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Regulations  
for  
NEW PAYMENTS PLATFORM  
(NPP)

Commenced 1 July 2017

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**REGULATIONS  
FOR  
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(NPP)**

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**Part 1 PRELIMINARY****1.1 Definitions**

**ABN** means the Australian business number allocated by the ATO.

**ACN** means the Australian company number allocated by ASIC.

**Active** means, in relation to a Mandate, the status recorded for the Mandate in the MMS which indicates that the Mandate has been confirmed by the Payer Participant (for itself or on behalf of its sponsored Identified Institution) as authorised by the Payer Customer.

*Drafting note: inserted 2 December 2020.*

**ARBN** means the Australian registered body number allocated by ASIC.

**ARSN** means the Australian registered scheme number allocated by ASIC.

**Accession Agreement** means an agreement by which a prospective NPP Participant accedes to the Shareholders' Agreement.

**ACICA** has the meaning given in Regulation 12.7(f).

**ACICA Arbitration Rules** has the meaning given in Regulation 12.7(f).

**Account** means an account with an ADI or the RBA.

**Account Holder** means the person who owns, or is authorised to operate, an Account.

**Account Number** means the number issued by an ADI or the RBA to identify a particular Account.

**Additional Components** means software, hardware and Services which are additional to a connected NPP Participant's or Connected Institution's NPP Componentry entitlement under the MISD, and which may be acquired at the option of the connected NPP Participant or Connected Institution from NPPA under the Reseller Process.

**Additional Component Fees** means the fees for Additional Components set by the Board of NPPA.

**Addressing Lookup** means a request to look up and provide the Alias Address and Alias Name registered for a particular Alias Identifier.

**Addressing Service** means that component of the NPP Basic Infrastructure that enables registration of Alias Information and performance of Addressing Lookups.

**Addressing Service Management Portal** means the software application hosted by NPPA to enable lodgement of Addressing Service queries and generation of Addressing Service reports.

**Addressing Service Protocol** means the protocol which forms Annexure D to these Regulations.

**ADI** means an authorised deposit-taking institution as defined in the *Banking Act 1959 (Cth)*.

**ADI Identifier** means, in relation to a particular ADI or the RBA, the ADI's or RBA's BSB number or Issuer Identification Number.

**Admission Eligibility Requirements** means:

- a) in the case of a prospective Full Participant, the requirements set out in Regulation 4.3;
- b) in the case of a prospective Clearing Participant, the requirements described in Regulation 4.4;
- c) in the case of a Settlement Participant, the requirements described in Regulation 4.5; and
- d) in the case of a Connected Institution, the requirements described or referred to in Regulation 4.6(h).

**Alias Address** means the ADI Identifier and Account Number associated with an Alias.

**Alias Identifier** and **Alias** means a unique identifier for an Account such as:

- a) the Account Holder's telephone number (including domestic and international landline and mobile numbers);
- b) the Account Holder's email address;
- c) the Account Holder's ABN, ACN, ARBN or ARSN;
- d) the Account Holder's Organisation Identifier;

or any other unique identifier for an Account approved by NPPA for registration in the Addressing Service.

**Alias Identifier Type** means the types of Alias Identifier approved by NPPA for registration in the Addressing Service as unique identifiers for Accounts from time to time.

**Alias Information** means the Alias Identifier, Alias Address and Alias Name for an Account.

**Alias Registration at Launch Protocol** means the protocol which forms Annexure C to these Regulations.

**Alias Name** means a name, word, or any combination of alphanumeric and/or other approved characters to reasonably represent and identify an Account Holder, either generated for the Account Holder by the Registering Participant or selected by the Account Holder with Registering Participant approval.

**APCA** means the Australian Payments Clearing Association Limited (ABN 12 055 136 519).

**Applicant** means a prospective NPP Participant or Connected Institution.

**Application Fee** means the fee determined by NPPA to be payable by an Applicant upon lodgement of a Participation Application in accordance with Regulation 4.7.

**Approved Change** means a Change Proposal which has been approved by NPPA in accordance with the NPP Change Management Process.

**APRA** means the Australian Prudential Regulation Authority.

**ASIC** means the Australian Securities and Investments Commission.

**ATO** means the Australian Taxation Office.

**Australian AML/CTF Regime** means all obligations and requirements arising from the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and all associated instruments, guidance notes and determinations.

**Australian Sanctions Regime** means all obligations and requirements arising from:

- a) Autonomous *Sanctions Act 2011* (Cth); and
- b) Charter of the United Nations Act 1945 (Cth).

**Back Office System** means, in relation to any NPP Participant (other than a Settlement Participant) or Connected Institution, its Payments Connector, together with the associated MQ Environment and any other component required to respond to a received BSCT Clearing Request within the time-out values specified in Part 3 of the NPP Procedures.

**Basic Single Credit Transfer** and **BSCT** means a credit payment message, other than an OS Payment or an IFTI Payment, sent by an NPP Participant via the NPP Basic Infrastructure for the benefit of a Payee with another NPP Participant or Identified Institution.

*Note: it is technically possible to use the NPP Basic Infrastructure for “on us” transactions, but these are not within the BSCT definition.*

**BIC8 Holder** means a body corporate which is the holder of a registered BIC8 issued by SWIFT.

**BIC11 Holder** means a body corporate which is the holder of a registered BIC11 issued by SWIFT.

**Board** means the board of directors of NPPA.

**Business Day** means a day other than a Saturday, Sunday or a public holiday in both Sydney and Melbourne, Australia.

**Certificate Authority Service** means a certificate authority service for the purpose of enabling NPP Participants and document hosts, which provide capability of retrieving documents in accordance with the Financial Institution to Document Host Interface Specification, to obtain digital certificates and copies of the root signing certificate.

**Certification Service** means a certification service for the purpose of certifying the compliance of NPP Participants and document hosts with the Financial Institution to Document Host Interface Specification.

**Certification Solution** means the certification solution comprising:

- a) a Financial Institution to Document Host Interface Specification;
- b) a Certification Service; and
- c) a Certificate Authority Service.

**Change Proposal** means any:

- a) prospective SWIFT software release under the Technology Maintenance Plan;
- b) proposed functional change to the NPP Basic Infrastructure, including one proposed as a result of Technology Evolution, or arising out of NPPA’s Technology Evolution activities; or
- c) proposed change to any NPP Message or to the NPP Message Collection.

**Chief Executive Officer** means the chief executive officer of NPPA.

**Cleared** has the meaning given in Regulation 6.2(b).

**Clearing Abort Notification** means an NPP Message (pacs.002) generated by the Payer Participant PAG in the event that a Clearing Notification (pacs.002) is not received within the configured timeout value.

**Clearing Notification** means the NPP Message (pacs.002) initiated in response to a Clearing Request.



**Clearing Participant** means an NPP Participant which:

- a) connects directly to the NPP Basic Infrastructure for the purposes of sending and receiving NPP Payments and Non-Value Messages; but
- b) has not been authorised by the RBA to use the FSS for settlement of NPP Payments, but which has entered into an arrangement with another NPP Participant to settle its NPP Payments.

**Clearing Request** means the NPP Message (pacs.008) that initiates an NPP Payment.

**CMS Deed** means the deed relating to the design, development and operation of the MMS dated 31 January 2019 between NPPA and SWIFT.

*Drafting note: inserted 2 December 2020*

**Commencement Date** means the date determined by the Board to be the date upon which these Regulations become effective and binding.

**Confidential Information** means any information in any form or medium in connection with the operation of the NPP Basic Infrastructure which is made available by NPPA, either directly or via SWIFT or the RBA, or by the RBA either directly or via SWIFT or NPPA, or by any NPP Participant, Connected Institution or Overlay Service Provider to any other NPP Participant, Connected Institution, Overlay Service Provider, NPPA or RBA from time to time, and includes without limitation:

- a) data and information in NPP Payments and Non-Value Messages, the NPP Business Reference Data Tables and NPP Reports, and all information and data contained in them; and
- b) any parts or provisions of the NPP Regulations, NPP Procedures or any ancillary documents or materials which NPPA determines to be desirable to be kept confidential in order to ensure the integrity or security of the NPP Basic Infrastructure.

*Note: Regulation 16.4 provides that Confidential Information may be disclosed to an existing or prospective Identified Institution in connection with the provision of NPP clearing and / or settlement services.*

*Drafting note: amended 1 August 2017*

**Connected Institution** means a body corporate which is connected to the NPP Basic Infrastructure for the purpose of sending and receiving Non-Value Messages, and which, for the avoidance of doubt, may also be an Overlay Service Provider.

**Connected Overlay Service Provider** means an Overlay Service Provider that is also a Connected Institution.

**Connection Window**, in relation to an Overlay Service, means the dates within the range specified by NPPA for the purpose of testing and commencing provision of the service.

**Connectivity Requirements** means the requirements set out in Appendix E of the NPP Procedures that relate to the installation, testing and certification of the NPP Participant's or Connected Institution's NPP Componentry and any Additional Components.

**Constitution** means the constitution of NPPA.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Creditor** means a Payee customer of an NPP Participant or its sponsored Identified Institution, as the context requires.

*Drafting note: inserted 2 December 2020*

**Daily Customer Screening** means a process for screening Account Holders of NPP-enabled Accounts:

- a) against the Sanctions List promptly after notification by the Account Holder of a change of name or change in beneficial owner name; and
- b) against any changes to the Sanctions List;

on a daily basis.

*Drafting note: inserted 20 December 2018*

**Debtor Payment Arrangement** has the meaning given in the NPP Procedures.

*Drafting note: inserted 2 December 2020*

**Defendant Participant** has the meaning given in Regulation 12.4(a).

**Disabling Event** means any:

- a) Outage (other than an FSS Outage or NPPA scheduled maintenance) or processing, communications or other failure of a technical nature; or
- b) data or security breach; or
- c) inaccessibility (total or partial) to facilities by means of which NPP Payments or Non-Value Messages are sent and received;

which affects, or may affect, the ability of any NPP Participant to send or receive NPP Payments or Non-Value Messages, or to access the Mandate Management Service or of any Connected Institution to send or receive Non-Value Messages or access the Mandate Management Service or of any Overlay Service Provider to provide its Overlay Service.

