

**Procedures for liaison between
Reserve Bank of Australia
And
Australian Payments Clearing Association**

Objective

1. The Reserve Bank of Australia (RBA) and the Australian Payments Clearing Association (APCA) both have an interest in the health and development of the Australian payments system. Both organisations agree to the procedures set out in this document to facilitate an effective working relationship and thereby promote an efficient, stable and competitive payments system in Australia.
2. APCA recognises that the RBA has multiple roles as a participant member of APCA, payments system regulator, and provider of payment system infrastructure. As such, APCA will ensure that the RBA be kept informed of all relevant activities undertaken by APCA on the basis that these may have public policy implications. Where appropriate, the RBA will in turn undertake to inform APCA of any operational or public policy issues that may impact on APCA's self-regulatory role.

Responsibilities

3. Under the *Reserve Bank Act 1959*, the RBA has responsibility for promoting the efficiency, stability and competitiveness of the Australian payments system. Its powers to achieve this mandate are contained in the *Payment Systems (Regulation) Act 1998*, the *Cheques Act 1986* and the *Payment Systems and Netting Act 1998*. The RBA also operates the real-time gross settlement system, has a role in supplying cash to Australian banks, and provides banking services to the Australian Government and its agencies.
4. APCA is the industry body which promotes the safety, reliability, equity, convenience and efficiency of the Australian payments system. It does this through industry policy development and advocacy; industry self-regulation and standards; and industry change management. Its members include banks, building societies, credit unions and other payment institutions.

Liaison

5. Shortly after each APCA Board meeting the CEO of APCA will discuss with the Head of Payments Policy Department at the RBA:
 - (a) any matters raised at the APCA Board that could have implications for the RBA's legislative or operational responsibilities for the Australian payments system; and
 - (b) any matters of current interest to the RBA that could have implications for APCA's role in seeking to improve the Australian payments system.

An agenda will be prepared in draft by APCA and agreed with the RBA prior to the meeting and finalised a week before the meeting to enable distributions and feedback within the RBA.

6. Shortly after each APCA Board meeting the CEO of APCA will discuss with the Head of Banking and the Head of Payments Settlements Departments at the RBA:
 - (a) any matters raised at the APCA Board that could have implications for the RBA's operational responsibilities for the Australian payments system; and
 - (b) any matters of current interest that could have implications for APCA's role in seeking to improve the Australian payments system.
7. At least twice a year, the Head of Payments Policy Department at the RBA will meet with the Board of APCA to exchange information on the activities undertaken by each body related to their responsibilities.
8. The CEO of APCA will inform the Head of Payments Policy Department at the RBA of any issues that might have implications for the RBA's operations or policy as soon as practicable rather than waiting for the next regularly scheduled meeting. The RBA will do likewise for any issues having implications for APCA.
9. The liaison arrangements set out above do not oblige either party to share information, that is:
 - (a) commercially sensitive; or
 - (b) subject to confidentiality obligations with a third party.
10. The RBA and APCA agree that all information disclosed through the liaison arrangements set out in this document is confidential to the organisations, unless it is already in the public domain or agreed otherwise. This does not preclude the RBA from fulfilling its information-sharing obligations with other regulators. The RBA and APCA further acknowledge that, while it is unlikely, it is possible that information may be disclosed to the RBA for policy purposes, that would not be appropriate to share with the RBA's Banking Department. If APCA is of the view that specific information should not be shared with the Banking Department because of a direct conflict of interest, it will make this clear at the time, including why this information cannot be shared. In such circumstances, the RBA has arrangements to protect such information. The RBA will assume that all information can be shared internally if APCA has not stated otherwise.

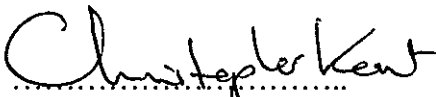

Participation on APCA Committees

11. APCA will undertake to inform the RBA of:
 - (a) Proposals to establish any new committee or working group by the APCA Board and any Management Committee, including details on terms of reference and membership; and
 - (b) Substantial changes to existing committees and working groups.
12. APCA will undertake to consult with the RBA on the above including, where appropriate, an opportunity to comment on terms of reference and any other foundation documents.

13. APCA will undertake to invite the RBA to join any new committees or working groups referred to above where appropriate.
14. The RBA will remain a participating member of any APCA system for which it qualifies for membership (on the same basis as other members) and will have a right to appoint a member to the management committee of a particular clearing system if it meets the criteria for appointment (on the same basis as other members).
15. Where it is a participating member in a clearing system, the RBA will be provided with management committee memoranda for that clearing system (on the same basis and to the same extent as other members) even if it is not represented on that management committee in its own right or as a member of an electoral group.
16. Given the RBA's important role in the operation and provision of services to the high-value system, as well as its importance to the cash distribution system, the RBA has an automatic right to appoint a representative to the management committees responsible for the administration of these clearing systems. The voting entitlements of these representatives will be determined on the same basis as other members of the Management Committee.
17. Where the RBA is not represented on a particular management committee, the RBA may attend meetings of that management committee, and any of its subcommittees, on an ad hoc basis, where the RBA and APCA agree.
18. Where the RBA is not a participating member of a management committee or clearing system, it will receive a copy of any material that is distributed to the advisory council for that system.
19. The RBA will treat material it receives from APCA committees or subcommittees as confidential under the same terms that apply to APCA members.

Review

20. This document will be reviewed every year by the RBA and APCA to ensure it is meeting its Objective, with any proposed changes to be agreed between the RBA and APCA. This document will be immediately subject to review if the RBA chooses to appoint a director to the APCA Board.

<p>For and on behalf of the Reserve Bank of Australia:</p>  <p>Name: CHRISTOPHER KENT Position: HEAD, PAYMENTS POLICY DEPT. Date: 25/3/11</p>	<p>For and on behalf of the Australian Payments Clearing Association Limited</p>  <p>Name: Christopher Hamilton Position: CEO Date: 25/3/11</p>
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