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27 February 2009**

**AUSTRALIAN PAYMENTS CLEARING ASSOCIATION
LIMITED**

ABN 12 055 136 519

A Company limited by Guarantee

REGULATIONS

for

CONSUMER ELECTRONIC CLEARING SYSTEM

(CS3)

Commencing 14 December 2000

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ABN 12 055 136 519**

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REGULATIONS
for
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(CS3)

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AUSTRALIAN PAYMENTS CLEARING ASSOCIATION LIMITED
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REGULATIONS

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PART 1 PRELIMINARY

Definitions

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

“**Acquirer**” means an ATM Acquirer or an EFTPOS Acquirer.

“**Advisory Council**” means the **CECS Advisory Council**.

“**AIN**” means an institutional identifier for Acquirers.

Inserted effective
20/06/05

“**Article**” means an article of the Constitution.

Last amended
effective 17/08/02

“**ATM**” means an approved electronic device capable of automatically dispensing cash in response to a *cash withdrawal* transaction initiated by a Cardholder. Other transactions (initiated by a debit card) such as *funds transfers, deposits and balance enquiries* may also be supported. The device must accept either magnetic stripe cards or smart (chip) cards where transactions are initiated by the Cardholder keying in a Personal Identification Number (PIN). Limited service devices (known as "cash dispensers") that only allow for cash withdrawal are included.

Last amended
effective 2/06/05

“**ATM Acquirer**” means a body corporate which, in connection with an ATM Transaction:

- (a) under arrangement with and on behalf of an ATM Issuer, discharges the obligations owed by that Issuer to the relevant ATM Cardholder; and
- (b) engages as a result in ATM Interchange Activities with that ATM Issuer.

“**ATM Card**” means any card issued by an ATM Issuer to its customer, which enables that customer, as an ATM Cardholder, to effect ATM Transactions.

“**ATM Cardholder**” means a customer of an ATM Issuer who is issued an ATM Card and a PIN for use with it.

“ATM Issuer” means a body corporate which issues an ATM Card and, in connection with any ATM Transaction effected using that ATM Card:

- (a) assumes obligations to the relevant ATM Cardholder, which obligations are in the first instance discharged on its behalf by an ATM Acquirer; and
- (b) engages as a result in ATM Interchange Activities with that ATM Acquirer.

“ATM Interchange Activities” means the exchange of Items for value between ATM Acquirers and ATM Issuers, arising from ATM Transactions.

“ATM Qualified CECS Member” means a CECS Member with 0.5% or more of the ATM component of National Transaction Volume.

Inserted effective
20/06/05

“ATM Transaction” means a cash deposit, a cash withdrawal or a balance enquiry effected by an ATM Cardholder at an ATM.

“BIN” means an institutional identifier for Issuers.

Inserted effective
20/06/05

“Board” means the board of directors of 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 CECS 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.

“BSB Number” means in relation to a CECS Member, its BSB Number (if any) assigned to it by the Company.

“Calculation Period” means each period determined in accordance with Regulation 6.14(a).

“CECS” means the Consumer Electronic Clearing System (CS3).

“CECS Advisory Council” means the forum so termed constituted under Part 10 to enable Interested Non-Clearers to act in an advisory capacity to the Management Committee.

“CECS Manual” means the document so termed containing operational procedures, specifications, checklists or guidelines adopted by the Management Committee under Part 9, as in force from time to time.

“CECS Member” means a body corporate which in accordance with these Regulations is a participant in CECS.

“Certification” in relation to a CECS Member or Non-Member, means initial certification or re-certification, in either case to the extent required by and in accordance with, each of Part 11 to these Regulations and the CECS Manual.

“Certified” in relation to a CECS Member or Non-Member means it has been granted Certification which is current.

“Chief Executive Officer” means the person appointed as 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” means the process of transmission and reconciliation of payment instructions between Issuers and Acquirers arising from EFTPOS or ATM Transactions.

Inserted effective 20/06/05

“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 CECS Members arising from exchanges of Items and to notify the settlement position of each CECS Member to that CECS 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 1.5.

“Company” means Australian Payments Clearing Association Limited (ABN 12 055 136 519).

“Connection Window” means the periods each year between 1 March and 31 May and between 1 September and 30 November when Direct Clearer-Settlers and Qualified CECS Members plan, test and implement direct clearing and settlement arrangements between each other.

Inserted effective 20/06/05

“Confidential Information” means any information in any form or medium in connection with the operations of CECS which is made available by the Company or any CECS Member to any other CECS Member, any member of the CECS Advisory Council or the Company from time to time and includes without limitation those provisions of the Regulations and CECS Manual 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 CECS.

Last amended effective 24/01/05

“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 Act 1998 of Australia.

Inserted effective 17/08/02

“Consumer Electronic Clearing System (CS3)” means the systems and procedures contained in, or made under, these Regulations for:

- (a) the purpose of facilitating the co-operative development by CECS Members of:
 - (i) standards, policies and procedures which ensure the efficient and secure exchange of Items between them; and
 - (ii) principles relating to settlement of the obligations incurred as a result of such exchanges; and
- (b) the exchange of financial data.

“Credit Items” includes all credit payment instructions, usually electronically transmitted, which give rise to Interchange Activities, except as may be specifically excluded by these Regulations or the CECS Manual.

“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 CECS 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, usually electronically transmitted, which give rise to Interchange Activities, except as may be specifically excluded by these Regulations or the CECS Manual.

“Defaulter” means, in relation to an FTS event, a CECS 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 Manual; or
- (b) the regulations and procedures of another Clearing System in its capacity as a participating member of that other Clearing System,

in a manner which results in that FTS Event.

“Defendant CECS Member” has the meaning given to that term in Regulation 12.7.

“Direct Clearer-Settler” means:

Inserted effective
20/06/05

- (a) an Acquirer or Self Acquirer that:
 - (i) clears Items directly; and
 - (ii) settles directly, using its own ESA or in the case of a Self Acquirer also using a means approved in accordance with Regulation 8.1(a)(ii);

with an Issuer, or with a representative of an Issuer appointed to settle on behalf of that Issuer in accordance with Regulation 8.1(b), for the value of payment obligations arising from EFTPOS and/or ATM Interchange Activities between it and that Issuer; and

- (b) an Issuer that:
 - (i) clears Items directly; and
 - (ii) settles directly, using its own ESA,

with an Acquirer, or with a representative of an Acquirer appointed to settle on behalf of that Acquirer in accordance with Regulation 8.1(b), for the value of payment obligations arising from EFTPOS and/or ATM Interchange Activities between it and that Acquirer; and
- (c) a body corporate of the kind referred to in Regulation 4.2(b) (iii).

“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.

“Dispute” when used in Part 12, has the meaning given to that term in Regulation 12.1.

“Disabling Event” means any:

Inserted effective
08/01/07

- (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 CECS Member to participate to the normal and usual extent in Interchange Activities.

“Dispute Resolution Certificate” when used in Part 12, has the meaning given to that term in Regulation 12.1.

“EFTPOS” means electronic funds transfer at point of sale.

“EFTPOS Acquirer” means a body corporate which, in connection with an EFTPOS Transaction:

- (a) under arrangement with and on behalf of an EFTPOS Issuer, discharges the obligations owed by that Issuer to the relevant EFTPOS Cardholder; and
- (b) engages as a result in EFTPOS Interchange Activities with that EFTPOS Issuer.

“EFTPOS Card” means any card issued by an EFTPOS Issuer to its customer, enabling that customer, as an EFTPOS Cardholder, to effect EFTPOS Transactions.

“EFTPOS Cardholder” means a customer of an EFTPOS Issuer who is issued with an EFTPOS Card and a PIN for use with that card.

“EFTPOS Issuer” means a body corporate which issues an EFTPOS Card and, in connection with any EFTPOS Transaction effected using that Card :

- (a) assumes obligations to the relevant EFTPOS Cardholder, which obligations are in the first instance discharged on its behalf by an EFTPOS Acquirer; and
- (b) engages as a result in EFTPOS Interchange Activities with that EFTPOS Acquirer.

“EFTPOS Interchange Activities” means the exchange of Items for value between EFTPOS Acquirers and EFTPOS Issuers arising out of EFTPOS Transactions.

“EFTPOS Qualified CECS Member” means a CECS Member with 0.5% or more of the EFTPOS component of National Transaction Volume. Inserted effective 20/06/05

“EFTPOS Terminal” means an electronic device used by an EFTPOS Acquirer to put into effect an EFTPOS Transaction.

“EFTPOS Transaction” means an electronic funds transfer initiated by an EFTPOS Cardholder’s use at point of sale of an EFTPOS Card, and in the normal course related PIN, at an EFTPOS Terminal, and without limitation includes any cash withdrawal, refund and reversal of any such transfer.

“Electoral Group” means the relevant group of CECS Members referred to in Regulations 6.1(c) or (d). Last amended effective 17/08/02

“ESA” means an exchange settlement account, or similar account, maintained by a CECS Member with the Reserve Bank used for, among other things, effecting settlement of inter-institutional payment obligations. Inserted effective 20/06/05

“Failed Settlement” means, in relation to an FTS Event, the settlement in relation to which that FTS Event occurred. Inserted effective 20/08/04

“FTS Event” has the meaning given in Regulation 8A.2. Inserted effective 20/08/04

“**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 CECS Manual in connection with any Taxable Supply (other than amounts payable under Regulations 5.8 or 5.11) and the GST exclusive value of any non-monetary consideration provided in connection with the Supply.

Last amended effective
17/08/02

“**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.

“**Initial CECS Member**” for purposes of Regulation 5.2 means a body corporate listed in Annexure 1.

“**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 CECS 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 CECS Member, or one of them is appointed, whether or not under an order;
- (c) a CECS 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 CECS Member resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so;
- (e) a CECS 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 CECS Member is taken to have failed to comply with a statutory demand;
- (g) a CECS Member is, or makes a statement from which it may be reasonably deduced that the CECS 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 CECS 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 CECS Member;
- (i) the Australian Prudential Regulation Authority or another body responsible for the prudential supervision of a CECS Member assumes management and control of that CECS Member;
- (j) to the extent not otherwise provided for above, a CECS 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

“**Institutional Identifier Change Date**” means one of at least three dates in each calendar year specified by the Management Committee and notified by the Company to CECS Members prior to the commencement of that calendar year as being the Institutional Identifier Change Dates for that year.

Inserted effective
20/06/05

“Interchange Activities” means:

- (a) ATM Interchange Activities;
- (b) EFTPOS Interchange Activities; or
- (c) any other consumer electronic interchange activities from time to time approved for the purposes of this definition by the Board, on the recommendation of the Management Committee.

“Interested Non-Clearer” has the meaning given in Regulation 10.2.

“Issuer” means an ATM Issuer or an EFTPOS Issuer.

“Items” means Credit Items or Debit Items.

“Management Committee” means the committee constituted pursuant to Part 6.

“Merchant” means a person which delivers goods or services to an EFTPOS Cardholder at point of sale and which, in the normal course, is reimbursed by the EFTPOS Acquirer to which, from the EFTPOS Terminal that it operates, it electronically transmits that EFTPOS Transaction.

“Merchant Principal” (Deleted – replaced with “Self Acquirer”)

Deleted effective
20/06/05

“National Transaction Volume” means the daily aggregate of the number of Items given and received by all CECS Members on a national basis, comprising the sum of those Interchange Activities specified by the Management Committee under Regulation 6.14(b) from time to time, averaged over a Calculation Period and otherwise estimated from time to time in accordance with Regulation 6.14.