*Drafting note: inserted 2 December 2020*

**Dispute** has the meaning given in Regulation 12.1(a)(i).

**Dispute Resolution Certificate** has the meaning given in Regulation 12.1(a)(ii).

**Domestic SWIFT User** means a body corporate that has been authorised by SWIFT to be a SWIFT member for the purposes of subscribing to SWIFT Services.

**Dormant Overlay Service** means an Overlay Service which is dormant, other than for the purposes of testing, for a period of two years or more.

**Duplicate Detection Window** means, in relation to any NPP Payment, the period of 48 hours after receipt by the Payee Participant of the initial Clearing Request.

**Duplicate Payment** means an NPP Payment which has the same Transaction ID as another NPP Payment (but which is not a Replay).

**Effective Compliance Date** in relation to a particular Mandatory Compliance Requirement, means the date determined by the Board to be the date by which NPP Participants and/or Connected Institutions must be certified as compliant with that Mandatory Compliance Requirement.

**ePayments Code** means the electronic payments code, administered by ASIC, which regulates electronic payment facilities in Australia.

**Error Payment** means an NPP Payment initiated by a Payer who is not a ‘user’ as that term is defined in the *ePayments Code*, which, as a result of the Payer’s error, is directed to the wrong Account.

**ESA** means an exchange settlement account maintained by an NPP Participant with the RBA for the purpose of effecting settlement of, amongst other interinstitutional payment obligations, the obligations required by these Regulations to be settled via the FSS.

**Financial Institution to Document Host Interface Specification** means the interface specification for the interaction and messaging between document hosts and NPP Participants.

**FSS** means the Fast Settlement Service operated by the RBA as a part of RITS, for settlement of NPP Payments by Full Participants and Settlement Participants.

**FSS Outage** means an Outage of the FSS.

**Full Participant** means an NPP Participant which:

- a) connects directly to the NPP Basic Infrastructure for the purposes of sending and receiving NPP Payments and Non-Value Messages; and
- b) is authorised by the RBA to use the FSS for settlement of NPP Payments.

**Governance Band** has the meaning given in Schedule 1 to the Shareholders’ Agreement.

**GST** has the meaning given in the GST Law. It 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 NPP Regulations or the NPP Procedures in connection with any Taxable Supply (other than amounts payable under Regulation 16.2(a) and the GST exclusive value of any non-monetary consideration provided in connection with the Supply).

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

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

**High Band Participant** means an actual or prospective NPP Participant with greater than or equal to \$100 billion in total assets.

*Drafting note: inserted 30 June 2021*

**Identified Institution** means an institution that is not connected to the NPP Basic Infrastructure, but which has an arrangement with one or more NPP Participants to clear and/or settle NPP Payments on its behalf using the institution’s BSB, associated BIC11 and payment routing information set out in the NPP Business Reference Data Tables.

**IFTI** means an International Funds Transfer Instruction, as that term is defined in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

**IFTI Payment** means a credit transfer initiated by an NPP Participant in relation to an IFTI, to direct that IFTI to another NPP Participant which may be the beneficiary institution, or an intermediary in the IFTI transfer chain.

**Implementation Date** means the date determined by NPPA to be the date which an OSP Applicant or Overlay Service Provider could commence implementation of its Project Plan for a new Overlay Service.

**Incident** means a Disabling Event, and any other incident or event of a similar nature as determined by NPPA or the NPP Incident Response Group.

**Incident Management Plans** means the plans and arrangements established by the NPP Incident Response Group for the management of Incidents.

**Incident Management Procedures** means the procedures set out in Part 7 of the NPP Procedures, and includes the framework set out in Appendix A to the NPP Procedures.

**Indeterminate Settlement Status** means, in relation to a Cleared NPP Payment:

- a) that no Settlement Notification has been received by either the Payer Participant or the Payee Participant within the timeout values for Settlement Notifications prescribed by the NPP Procedures; and
- b) that neither the Payer Participant nor the Payee Participant is able to confirm that Cleared NPP Payment as having been either settled or rejected by reference to the FSS; and
- c) the Payer Participant PAG has not initiated a Settlement Abort Notification in relation to that Cleared NPP Payment.

**Initial Eligibility Requirements** means the administrative and regulatory eligibility requirements for participation set out in:

- a) Regulation 4.2(a) and Regulations 4.2(c) to 4.2(h), for prospective NPP Participants; and
- b) Regulation 4.6(a) to (h) for prospective Connected Institutions.

*Drafting note: amended 30 June 2021*

**Initiating Participant** means the NPP Participant or Connected Institution which sends a Payment Initiation Request via the NPP for processing, and in the context of the MPS has the meaning given in Part 17 of these Regulations.

*Drafting note: inserted 2 December 2020*

**Initiating Party** means the person on whose behalf the Initiating Participant sends a Payment Initiation Request via the NPP for processing, and in the context of the MPS has the meaning given in Part 17 of these Regulations.

*Drafting note: inserted 2 December 2020*

**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 an NPP Participant, a Connected Institution or an Overlay Service Provider be wound up;
- b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of an NPP Participant, a Connected Institution or an Overlay Service Provider, or one of them is appointed, whether or not under an order;
- c) an NPP Participant, a Connected Institution or an Overlay Service Provider 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 (other than a solvent reconstruction) involving any of them;
- d) an NPP Participant, a Connected Institution or an Overlay Service Provider resolves to wind itself up or otherwise dissolve itself, or gives notice of intention to do so;

- e) an NPP Participant, a Connected Institution or an Overlay Service Provider 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, an NPP Participant, a Connected Institution or an Overlay Service Provider is taken to have failed to comply with a statutory demand;
- g) an NPP Participant, a Connected Institution or an Overlay Service Provider is, or makes a statement from which it may be reasonably deduced that the NPP Participant, the Connected Institution or the Overlay Service Provider is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act or any corresponding legislation;
- h) an NPP Participant, a Connected Institution or an Overlay Service Provider takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to an NPP Participant, a Connected Institution or an Overlay Service Provider;
- i) the Australian Prudential Regulation Authority or another body responsible for the prudential supervision of an NPP Participant, a Connected Institution or an Overlay Service Provider assumes management and control of that NPP Participant, Connected Institution or Overlay Service Provider;
- j) to the extent not otherwise provided for above, an NPP Participant, a Connected Institution or an Overlay Service Provider goes into external administration within the meaning of the *Payment Systems and Netting Act 1998* (Cth); or
- k) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Intellectual Property Rights** means all intellectual property rights including current and future registered and unregistered rights in respect of copyright, designs, circuit layouts, database rights, trademarks, trade secrets, know-how, confidential information, patents, inventions and discoveries and all other intellectual property as defined in article 2 of the conventions establishing the World Intellectual Property Organisation 1967, and including any rights in respect of any application, or right to apply, for registration of any of such rights.

**Interface Connection** means the connection of an NPP Participant's or Connected Institution's Back-Office System to the NPP Basic Infrastructure.

**Inter-organisation Compensation Rules** means the document published by APCA entitled 'Inter-organisation Compensation Rules' version E005 dated 13 May 2014, and does not include any other versions or variations other than those approved by NPPA under Regulation 6.10.

*Drafting note: amended 20 December 2018*

**Issuer Identification Number** means the unique identification number allocated to an NPP Participant or Identified Institution by an authorised Australian standards body under ISO/IEC 7812.

**KYC Due Diligence Framework means** a framework developed and implemented by each NPP Participant that contains the following features as a minimum:

- a) identification of all relevant customer identification obligations under the Australian AML/CTF Regime;
- b) risk assessment methodology in relation to each such identified obligation;
- c) process for the identification and management of compliance with such identified obligations (for example, processes for the management of compliance with identified obligations including

- ongoing review of KYC/beneficial owner information, and controls to protect against holding accounts in the name of a sanctioned entity, which must include Daily Customer Screening);
- d) process for engaging with Regulatory Authorities including to report and comply with requests for information;
  - e) process for implementation, monitoring and oversight of the framework; and
  - f) a process for establishing that each Identified Institution to which it provides NPP Payments clearing and / or settlement services has a similar framework in place for ensuring compliance with its own obligations under the Australian AML/CTF Regime and a process for Daily Customer Screening.

**Level 1 Overlay Service** means a proposed Overlay Service which requires no changes to the NPP Basic Infrastructure, the Interface Connection or the NPP Core Clearing and Settlement Rules.

**Level 2 Overlay Service** means a proposed Overlay Service which requires Minor Change to the NPP Basic Infrastructure, the Interface Connection or the NPP Core Clearing and Settlement Rules.

**Level 3 Overlay Service** means an Overlay Service which requires Major Change to the NPP Basic Infrastructure, the Interface Connection or the NPP Core Clearing and Settlement Rules.

**Low Band Participant** means an actual or prospective NPP Participant with less than \$10 billion in total assets.

*Drafting note: inserted 30 June 2021*

**Major Change** means any change to the NPP Basic Infrastructure, the Interface Connection or NPP Core Clearing and Settlement Rules required to support an Overlay Service, other than a Minor Change.

**Mandate** has the meaning given in Regulation 17.1.

*Drafting note: inserted 2 December 2020*

**Mandate Management Service** and **MMS** means the centralised secure, access-controlled database of Mandates managed by NPPA.

*Drafting note: inserted 2 December 2020*

**Mandate Payment Initiation Request** has the meaning given in Regulation 17.1.

*Drafting note: inserted 2 December 2020*

**Mandated Payments Service** and **MPS** means the NPP business service described in Part 17 of these Regulations.

*Drafting note: inserted 2 December 2020*

**Mandatory Compliance Impact Assessment** means a qualitative assessment made by the NPP Change Management Sub-Committee, of the technical risk, complexity and impact of the introduction and designation of a Mandatory Compliance Requirement on the NPP, NPP Participants and/or Connected Institutions.

**Mandatory Compliance Requirement** means a standard or requirement set out, or prospectively to be set out, in the NPP Regulations or NPP Procedures, which the Board reasonably determines to be

fundamental to the integrity or operational performance, availability or resilience of the NPP, and which is designated as such pursuant to Regulation 3.8.

**Manuals** has the meaning given in clause 13(a) of the MISD and includes, without limitation:

- a) the NPP Service Description;
- b) the NPP User Documentation;
- c) the NPP Escalation Manual; and
- d) the NPP Configuration Browser.

**Material Breach** means any material breach of the NPP Regulations or the NPP Procedures, including any breach of the NPP Regulations or NPP Procedures which has the capacity to adversely affect the integrity or security of the NPP Basic Infrastructure or the Mandate Management Service.

