Limited for reauthorization of certain provisions of its High Value Clearing System Regulations and Procedures and supports it.

It would be appreciated if you could keep us informed on the progress with this application and as requested, for communication purposes, please email myself at [inglisp@anz.com](mailto:inglisp@anz.com). Thank you.

Yours faithfully



Paul Inglis  
Head, Payments Risk & Industry



# CommonwealthBank

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14 November 2006

Mr Scott Gregson  
General Manager  
Adjudication Branch  
Australian Competition & Consumer Commission  
PO Box 1199  
Dickson ACT 2602

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By email to: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Mr Gregson,

**Application for revocation and substitution of authorisation lodged by the  
Australian Payments Clearing Association (APCA) in respect of the  
High Value Clearing System (HVCS) Regulations**

Thank you for your letter of 25 October 2006 addressed to Mr Paul Franklin. The Bank appreciates the opportunity to provide its views on this important issue.

The Bank supports the applications lodged by APCA in respect of HVCS. The Bank shares APCA's views that the revocation and substitution as proposed will result in net public benefit.

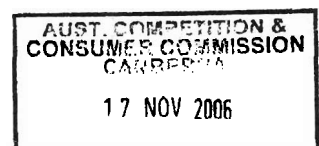
It is the Bank's view that APCA is the appropriate forum for developing and setting technical and operational rules, and that maintenance and enhancement of the integrity and efficiency of APCA's High Value Clearing System, along with the mitigation of risks affecting participants, will be assisted by the Commission's favourable consideration of the APCA application.

The Bank participates actively in APCA's deliberations on these, and related, issues and supports the revocation of the existing HVCS authorisations, and substitution of new authorisations in their stead (in relation to suspension and termination of HVCS membership), as outlined within the APCA applications and supporting submission.

Yours faithfully



Stuart Woodward  
General Manager  
Industry and Alliance Management





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## RESERVE BANK OF AUSTRALIA

### *Payments Policy Department*

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*In reply please quote PY*

17 November 2006

The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

Dear Sir

#### **APCA'S APPLICATION FOR AUTHORISATIONS IN RELATION TO THE HIGH VALUE CLEARING SYSTEM**

Thank you for your letter of 25 October in respect of reauthorisation of certain provisions of the Australian Payments Clearing Association's High Value Clearing System (HVCS) Regulations and Procedures.

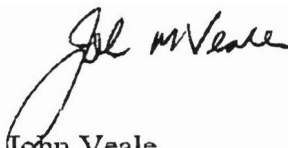
The HVCS is a feeder system to Australia's real time gross settlement RITS. RITS is a systemically important payment system that settles interbank transfers of around \$160 billion a day of which \$100 billion relate to the HVCS. We note that the means by which HVCS inter bank payments instructions are conveyed to RITS is via SWIFT.

In the unlikely event that RITS was unavailable, the HVCS has the capacity to exchange payments for net settlement. To ensure that the settlement of any payments exchanged in those circumstances are final, the HVCS has been granted an approval by the Reserve Bank of Australia under Section 12 of the *Payment Systems and Netting Act* (PSNA). The PSNA specifies that, before approving an arrangement, the Reserve Bank must be satisfied that certain provisions are met.

One provision is that the rules governing the arrangement provide that if a party to the arrangement goes into external administration, the coordinator may exclude the party from the arrangement. For the HVCS, that provision is met by Regulations 5.16, 5.24 and 5.26.

If reauthorisation does not proceed and, as a consequence, APCA removes those provisions from their regulations, the PSNA approval may be void. In that circumstance there is a possibility that systemic disruption could result from the failure of a participant in the HVCS. Accordingly the Reserve Bank supports reauthorisation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Veale', written over a light grey rectangular background.

John Veale  
Head of Payments Policy Department

14 November 2006

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The General Manager  
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Your Ref: A90617-A90619

Dear Sir

**RE: APCA's APPLICATION FOR REVOCATION OF AUTHORISATIONS A90617 TO A90619 AND SUBSTITUTION OF AUTHORISATIONS A91016 TO A91018 IN RELATION TO THE HIGH VALUE CLEARING SYSTEM "(HVCS) AUTHORISATIONS – INTERESTED PARTY CONSULTATION.**

I refer to your letter dated 25 October 2006.

Indue is an approved deposit taking institution regulated by APRA. It is a specialist service provider, primarily to the credit union sector. As a member of APCA, Indue undertakes the settlement obligations of its clients in the following APCA clearing streams:

- Australian Paper Clearing System (APCS);
- Bulk Electronic Clearing System (BECS); and
- Consumer Electronic Clearing System (CECS).

Indue is currently preparing an application to APCA to join the HVCS.

Indue has no objection to APCA's application for the revocation of the above authorities or the re-authorisation request in relation to the HVCS regulations and procedures.

Yours faithfully



Manuel Garcia  
Chief Executive Officer