“Non-Member” means a body corporate which, in the capacity of an Acquirer, Issuer or Self Acquirer, receives or initiates Items, but for any reason is not a CECS Member.

Amended effective
20/06/05

“Non-Member Certification Fee” has the meaning set out in Regulation 5.7.

“Non-Member Representation Undertaking” means an undertaking substantially in the form of Annexure 4 given by or on behalf of a Non-Member for the purpose of Regulation 6.14.

“PIN” means a personal identification number which is either issued by an Issuer or selected by a Cardholder for the purposes of authenticating the Cardholder by the Issuer of the Card.

“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

“Qualified CECS Member” means an ATM Qualified CECS Member or an EFTPOS Qualified CECS Member.

Inserted effective
20/06/05

“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) for the participation by CECS Members in CECS.

“Revised Settlement” means, in relation to an FTS Event, the settlement among Survivors following an FTS Event, calculated in accordance with Regulation 8A.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 6.27.

“Self Acquirer” means a Merchant that:

Inserted effective
20/06/05

- (a) electronically transmits or receives payment instructions for value to or from one or more EFTPOS Issuers (excluding for this purpose any EFTPOS Acquirer that receives payment instructions from that Merchant in the capacity of an EFTPOS Issuer) as a result of EFTPOS Transactions which are initiated at EFTPOS Terminals operated by that Merchant or any of the Merchant’s Related Bodies Corporate; and
- (b) bears risk as principal in relation to the payment obligations of each such Issuer arising out of such exchanges, and to that extent only.

Last amended
effective 08/01/07

(Note: see also 1.7 (When EFTPOS Acquirer taken to act as EFTPOS Issuer))

“Supply” has the meaning given by GST Law.

“Survivor” means, in relation to an FTS Event, each CECS Member other than the Defaulter.

Inserted effective
20/08/04

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

“Taxable Supply”:

- (a) in Regulations 5.9 to 5.10 (inclusive), has the meaning given in Regulation 5.8;
- (b) in Regulations 5.12 to 5.13 (inclusive), has the meaning given in Regulation 5.11.

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;
- (d) “writing” and cognate expressions include all means (including without limitation any electronic form or medium) by which words are able to be reproduced in a tangible and permanently visible form;
- (e) references to a “document” include any notice, certificate, instrument, agreement or document in writing of any kind; and
- (f) 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 6 and 7, a CECS 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 CECS Member for those purposes (including, without limitation, in the definition of National Transaction Volume) is deemed to be a reference to the CECS Member and its Subsidiaries acting jointly.

- 1.4 Words defined in the Corporations Act have, unless the contrary intention appears, the same meaning in these Regulations. Last amended effective 17/08/02
- 1.5 These Regulations have been adopted by the Board and take effect on a date to be specified by the Chief Executive Officer.
- 1.6 Headings are inserted for convenience and do not affect the interpretation of these Regulations.

When EFTPOS Acquirer Taken to Act as EFTPOS Issuer

- 1.7 For the avoidance of doubt, where an EFTPOS Acquirer receives payment instructions arising from EFTPOS Transactions initiated using EFTPOS Cards issued by it from a Self Acquirer, it is to be taken to receive those payment instructions in the capacity of an EFTPOS Issuer, and not as an EFTPOS Acquirer. Amended effective 20/06/05

Self Acquirer

- 1.8 Except as otherwise expressly provided, for the purposes of these Regulations a Self Acquirer is, to the extent of its activities in that capacity, to be deemed:
- (a) to exchange Items; and
 - (b) to engage in EFTPOS Interchange Activities,

with other CECS Members, in each case as if it were an EFTPOS Acquirer. Accordingly, unless stated otherwise, obligations which an EFTPOS Acquirer is required to discharge under these Regulations will be taken to apply to and bind a Self Acquirer in the same terms and to the same extent, including without limitation obtaining Certification for purposes of Part 11. Amended effective 20/06/05

Inconsistency with Constitution or CECS Manual

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

Governing Law

- 1.11 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

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 CECS Manual:
- (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 2.8; and

- (c) discretion to exclude a party from the arrangement for the purposes of sub-section 12(1)(e)(ii) Last amended effective 17/08/02 of the Act is available to the coordinator by means of the Management Committee taking action pursuant to Regulation 4.14(e), the operation of Regulation 4.20(b) or (c) or the Board acting pursuant to Article 2.26 or Regulation 4.22.

The next page is 2.1

PART 2 SCOPE AND EFFECT

Objects and Scope of CECS

2.1 The primary object of CECS is to co-ordinate, manage and ensure the development, implementation and operation of effective standards, policies and procedures to facilitate the conduct and, where applicable, settlement of exchanges of Items between CECS Members and all aspects of the related clearing cycle, including without limitation:

- (a) procedures to promote the efficiency, security and integrity of such exchanges; and
- (b) specifications and standards for equipment utilised and cards issued by, and communications links and message formats between, those CECS Members which participate in any Interchange Activities.

For the avoidance of doubt, Items for which CECS is to assume responsibility are not limited to electronically transmitted payment instructions, but may include paper based instructions used for purposes of Interchange Activities which are not covered by the Australian Paper Clearing System (CS1).

In addition, the Consumer Electronic Clearing System (CS3) is intended to facilitate multilateral settlement of amounts owing to or by a CECS Member as a consequence of its participation in any other Clearing System operated on a deferred net settlement basis (including but not limited to the High Value Clearing System (CS4) if that system is settled on a deferred net 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 CECS Manual

2.2 CECS has been established for the benefit of CECS Members who, by and in consideration of becoming CECS Members, acknowledge that they are bound to comply with the Constitution, these Regulations and the CECS Manual and to fulfil and perform every obligation and duty imposed on them by or pursuant to the Constitution, these Regulations and the CECS Manual.

Last amended
effective 17/08/02

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

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

The contractual relationship between the Company and the CECS Members and between the CECS Members forms part of an ongoing business relationship between such parties in relation to the Items exchanged and settled for among CECS Members in connection with Interchange Activities.

CECS Members Act as Principals

2.4 In incurring rights and obligations under these Regulations and the CECS Manual, each CECS 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 CECS Member for the purposes of its participation in any Interchange Activities or the fact that an Item is being exchanged as an agent for the payee or another person).

2.5 No person other than the CECS Member which assumes rights or incurs obligations under these Regulations and the CECS Manual (including any person asserting rights as a principal on whose behalf such CECS Member acts) may enforce those rights or assume those obligations.

- 2.6 Nothing in these Regulations 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 persons.

Assignment and Transfer

- 2.7 The rights and obligations of each CECS Member under the Constitution, the Regulations and the CECS Manual 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 CECS Member. No action which purports to do any of the foregoing shall affect in any manner the rights and obligations of a CECS Member under the Constitution, these Regulations and the CECS Manual. Last amended effective 17/08/02

Insolvency

- 2.8 A CECS Member must notify the Chief Executive Officer immediately upon becoming aware of:

- (a) any Insolvency Event in respect of itself; or
- (b) any reasonable grounds to suspect any Insolvency Event in respect of any other CECS Member. Last amended effective 08/01/07

[Paragraph deleted] Deleted effective 08/01/07

Upon receiving any notification under Regulation 2.8(a), the Chief Executive Officer must promptly notify the Australian Prudential Regulation Authority, the Reserve Bank of Australia, all other CECS Members, all members of the Management Committee and all Directors. Last amended effective 08/01/07

Upon receiving any notification under Regulation 2.8(b), the Chief Executive Officer must promptly:

- (a) notify the Australian Prudential Regulation Authority and the Reserve Bank of Australia; Inserted effective 08/01/07
- (b) make enquiries of the CECS Member in respect of which the Insolvency Event is reported to be suspected; and Last amended effective 08/01/07
- (c) if the relevant CECS Member is prudentially supervised, make enquiries of the Australian Prudential Regulation Authority or if the relevant CECS Member is not supervised by the Australian Prudential Regulation Authority the relevant supervisor. Last amended effective 08/01/07

To the extent that an Insolvency Event is either admitted by the relevant CECS 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 CECS Members, all members of the Management Committee and all Directors.

Any notification to or from the Chief Executive Officer under this Regulation 2.8 must identify the CECS Member and the Insolvency Event(s) in respect of which it is given. Inserted effective 08/01/07

The provisions of Regulation 4.14 (Suspension) or Regulation 4.20 (Termination) may apply as a result.

Suitable Items

- 2.9 To the extent the CECS Manual stipulates procedures for the settlement of any Items, the Items to be so settled for are limited to Items which are exchanged in Australia and are denominated in Australian dollars.

No Obligation to Engage in Business as CECS Member

- 2.10 Subject to Regulation 4.13 A, no CECS Member is obliged, solely on account of its membership of CECS, to engage with any other CECS Member in business of a kind which would, in the ordinary course, give rise to the exchange of Items between them.

Amended effective
20/06/05

Certification

- 2.11 Notwithstanding Regulation 2.10, no CECS Member may refuse on technical, operational or security grounds, to engage in Interchange Activities with another CECS Member or Non-Member which is at that time Certified in the relevant capacity.

Review

- 2.12 The Management Committee must regularly review the overall integrity and efficiency of CECS 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 CECS Manual.

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 CECS Members) or incur any liabilities as a result of the conduct of CECS.

Representations and Warranties

- 3.2 Each CECS Member represents and warrants to the Company and each other CECS Member that:
- (a) it has not relied on any representation made by the Company or any other CECS Member to induce it to become a CECS Member;
 - (b) it has made its own appraisal of the qualifications to be satisfied in order for a person to become a CECS Member; and
 - (c) it has made (without reliance on or inducement to or from the Company or any other CECS Member) its own assessment and approval of the Constitution, the Regulations and the CECS Manual as appropriate to their stated purpose.

Last amended effective 17/08/02

Disclaimers

- 3.3 Except as expressly provided in the Constitution, these Regulations or the CECS Manual, 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 CECS Members of their respective obligations as Acquirers, Issuers or Self Acquirers, or under the Constitution, these Regulations and the CECS Manual, provided that if the Company becomes aware that a CECS Member has breached its obligations under the Constitution, these Regulations or the CECS Manual, the Company will bring the matter to the attention of that CECS Member and the Management Committee; or
 - (b) keep itself informed about the financial condition, affairs or creditworthiness of any CECS Member or its standing as an Acquirer, Issuer or Self Acquirer; or
 - (c) provide any CECS Member with credit or other information with respect to any other CECS Member; or
 - (d) independently verify any representation or warranties made to it by any person in connection with an application to arrange for Certification.

Last amended effective 17/08/02

Last amended effective 20/06/05

Last amended effective 20/06/05

- 3.4 Each CECS 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 CECS which are inconsistent with the Constitution, these Regulations or the CECS Manual and any such representations or warranties purported to be made may not be relied upon.

Last amended effective 20/06/05

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 CECS 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 CECS Manual or the terms of any other document relating to CECS, any Insolvency Event, any failure to settle any obligations arising out of any Interchange Activities, any fraud or any forgery);
- (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 or forgery 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 or forgery;
- (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) whether arising in connection with Interchange Activities or otherwise;
- (h) any contractual arrangements between any CECS Member and another person; or
- (i) any change in the status, financial condition, affairs or creditworthiness of a CECS Member or another person, including without limitation in its capacity as an Acquirer or an Issuer.