**Medium Band Participant** means an actual or prospective NPP Participant with \$10 billion or more in total assets but less than \$100 billion in total assets.

*Drafting note: inserted 30 June 2021*

**Member** means a preference shareholder in NPPA.

**Minor Change** means any change to the NPP Basic Infrastructure, the Interface Connection or the NPP Core Clearing and Settlement Rules required to support an Overlay Service, which does not require a re-orchestration of NPP Message flows, including, but not limited to, such changes as the addition of a data field in the NPP Message format.

**MISD or Master Infrastructure and Services Deed** means the deed relating to the design, development and operation of the NPP, dated 2 December 2014 between NPPA and SWIFT.

**Misdirected Payment** means an NPP Payment initiated by a Payer, using an Alias as a proxy for the destination Alias Address, which is directed to an incorrect Account because the Registering Participant has not correctly registered or maintained the Alias Information associated with the Account.

**Mistaken Payment** means an NPP Payment initiated by a Payer who is a 'user', as that term is defined in the *ePayments Code*, which, as a result of the Payer's error, is directed to the wrong Account, for example the Payer:

- a) uses or inputs incorrect Payee Account details in the initiation message, either accidentally or because of being advised by the Payee of wrong Account details; or
- b) selects the incorrect Payee from a list of potential payees.

**MMS API** means an API developed by NPPA for use by NPP Participants and Connected Institutions interacting with the MMS.

**MPS Implementation Guide** means the document published by NPPA to NPP Participants, Connected Institutions and other parties entitled 'MPS Implementation Guide'.

**MPS User** means a Creditor or Payment Initiator who is authorised and approved by an NPP Participant, or its sponsored Identified Institution, to use the MMS and the MPS.

**MQ Environment** means IBM WebSphere MQ middleware used for securely exchanging NPP Messages between the Payments Connector of NPP Participants and FSS and the NPP Basic Infrastructure.

**Network Agreement** means a network connection and services agreement entered into between an NPP Participant (other than a Settlement Participant) or a Connected Institution and a Vendor Network Partner.

**New Payments Platform** means the new payments platform developed and established under the MISD which:

- a) facilitates on a 24x7 basis near real-time clearing and settlement of AUD NPP Payments which may be initiated using either an Alias or destination Account details;
- b) facilitates on a 24x7 basis near real-time exchange of Non-Value Messages;
- c) provides enhanced capability to exchange remittance information;
- d) is accessible to all ADIs (and other approved entities) on an equitable basis;
- e) is efficient, flexible and scalable, and has high levels of reliability and security; and
- f) supports ongoing innovation in payment services including through enablement of multiple overlay services tailored to particular payment needs.

**Non-Compliance Charge** means a charge calculated by the NPP Governance Committee in accordance with Regulation 3.8(i).

**Non-Value Message** means a non-value message, such as a Payment Initiation Request or inquiry message, which may be sent and received via the NPP Basic Infrastructure.

**NPPA** means NPP Australia Limited (ACN 601 428 737).

**NPPA Servicer** means APCA or such other servicer appointed by the Board to perform such services and on such other terms as considered appropriate by the Board.

**NPP Basic Infrastructure** means the New Payments Platform comprising the network, switching and addressing infrastructure and systems developed by or on behalf of NPPA which:

- a) supports the exchange of Non-Value Messages between NPP Participants and Connected Institutions; and
- b) facilitates the clearing and settlement of NPP Payments between NPP Participants.

**NPP Business Reference Data** means the information and data provided by NPP Participants to, and collated and maintained by, NPPA identifying:

- a) NPP Participants, Connected Institutions, Identified Institutions and Overlay Service Providers and their associated BSBs, BIC8s for NPP Payment and Non-Value Message routing purposes, BIC11s (for NPP Participants only), Issuer Identification Numbers and other payment routing information;
- b) NPP Participants' clearing and/ or settlement agency arrangements with Identified Institutions and other NPP Participants; and
- c) members of NPP CUGs.

**NPP Business Reference Data Tables** means the database of NPP Business Reference Data which is maintained by NPPA.

**NPP Change Management Sub-Committee** means the standing sub-committee of the NPP Operating Committee established to assess and make recommendations for the determination of Change Proposals and the implementation of Approved Changes, and ancillary matters.



**NPP Change Management Process** means the methodology and process established by NPPA for the evaluation and testing of Change Proposals and for the implementation of Approved Changes.

**NPP Closed User Group** or **NPP CUG** means a group of NPP Participants and/or Connected Institutions admitted by NPPA to use the NPP Basic Infrastructure for the purpose of sending and receiving NPP Payments or Non-Value Messages associated with a particular business service, and includes, in relation to:

- a) any Overlay Service, the group of NPP Participants which are OS Subscribers, and/or which provide clearing and/or settlement services to OS Subscribers which are not NPP Participants, to that Overlay Service; and
- b) IFTI Payments, the group of NPP Participants which have elected to use the NPP Basic Infrastructure to send and receive IFTI Payments.

**NPP Componentry** means the software, hardware and other Services provided by NPPA, to establish connectivity to the NPP Basic Infrastructure, including:

- a) the Payments Gateway (PAG) licence;
- b) one or more hardware security modules (HSM);
- c) the Alliance Gold Connectivity Pack;
- d) the SWIFT Net Link base licence (SNL);
- e) the Domestic Messaging Channel licence (DMC);
- f) the SWIFT Alliance Gateway (SAG); and
- g) consultancy services as described in Schedule 8 of the MISD.

**NPP Componentry Fee** means:

- a) in relation to NPP Componentry to be acquired by a prospective Connected Institution, the fee for NPP Componentry set by NPPA; and
- b) in relation to NPP Componentry acquired by an NPP Participant, the Subscription Price for the Shares that the NPP Participant is required to subscribe for under the Shareholders Agreement.

**NPP Contacts Database** means the database maintained and published by NPPA containing details of the NPP Operational Managers and the NPP Incident Managers nominated by each NPP Participant, Connected Institution and Overlay Service Provider, and any other representatives of those parties as considered necessary by the Board.

**NPP Core Clearing and Settlement Rules** means:

- a) the obligations to use the NPP Message Collection, in accordance with the NPP Message Usage Guidelines (including obligations to apply NPP Message format and orchestration rules);
- b) the addressing service liability and usage rules specified in Regulation **Error! Reference source not found.** and Part 8 of the Regulations and Part 6 of the NPP Procedures;
- c) the minimum message response times and clearing and settlement operational requirements specified in Part 6 of the Regulations and Parts 3 and 5 of the NPP Procedures;

*Drafting note: inserted 1 August 2017*

- d) the requirement to settle via the FSS in accordance with Part 7 of the Regulations, and Part 3.7 of the NPP Procedures;
- e) the Incident management arrangements specified in Part 13 of the Regulations and Part 7 of the NPP Procedures;

- f) the Outage management requirements specified in Part 5 and Part 13 of the Regulations and Part 7 of the NPP Procedures;
- g) the requirements to use the investigation messages and process specified in Regulation 6.8 and Part 4 of the NPP Procedures; and
- h) the obligation to apply Regulation 3.7(f) for the purposes of resolving which party has responsibility for administration of requirements in circumstances where both NPP Regulations or NPP Procedures and OS Rules potentially apply.

**NPP Fraud Advisory Committee** means the standing sub-committee of the NPP Operating Committee established to provide advice and recommendations to the Chief Executive Officer and the NPP Operating Committee on fraud risk management in the context of the NPP.

**NPP Governance Committee** means a sub-committee of the Board, comprised of the independent directors and the Chief Executive Officer, established for the purposes set out in its terms of reference approved by the Board from time to time.

**NPP Incident Manager** means the representative of each NPP Participant, Connected Institution and Overlay Service Provider responsible for the management of all reporting and other activity in relation to resolution of an Incident.

**NPP Incident Response Group** means the standing sub-committee of the NPP Operating Committee comprising representatives of NPPA, NPP Participants, SWIFT and RBA, established to manage and resolve Incidents.

**NPP Message** means a financial message within the NPP Message Collection formatted in accordance with ISO 20022.

**NPP Message Collection** means the set of ISO 20022 messages approved and published by NPPA for use within the NPP Basic Infrastructure and includes, without limitation:

- a) Clearing Request (pacs.008);
- b) Clearing Notification (pacs.002);
- c) Clearing Abort Notification (pacs.002);
- d) Settlement Request (pacs.009);
- e) Settlement Notification (pacs.002);
- f) Settlement Abort Notification (pacs.002);
- g) Payment Initiation Requests and associated status messages (pain.001, pain.002, pain.013 and pain.014);
- h) Request for Payment Return (camt.056);
- i) NPP Payment Return (pacs.004); and
- j) Investigations messages (camt.035, camt.030 and camt.029).

**NPP Message Usage Guidelines** means the guidelines published by NPPA which describe how specific ISO20022 messages are to be used within NPP and which define the usage of specific message elements including value, optionality and conditionality.

**NPP Operating Committee** means the standing management committee established according to its terms of reference to undertake day-to-day management and operations of the NPP Basic Infrastructure under the delegations of authority given by the Board to management.

**NPP Operational Manager** means the representative of each NPP Participant, Connected Institution and Overlay Service Provider who is responsible for day-to-day management and reporting in relation to the NPP Basic Infrastructure and/or NPP participation.

**NPP Ordering Portal** means the eOrdering Portal hosted by SWIFT, on behalf of NPPA, to enable current and prospective NPP Participants and Connected Institutions to order NPP Componentry and Additional Components.

**NPP Participant** means a Full Participant, a Clearing Participant or a Settlement Participant.

**NPP Participant Back Office Design Considerations** means the document published by NPPA which sets out the requirements for NPP Participants' and Connected Institutions' Back Office Systems.

**NPP Payments** means Basic Single Credit Transfers, OS Payments, IFTI Payments and associated messages.

**NPP Payment Return** means a NPP Message (pacs.004) that a Payee Participant will send to effect a return of a settled Misdirected Payment, Mistaken Payment, Error Payment, Duplicate Payment or other settled NPP Payment which it determines to return (as an unsolicited NPP Payment Return) or which it returns pursuant to a Payer Participant's Request for Payment Return (camt.056).

**NPP Procedures** means the technical, operational and security procedures prescribed by NPPA for the purposes of the NPP Basic Infrastructure.

**NPP Regulations** or **Regulations** means the rules prescribed by NPPA that establish the core obligations and rights between NPPA, NPP Participants, Connected Institutions and Overlay Service Providers, including, without limitation, the annexures and schedules to these Regulations, as amended from time to time. A reference to a particular Regulation has a corresponding meaning.

**NPP Reports** means the reports produced by SWIFT for NPPA pursuant to the MISD and/or CMS Deed, and includes for the avoidance of doubt:

- a) reports on NPP Participant PAG activity and FSS PAG activity;
- b) multidimensional analytics on NPP traffic data; and
- c) statistical reporting on Addressing Service usage;
- d) statistical reporting on Mandate Management Service usage; and
- e) Leased Line Usage report (as defined in the MISD).

**NPP Rules Sub-Committee** means the standing sub-committee of the NPP Operating Committee established according to its terms of reference for the purposes of monitoring and assessing the NPP Regulations and Procedures, and developing proposed amendments to them.

**NPP Security and Standards Sub-Committee** means the standing sub-committee of the NPP Operating Committee established according to its terms of reference to advise and make recommendations to the NPP Operating Committee in relation to NPP security and standards.

**NPP Security Framework** means the security standards and requirements prescribed for NPP Participants, Connected Institutions and Overlay Service Providers as set out in Appendix F to the NPP Procedures.

**NPP Testing Protocol** means the testing plans and protocols established by NPPA and/or SWIFT for testing software and logical connection of NPP Componentry and Additional Components to the NPP Basic Infrastructure.

**NPP Volumetric Model** means the model, and underlying methodology and approach, developed by NPPA to define the Target Transaction Throughput for the NPP Basic Infrastructure and the relative entitlements of NPP Participants (and Connected Institutions) to resource capacity (as set out in the NPP Procedures, Appendix E).

**On-Boarding Process** means the registration process through which NPP Participants and Connected Institutions register with SWIFT, either to become:

- a) SWIFT Users or Domestic SWIFT Users, BIC11 Holders and subscribers to the PKI Management Service, or
- b) in the case of Settlement Participants, to become BIC8 Holders;

to receive the benefit of the SWIFT Services applicable to those categories.

**Order** means an order submitted to NPPA pursuant to the Reseller Process.

*Drafting note: amended 1 August 2017*

**Organisation Identifier** means a name, word or any combination of alphanumeric or other approved characters which accurately represents the name of an Account Holder who is a business customer or organisation **and which also contains:**

- a) a description of the business or organisation undertaking, campaign or product; **and/or**
- b) the geographic location of the business or organisation including suburb/town and state.

**OS Rules** means Overlay Service Rules.

**OSP Applicant** means an applicant who wishes to become an Overlay Service Provider.

**OSP Application** means an application in the form of Annexure B made by an OSP Applicant.

**OSP Application Fee** means the fee determined by NPPA to be payable by an OSP Applicant upon lodgement of an OSP Application in accordance with Regulation 4.9.

**Outage** in relation to:

- a) a Full Participant, Clearing Participant or Connected Institution, means a total or partial PAG outage or Back Office System outage, whether of an intermittent nature or not, which persists for a period of 5 minutes or more; and
- b) in relation to the FSS PAG, means an outage notified by the RBA to NPPA.

**Overlay Service** or **OS** means a payment service, or payment-related service, using the NPP Basic Infrastructure, to be provided by an Overlay Service Provider to Overlay Service Subscribers.

**Overlay Service Commencement Date** means the date determined by NPPA under Regulation 4.12 to be the earliest approximate date upon which a new Overlay Service could commence operation.

**Overlay Service Identifier** means the unique code allocated by NPPA to an Overlay Service to identify Overlay Service Payments.

**Overlay Service Payment** or **OS Payment** means an overlay service payment transaction, and associated messages, cleared and settled using the NPP Basic Infrastructure by an NPP Participant (which is either an OS Subscriber or a provider of NPP clearing and settlement services to an OS Subscriber) pursuant to scheme rules established by an Overlay Service Provider.

**Overlay Service Provider** or **OSP** means a person whose application to provide an Overlay Service has been accepted by NPPA.

**Overlay Service Rules** or **OS Rules** means all of the commercial, technical and other terms and conditions upon which an OSP provides an Overlay Service to OS Subscribers.

**Overlay Service Subscriber** or **OS Subscriber** in relation to an Overlay Service means a subscriber to the Overlay Service.

**PAG** means the SWIFT payments gateway software running on an NPP Participant's (other than a Settlement Participant) or Connected Institution's or the RBA's FSS infrastructure.

**Participation Application** means application for participation as an NPP Participant or Connected Institution in the form set out in Annexure A to these Regulations.

**Participation Change** means the on-boarding by NPPA of a prospective NPP Participant or Connected Institution under these Regulations.

**Participation Change Date** means:

- a) one of at least four dates in each calendar year specified by NPPA, by 30 September in the previous calendar year, as being the Participation Change dates for that calendar year; and
- b) subject to at least 1 months' notice being given to all NPP Participants, Connected Institutions and Overlay Service Providers, any other date in a calendar year specified by NPPA as being a Participation Change Date for the purposes of these Regulations.

**Participant Documentation** means the Manuals and any technical or operational documentation provided by NPPA, either directly or via SWIFT, to NPP Participants and Connected Institutions, which is designated as such.

**Payee** or **Payee Customer** means, in relation to an NPP Payment, the Account Holder of the destination Account.

**Payee Participant** in relation to an NPP Payment, means the NPP Participant to which the Clearing Request is directed, for itself or as Sponsor of an Identified Institution.

**Payer** or **Payer Customer** means, in relation to an NPP Payment, the Account Holder of the source Account.

**Payer Participant** in relation to an NPP Payment, means the NPP Participant which sends a Clearing Request, for itself or as Sponsor of an Identified Institution.

**Payment Initiation Request** means the NPP message (pacs.001 or pacs.013) that instructs the initiation of an NPP Payment, and in the context of the MPS means a Mandate Payment Initiation Request.

**Payment Initiator** has the meaning given in Regulation 17.1.

**Payments Connector** means, in relation to any NPP Participant (other than a Settlement Participant) or Connected Institution, any internal system it operates to provide a business accept/reject response to an incoming NPP Payment or Non-Value Message within the timeframes prescribed by the NPP Procedures.

**PKI Management Service** means the NPP public key management infrastructure service provided by SWIFT to Domestic SWIFT Users and SWIFT Users.

**Prescribed Minimum** means the NPP Componentry and any Additional Components determined by NPPA from time to time to be the minimum required to support an NPP Participant's, or Connected Institution's, estimated NPP Payment and Non-Value Message volumes.

**Privacy Law** means the *Privacy Act 1988* (Cth).

**Project Plan** means the OSP's plan for on-boarding a new Overlay Service.

**Provisioning Agreement** means an agreement between an NPP Participant or a Connected Institution and NPPA to provide the NPP Componentry and any Additional Components necessary to establish, maintain and operate a connection to the NPP Basic Infrastructure.

*Drafting note: amended 20 December 2018*

**RBA** means the Reserve Bank of Australia.

**Reason Code** means a code, as set out in Appendix G of the NPP Procedures, which may be applied to an NPP Message indicating the reason for the rejection of Payment Initiation Requests, Clearing Requests, Settlement Requests, Clearing Notifications or Settlement Notifications.

**Registering Participant** means the Full Participant or Clearing Participant which:

- a) services the Account/s in relation to which Alias Information is registered, or to be registered, in the Addressing Service; or
- b) provides NPP Payments clearing services to an Identified Institution or a Connected Institution which services the Account/s in relation to which the Registering Participant is contractually authorised, and entitled by these Regulations, to register, maintain and deregister Alias Information in the Addressing Service.

**Regulatory Authorities** means AUSTRAC (Australian Transaction Reports and Analysis Centre) and / or DFAT (Department of Foreign Affairs and Trade).

**Replay** means the resending of an NPP Message with the same Transaction ID.

**Request for Payment Return** means the NPP Message (camt.056) generated by a Payer Participant to request the return of a settled NPP Payment.

**Reseller Process** means the process established by NPPA to facilitate the ordering of NPP Componentry and Additional Components by connected NPP Participants, Connected Institutions, and eligible Applicants.

*Drafting note: inserted 20 December 2018*

**Retry** means the resending of an NPP Message using the 35<sup>th</sup> character of the Transaction ID or Return ID to indicate that the message is being retried.

**Return ID** means the unique transaction reference assigned by the Payee Participant's Back Office System to each NPP Payment Return sent from its PAG and which is to be included in all subsequent and associated NPP Messages.

**RITS** means the Reserve Bank Information and Transfer System.

**RITS Regulations** means the rules prescribed by the RBA for the use of RITS.

**Sanctions Compliance Framework** means a framework developed and implemented by each NPP Participant that contains the following features as a minimum:

- a) identification of all relevant obligations under the Australian Sanctions Regime;
- b) risk assessment methodology in relation to each such identified obligation;
- c) process for the identification and management of compliance with such obligations (for example, processes for the management of compliance with identified obligations which may include screening of NPP Messages), including the NPP Participant's approach to the taking of reasonable precautions and the exercise of due diligence;
- d) without limiting the generality of paragraph (c), a process for Daily Customer Screening;
- e) process for engaging with Regulatory Authorities including to report breaches, comply with requests for information and seek permits;
- f) process for implementation, monitoring and oversight of the framework; and
- g) a process for establishing that each Identified Institution to which it provides NPP Payments clearing and / or settlement services has a similar framework in place for ensuring compliance with its own obligations under the Australian Sanctions Regime and a process for Daily Customer Screening.

**Sanctions List** means the Consolidated List published by the Department of Foreign Affairs and Trade.

**Secretary** means the company secretary of NPPA.

**Settlement Abort Notification** means an NPP Message (pacs.002) generated by the Payer Participant PAG in the event that a Settlement Notification (pacs.002) is not received within the configured timeout value.

**Settlement Notification** means an NPP Message (pacs.002) generated by the FSS PAG and sent to the Payer Participant PAG and the Payee Participant PAG, which indicates the settlement status of a Cleared NPP Payment.

**Settlement Participant** means an NPP Participant which is not connected to the NPP Basic Infrastructure, but which is authorised by the RBA to use the FSS for settlement of NPP Payments.