Limit of Liability

3.6 If, notwithstanding Regulations 3.1 to 3.5 inclusive, any liability is incurred by the Company in relation to CECS, the aggregate amount of that liability in respect of all claims made by CECS 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 CECS Member in accordance with Regulation 5.4 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 CECS Members against the Company in relation to CECS must be made within 12 months of the occurrence of the event which it is alleged gives rise to the claim 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 CECS Members suffering losses which exceed the total aggregate limit specified in Regulation 3.6, the liability of the Company to each of those CECS Members in accordance with these Regulations will be proportional to the total loss suffered by each of those CECS Members respectively.

The next page is 4.1

PART 4 CECS MEMBERSHIP**CECS Members**

- 4.1 (a) Subject to Regulation 4.1(b), a CECS Member must, to the extent it engages or is deemed to engage in Interchange Activities with other CECS Members in a particular capacity, at all times satisfy applicable technical, operational and security standards, specifications and requirements in the CECS Manual.

(Notes:

- (i) *the CECS Manual permits non-compliant devices installed at the Commencement Date to continue to be used, but subject to a sunset date, for purposes of existing bilateral Interchange Activities*
- (ii) *deeming provisions applying EFTPOS Acquirer obligations to Self Acquirers are set out in Regulation 1.8.)*

Amended effective
20/06/05

- (b) A CECS Member may agree with another CECS Member (each a “Relevant Member”) for the limited purpose of particular bilateral Interchange Activities implemented after the Commencement Date, to apply standards, specifications or requirements which differ from those set out in the CECS Manual at the relevant time provided that:
- (i) Each of the Relevant Members provides to the Management Committee a certificate addressed to the Company given by the internal auditor of that Relevant Member to the effect that the bilateral adoption of divergent standards, specifications or requirements by those Relevant Members will not lessen in any material way the integrity, security or efficiency of CECS taken as a whole; and
- (ii) no third party CECS Member or Non-Member will be required, as a condition of engaging in Interchange Activities with any Relevant Member, to apply standards, specifications or requirements in connection with those Interchange Activities other than as set out in the CECS Manual.

Qualifications – All CECS Members

- 4.2 In order to be a CECS Member, a person must:

- (a) be a Constitutional Corporation which carries on business at or through a permanent establishment in Australia;
- (b) (i) engage, or propose to engage, in Interchange Activities in the capacity of an Acquirer or an Issuer;
- (ii) engage, or propose to engage, in activities which satisfy the definition of a Self Acquirer in Part 1; or
- (iii) be a body corporate which represents one or more Acquirers or Issuers and, in such capacity, settles directly in accordance with Regulation 8.1(a) for the value of the payment obligations arising from the Interchange Activities of those Acquirers or Issuers.
- (c) be able to comply with any applicable laws, the Constitution, these Regulations and the minimum technical and operational standards and requirements in the CECS Manual applicable to the capacity in which it engages or proposes to engage (or will be deemed to engage) in Interchange Activities, including without limitation, any Certification requirements (if applicable) under Part 11;

Last amended
effective 17/08/02

Amended effective
20/06/05

Amended effective
20/06/05

Last amended
effective 17/08/02

- (d) provide for the obligations incurred by it as the result of the exchange of Items to be settled as contemplated by Regulation 8.1;
- (e) (if applicable) be a person named or referred to as a party or proposed party to a contract, 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 (in so far as they relate to CECS), these Regulations or the CECS Manual; and Last amended effective 17/08/02
- (f) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, CECS Members in accordance with these Regulations.

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

4.2A The Management Committee may allow a prospective CECS Member that is unable to comply with the minimum technical and operational standards and requirements in the CECS Manual applicable to the capacity in which the prospective CECS Member engages or proposes to engage (or will be deemed to engage) in Interchange Activities, including without limitation, any Certification requirements (if applicable) under Part 11 (refer Regulation 4.2(c)) to become a CECS Member if it determines that: Inserted effective 08/01/07

- (a) the area(s) of non-compliance are not material to the integrity and efficiency of CECS; and
- (b) the prospective CECS Member will be able to comply with all of the minimum technical and operational standards and requirements in the CECS Manual applicable to the capacity in which the prospective CECS Member engages or proposes to engage (or will be deemed to engage) in Interchange Activities, including without limitation, any Certification requirements (if applicable) under Part 11 within a period that is reasonable in the circumstances and in any event no more than 12 months from the date of the prospective CECS Member becoming a CECS Member.

The Management Committee may impose conditions on the membership of a CECS Member admitted in reliance on this Regulation 4.2A and/or vary any provision of the CECS Manual in relation to the exchange of Items addressed to or initiated by that CECS Member. The rights and obligations of that CECS 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

For the avoidance of doubt, a CECS Member admitted in reliance on this Regulation 4.2A is not entitled to Certification or the benefit of Regulation 2.11 until it is able to comply with the minimum technical and operational standards and requirements in the CECS Manual applicable to the capacity in which it engages or proposes to engage (or will be deemed to engage) in Interchange Activities, including without limitation, any Certification requirements (if applicable) under Part 11.

Applications for CECS Membership

- 4.3 Applications for CECS membership must be addressed to the Secretary and must be in the form of Annexure 2. Applicants must:
- (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 CECS membership contained in Regulation 4.2 (including without limitation evidence of Certification, if applicable); and
 - (c) promptly supply any other information which the Management Committee may reasonably require.

4.4 The Secretary must promptly forward a copy of each application for CECS membership to the members of the Management Committee. All applications for CECS 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 Regulation; 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.

4.5 A body corporate which has applied for CECS membership but has not been informed by the Secretary of the result of its application may withdraw the application at any time.

If an application for CECS membership does not comply with these Regulations, 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.

4.6 If an application for CECS membership is accepted, the Secretary must promptly notify the applicant. The Secretary must also promptly notify all CECS Members of each successful application for CECS membership and the date on which the new CECS Member will commence participation in CECS.

Transitional Arrangements

4.7 As at the Commencement Date the bodies corporate specified in Annexure 1 will be regarded as CECS Members in the capacity set out opposite their name in Annexure 1 without the need for such bodies corporate to make an application under Regulations 4.3 to 4.6.

However, each such body corporate must agree in writing on or before the Commencement Date to be bound by the Constitution, these Regulations and the CECS Manual, to pay an entrance fee to the Company of \$37,500 within 30 days of the Commencement Date and, if applicable, to provide satisfactory confirmation to the Company pursuant to Regulation 11.3(a) and Part 2.1 of the CECS Manual within 3 months of the Commencement Date, and must pay that amount and provide any such confirmation within those periods.

Last amended
effective 2.06.05

Changes in Capacity

- 4.8 If a CECS Member wishes to participate in CECS in a new or changed capacity, then it must lodge a new application for membership in the particular capacity pursuant to Regulations 4.3 to 4.6 in the same manner as a non-member.

If that fresh application is accepted, Regulation 4.6 will apply, but that CECS Member will not be obliged to pay any amount pursuant to Regulation 5.1 as a result of the acceptance of that fresh application.

Rights, Restrictions and Obligations of CECS Members

- 4.9 A CECS Member (in its capacity as a CECS 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.

- 4.10 A CECS Member (in its capacity as a CECS Member) has no right to vote at general meetings of the Company.

- 4.11 A CECS 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.

Last amended effective 17/08/02

- 4.12 A CECS Member has the right to participate in CECS and to vote at any CECS meeting convened in accordance with Part 7 or any other meeting of the CECS Members convened in accordance with the Constitution or the Corporations Act.

Last amended effective 17/08/02

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

- 4.13 A CECS Member may not transfer or share its CECS membership.

Obligations of A Direct Clearer – Settler and A Qualified CECS Member

Inserted effective 20/06/05

- 4.13A If requested to do so by an EFTPOS Qualified CECS Member, a Direct Clearer-Settler which has a 0.5% or more of the EFTPOS component of National Transaction Volume must, to the extent it has EFTPOS Interchange Activities with the Qualified CECS Member, clear EFTPOS Items directly and settle such Items directly in accordance with Regulation 8.1(a) with that EFTPOS Qualified CECS Member.

- 4.13B If requested to do so by an ATM Qualified CECS Member, a Direct Clearer-Settler which has a 0.5% or more of the ATM component of National Transaction Volume must, to the extent it has ATM Interchange Activities with the Qualified CECS Member, clear ATM Items directly and settle such Items directly in accordance with Regulation 8.1(a) with that ATM Qualified CECS Member.

- 4.13C A request by a Qualified CECS Member to directly clear and settle must be made to the Secretary at least nine months in advance of the relevant Connection Window period. The Qualified CECS Member must pay to the Company \$10,000 (indexed annually) for each Direct Clearer-Settler to which it intends to directly clear and settle, provided the direct clearing and settlement arrangement is in respect of one of EFTPOS or ATM Transactions. If the request is in respect of both EFTPOS and ATM Transactions, an amount of \$15,000 (indexed annually) must be paid by the Qualified CECS Member to the Company. The appropriate payment must be paid to the Company at the beginning of the relevant Connection Window period.

- 4.13D The Company will pay the amount received from the Qualified CECS Member pursuant to Regulation 4.13C to the relevant Direct Clearer-Settler once the direct clearing and settlement arrangement has been implemented.

Suspension

- 4.14 The Management Committee may, subject to Regulation 4.14A below, suspend the membership of a CECS Member for a specified or indefinite period of time in the following circumstances (each a “Suspension Event”):
- (a) the CECS Member is subject to prudential supervision and the relevant supervisor requests such suspension;
 - (b) by agreement with the CECS Member concerned;
 - (c) the CECS Member no longer satisfies any applicable requirement for membership set out in Regulation 4.2;
 - (d) an Insolvency Event (not being an event which results in automatic cessation of membership pursuant to Regulation 4.20(b) or (c)) occurs in respect of the CECS Member; or
 - (e) the CECS Member breaches its obligations under the Constitution, these Regulations or the CECS Manual 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.

A Participating Member may also be automatically suspended in accordance with Part 8A.

- 4.14A If a CECS Member is subject to prudential supervision by the Australian Prudential Regulation Authority then the Management Committee must give the Australian Prudential Regulation Authority reasonable notice of, and an opportunity to be heard at, any meeting at which it will consider suspending the CECS Member pursuant to Regulation 4.14(d).

Effect of Suspension from CECS

- 4.15 Subject to Regulation 4.18 a CECS Member whose membership of CECS is suspended under Regulation 4.14 is not entitled to vote at any CECS meeting convened in accordance with Part 7 or any other meeting of CECS Members convened in accordance with the Constitution or the Corporations Act, except to the extent approved by the Management Committee (or the Chief Executive Officer if authorised to grant such approvals by the Management Committee).
- 4.16 The Management Committee may at its discretion determine to remove any Certification (if any) granted by or on behalf of the Company to a CECS Member whose membership is suspended under Regulation 4.14.
- 4.17 In addition, if a CECS Member whose membership is suspended under Regulation 4.14 has nominated a member of the Management Committee pursuant to Regulation 6.1(b), that member is not entitled to vote at meetings of the Management Committee, but may continue to attend and participate in such meetings, during the period of suspension under Regulation 4.14.
- 4.18 A CECS Member whose membership is suspended under Regulation 4.14 is not excused from discharging, in accordance with these Regulations and the CECS Manual, obligations incurred by it under the Constitution, these Regulations and the CECS Manual including, without limitation, obligations incurred by it in connection with Items transmitted prior to the suspension of that CECS Member, except as expressly provided in or pursuant to these Regulations or the CECS Manual.

- 4.19 The Secretary must immediately notify all CECS Members (by the most expeditious means reasonably available) of any suspension under Regulation 4.14.

Termination

- 4.20 A CECS Member ceases to be a CECS Member on:
- (a) resignation;
 - (b) becoming insolvent or making an arrangement or composition with creditors generally;
 - (c) being wound-up, dissolved or otherwise ceasing to exist;
 - (d) ceasing to be engaged in Interchange Activities of any kind; or
 - (e) the Board terminating that CECS Member's membership in accordance with the Constitution and these Regulations.

Last amended
effective 17/08/02

- 4.21 A CECS Member may, by notice in writing to the Company, resign as a CECS Member with immediate effect. The notice is irrevocable.

A CECS Member may not resign except by giving notice in accordance with this Regulation 4.21.

- 4.22 The Board (after consultation with the Management Committee) may by notice in writing to a CECS Member, terminate the membership of that CECS Member with immediate effect if and only if the following pre-conditions have been fulfilled:

- (a) a Suspension Event has occurred in respect of that CECS Member and has not been remedied;
- (b) (if that CECS 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 CECS 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.

- 4.23 Any resignation or termination of the membership of a CECS Member shall not affect any right or liability arising under the Constitution, these Regulations or the CECS Manual before that resignation or termination takes effect or arising in respect of any act, matter or thing occurring prior to that time. A CECS Member who resigns pursuant to Regulation 4.21 or whose membership is terminated pursuant to Regulation 4.22 will 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, CECS 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.

- 4.24 A CECS 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.

The next page is 4A.1

PART 4A BIN AND AIN CHANGES

Inserted effective
20/06/05

- 4A.1 Other than in the context of a new direct clearing and settlement arrangement, the introduction of a new BIN or AIN or deletion of or change in the routing of an existing BIN or AIN must occur on an Institutional Identifier Change Date.
- 4A.2 A CECS Member wishing to introduce a new BIN or AIN or change the routing of an existing BIN or AIN must give the Secretary no less than 10 weeks notice in advance of the relevant Institutional Identifier Change Date on which such change is to occur and must pay to the Company at the time of giving the notice \$5,000 (indexed annually). No further fee applies where there is more than one new identifier and/or routing change notified to take effect on the same Institutional Identifier Change Date.
- 4A.3 A CECS Member wishing to delete an existing BIN or AIN must give the Secretary no less than 10 weeks notice in advance of the relevant Institutional Identifier Change Date on which such change is to occur and no fee will be levied by the Company for this change.
- 4A.4 The Secretary must promptly notify all CECS Members of the new BIN or AIN or the deletion of or change in the routing of an existing BIN or AIN and the Institutional Identifier Change Date on which such change is to occur.
- 4A.5 CECS Members must recognise the new BIN or AIN or deletion of or change in the routing of an existing BIN or AIN on and from the relevant Institutional Identifier Change Date notified by the Secretary in accordance with Regulation 4A.4.
- 4A.6 Payments received by the Company under this Part 4A will be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by CECS Members pursuant to Regulation 5.4.

The next page is 5.1

PART 5 FEES**Entrance Fees**

- 5.1 Subject to Regulation 5.3, each CECS Member must pay to the Company an entrance fee of \$37,500 in respect of CECS within 14 days of the date on which the Secretary advises the applicant pursuant to Regulation 4.6 that its application for CECS membership has been accepted by the Management Committee. Last amended effective 27/02/09
- 5.2 Entrance fees paid to the Company are to be applied by the Company:
- (a) first, towards pro rata reimbursement of Initial CECS Members for 30% of the costs incurred by those members in contributing to the establishment of CECS as determined by the Chief Executive Officer; and
 - (b) second, towards the payment of those costs and expenses of the Company which would otherwise be borne by the CECS Members pursuant to Regulation 5.4.

Indexation

- 5.3 The entrance fee specified in Regulation 5.1, the annual membership fee payable under Regulation 5.6 and the dispute resolution fee specified in Regulation 12.5, the direct clearing and settlement request fees specified in Regulation 4.13C and the institutional identifier change fee specified in Regulation 4A.2 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 or amount 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: Amended effective 20/06/05

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

where:

B is the amount of such fee or amount 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 CECS Members under Regulation 5.1, the annual membership fee payable under Regulation 5.6, the direct clearing and settlement request fees payable under Regulation 4.13C and the institutional identifier change fee payable under Regulation 4A.2 (\$50 being rounded up); and Last amended effective 29/2/08
- (b) \$10 in the case of the dispute resolution fee payable under Regulation 12.5 (\$5 being rounded up).

Operating Fees

5.4 Each CECS Member must pay to the Company a periodic operating fee in the amount represented by the formula:

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

where:

SV is that CECS Member's percentage share of National Transaction Volume as estimated by the Management Committee in accordance with Regulation 6.14 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 CECS Members;

CE is the aggregate of:

- (i) the costs and expenses (actual or budgeted) of operating, or incurred in connection with, CECS 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 CECS; 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 5.2, 5.5 and 5.6; and
- (ii) any surplus amount received in the preceding period under this Regulation 5.4; 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 CECS 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

5.5 Each CECS Member must also pay to the Company the fees, costs and expenses stipulated in Part 12. Any fees received by the Company pursuant to Regulation 12.5 are to be applied towards the payment of those costs and expenses of the Company which would otherwise be borne by the CECS Members pursuant to Regulation 5.4.

Annual Membership Fee

5.6 Each CECS Member must pay to the Company an annual fee of \$1000 subject to indexation in accordance with Regulation 5.3 for membership of CECS. The annual membership fee is payable within 14 days of the date (expected to be in January of each year) on which the Secretary advises CECS Members that the annual membership fee is payable.

Last amended effective 27/02/09

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 CECS Members pursuant to Regulation 5.4.

Non-Member Certification Fee

- 5.7 The Company may require a Non-Member that wishes to arrange for Certification (including any renewal) to pay to the Company a Non-Member Certification Fee, in an amount determined by the Management Committee from time to time with a view to recovering the Company's reasonable costs and expenses (including administrative costs) incurred in that connection.

Non-Member Certification Fees are to be applied by the Company towards the payment of those costs and expenses of the Company which would otherwise be borne by CECS Members pursuant to Regulation 5.4.

Gross up for GST Supplies by the Company

- 5.8 If:
- (a) the Company makes a Supply to a CECS Member (in its capacity as CECS Member) under the Constitution, these Regulations or the CECS Manual; and
 - (b) the Company is required to pay GST under the GST Law in respect of that Supply (a "**Taxable Supply**"), then the CECS 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.

Last amended
effective 17/08/02

- 5.9 The Company must issue a Tax Invoice to each CECS Member for the GST on each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law.

- 5.10 The CECS Member must pay the additional amount payable under Regulation 5.8 at the same time and manner as the GST Exclusive Consideration (or, if the GST Exclusive Consideration is not payable, within 14 days).

Last amended
effective 27/02/09

Gross up for GST Supplies between Members

- 5.11 If a CECS Member makes a Supply to another CECS Member, each in its capacity as a CECS 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.

- 5.12 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.

- 5.13 The Recipient must pay the additional amount payable under Regulation 5.11 at the same time and manner as the GST Exclusive Consideration is payable or to be provided (or if the GST Exclusive Consideration is not payable, within 14 days).

Last amended
effective 27/02/09

Mergers, Acquisitions and Re-organisations

- 5.14 Where, by takeover, merger or other action, an existing CECS Member becomes a Subsidiary of or is otherwise acquired by another body corporate or that CECS Member's business is assumed by another body corporate which is a Related Body Corporate of that CECS 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 CECS Membership within 12 months of such occurrence and is accepted as a CECS 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 5.1.

Inserted effective
24/01/05

The next page is 6.1

PART 6 MANAGEMENT COMMITTEE**Composition**

- 6.1 Subject to Article 8.3 and Regulation 1.3, the following persons are entitled to be members of the Management Committee of CECS 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(a); Last amended effective 17/08/02
 - (b) a person nominated by each CECS Member which individually has, or by CECS Members which taken collectively have, at least 5% of National Transaction Volume, provided that each CECS Member individually or collectively as part of a group is only entitled to nominate one member of the Management Committee under Regulation 6.1; Last amended effective 17/08/02
 - (c) one duly qualified person elected by the CECS Members which are not entitled to nominate a member of the Management Committee under Regulation 6.1(b), but which are Building Society Members; and
 - (d) one duly qualified person elected by the CECS Members which are not entitled to nominate a member of the Management Committee under Regulation 6.1(b), but which are Credit Union Members; and Last amended effective 17/08/02
 - (e) if a person being a representative of the Reserve Bank of Australia is not appointed, elected or nominated under Article 8.3 or Regulation 6.1(b), one person nominated by the Reserve Bank of Australia; and Last amended effective 17/08/02
 - (f) if any of the CECS Members are not entitled to nominate, or have not nominated, a member of the Management Committee under Regulation 6.1 sub-paragraph (b), either:
 - (i) where there is more than one such CECS Member, up to two other persons appointed by the Directors to represent the interests of those CECS Members, provided that if the Directors appoint two members of the Management Committee they specify those CECS Members which each such member of the Management Committee represents, or Inserted effective 4/12/03
 - (ii) where there is only one such CECS Member, one person appointed by the Directors to represent the interests of that CECS Member. Inserted effective 4/12/03
- 6.2 Each election under Regulations 6.1(c) and (d) must be held in accordance with Annexure 3. Last amended effective 17/08/02
- 6.3 For the avoidance of doubt:
- (a) a CECS Member, or CECS Members collectively, which at the commencement of the term of office of members of the Management Committee did not have at least 5% of National Transaction Volume, but which upon a subsequent determination of National Transaction Volume in accordance with Regulation 6.14 has, or collectively have, 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 6.1(c)-(d) inclusive;

- (b) if a CECS Member, or CECS Members collectively, which nominated a member of the Management Committee pursuant to Regulation 6.1(b) ceases, or collectively cease, to have at least 5% of National Transaction Volume upon a subsequent determination of National Transaction Volume in accordance with Regulation 6.14, that member remains in office for the balance of his or her term of office; and
- (c) if a CECS Member does not, or CECS Members collectively do not choose to, nominate a member under Regulations 6.1(b) in accordance with Regulation 6.5, that CECS Member, or relevant CECS Members, may exercise the right of nomination at a later date.

6.4 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 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 CECS.

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 14.3 and 14.4 and Part 7, 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 CECS 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

- 6.5 Except as provided in Regulations 6.3 and 6.22, 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.
- 6.6 Subject to Article 8.3 and Regulations 6.21 and 6.22, 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 of the Management Committee. A retiring member of the Management Committee may be re-appointed or re-elected, as the case may be.

Last amended
effective 17/08/02

Nominations

- 6.7 Each nomination of a member of the Management Committee under Regulation 6.1(b) must be in writing signed by the CECS Member entitled to nominate, or by each CECS Member which is part of a 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 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

6.8 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 CECS Member, that CECS 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

6.9 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 6.10, 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

6.10 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 6.9.

Last amended
effective 17/08/02

6.11 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 6.11 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.

6.12 In addition to any other rights, powers and privileges to which he or she may be entitled:-

- (a) each member of the Management Committee is at liberty to convey to:

- (i) the CECS Members which nominated;
- (ii) the CECS Members of the Electoral Group which elected; or
- (iii) in the case of a member of the Management Committee appointed by the Board pursuant to Regulation 6.1(f), the CECS Members represented by,

that member, as the case may be, 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 CECS Members; and

- (b) the chairman of the Management Committee is at liberty to convey to any CECS Member such reports of the deliberations and decisions of the Management Committee which the chairman may think fit. The chairman of the Management Committee may also in his or her absolute discretion (but without imposing any obligation to do so) seek an expression of opinion from any CECS Member.