**Settlement Request** means an NPP Message (pacs.009) generated by the Payer Participant PAG which contains details of the NPP Payment sent to the FSS PAG for settlement.

**Services** means those SWIFT Services which NPPA provides to NPP Participants and Connected Institutions.

**Shares** means redeemable preference shares in NPPA.

**Shareholders' Agreement** means the agreement between NPPA and each Member dated 24 September 2014, as amended from time to time.

**Sponsor** means an NPP Participant which provides NPP Payments clearing and/or settlement services to an Identified Institution.

**STP Channel** means a straight-through-processing channel maintained and configured by an Overlay Service Provider for the purpose of providing an Overlay Service.

**Subscription Date** means the date determined by NPPA to be the date upon which payment of any Subscription Price is due.

**Subscription Price** means, in relation to a Participation Application submitted by a person who is not a Member, the subscription price for the Shares to be subscribed for by that person.

**Supply** has the meaning given in the GST Law.

**Suspension Event** has the meaning given in Regulation 9.2.

**SWIFT** means S.W.I.F.T. Domestic Australia Pty Limited (ACN 602 666 142).

**SWIFT SCRL** means S.W.I.F.T SCRL with registered address at Avenue Adele, 1, 1310 La Hulpe, Belgium (0413.330.856 – RPM Nivelles).

**SWIFT Services** means the services provided by SWIFT under the MISD to NPPA for the benefit of NPPA and the NPP Participants and Connected Institutions (which are defined therein as “Participants”).

**SWIFT User** means a body corporate that has been authorised by SWIFT SCRL as a “SWIFT User” in accordance with SWIFT SCRL’s internal rules.

**Target Transaction Throughput** means the target transaction and message throughput for the NPP Basic Infrastructure as defined by the NPP Volumetric Model.

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

**Taxable Supply** has the meaning given in Regulation 16.2(a).

**Technology Evolution** means any improvement, upgrade, supplement, modification, replacement, enhancement or other change to the systems, hardware, software, telecommunications systems and interfaces used in the NPP Basic Infrastructure and process and methods used to provide the SWIFT Services.

*Drafting note: amended 1 August 2017*

**Technology Maintenance Plan** means the NPP Basic Infrastructure maintenance plan established by SWIFT and approved by NPPA in accordance with clause 14.6 of the MISD, which sets out the requirements and timeframes for the release, testing and deployment of regular and ad hoc software patches and upgrades for the NPP Basic Infrastructure.

**Transaction Fees** means the NPP Basic Infrastructure or Mandate Management Service usage fees payable by NPP Participants (other than Settlement Participants) and Connected Institutions, as determined by NPPA.

**Transaction ID** means the unique transaction reference assigned by the Payer Participant’s Back Office System to each Clearing Request sent from its PAG and which is to be included in all subsequent and associated NPP Messages.

**Transition Period** means the period which is determined by the Board to be the transition period for the purposes of the Alias Registration Protocol.

**Vendor Network Partner** means a provider of network connectivity services, specified by SWIFT in the MISD.

**Verification Standards** means the standards and requirements for verifying the authority of Account Holders to use the Alias Identifiers approved for use in NPP, by NPPA from time to time, as set out in the NPP Procedures.



**Withdrawal Date** has the meaning given in Regulation 12.3(d).

## 1.2 Interpretation

- (a) In the NPP Regulations and the NPP Procedures:
- (i) words importing any gender include the other genders;
  - (ii) the word person includes an individual, a partnership, a joint venture, a firm, a body corporate, an unincorporated association, a government agency or an authority;
  - (iii) the singular includes the plural and vice versa;
  - (iv) 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;
  - (v) references to a “document” include any notice, certificate, instrument, agreement or document in writing of any kind;
  - (vi) 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;
  - (vii) a reference to any document (including these NPP Regulations) is to that document including any variation or replacement of it;
  - (viii) a regulation, annexure or schedule is a reference to a regulation in or annexure or schedule to the NPP Regulations unless otherwise specified;
  - (ix) a particular person includes a reference to the person’s executors, administrators, successors and substitutes (including, persons taking by novation) and permitted assigns;
  - (x) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
  - (xi) Australian dollars, dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia;
  - (xii) except as expressly provided, if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
  - (xiii) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
  - (xiv) a party means a party to the NPP Regulations and the NPP Procedures;
  - (xv) the words “include”, “including”, “for example” or “such as” are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
  - (xvi) a reference to a time of day is a reference to Sydney time; and
  - (xvii) a reference to accounting standards is a reference to the accounting standards as defined in the Corporations Act and a reference to an accounting term is a reference to that term as it is used in those accounting standard, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia.
- (b) Words defined in the Corporations Act have, unless the contrary intention appears, the same meaning in the NPP Regulations.
- (c) Headings are inserted for convenience and do not affect the interpretation of the NPP Regulations.

- (d) If the whole or any part of a provision of the NPP Regulations or the NPP Procedures is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of the NPP Regulations or the NPP Procedures has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Regulation has no effect if the severance alters the basic nature of the NPP Regulations or is contrary to public policy.
- (e) Each reference in the NPP Regulations to any obligation of a person to comply with the NPP Regulations or the NPP Procedures or any other document is to be construed as an obligation to comply with those documents to which that person is a party.

### 1.3 Governing Jurisdiction

- (a) The NPP Regulations and the NPP Procedures are governed by the law of New South Wales.
- (b) Each party:
  - (i) irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them; and
  - (ii) waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### 1.4 Inconsistency

- (a) If a provision of the Shareholders Agreement or the Constitution is inconsistent with a provision of the NPP Regulations or the NPP Procedures applicable to an NPP Participant, the provision of the Shareholders Agreement or the Constitution shall prevail.
- (b) If a provision of the NPP Procedures is inconsistent with a provision of the NPP Regulations, the provision of the NPP Regulations shall prevail.
- (c) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges and agrees that if a provision of the NPP Regulations or NPP Procedures relating to NPP Core Clearing and Settlement Rules is inconsistent with a provision of the OS Rules, the provision of the NPP Regulations or NPP Procedures shall prevail.

### 1.5 Obligations of Good Faith

In exercising its rights and performing its obligations under these Regulations, each of NPPA, each NPP Participant, each Connected Institution and each Overlay Service Provider must act in good faith.

### 1.6 Commencement

The NPP Regulations and the NPP Procedures take effect from the Commencement Date.

### 1.7 Effect of the NPP Regulations and the NPP Procedures

- (a) The NPP Regulations and the NPP Procedures constitute a contract under seal between:
  - (i) NPPA on the one hand and each NPP Participant, each Connected Institution and each Overlay Service Provider on the other hand; and
  - (ii) NPP Participants, Connected Institutions and Overlay Service Providers.
- (b) The NPP Basic Infrastructure has been established for the benefit of NPP Participants, Connected Institutions and Overlay Service Providers who, and in consideration of becoming parties, acknowledge that they are bound to:
  - (i) comply with the provisions of the NPP Regulations and the NPP Procedures which are expressed to apply to them in that capacity; and

- (ii) fulfil and perform every obligation and duty imposed on them by or pursuant to the NPP Regulations and the NPP Procedures.

#### **1.8 NPP Participants, Connected Institutions and Overlay Service Providers act as Principals**

- (a) In incurring rights and obligations under the NPP Regulations and the NPP Procedures, each NPP Participant, each Connected Institution and each Overlay Service Provider acts as a principal, notwithstanding any other fact, matter or circumstance (including, without limitation, any actual or constructive notice of any agency or trustee relationship between an NPP Participant and any Identified Institution or another person or between a Connected Institution and another person or between an Overlay Service Provider and any other person).
- (b) No person other than the NPP Participant, Connected Institution, Overlay Service Provider or other party which assumes rights or incurs obligations under the NPP Regulations and the NPP Procedures (including any Identified Institution or any other person asserting rights as a principal on whose behalf such an NPP Participant or Connected Institution or Overlay Service Provider acts) may enforce those rights or assume those obligations.

#### **1.9 Assignment and Transfer**

The rights and obligations of each NPP Participant, Connected Institution and Overlay Service Provider under the NPP Regulations and the NPP Procedures are incapable of being assigned (whether at law, in equity or otherwise, save where an NPP Participant or Connected Institution acquires an interest in another NPP Participant or Connected Institution through a takeover, scheme of arrangement or merger), charged, transferred or the subject of any trust or other fiduciary obligation which may affect or abrogate the personal liability of that NPP Participant or Connected Institution or Overlay Service Provider. No action which purports to do any of the foregoing shall affect in any manner the rights and obligations of an NPP Participant, Connected Institution or Overlay Service Provider under the NPP Regulations or the NPP Procedures.

#### **1.10 RBA**

A reference in these NPP Regulations to an 'NPP Participant' (including any reference to a 'Full Participant') only includes the RBA in its capacity as a participant in the NPP and does not include the RBA in its capacity as the operator of the FSS / RITS or in its capacity as a regulator of the Australian payments system.

**The next page is 2.1**

**Part 2 SCOPE, DISCLAIMERS AND LIMITATION OF LIABILITY**

This Part 2 sets out:

- scope of these Regulations;
- the limitation on NPPA liability in relation to its activities; and
- representations and warranties given by NPP Participants, Connected Institutions and Overlay Service Providers.

**2.1 Scope**

These Regulations prescribe the manner in which:

- (a) a person may become an NPP Participant, Connected Institution or Overlay Service Provider (Part 4);
- (b) admission and connection to the NPP Basic Infrastructure is effected (Part 5);
- (c) NPP Payments may be cleared (Part 6);
- (d) NPP Payments are to be settled (Part 7);
- (e) the Addressing Service may be accessed by NPP Participants, Connected Institutions and by Overlay Service Providers, and the purposes of access (Part 8);
- (f) the Mandate Management Service may be accessed by NPP Participants and Connected Institutions, and the purposes of access and the manner in which Mandate Payments may be initiated and are to be cleared (Part 17);
- (g) a party may be suspended or terminated (Part 9); and
- (h) ancillary matters.

**2.2 Liabilities of NPPA**

It is expressly agreed and acknowledged that NPPA will not incur any financial liability to any NPP Participant, Connected Institution or Overlay Service Provider as a result of the operation and administration of the NPP Basic Infrastructure or Mandate Management Service in accordance with these Regulations and the NPP Procedures.