Responsibilities

6.13 The Management Committee is responsible for the effective operation and management of CECS, including without limitation:

- (a) technical and efficiency standards;
- (b) the amendment of the fees and charges payable by CECS Members pursuant to Part 5 for the purpose of recovering the costs and expenses of operating CECS and other costs and expenses incurred in connection with the CECS (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 CECS 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 CECS Members;
- (e) supervision of the observance by CECS Members of these Regulations and the CECS Manual;
- (f) the other matters expressly referred to in these Regulations and the CECS Manual; 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 CECS.

In discharging its responsibilities under the Constitution, these Regulations and the CECS Manual, 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

6.14 The respective percentage shares of National Transaction Volume for each CECS Member must be estimated as follows:

- (a) the Company must 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 by all CECS Members and those Non-Members for whom a CECS Member of the type referred to in Regulation 4.2(b)(iii) has provided a Non-Member Representation Undertaking, on a national basis comprising the sum of those Interchange Activities the subject of a determination by the Board (on the recommendation of the Management Committee) under Regulation 6.14(b) and for a particular period (being not less than one calendar month);
- (b) the Board must, on the recommendation of the Management Committee (which recommendation must be made by no later than September in each year), determine those Interchange Activities which are to be taken into account by the Company for the purposes of statistical collection under Regulation 6.14(a) in the following calendar year;
- (c) such statistical information is to be collected by means of surveys of Items exchanged (between CECS Members, between CECS Members and Non-Members for whom a CECS Member of the type referred to in Regulation 4.2(b)(iii) has provided a Non-Member Representation Undertaking or between such Non-Members), questionnaires completed by CECS Members and such other methods as may be determined by the Company after consultation with appropriate parties;
- (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 CECS 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 is less than 0.1% unless that CECS Member advises the Management Committee to the contrary and provides evidence as to its share of National Transaction Volume;
- (f) the Management Committee must, for purposes of determining the percentage share of National Transaction Volume for each CECS Member to which Regulation 4.2(b)(iii) applies, also attribute to it the aggregate volume of applicable Items under Regulation 6.14(b) which are given and received by all Non-Members which that CECS Member represents at the relevant time and for which Non-Member Undertakings have been provided.

In making that attribution, the Management Committee is entitled, unless the relevant CECS Member advises otherwise, to apply the assumption set out in Regulation 6.14(e) as if each relevant Non-Member were a Building Society Member or Credit Union Member.

- (g) where the Management Committee estimates or, if Regulation 6.14(e) applies, is entitled to assume that one or more CECS Member's 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 CECS Members which are members of the same Electoral Group or, to the extent Regulation 6.1(f) applies, the group so represented (ie. excluding the members of that Electoral Group or other relevant 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

- (h) the Management Committee may re-estimate those percentage shares in the event of the admission or resignation of a CECS Member or a change in the capacity in which a CECS Member participates in CECS. For the purpose of this Regulation 6.14(h), a change in the capacity in which a CECS Member participates in CECS includes:
- (i) a change in the Interchange Activities in which a CECS Member engages; and
 - (ii) a change in the capacity in which a CECS Member engages in any particular Interchange Activities.

Each such estimate (or re-estimate) must be promptly notified by the Secretary to all CECS Members and (upon admission) to all persons which are admitted as CECS Members prior to the making of the next estimate under this Regulation 6.14.

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

Proceedings

6.15 The person (if any) appointed by the Board under Article 8.3 will act as the 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

6.16 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 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.

6.17 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.

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

6.19 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 of the Management Committee 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

6.20 Subject to Regulations 1.3 and 4.16, each member of the Management Committee will be entitled to cast the following votes at meetings of the Management Committee:

- (a) the member appointed under Regulation 6.1(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 CECS Member, or CECS Members collectively, which nominated, elected or are represented by, that member.

National Transaction Volume is determined in accordance with Regulation 6.14 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 6.14.

Vacation of Office

6.21 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 or, being a member appointed by the Board under Regulation 6.1(f), is removed by decision of the Board; Last amended effective 17/08/02
- (e) that member is removed by the CECS Member or CECS Members collectively which nominated such member as a member of the Management Committee pursuant to Regulation 6.1(b) or, if appointed by the Reserve Bank of Australia pursuant to Regulation 6.1(e), is removed by the Reserve Bank of Australia;
- (f) that member is removed by a majority of the CECS Members of the Electoral Group which would have been entitled to elect that member pursuant to Regulation 6.1(c) or (d) if an election were held at the time of such removal; Last amended effective 17/08/02
- (g) the CECS Member entitled to nominate that member ceases to be a CECS Member, or where more than one CECS Member is so entitled pursuant to Regulation 6.1(b), all of them cease to be CECS Members; or
- (h) the CECS Member entitled to nominate that member becomes a Subsidiary of another CECS Member, or where more than one CECS Member is so entitled pursuant to Regulation 6.1(b), all of them become Subsidiaries of other CECS Members or
- (i) all the CECS Members of the Electoral Group which would have been entitled to elect that member pursuant to Regulation 6.1(c) or (d) or which would have been entitled to representation pursuant to Regulation 6.1(f) in each case cease to be CECS Members. Last amended effective 17/08/02

A notice of removal under Regulation 6.21(c) or (d) must be in writing and signed by the chairman of the Management Committee. A notice of removal under Regulation 6.21(e) or (f) must be in writing and signed by all the CECS Members, or other persons, entitled to effect such removal. A notice of removal takes effect upon its receipt by the Secretary.

- 6.22 Where the office of a member of the Management Committee becomes vacant pursuant to Regulations 6.21(a)-(f), then:
- (a) the CECS Member or other person which nominated the retiring or removed member may nominate (or in the case of a vacancy in the office of chairman or the office established pursuant to Regulation 6.1(f), the Board may appoint) a different person as a replacement member of the Management Committee in the same manner as prescribed in Regulation 6.7; or
 - (b) the Secretary must, at his or her option, conduct a written ballot or ensure that a meeting of the CECS Members of the Electoral Group is duly convened, in each case in a manner consistent with the procedures set out in Annexure 3.

The person who is nominated, appointed 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 appointment, or receipt of the nomination pursuant to Regulation 6.22(a) or upon declaration of an election held in accordance with Regulation 6.22(b). Such a person is eligible for re-appointment or re-election.

Written Resolution

- 6.23 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.
- 6.24 For the purposes of Regulation 6.23, 2 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

- 6.25 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

- 6.26 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

- 6.27 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.
- 6.28 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.
- 6.29 The Secretary is entitled to attend all meetings of the Management Committee and all meetings of CECS Members and may be heard on any matter.
- 6.30 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

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

CECS Advisory Council

- 6.32 Liaison between the Management Committee and the CECS Advisory Council will be effected in accordance with Part 10.
- 6.33 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.
- 6.34 The Management Committee must have due regard to any such opinions or decisions in performing its duties under these Regulations.

This next page is 7.1

PART 7 MEETINGS OF CECS MEMBERS

CECS Meetings and the Annual CECS Meeting

- 7.1 CECS must, in addition to any other CECS meeting held by it, hold a meeting of the CECS Members to be called the annual CECS 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, provided that CECS is not obliged to hold an annual CECS meeting in the first calendar year in which CECS takes effect.

The purpose of the annual CECS meeting is to provide a forum for CECS Members and, to the extent applicable, the CECS Advisory Council, to discuss any aspect of the operations of CECS and any other matters relevant to membership of CECS.

Last amended
effective 27.02.09

CECS Meeting

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

Notice of CECS Meeting

- 7.3 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 CECS meeting; and
- (b) in the case of special business, the general nature of that business,

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

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

Special Business of CECS Meeting

- 7.4 All business that is transacted at a CECS meeting is special with the exception of the matters referred to in Regulation 7.1.

Requisitioned Meeting

- 7.5 In addition to the CECS meetings convened under Regulations 7.1 and 7.2, the Management Committee must, on the requisition of 3 or more CECS Members which are entitled to cast not less than 10% of the total votes of all CECS Members on a poll at a CECS meeting, immediately convene a CECS 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

- 7.6 The requisition for a CECS meeting must state the objects of the CECS 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

- 7.7 If the Management Committee does not, within 21 days after the deposit of the requisition, proceed to convene a CECS 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

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

Postponement or Cancellation of Meeting

- 7.9 The Board or the Management Committee convening a CECS meeting may postpone or cancel that CECS meeting whenever they think fit (other than a meeting convened as the result of a requisition under Regulation 7.5 or by requisitionists under Regulation 7.7). The Board or the Management Committee postponing or cancelling a CECS meeting must give as much notice as is possible in all the circumstances of the postponement or cancellation of that CECS meeting to all persons entitled to receive notices of that CECS meeting.
- 7.10 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 CECS Member does not invalidate the postponement or cancellation.

Attendance at CECS Meetings

- 7.11 Any CECS Member may attend any CECS 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 CECS meeting or at all meetings of the CECS Members.

Unless the contrary intention appears, a reference to a CECS Member in the succeeding provisions of this Part 7 means a CECS Member, a proxy, an attorney or a person appointed under Regulation 7.11(c).

Quorum

- 7.12 No business may be transacted at any CECS meeting unless a quorum is present comprising CECS Members who are entitled in accordance with Regulation 7.25 to cast not less than 50% of the total votes of all CECS Members on a poll.

Failure to Achieve Quorum

- 7.13 Where a CECS meeting is convened in accordance with Regulation 7.5 or 7.7 and a quorum is not present within 30 minutes from the time appointed for the CECS meeting, the CECS meeting must be dissolved.

- 7.14 Where a CECS meeting is convened in any other case and a quorum is not present within 30 minutes from the time appointed for that CECS meeting:
- (a) the CECS 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 CECS meeting a quorum is not present within 30 minutes from the time appointed for that CECS meeting the CECS meeting must be dissolved.

Appointment and Powers of Chairman of a CECS Meeting

- 7.15 Subject to Regulation 7.16, the chairman of the Management Committee must preside as chairman at every CECS meeting.
- 7.16 Where a CECS 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 CECS Members present must elect a proxy, an attorney or a person acting on behalf of a CECS Member pursuant to Regulation 7.11(c) as chairman of the meeting.

Adjournment of CECS Meeting

- 7.17 The chairman of the meeting may, with the consent of any CECS meeting at which a quorum is present, and must if so directed by the CECS meeting, adjourn the CECS meeting from time to time and from place to place, but no business may be transacted at any adjourned CECS meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 7.18 When a CECS meeting is adjourned for 30 days or more, notice of the adjourned CECS meeting must be given as in the case of an original CECS meeting.
- 7.19 Except as provided by Regulation 7.18, it is not necessary to give any notice of an adjournment or of the business to be transacted at any adjourned CECS meeting.

Voting at CECS Meeting

- 7.20 At any CECS 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 CECS 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 the CECS, 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

- 7.21 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

- 7.22 If a poll is properly demanded, it must be taken in such manner and (subject to Regulation 7.23) 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 CECS meeting in respect of the matter for which the poll was demanded.
- 7.23 A poll demanded on the election of a chairman of the meeting or on a question of adjournment must be taken immediately.
- 7.24 The demand for a poll may be withdrawn.

Voting Entitlement

- 7.25 Each CECS Member is entitled to one vote for each whole 0.1% of National Transaction Volume held by that CECS Member, provided that if an Electoral Group (or, to the extent Regulation 6.1(f) applies, the group so represented) includes one or more CECS Members each of which is estimated (or assumed pursuant to Regulation 6.14(e)) to have less than 0.1% of National Transaction Volume, those CECS Members (ie. excluding the members of that Electoral Group or other relevant 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 CECS Members are collectively entitled to exercise one vote).

In determining how the votes which are collectively held by those CECS Members are to be cast, each such CECS 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 CECS Members; and

C is the number of such CECS Members.

Objection to Voting Qualification

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

Appointment of Proxy

- 7.29 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.
- 7.30 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.
- 7.31 An instrument appointing a proxy is deemed to confer authority on the proxy to demand or join in demanding a poll.
- 7.32 An instrument appointing a proxy must be in the form approved by the Management Committee from time to time.
- 7.33 A proxy may vote on a show of hands or on a poll.

Deposit of Proxy and Other Instruments

- 7.34 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 CECS meeting or adjourned CECS meeting at which the person named in the instrument proposes to vote.

Validity of Vote in Certain Circumstances

- 7.35 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 CECS meeting or adjourned CECS meeting at which the instrument is used or the power is exercised.

Entitlement to Speak

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

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

Written Resolution

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

The next page is 8.1

PART 8 SETTLEMENT

General

- 8.1 Each CECS Member must provide for the obligations incurred by it as the result of the exchange of Items in the course of Interchange Activities to be settled: Amended effective 20/06/05
- (a) directly by:
 - (i) the debiting or crediting of its ESA; or
 - (ii) providing finality of payment by any other means which are approved by the Board on the recommendation of the Management Committee; or
 - (b) indirectly by appointing a representative to settle on its behalf in accordance with Regulation 8.1(a).
- 8.2 Notwithstanding any other provision of the Constitution, these Regulations or the CECS Manual, settlement of obligations incurred as a result of the exchange of Items between CECS Members must be effected in accordance with all applicable laws and regulations. Last amended effective 17/08/02
- 8.3 [No Loss Share – Deleted effective 20/08/04]

Failure to Settle

- 8.4 Settlement procedures set out in the CECS Manual are subject to the failure to settle provisions of Part 8A of these Regulations. Inserted effective 20/08/04

The next page is 8A.1

Last amended effective 20/08/04

PART 8A FAILURE TO SETTLEInserted effective
20/08/04***Explanatory Preamble***

This Part 8A of the Regulations provides a set of failure to settle rules (“FTS Rules”) to deal with an FTS Event as defined in Regulation 8A.2.

The FTS Rules apply among all CECS Members.

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

Inserted effective
16/01/06**Application of Part**

8A.1 This Part 8A applies in connection with the occurrence of any FTS Event or Potential FTS Event.

FTS Event

8A.2 An FTS Event occurs where a CECS Member fails to settle for the obligations incurred by it under:

- (a) these Regulations and the CECS Manual; or
- (b) the regulations and the procedures 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

8A.3 [Deleted]

Deleted effective
08/01/07**Deferral of Settlement**

8A.4 If the Reserve Bank of Australia or the Company has been notified or otherwise becomes aware of a Potential FTS Event or a Disabling 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 or a Disabling Event.

Last amended
effective 08/01/07**Suspension**

8A.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 CECS Manual are automatically suspended.

- 8A.6 Upon the suspension of exchanges between Defaulter and the Survivors under Regulation 8A.5, the membership of the Defaulter in the Consumer Electronic Clearing System (CS3) is also suspended and, subject to the provisions of this Part 8A, the provisions of Regulations 4.15 to 4.19 inclusive apply as though the automatic suspension under this Regulation 8A.6 were a suspension under Regulation 4.14.

Responsibility for Further Exchanges

- 8A.7 Following suspension of exchanges between the Defaulter and the Survivors under Regulation 8A.5 and except as may be required in accordance with Regulations 4.15 to 4.19 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 8A).
- 8A.8 Where following an FTS Event a CECS Member becomes a Defaulter and exchanges with the Defaulter are suspended in the Consumer Electronic Clearing System (CS3), then any Items already lodged within the Consumer Electronic Clearing System (CS3) 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 Consumer Electronic Clearing System (CS3) and the subject of the Failed Settlement) may be netted daily 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 CECS Manual or the regulations or the procedures for any other Clearing System with respect to that liability or loss.

Netting with Defaulter

- 8A.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

- 8A.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 8A.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 Survivor determine.

Time and Manner of Revised Settlement

- 8A.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.
- 8A.12 On the day on which settlement figures are recalculated in accordance with Regulation 8A.11, the Collator will notify each Survivor of the multilateral net amount due to or by that Survivor as part of the Revised Settlement.

- 8A.13 On the day of notification under Regulation 8A.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 Manual or if the Survivor's final net allocated cross Clearing System national settlement position is zero.

CECS Members' Obligations

- 8A.14 To the extent it is legally able to do so, each CECS Member must act in accordance with this Part 8A in the event that a CECS 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 CECS Manual.

No Effect on Other Clearing Systems

- 8A.15 Except as expressly provided, this Part 8A does not apply to, and in no way affects, any rights or obligations arising under the regulations or the procedures for or in respect of the operations of any other Clearing System operated by, or under the auspices of, the Company.

The next page is 9.1

PART 9 CECS MANUAL

CECS Manual

- 9.1 The Management Committee will determine and publish from time to time practices, procedures, standards and specifications relating to all or any aspects of the clearing cycle (including, without limitation, the matters specifically referred to in paragraphs (a) and (b) of Regulation 2.1).

Amendment of CECS Manual

- 9.2 The Management Committee may vary any practice, procedure, standard or specification previously determined and published under Regulation 9.1, 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 CECS Manual previously determined and published under Regulation 9.1 which, in the reasonable opinion of the Chief Executive Officer, will not prejudice any CECS Member or operations in connection with CECS, 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 9.1.

The next page is 10.1

PART 10 CECS ADVISORY COUNCIL**Establishment**

- 10.1 The Company must establish a forum to be known as the CECS Advisory Council, to act in an advisory capacity to the Management Committee.

Subject to Regulation 10.7, the CECS Advisory Council must be established in accordance with these Regulations as soon after the adoption of these Regulations as is practicable in all the circumstances.

Object

- 10.2 The object of establishing the CECS 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 CECS under these Regulations but which issue payment instruments, process and/or switch payment messages or otherwise participate in payments transfers in connection with the clearing cycle for consumer electronic payments (collectively, “**Interested Non-Clearers**”), through its appointed representatives, effectively and efficiently to communicate to the Management Committee opinions, advice and information on matters related to aspects of that clearing cycle.

Composition

- 10.3 The CECS 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

- 10.4 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 the 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 10.3, 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

- 10.5 An Interested Non-Clearer may at any time remove its representative member on the CECS Advisory Council by notice in writing to the Company.

- 10.6 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 CECS 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 10.4 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 10.3 and 10.4.

No Obligation

- 10.7 The Company will not be obliged to establish or maintain a CECS Advisory Council in circumstances where the Board determines in good faith, having consulted broadly as contemplated by Regulation 10.4, 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

- 10.8 The Company must obtain the prior agreement of all Interested Non-Clearers whose nominees 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 10.9 to 10.20 inclusive.

Privileges

- 10.9 The Company will extend to each member of the CECS Advisory Council the following privileges:
- (a) the opportunity individually to attend and speak, but not vote, at the annual CECS meeting;
 - (b) the opportunity collectively to bring relevant matters to the attention of CECS Members through the Company documentation delivered to CECS Members for use in connection with deliberations at that annual CECS meeting;
 - (c) the opportunity collectively (through the chairman of the CECS 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 CECS 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 CECS Members taken as a whole, or may relate to matters properly requiring to be kept confidential to the Company or any one or more CECS 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 CECS Advisory Council in accordance with Regulation 10.9(d) remain at all times the property of the Company and must be returned to the Company immediately on request.

Confidentiality

- 10.10 Each member of the CECS 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 CECS Member, and no Interested Non-Clearer and no member of the CECS Advisory Council will acquire any right, title or interest in it.

- 10.11 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

- 10.12 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.

- 10.13 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.

- 10.14 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 10/03/03

- 10.15 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.

- 10.16 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.

- 10.17 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

- 10.18 No Interested Non-Clearer which is represented on the CECS Advisory Council and no member of the CECS Advisory Council has any authority to make any representations or otherwise bind the Company or any CECS Member in relation to the operations of CECS.

Costs and expenses

- 10.19 Subject to Regulation 10.20, administrative expenses arising in connection with carrying out the Company's responsibilities under Regulation 10.9 are to be borne by the Company, and will be taken to be expenses incurred in connection with CECS for the purposes of Regulation 5.4.
- 10.20 The Company will have no responsibility at any time to meet travel or accommodation costs for members of the Advisory Council acting in that capacity.

The next page is 11.1

PART 11 CERTIFICATION**Initial Certification**

- 11.1 Each CECS Member which participates, proposes to participate or is deemed to participate in Interchange Activities with other CECS Members must arrange for certification in accordance with Part 2 of the CECS Manual. Certification of a CECS Member will be given for such period as the Management Committee may specify, subject to the CECS Manual. Any such Certification, including without limitation any Certification prior to the commencement of this provision, may be revoked by the Management Committee if the Management Committee believes on reasonable grounds that the Certified CECS Member no longer satisfies the requirements for Certification under these Regulations and the CECS Manual. The Management Committee must allow a Certified CECS Member an opportunity to be heard before revoking its Certification. Last amended effective 2/06/05
- 11.1A The Company may receive applications from Non-Members that are Acquirers or Self Acquirers and in that capacity wish to arrange for certification that they meet the Acquirer standards set out in Part 2 of the CECS Manual. The Company may require any such application from a Non-Member to be made in a prescribed form and to be accompanied by a Non-Member Certification Fee (if any). For the avoidance of doubt, nothing in these Regulations requires any person that applies to the Company for certification as contemplated by this Regulation 11.1A to participate in CECS. Amended effective 2/06/05
- 11.1.B Except to the extent otherwise included in the process of Acquirer Certification under Part 2 of the CECS Manual, the Company is not obliged to offer Certification in respect of EFTPOS or ATM devices to any person Last amended effective 2/06/05
- 11.1C Certification of a Non-Member will be given for such period as the Management Committee may specify, subject to the CECS Manual. Any such Certification, including without limitation any Certification prior to the commencement of this provision, may be revoked by the Management Committee if the Management Committee believes on reasonable grounds that the Certified Non-Member no longer satisfies the requirements for Certification under these Regulations and the CECS Manual. The Management Committee must allow a Certified Non-Member an opportunity to be heard before revoking its Certification. Last amended effective 18/01/02
- 11.2 To the extent that any CECS Member proposes pursuant to Regulation 4.1(b) to apply divergent standards, specifications or requirements for the purposes of any bilateral Interchange Activities, the Management Committee must first satisfy itself in terms of the requirements of Regulation 4.1(b) before Certifying that applicant. The Management Committee may require any such CECS Member to make available supporting evidence or explanatory information for that purpose.

Objectives

- 11.3 The objective of Certification is to ensure that:
- (a) each Initial CECS Member which is an existing Issuer, Acquirer or Self Acquirer confirms for the benefit of each other CECS Member and the Company not later than 31 March 2002 or such other date as may be determined by the Management Committee that it meets the technical, operational and security requirements which are set out in Part 2 of the CECS Manual; Amended effective 2/06/05
- (b) after the Commencement Date, each CECS Member which:
- (i) becomes an Acquirer or Self Acquirer; or
- (ii) acquires, modifies or upgrades devices, interchanges or systems, Amended effective 2/06/05

to that extent confirms, for the benefit of each other CECS Member and the Company, that its system or enhancements to its system (as the case may be) meet all applicable technical, operational and security requirements for Acquirers as set out in the CECS Manual; and

- (c) each CECS Member which is Certified renews its Certification at least triennially or such other date as may be determined by the Management Committee; and
- (d) each Non-Member which believes it meets the required technical, operational and security requirements for Acquirers in CECS is not, by reason only of being a Non-Member, disadvantaged in its dealings with CECS Members.