**2.3 Representations and Warranties**

- (a) Each NPP Participant, Connected Institution and Overlay Service Provider represents and warrants to NPPA and to each other, both on the Commencement Date and on a continuing basis, that:
  - (i) it has not relied on any representation made by NPPA or any other NPP Participant, Connected Institution or Overlay Service Provider to induce it to become a party to, or to clear and settle NPP Payments or use the NPP Basic Infrastructure or Mandate Management Service in accordance with, these Regulations and the NPP Procedures;
  - (ii) it has made its own appraisal of the qualifications to be satisfied in order to become an NPP Participant, Connected Institution or Overlay Service Provider;
  - (iii) it has made (without reliance on or inducement to or from NPPA or any NPP Participant, Connected Institution or Overlay Service Provider) its own assessment and approval of the NPP Regulations and the NPP Procedures as being appropriate for the clearing and settlement of NPP Payments between NPP Participants (howsoever initiated);

- (iv) it has the power and authority to become a party to the NPP Regulations and NPP Procedures, and its obligations under the NPP Regulations and NPP Procedures are valid and binding, and are enforceable according to their terms;
  - (v) no Insolvency Event has occurred with respect to it;
  - (vi) it does not become an NPP Participant, Connected Institution or Overlay Service Provider as trustee; and
  - (vii) it has disclosed to NPPA all facts which are material to its Participation Application or OSP Application (as the case may be).
- (b) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges that each other party relies on the representations and warranties given by it in Regulation 2.3(a).
  - (c) Each NPP Participant, Connected Institution and Overlay Service Provider agrees to notify NPPA of any matter or thing which would mean it could not truthfully repeat all the representations and warranties in Regulation 2.3(a) by reference to the then current circumstances.
  - (d) NPPA and each other party is entitled to assume the correctness of any representation and warranty made by an NPP Participant, Connected Institution or Overlay Service Provider under these Regulations and is not required to conduct independent inquiries or to conduct searches of public registers to confirm the correctness of any such representation or warranty.

## 2.4 Disclaimers

- (a) Neither NPPA nor any of its officers, employees, representatives or agents has any duty or responsibility, either initially or on a continuing basis, to:
  - (i) keep itself informed about the performance by NPP Participants, Connected Institutions or Overlay Service Providers of their respective obligations under the NPP Regulations and the NPP Procedures, provided that if NPPA becomes aware that an NPP Participant, Connected Institution or Overlay Service Provider has breached its obligations under the NPP Regulations or the NPP Procedures, NPPA will bring the matter to the attention of that NPP Participant, Connected Institution or Overlay Service Provider (as applicable) and may direct remediation of the breach and, in the case of a breach which is a Material Breach, may take action under Part 9 of these Regulations; or
  - (ii) keep itself informed about the financial condition, affairs or creditworthiness of any NPP Participant, Connected Institution or Overlay Service Provider; or
  - (iii) except as expressly provided by these Regulations or the NPP Procedures, provide any NPP Participant, Connected Institution or Overlay Service Provider with credit information or other information with respect to any other NPP Participant, Connected Institution or Overlay Service Provider.
- (b) Each Applicant, OSP Applicant, NPP Participant, Connected Institution and Overlay Service Provider acknowledges that no officer, employee, representative or agent of NPPA has any authority to make any representations or give any warranties in relation to the liability of NPPA with respect to the operation of the NPP Basic Infrastructure or Mandate Management Service which are inconsistent with the Constitution, NPP Regulations and NPP Procedures.

## 2.5 Exclusions

Without limiting Regulation 2.2 or any other provision of the NPP Regulations, NPPA 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 NPP Participant, Connected Institution or Overlay Service Provider or by the RBA (as provider of the FSS) or any other person, other than NPPA, its officers, employees, representatives or agents, (including without limitation any errors or delays, any breach of warranty or undertaking or representation, any breach of the NPP Regulations and the NPP Procedures or the terms of any other document relating to the NPP, any Insolvency Event, any settlement rejection or failure to settle for any obligation arising out of any Cleared NPP Payment, any fraud or any forgery);
  - (b) the exercise, or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under the NPP Regulations or the NPP Procedures;
  - (c) any act or omission done by, or any refusal to do any act by NPPA, its officers, employees, representatives or agents in good faith and without negligence or in reasonable reliance on any act, conduct or consent of any other person or reasonably upon any instructions, information or document provided to NPPA, its officers, employees, representatives or agents by any other person;
  - (d) any fraud on the part of any officer, employee, representative or agent outside the scope of their employment with NPPA, except to the extent to which NPPA would have been responsible at common law for such fraud;
  - (e) the failure of NPPA, its officers, employees, representatives 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 NPPA;
  - (f) the terms of any representation, instructions, information or document given to NPPA, its officers, employees, representatives or agents by any other person;
  - (g) any error or omission in any document issued by NPPA, other than an error or omission resulting from a negligent act or omission of NPPA;
  - (h) any technological failure of any sort (including without limitation any failure of any information technology, telecommunications, computer, software, hardware, system or electrical failure);
  - (i) any unauthorised access or connection to the NPP Basic Infrastructure or the Mandate Management Service by any person, other than an officer, employee, representative or agent of NPPA;
  - (j) any contractual arrangements between an NPP Participant, Connected Institution or Overlay Service Provider and another person;
  - (k) any change in the status, financial condition, affairs or creditworthiness of an NPP Participant, Connected Institution, Overlay Service Provider or another person;
  - (l) any suspension or reinstatement of the NPP Basic Infrastructure or the Mandate Management Service, or of any NPP Participant's or Connected Institution's connection to the NPP Basic Infrastructure or Mandate Management Service, by NPPA in accordance with the NPP Regulations and the NPP Procedures or any suspension or reinstatement of the FSS by the RBA; or
  - (m) the reliance by any person on the Verification Standards for any purpose.

## 2.6 Limit of Liability

- (a) If, notwithstanding Regulations 2.2 to 2.5 inclusive, any liability is incurred by NPPA in relation to the NPP Basic Infrastructure or Mandate Management Service, the aggregate amount of that liability in respect of all claims (whether in contract, tort (including negligence), statute or any other cause of action) made by NPP Participants, Connected Institutions or Overlay Service Providers in respect of, or arising out of, any one event is limited to:

- (i) the highest Transaction Fees or annual administration fee paid by any NPP Participant in accordance with these NPP Regulations during or in relation to the one month preceding the month in which the liability is incurred; or
  - (ii) during any period where Transaction Fees or annual administration fees do not apply, the highest pro rata monthly capital contribution made by any NPP Participant during the year in which the liability is incurred.
- (b) Any claim made by any NPP Participant, Connected Institution or Overlay Service Provider against NPPA in relation to the NPP Basic Infrastructure or Mandate Management Service must be made within six (6) months of the occurrence of the event which it is alleged gives rise to the claim against NPPA.
- (c) For the purposes of Regulation (a)2.6(a) all inter-related events which give rise to NPPA's liability under the NPP Regulations or the NPP Procedures or otherwise will be treated as one event.
- (d) If any 2 or more NPP Participants suffer losses which exceed the total limit specified in Regulation 2.6(a), the liability of NPPA to each of those NPP Participants in accordance with these NPP Regulations will be proportional to the total loss suffered by each of those NPP Participants respectively.

**The next page is 3.1**

### Part 3 GENERAL RIGHTS AND OBLIGATIONS

This Part 3 sets out:

- the general rights and obligations of NPPA, NPP Participants, Connected Institutions and Overlay Service Providers in relation to their dealings with NPPA and each other.

#### 3.1 NPPA

- (a) NPPA is responsible for the operation of the NPP Basic Infrastructure and Mandate Management Service (**MMS**).
- (b) Subject to the Constitution, the Shareholders Agreement, the MISD and these Regulations, NPPA has all rights and powers reasonably necessary or desirable to:
  - (i) facilitate fair access to the NPP Basic Infrastructure and MMS for eligible persons; and
  - (ii) ensure the safe, reliable and efficient operation of the NPP Basic Infrastructure and MMS.
- (c) NPPA will determine, and may periodically review, all fees payable by NPP Participants, Connected Institutions and Overlay Service Providers under these Regulations including, without limitation:
  - (i) the Application Fee and the OSP Application Fee payable by Applicants and OSP Applicants;
  - (ii) fees for NPP Componentry and Additional Components, payable by NPP Participants (other than Settlement Participants) and Connected Institutions;
  - (iii) Transaction Fees, which may be determined and levied periodically, payable by NPP Participants and Connected Institutions;
  - (iv) any fees associated with Addressing Service usage, including Addressing Lookup fees, payable by NPP Participants and Connected Institutions;
  - (v) any fees associated with MMS usage, payable by NPP Participants or Connected Institutions;
  - (vi) any annual administration fees payable by all NPP Participants, Connected Institutions and/or Overlay Service Providers in relation to the general costs and expenses of managing and operating the NPP Basic Infrastructure and the MMS;
  - (vii) the dispute resolution fee for the purposes of Regulation 12.3; and
  - (viii) base Non-Compliance Charges payable by NPP Participants and Connected Institutions under Regulation 3.8.
- (d) NPPA will establish the NPP Operating Committee, the NPP Incident Response Group, the NPP Change Management Sub-Committee and the NPP Rules Sub-Committee, and may establish such other committees and sub-committees as it determines necessary for the effective management and operation of the NPP Basic Infrastructure and MMS, or for giving effect to the Regulations and the NPP Procedures. NPPA may determine the terms and conditions upon which such committees and sub-committees operate in its reasonable discretion.
- (e) To the extent that the NPP Regulations or NPP Procedures grant the Board of NPPA power to exercise discretion, such discretion must be exercised reasonably, in good faith and in accordance with the objects of NPPA.
- (f) NPPA may appoint an NPPA Servicer, or one or more agents to perform any or all of its functions, powers or responsibilities under these Regulations.



- (g) NPPA acknowledges and agrees that to the extent it obtains the benefit of any Service Credit from SWIFT in relation to a Service Level Default, it may, but is not obliged to, pass through or apply a proportionate amount of the Service Credit to each Full Participant or Clearing Participant which the Board determines to have been adversely affected by the Service Level Default. Capitalised terms used in this Regulation 3.1(g) not defined in this document, have the meaning given in the MISD or CMS Deed as applicable.

### 3.2 FSS

- (a) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges that the RBA is responsible for the availability and performance of the FSS, and that NPPA has no responsibility for, and makes no representation or warranty in relation to, the availability or performance of the FSS for settlement of NPP Payments.
- (b) NPPA is responsible for management of the NPP Basic Infrastructure in response to an FSS Outage.
- (c) In the event that NPPA is notified by the RBA of an FSS Outage, NPPA will promptly notify each NPP Participant, Connected Institution and Overlay Service Provider of the Outage and the estimated recovery time (if known).
- (d) Each NPP Participant, Connected Institution and Overlay Service Provider:
  - (i) acknowledges that NPPA may suspend the NPP Basic Infrastructure during an FSS Outage if it is advised by the RBA, or otherwise reasonably determines, that the Outage is likely to be protracted or to otherwise adversely impact NPPA, NPP Participants or the NPP Basic Infrastructure;
  - (ii) acknowledges that, unless and until it is notified by NPPA of any decision to suspend the NPP Basic Infrastructure, it is bound to comply with any Incident Management arrangement prescribed by NPPA in accordance Part 13 of these Regulations and any applicable Incident Management Procedures set out in the NPP Procedures; and
  - (iii) agrees that NPPA will not be liable to any NPP Participant, Connected Institution, Overlay Service Provider, OS Subscriber or any other person, whether in contract, tort or otherwise, for any direct or indirect loss, damages, expenses or claims which that NPP Participant, Connected Institution, Overlay Service Provider, OS Subscriber or any other person may suffer or incur as a result of any suspension, or failure to suspend, or any delay in suspension, of the NPP Basic Infrastructure during an FSS Outage.

### 3.3 General Obligations of Parties

Each NPP Participant, Connected Institution and Overlay Service Provider must:

- (a) comply with any applicable laws, the provisions of the NPP Regulations and the NPP Procedures which are expressed to apply to them in such capacity, including without limitation, any certification and Connectivity Requirements (if applicable) under the NPP Regulations and the NPP Procedures;
- (b) pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, NPP Participants, Connected Institutions or Overlay Service Providers (as applicable) in accordance with the NPP Regulations;
- (c) if a Full Participant, Clearing Participant or Connected Institution, ensure that its connection to or use of the NPP Basic Infrastructure or Mandate Management Service does not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure or Mandate Management Service; and

- (d) comply with any written direction given by NPPA which NPPA determines is reasonably necessary to protect the security or integrity of the NPP Basic Infrastructure or Mandate Management Service, including in relation to management of an operational suspension of the NPP Basic Infrastructure or Mandate Management Service and operational resumption.

### 3.4 General Right of NPPA to Use NPP Reports

- (a) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges that:
  - (i) the NPP Basic Infrastructure and Mandate Management Service each provides for the automated generation of NPP Reports;
  - (ii) NPPA may use and disclose NPP Reports to its advisors, agents, directors, officers, employees, contractors and the RBA (including in the RBA's capacity as a regulator of the payments system) for the purposes of managing the business of NPPA and the NPP Basic Infrastructure, calculating any fees which may be payable by NPP Participants, Connected Institutions and Overlay Service Providers, assisting payments system oversight by the RBA and for ancillary purposes. For the avoidance of doubt, NPPA may not commercialise data contained in any NPP Report;
  - (iii) without limiting the generality of Regulation 3.4(a)(ii), NPPA will provide any NPP Report which relates to OS Payments to the Overlay Service Provider, upon the Overlay Service Provider's written request; and
  - (iv) NPPA makes no representation or warranty as to the accuracy or completeness of any NPP Report and expressly disclaims all liability, whether in contract or tort or otherwise, to any party to whom an NPP Report is provided, any NPP Participant, any Overlay Service Provider or OS Subscriber or any other person, which may arise as a result of any NPP Report being found to be inaccurate or incomplete.

### 3.5 Rights and Obligations of NPP Participants

- (a) Each Full Participant and Clearing Participant has:
  - (i) the right to send BSCTs and Non-Value Messages using the NPP Basic Infrastructure;
  - (ii) the obligations to:
    - (A) receive BSCTs using the NPP Basic infrastructure;
    - (B) receive Non-Value Messages and to send associated NPP Payments using the NPP Basic Infrastructure as prescribed and required by these Regulations including Part 17 (Mandated Payments Service) and the NPP Procedures; and
    - (C) use the NPP Basic Infrastructure if return of an NPP Payment is required;
  - (iii) from the compliance date for Release 6.0 as notified by NPPA, the right to send and the obligation to receive IFTI Payments under the IFTI Payments (sctifti.01) business service. For the avoidance of doubt, any NPP Participant may elect to join an Overlay Service Closed User Group for IFTI Payments prior to the compliance date for Release 6.0 provided that any such election is deemed also to be an election to join the IFTI Payments (sctifti.01) business service, and the right to send and the obligation to receive IFTI Payments applies from the date any such election is effective; and
  - (iv) if it has elected to be an OS Subscriber or a provider of clearing services to an OS Subscriber, the right to use the NPP Basic Infrastructure to send and receive OS Payments.

Nothing in these Regulations obliges any NPP Participant to be or to become an OS Subscriber or to become a member of an NPP Closed User Group for an Overlay Service.

- (b) NPPA grants to each NPP Participant a non-exclusive, royalty-free licence for the term of the NPP Participant's participation under these Regulations, to use and to sub-license to third parties, including its subcontractors and its Identified Institutions, such of NPPA's Intellectual Property Rights as may be reasonably necessary for the purposes of enabling the NPP Participant to exercise its rights and perform its obligations under these Regulations and the NPP Procedures.
- (c) Each Full Participant and Clearing Participant must comply with all of the technical connectivity requirements set out in Part 5 of these Regulations.
- (d) Each Full Participant and Settlement Participant must ensure that it is authorised by the RBA to use the FSS for settlement of NPP Payments.
- (e) Each NPP Participant acknowledges and agrees that, to the extent that it provides NPP Payment clearing and/or settlement services to Identified Institutions, it is responsible as principal in relation to:
  - (i) the accuracy and validity of all Alias Information it registers in its capacity as the Registering Participant, in the Addressing Service in accordance with Part 8 of these Regulations;
  - (ii) clearing NPP Payments in accordance with Part 6 of these Regulations; and
  - (iii) settlement of NPP Payments in accordance with Part 7 of these Regulations.

### **3.6 Rights and Obligations of Connected Institutions**

- (a) Each Connected Institution has the right to use the NPP Basic Infrastructure to send, and the obligation to receive and respond to Non-Value Messages, including Non-Value Messages defined for use in connection with the Mandated Payments Service.
- (b) NPPA grants to each Connected Institution a non-exclusive, royalty-free licence for the term of the Connected Institution's participation under these Regulations, to use and sub-license to its subcontractors such of NPPA's Intellectual Property Rights as may be reasonably necessary to enable the Connected Institution to exercise its rights and perform its obligations under these Regulations or the NPP Procedures.
- (c) Each Connected Institution must comply with all of the technical connectivity requirements set out in Part 5 of these Regulations.

### **3.7 Rights and Obligations of Overlay Service Providers**

- (a) Each person that is accepted as an Overlay Service Provider pursuant to Part 4 of these Regulations must on and from acceptance:
  - (i) ensure that the use of the Overlay Service by NPP Participants which subscribe to the Overlay Service, or which provide third party clearing and/or settlement services to OS Subscribers, does not adversely affect the integrity, security, efficiency, reliability and stability of the NPP Basic Infrastructure;
  - (ii) promptly notify NPPA of the identity of each person who becomes an OS Subscriber, and provide NPPA with all information that NPPA may reasonably require for the purposes of monitoring and managing connections to and use of the NPP Basic Infrastructure promptly upon request; and
  - (iii) ensure that it satisfies the eligibility requirements set out in Part 4 of these Regulations on a continuing basis, including providing any additional evidence sought by NPPA upon a change of control of the Overlay Service Provider.
- (b) Each Overlay Service Provider acknowledges and agrees that:

- (i) NPPA may determine that an Overlay Service is a Dormant Overlay Service and may take such action as may be authorised by Part 9 of these Regulations to maintain only active Overlay Services within the NPP Basic Infrastructure; and
  - (ii) its right to remain an Overlay Service Provider is subject to any determination which NPPA may make pursuant to Part 9 of these Regulations.
- (c) Subject to Regulation 3.7(e), an Overlay Service Provider may:
  - (i) provide an Overlay Service using the NPP Basic Infrastructure to each OS Subscriber to that Overlay Service; and
  - (ii) by written notice to NPPA, cease to provide an Overlay Service. Such notice will become effective on the next scheduled update to the NPP Business Reference Data Tables.
- (d) An Overlay Service Provider may request NPPA to give, or procure, access to the Certification Solution on the following terms and conditions:
  - (i) subject to acceptance of the commercial terms and conditions prescribed by NPPA or the Certification Solution providers pursuant to Regulation 3.7(d)(ii), NPPA will grant, or procure the grant of, a non-exclusive, revocable license to use the Certification Solution to any Overlay Service Provider (or an eligible OSP Applicant) which reasonably requires use of the Certification Solution for its Overlay Service;
  - (ii) any license granted or procured pursuant to Regulation 3.7(d)(i) will be subject to market commercial terms and on such conditions as NPPA or the Certification Solution provider may determine in their absolute discretion.
- (e) An Overlay Service Provider which elects to connect to the NPP Basic Infrastructure is a Connected Institution for the purposes of these Regulations and the NPP Procedures and is bound to comply with all of the obligations, and is entitled to exercise all of the rights, of Connected Institutions set out in these Regulations and the NPP Procedures. For the avoidance of doubt, nothing in these Regulations or the NPP Procedures obliges an Overlay Service Provider to become a Connected Institution.
- (f) Each Overlay Service Provider may determine the eligibility criteria for OS Subscribers in its absolute discretion, and is entitled to define, and exercise primary responsibility to administer, its OS Rules, provided however that:
  - (i) the Overlay Service Provider must not represent that any person, other than an NPP Participant, may connect to the NPP Basic Infrastructure to clear NPP Payments (including OS Payments) or may be authorised to use the FSS to settle NPP Payments (including OS Payments);
  - (ii) except as approved by NPPA in accordance with Part 9.3.2 of the NPP Procedures, its OS Rules must not be inconsistent with NPP Core Clearing and Settlement Rules;
  - (iii) nothing in the OS Rules obliges or purports to oblige any NPP Participant to become a subscriber to any Overlay Service; and
  - (iv) nothing in the OS Rules will impose, or purport to impose, any liability upon NPPA;
  - (v) NPPA has primary administrative responsibility for NPP Core Clearing and Settlement Rules, whether replicated in OS Rules or incorporated by reference in OS Rules;
  - (vi) in circumstances where provisions of the NPP Regulations or NPP Procedures (other than provisions falling within the ambit of the NPP Core Clearing and Settlement Rules) and the OS Rules apply to a particular matter or issue, the Overlay Service Provider will exercise primary administrative responsibility subject to the Overlay Service Provider and NPPA consulting each other in good faith and working cooperatively to exercise their respective administrative responsibilities jointly should the Overlay Service Provider seek such assistance.