Amended
effective 20/06/05

(Note: Refer also to CECS Members' obligations in respect of Certified Non-Members under Regulation 2.11.)

Evaluation Facilities

- 11.4 The Management Committee may approve one or more entities from time to time (each, an “**Evaluation Facility**”) to evaluate devices for compliance with the required CECS standards, specifications and requirements. Each person that seeks CECS Certification and the Company may rely on the assessment of such an Evaluation Facility (or, to the extent permitted by the CECS Manual, an independent auditor in lieu of an Evaluation Facility) for the purposes of Regulation 11.3.

Exclusions

- 11.5 To the maximum extent permitted by law, the Company will not be liable to any person for any loss, damage or liability (whether direct or consequential) incurred in any way arising out of:
- (a) the failure of any CECS Member or Non-Member that has been Certified to comply with CECS standards, requirements or specifications applicable to it; or
 - (b) the failure of any device that has been approved by an Evaluation Facility (or, in lieu, an independent auditor to the extent permitted by the CECS Manual) as meeting the required CECS standards or specifications, to meet those standards or specifications.

Acknowledgments in Relation to Non-Member Certification

- 11.6 Each CECS Member acknowledges for the benefit of the Company that:
- (a) a Certified Non-Member does not, by reason of CECS Certification, become a party to the multilateral contract constituted in accordance with Regulation 2.3;
 - (b) the Company has no ongoing obligation to monitor the performance of any Certified Non-Member and, by Certifying any relevant Non-Member, is not to be taken to have independently verified its compliance, nor to represent or warrant its continuing compliance, with the applicable technical, operational and security requirements set out in the CECS Manual; and
 - (c) as between itself and the Company, the CECS Member assumes sole risk of any Certified Non-Member with which it enters into bilateral Interchange Activities failing to comply at any time with the CECS standards in respect of which it has been Certified.

The next page is 12.1

PART 12 BREACHES OF REGULATIONS AND DISPUTES**Definitions and Interpretations**

12.1 The following words have the following meanings in this Part 12 unless the contrary intention appears.

"Dispute" means a dispute or difference between:

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

arising out of, or in any way connected with, the Constitution (insofar as they relate to the operation or management of the CECS), these Regulations and the CECS Manual including, without limitation, a dispute or difference:

Last amended effective 17/08/02

- (i) arising out of, or in any way connected with, any non-compliance with the Constitution (insofar as they apply to CECS), these Regulations or the CECS Manual:
- (ii) arising out of, or in any way connected with, any decision of the Board which relates to CECS, the Management Committee or any delegate of the Management Committee;
- (iii) 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 4.21 to 4.22 inclusive;
- (iv) 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 CECS Manual; or
- (v) arising out of, or in any way connected with, the efficiency of the methods and procedures used by a CECS Member;

Last amended effective 17/08/02

Amended effective 16/01/06

Amended effective 16/01/06

but excluding any dispute or difference arising out of, or in any way connected with, Part 8A (Failure to Settle) of these Regulations unless all parties to such dispute or difference and the Company agree to it being determined pursuant to this Part 12.

Inserted effective 16/01/06

"Dispute Resolution Certificate" means a certificate evidencing a determination made under this Part 12 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.

12.2 A reference in this Part 12 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.

Resolution of Disputes

- 12.3 Subject to Regulations 12.13 and 12.16, 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 Dispute Resolution Certificate and a determination so evidenced will be binding upon all parties to the Dispute (including, without limitation, any CECS Member which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as a CECS Member pursuant to Regulation 4.19 or whose membership is terminated pursuant to Regulation 4.20).
- 12.4 Subject to Regulations 12.13(c) and (d) and 12.16 and except in the circumstances referred to in Regulations 12.13(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 12.3;
 - (b) the Dispute has been determined by the Management Committee; and
 - (c) the determination has been evidenced by a Certificate in accordance with Regulation 12.3.

Dispute Resolution Fee and Costs

- 12.5 Subject to Regulation 12.5A, each CECS Member party to a Dispute which is referred to the Management Committee pursuant to Regulation 12.3 or to the Board pursuant to Regulation 12.16 (whether initially or by way of review) must:
- (a) pay to the Company, within 14 days of the date on which the Dispute is first referred to the Management Committee or the Board, a dispute resolution fee which, subject to Regulation 5.3, shall be \$1,000; and
 - (b) pay to the Company, within 14 days of determination of the Dispute by the Management Committee, and (in such proportions as the Management Committee shall determine are reasonable and appropriate in all the circumstances) all costs and expenses incurred by the Company in relation to that referral (including, without limitation, all costs and expenses (on a solicitor and own client basis) incurred in obtaining legal, financial, actuarial or accountancy advice and administrative costs reasonably incurred by the Company).

For the avoidance of doubt, the Management Committee may determine that all costs and expenses referred to in sub-paragraph (b) of this Regulation 12.5 are to be paid by any one party to the relevant Dispute.

- 12.5A If the parties to a Dispute settle the Dispute prior to determination of it by the Management Committee, they may withdraw the Dispute from the Management Committee by each giving written notice of that withdrawal to the Secretary.

If a Dispute is withdrawn from the Management Committee pursuant to this Regulation 12.5A and the parties concerned have agreed, confidentially or otherwise, as to the apportionment among them of costs and expenses referred to in sub-paragraph (b) of Regulation 12.5, then the parties involved may notify the Company in writing, within 7 days of the date on which all notices of withdrawal of the Dispute under this Regulation 12.5A are received by the Secretary (the "Withdrawal Date") of the agreed apportionment of those costs and expenses and the Company will render invoices in accordance with the notified agreed apportionment payable within 14 days of the Withdrawal Date.

If a Dispute has been withdrawn by the parties concerned pursuant to this Regulation 12.5A and those parties have not reached agreement as to the apportionment of the Company's costs and expenses connected with referral of the Dispute or have not notified the Company of any agreed apportionment of those costs and expenses in accordance with this Regulation, the Company may render to those parties invoices for recovery of those costs and expenses requiring each party to pay the Company within 14 days of the Withdrawal Date an equal portion of those costs and expenses.

Last amended
effective 27/02/09

The Company must keep confidential to itself and its employees and advisers all information provided to it with respect to settlement of a Dispute, including without limitation, information about any agreement between the parties to the Dispute as to apportionment of the Company's costs and expenses, but excluding the fact that a settlement has been agreed and may not disclose that information to any CECS Member or Management Committee member without the consent of the parties to the Dispute.

Inserted effective
24/01/05

Commencement of Proceedings

12.6 Regulations 12.7 to 12.12 apply to all Disputes, other than:

- (a) a determination to which Regulation 12.13 applies if that determination relates to a question concerning the efficiency of the methods and procedures used by a CECS Member in relation to the presentment of Items, the payment of Items or the communication of advice of the dishonour of Items; and
- (b) any other determination to which Regulation 12.13 applies if the Management Committee certifies in writing that in its opinion the relevant Dispute is one to which it is inappropriate for Regulations 12.7 to 12.12 to apply.

12.7 If a CECS Member (in this Regulation, the "**Defendant CECS Member**") fails or refuses to give effect to a determination of the Management Committee in relation to a Dispute to which Regulations 12.7 to 12.12 apply, which determination is evidenced by a Dispute Resolution Certificate, the Management Committee may resolve that proceedings be commenced and prosecuted against the Defendant CECS Member by the Company in its own right.

Last amended
effective 23/02/04

Alternatively, any aggrieved CECS Member which was a CECS Member at the date of issue of the relevant Certificate (other than the Defendant CECS Member) may commence proceedings against the Defendant CECS 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 CECS 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 CECS Members which were CECS Members at the date of issue of the relevant Certificate (other than the Defendant CECS Member), then every CECS Member irrevocably authorises the Company to commence such proceedings or render such administrative assistance respectively.

Last amended
effective 23/02/04

12.8 [Deleted]

Deleted effective
23/02/04

12.9 [Authorities and Responsibilities of CECS Members – Deleted]

Deleted effective
23/02/04

12.10 [Control of Proceedings – Deleted]

Deleted effective
23/02/04

Costs

- 12.11 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 12.7;
 - (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 CECS for the purposes of Regulation 5.4 and are to be taken into account in calculating the periodic operating fees payable by all CECS Members pursuant to Regulation 5.4.

[Distribution of Recoveries – Deleted]

Deleted effective
23/02/04

- 12.12 If any proceedings are commenced by a CECS Member or CECS Members pursuant to this Part 12, and the Company renders administrative assistance pursuant to Regulation 12.7 to facilitate the conduct of those proceedings, then any award of damages or costs in favour of that CECS Member or those CECS Members must first be applied to reimburse the Company for costs incurred by it in rendering such administrative assistance.

Last amended
effective 23/02/04

Efficiency Disputes

- 12.13 No Dispute of the type referred to in paragraph (v) of the definition of "Disputes" contained in Regulation 12.1 shall be submitted to the Management Committee for determination under Regulation 12.3:
- (a) if the determination of the Management Committee would or would purport to, affect the rights or liabilities of any customer of the CECS Members 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.
- 12.14 In determining any Dispute which is brought before it under Regulation 10.3, 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.

Loss Apportionment

12.15 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

12.16 Notwithstanding anything to the contrary in this Part 12:

- (a) prior to the Management Committee taking any preliminary or other action pursuant to Regulation 12.3 in relation to a Dispute, a CECS 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 Dispute Resolution Certificate, a CECS 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 10.16 must be evidenced by a resolution of the Board and a Dispute Resolution 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 CECS Member pursuant to Regulation 4.21 or whose membership is terminated pursuant to Regulation 4.22) until such time as a court of law or equity otherwise orders.

12.17 Where a determination of the Board is made and evidenced in accordance with Regulation 12.16, Regulations 12.4 to 12.15 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.

The next page is 13.1

PART 13 NOTICES

- 13.1 A notice may be given by the Company to any CECS Member or other person receiving notice under these Regulations either by:
- (a) serving it personally; or
 - (b) 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 Last amended effective 08/01/07
 - (c) sending an electronic mail message to an email address supplied by the CECS Member or that person to the Company for the giving of notices or by publishing the notice on the Company's extranet or website in a manner accessible by the CECS Member or that person receiving notice. Last amended effective 08/01/07
- (Note: Publication on the Company's extranet or website must be accompanied by an electronic communication to the recipient(s) of the notice advising of the publication.) Inserted effective 08/01/07
- 13.2 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 business day after the date of its posting. Last amended effective 08/01/07
- 13.3 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 business day following its despatch, and in the case of a telex transmission on the business day following receipt by the sender of the answerback of the addressee. Last amended effective 08/01/07
- 13.4 Where a notice is sent by electronic mail or published on the Company's extranet or website, the notice is deemed to be served on the business day following its despatch or publication. Last amended effective 08/01/07

The next page is 14.1

PART 14 MISCELLANEOUS**Statistics**

- 14.1 Each CECS Member must at the request of the Management Committee or the Company provide to the Company all reasonable information relating to that CECS Member's costs, volumes of Items, values of Items and other matters relevant to the CECS.

Set-Off

- 14.2 Nothing in these Regulations shall be construed so as to negate or exclude any right of set-off which may otherwise arise.

Amendments

- 14.3 Subject to Regulation 14.4, these Regulations may be amended from time to time in accordance with Article 9.3 by a resolution passed at a meeting of the CECS Members convened in accordance with Part 7, provided that the Management Committee has recommended the amendments.

Last amended effective 29/2/08

- 14.4 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; or
- (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 CECS Members convened in accordance with Part 7) is tabled by the chairman of the Management Committee,

Last amended effective 27/02/09

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

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

Exclusion of Fiduciary and Trustee Relationships

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

Representations and Warranties

- 14.7 The Company is entitled to assume the correctness of any representation or warranty made by a CECS 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

- 14.8 All Confidential Information is confidential to the recipient of that information and its employees and each such recipient must ensure that Confidential Information is not disclosed to any other person except:
- (a) any existing, prospective or potential contractors or consultants and any participants in a tender process initiated by or for that recipient; Last amended effective 24/01/05
 - (b) with the consent of the provider of that information (which consent is not to be unreasonably withheld); Last amended effective 24/01/05
 - (c) (in the case of statistics) on a basis which does not identify the provider of the information; Last amended effective 24/01/05
 - (d) if required to be disclosed by law or required by any stock exchange or supervisory authority which is responsible for the prudential supervision of the recipient; Last amended effective 24/01/05
 - (e) in connection with legal proceedings or disputes in which the recipient is a party; Last amended effective 24/01/05
 - (f) if the information is generally and publicly available; Last amended effective 24/01/05
 - (g) its legal advisers and auditors for the purpose of considering or advising upon the Confidential Information; or Last amended effective 24/01/05
 - (h) to a Related Body Corporate of the recipient. Last amended effective 24/01/05

Except to the extent that it would contravene a law or stock exchange listing requirement, in respect of disclosure by a recipient (the First Recipient) of Confidential Information to a further recipient (the Second Recipient) pursuant to subparagraphs (a), (d), (e) and (h) above, the First Recipient must prior to disclosure:

- (i) advise APCA in writing; and Last amended effective 24/01/05
- (ii) obtain from the Second Recipient an undertaking to abide by the requirements of this Regulation 14.8. The undertaking obtained should, wherever possible, be enforceable directly by APCA. Last amended effective 24/01/05

Expenditure

- 14.9 The expenses incurred by the Management Committee, any sub-committee of the Management Committee any member of those committees, each Manager or any other person in the performance of their duties under these Regulations and the CECS Manual 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

- 14.10 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 Last amended effective 17/08/02
 - (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, Last amended effective 17/08/02

unless:

- (c) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or Inserted effective 17/08/02
- (d) an indemnity by the Company of the person against the liability or legal costs would, if given, by made void by statute. Inserted effective 17/08/02

Insurance

Inserted effective 17/08/02

14.11 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 2 November 2000.

The next page is A1.1

ANNEXURE 1**INITIAL CECS MEMBERS**

Adelaide Bank Limited	ATM Issuer EFTPOS Issuer ATM Acquirer
Australia and New Zealand Banking Group Limited	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Australian Settlements Limited	Body Corporate within Regulation 4.2(b)(iii)
Bank of Queensland Limited	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Bank of Western Australia Ltd	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Bendigo Bank Ltd	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Citibank Limited	ATM Issuer EFTPOS Issuer ATM Acquirer
Coles Myer Ltd	Self Acquirer
Commonwealth Bank of Australia	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Credit Union Services Corporation (Australia) Limited	ATM Acquirer Body Corporate within Regulation 4.2(b)(iii)
National Australia Bank Limited	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer

Amended
effective 20/06/05

State Bank of New South Wales Limited	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
St.George Bank Limited	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Suncorp-Metway Ltd	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer
Westpac Banking Corporation	ATM Issuer EFTPOS Issuer ATM Acquirer EFTPOS Acquirer

The next page is A2.1

ANNEXURE 2

MEMBERSHIP APPLICATION FORM
(Regulation 4.3)

Last amended effective 29/2/08

The Secretary
Australian Payments Clearing Association Limited
Level 6
14 Martin Place
Sydney NSW 2000

Consumer Electronic Clearing System (CS3)

Full Name of Applicant

ACN/ARBN/ABN

Place of Incorporation

Registered Office Address/Principal Place
of Business in Australia

Postcode.....

Name of Contact Person

Telephone Number

Fax number

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

- (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) the quotation of the ABN is effected in the same manner in which the quotation of the ACN or ARBN would normally occur.)

Last amended effective 29/2/08

The abovenamed body corporate ("**Applicant**") applies for CECS membership in the Consumer Electronic Clearing System (CS3) and guarantee membership of Australian Payments Clearing Association Limited. In consideration of and subject to acceptance of this application, the Applicant represents, undertakes and agrees as follows:

1 The Applicant represents (*select from options A, B or C as applicable*)

A. that it engages, or proposes to engage, in Interchange Activities in the capacity or capacities nominated below (*tick as applicable*)

Issuer participating in:

ATM Interchange Activities

EFTPOS Interchange Activities

Acquirer participating in:

ATM Interchange Activities

EFTPOS Interchange Activities

B. that it engages, or proposes to engage, in EFTPOS arrangements in the capacity of:

Self Acquirer

Amended effective 20/06/05

C. that it is a:

body corporate within Regulation 4.2(b)(iii)

and that it is able to meet the qualifications for membership of the Consumer Electronic Clearing System (CS3) specified in the Regulations (including the technical requirements applicable to any capacity in which it proposes to participate, as nominated above).

2. The Applicant will observe and comply with the Constitution of Australian Payments Clearing Association Limited, the Regulations and the minimum technical and operational standards and requirements in the CECS Manual applicable to the activities in which the Applicant engages after becoming a CECS Member, in each case as in force from time to time. The Applicant hereby acknowledges receipt of a copy of the Constitution, the Regulations and the CECS Manual.
3. The Applicant undertakes not to adversely affect the efficiency, security or integrity of the conduct and settlement of exchanges of Items between CECS Members after becoming a CECS Member.
4. The Applicant undertakes to pay the fees and other amounts payable under the Regulations by a CECS Member.
5. The Applicant acknowledges that the Company is appointed the attorney of the Applicant for certain purposes pursuant to the Regulations.
6. The benefit of the rights and obligations contained herein extends not only to the Company, but to every other CECS Member who has agreed to observe and comply with the Constitution, the Regulations and the CECS Manual.
7. Terms not defined in this application have the same meaning as in the Regulations for the Consumer Electronic Clearing System (CS3).

Dated: _____

Last amended effective 29/2/08

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:

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.

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ANNEXURE 3

PROCEDURAL RULES GOVERNING THE ELECTION OF CERTAIN MEMBERS OF THE MANAGEMENT COMMITTEE (Regulation 6.2)

Secretary's Determination

1. At the same time as the Secretary calls for nominations pursuant to Regulation 6.5, 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 CECS 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 CECS Members comprising the relevant Electoral Group for this purpose if the Secretary so requests.

Nominations

2.
 - (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 CECS 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 CECS 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.
 - (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 CECS 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 CECS 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 CECS 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 CECS Member whose vote it represents or that it is marked in any other way so as to identify, or be capable of identifying, the CECS 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 CECS 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 CECS Members of that Electoral Group. The Secretary must notify all CECS Members and each Director of the chairman's decision.

Electoral Group Meetings

- 3. (a) The CECS 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 6.6 or 6.22 (as applicable).
- (c) Nominations for appointment to the Management Committee may be made orally at a meeting of the relevant CECS 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.

- (d) The provisions of Part 7 (Meetings of CECS Members) of the Regulations apply (with any necessary adaptations) to meetings of the CECS Members comprising any Electoral Group held in accordance with this Annexure, subject to the following:
- (i) Regulations 7.1, 7.5 - 7.8 inclusive, 7.13, 7.15, 7.16 and 7.36 will not apply;
 - (ii) Regulation 7.3 will apply, but deleting references to members of the Management Committee and Directors; and
 - (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.

No Nominations

4. (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 6.22.

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ANNEXURE 4

FORM OF NON-MEMBER REPRESENTATION UNDERTAKING

(Regulation 4.2(b)(iii), 6.14(f))

THIS UNDERTAKING is executed on []

BY: [] (ACN/ARBN/ABN)

Last amended effective 29/2/08

of [] ("**Relevant CECS Member**")¹

IN FAVOUR OF: **AUSTRALIAN PAYMENTS CLEARING ASSOCIATION LIMITED** (ABN 12 055 136 519) of Level 6, 14 Martin Place, Sydney, NSW 2000 for itself and on behalf of CECS Members participating in the Consumer Electronic Clearing System (CS3) for the time being ("**Company**")

Last amended effective 29/2/08

[**AND:** [] (ACN/ARBN/ABN)

Last amended effective 29/2/08

of [] ("**Relevant CECS Member**"²)]

RECITALS:

- A. The Relevant CECS Member is a CECS Member which, pursuant to Regulation 4.2(b)(iii), represents the Non-Member [listed in the Schedule ("**Relevant Non-Member**")]³
- B. Regulation 6.14(f) permits the Management Committee to attribute to the Relevant CECS Member, for purposes of determining its percentage share of National Transaction Volume, the aggregate volume of applicable Items under Regulation 6.14(b) which are given and received by the Relevant Non-Member(s).
- C. A pre-condition to the application of Regulation 6.14(f) is the execution of this Undertaking.

Last amended effective 29/2/08

OPERATIVE PROVISIONS:

1. INTERPRETATION:

- 1.1 In this Undertaking the expression "**Regulations**" means the regulations from time to time existing entitled "Regulations for Consumer Electronic Clearing System (CS3)" published by the Company.
- 1.2 Words and expressions which have a defined meaning in the Regulations 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;

Last amended effective 29/2/08

¹ substitute "Relevant Non-Member" if Undertaking is being given directly by a Non-Member

² for use only where Undertaking is given directly by a Non-Member

³ for use where Undertaking is given by the Relevant CECS Member on behalf of one or more Non-Member(s)

- (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 Relevant CECS Member and to]² the Company for itself and on behalf of each CECS Member.

3. RIGHTS AND OBLIGATIONS

3.1 The Relevant CECS Member¹ undertakes that [each/the] Relevant Non-Member will observe and comply with the Constitution of the Company, the Regulations and the CECS Manual to the extent they apply to any aspect of Interchange Activities in which [any such/the] Relevant Non-Member engages with any CECS Member or any other Non-Member in respect of which a similar Undertaking has been given.

Last amended effective 29/2/08

The Relevant CECS Member¹ represents and warrants to the Company (for itself and on behalf of each CECS Member) that the Relevant CECS Member is duly authorised to bind each Relevant Non-Member to the terms of this Undertaking in a manner enforceable against each Relevant Non-Member³.

Last amended effective 29/2/08

3.2 The Relevant CECS Member¹ 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.

Last amended effective 29/2/08

Last amended effective 29/2/08

¹ substitute "Relevant Non-Member" if Undertaking is being given directly by a Non-Member

² for use only where Undertaking is given directly by a Non-Member

³ for use where Undertaking is given by the Relevant CECS Member on behalf of one or more Non-Member(s)

4. GOVERNING LAW

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

SCHEDULE

[Insert name of Relevant Non-Member(s)]

EXECUTED under seal as a deed poll.

**THE COMMON SEAL of THE [RELEVANT
CECS MEMBER]/[NON-MEMBER]** 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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