- (g) Each Overlay Service Provider represents and warrants to NPPA and to each NPP Participant that, except as approved by NPPA in accordance with Part 9.3.2 of the NPP Procedures, its OS Rules are consistent with the NPP Core Clearing and Settlement Rules and otherwise comply with, and will remain compliant with the requirements set out in clause 3.7(f).
- (h) Each Overlay Service Provider acknowledges that the NPP Regulations and NPP Procedures establish procedures and arrangements, which are additional to the NPP Core Clearing and Settlement Rules, for the effective and efficient resolution of a range of issues ancillary to the clearing and settlement of BSCTs between NPP Participants. To the extent that those procedures and arrangements could apply to OS Payments, each Overlay Service Provider agrees to give due consideration to them, and to utilize them as much as possible, whether by incorporation by reference or by inclusion with appropriate modification in its OS Rules.
- (i) Each Overlay Service Provider indemnifies and holds NPPA harmless against all direct losses, damages, liabilities, claims and expenses (including legal costs) (“**Loss**”) brought against or incurred by NPPA arising from or in connection with a breach of these Regulations or the NPP Procedures by the Overlay Service Provider or negligence of the Overlay Service Provider in connection with the performance of its obligations under these Regulations or the NPP Procedures, however such Losses arise, provided that:
  - (i) if NPPA seeks to recover any amount under this indemnity, it must provide the Overlay Service Provider with written evidence of the amounts that are claimed;  
*Drafting note: inserted 20 June 2019*
  - (ii) NPPA must use commercially reasonable efforts to mitigate its Loss in relation to any claim, and the Overlay Service Provider’s liability under this indemnity will be reduced to the extent that NPPA has failed to do so;
  - (iii) the Overlay Service Provider will have no liability for any special, incidental, indirect or consequential damages of any kind, including damages relating to lost profits or revenue, however caused in connection with these Regulations or the NPP Procedures; and
  - (iv) the maximum aggregate liability of each Overlay Service Provider for all Losses claimed by NPPA under this clause 3.7(i) is limited to \$5,000,000.
- (j) Any dispute between an Overlay Service Provider and NPPA as to the entitlement of NPPA to make a claim under this indemnity, the quantum of a claim or the performance by NPPA of its duty to mitigate its loss, or the adequacy of its efforts to do so, may be referred by either party for dispute resolution under Part 12.

### 3.8 Mandatory Compliance Requirements

- (a) The NPP Regulations and NPP Procedures establish the standards and requirements that apply, as conditions of participation and connection to the NPP, to NPP Participants and Connected Institutions. Particular requirements which are fundamental to the integrity, availability, resilience or performance of the NPP may be designated to be Mandatory Compliance Requirements. Failure by a party to comply with a Mandatory Compliance Requirement adversely affects the integrity and reputation of NPPA and other parties and undermines the integrity and overall performance of the NPP. To procure compliance with Mandatory Compliance Requirements, NPPA may, in accordance with this Regulation 3.8, levy a Non-Compliance Charge against an NPP Participant or Connected Institution if the NPP Participant or Connected Institution is determined to have breached, or to be in breach of, a Mandatory Compliance Requirement after the Effective Compliance Date.
- (b) This Regulation 3.8 establishes a framework for:
  - (i) designating specific requirements as Mandatory Compliance Requirements;
  - (ii) determining the Effective Compliance Date for a Mandatory Compliance Requirement;

- (iii) assessment and application of Non-Compliance Charges; and
  - (iv) appeal, suspension or waiver of Non-Compliance Charges.
- (c) The Board may designate a current or prospective requirement of the NPP Regulations or NPP Procedures as a Mandatory Compliance Requirement if:
  - (i) it considers the requirement subject of the proposed designation to be reasonably fundamental to:
    - (A) the integrity of the NPP system as a whole, in which case the requirement may be designated as a Category A requirement; or
    - (B) the requirement subject of the proposed designation is designed to ensure the resilience, availability or operational performance of an NPP Participant or Connected institution, in which case the requirement may be designated as a Category B requirement; and
  - (ii) the Chief Executive Officer recommends the designation and categorisation.

In making a designation decision the Board may have regard to the Operating Committee's recommendation of the proposed designation and categorisation, and the findings of any Mandatory Compliance Impact Assessment provided by the NPP Change Management Sub-Committee.

- (d) The Board must determine an Effective Compliance Date for each designated Mandatory Compliance Requirement in accordance with this Regulation 3.8(d). In making its determination, the Board must have regard to the recommendation of the Chief Executive Officer. The Effective Compliance Date for a Mandatory Compliance Requirement should not be earlier than the date which is two years from the date of designation. Where a Mandatory Compliance Requirement relates to proposed changes to the NPP Regulations or NPP Procedures which have not taken effect at the time of designation under this Regulation 3.8, the Effective Compliance Date may be the scheduled effective date for the proposed changes, or a later date as the Board may determine in its absolute discretion.
- (e) NPPA will promptly notify all NPP Participants, Connected Institutions and Overlay Service Providers in writing of designations and determinations made under Regulations 3.8(c) and 3.8(d). For the purpose of this Regulation 3.8(e), email notification and publication to the NPP Portal will satisfy the requirement for written notice.
- (f) NPPA:
  - (i) will monitor NPP Participants' and Connected Institutions' compliance with Mandatory Compliance Requirements;
  - (ii) will monitor progress of remediation activities and undertakings given by NPP Participants and Connected Institutions in respect of identified non-compliance with Mandatory Compliance Requirements;
  - (iii) may request that NPP Participants and Connected Institutions provide such information from time to time as it considers reasonably necessary to determine whether the party is complying with a Mandatory Compliance Requirement and may specify the date by which the information must be provided. Requested information must be provided to NPPA by the date specified in the request; and

- (iv) may, subject to Regulation 3.8(g), refer any suspected breach, including any continuing breach, of a Mandatory Compliance Requirement to the NPP Governance Committee, together with all information NPPA has relied on in forming the referral, for determination and potential assessment of Non-Compliance Charge. For the avoidance of doubt, where the NPP Governance Committee has made a determination in respect of an NPP Participant's or Connected Institution's breach under Regulation 3.8(h), NPPA will not subsequently refer any continuing breach to the NPP Governance Committee provided it is satisfied that the NPP Participant or Connected Institution concerned is implementing a remediation plan approved by NPPA and is meeting the milestones set out in the plan.
- (g) Before referring any suspected breach of a Mandatory Compliance Requirement to the NPP Governance Committee for determination, including suspected continuing breach of a previously identified breach, NPPA must:
  - (i) notify the NPP Participant or Connected Institution concerned of the proposed referral;
  - (ii) give the NPP Participant or Connected Institution 20 Business Days to provide a written statement explaining the reasons for its failure to comply with the Mandatory Compliance Requirement, including details of any extenuating circumstances or circumstances beyond the control of the NPP Participant or Connected Institution which caused the party to breach the Mandatory Compliance Requirement, or alternatively, why it considers that it is not in breach of the Mandatory Compliance Requirement and its reasons for that view, and any other circumstances which should be taken into account by the NPP Governance Committee.
- (h) The NPP Governance Committee has sole discretion, having regard to the information and documents provided under Regulations 3.8(f) and 3.8(g), to determine that an NPP Participant or Connected Institution has breached a Mandatory Compliance Requirement. In making its determination, the NPP Governance Committee must take into consideration:
  - (i) the statement provided pursuant to Regulation 3.8(g)(ii) and reasons given by the NPP Participant or Connected Institution as to why it should not be fined; and
  - (ii) any evidence relating to the cause/s of the party's failure to comply with the Mandatory Compliance Requirement and in particular any circumstances beyond the party's control which it claims caused the breach. In the case of the first referral by NPPA of a particular breach by a party to the NPP Governance Committee, where the evidence indicates that the party did have reasonably effective processes in place for compliance with a Mandatory Compliance Requirement but that the actual failure to comply was caused by events outside that party's control, then the NPP Governance Committee may determine that the party has not breached the requirement.
- (i) If the NPP Governance Committee determines that an NPP Participant or Connected Institution has breached, or is continuing to breach, a Mandatory Compliance Requirement it must issue a written:
  - (i) notice of breach of Mandatory Compliance Requirement outlining the reasons for its determination and the appeal rights available; and
  - (ii) notice of Non-Compliance Charge;to the NPP Participant or Connected Institution concerned.
- (j) NPP Participants and Connected Institutions acknowledge and agree that the schedule of Non-Compliance Charges set out in Regulation 3.8(k) reflect the conservative and genuine pre-estimate of loss that NPPA may suffer as a result of failure to comply with Mandatory Compliance Requirement. The parties further acknowledge and agree that the application of the multiplier listed in the schedule represents a reasonable basis for calculating the impact of such failure on NPPA and the NPP as a system.

- (k) Any Non-Compliance Charge determined by the NPP Governance Committee is to be calculated by reference to the following criteria and schedule. The multiplier is to be applied to the base charge. For the avoidance of doubt:
- (i) where an NPP Participant is determined to have breached a Mandatory Compliance Requirement, including as a result of the conduct, act or omission of one or more of its sponsored Identified Institutions (**Responsible Identified Institution**):
    - (A) it will be the subject of a single determination in respect of that Mandatory Compliance Requirement and be liable to pay a single Non-Compliance Charge regardless of the number of Responsible Identified Institutions that contributed to the breach; and
    - (B) the multiplier to be applied will depend on whether the Responsible Identified Institution/s are notionally classified as High Band Participants, Medium Band Participants or Low Band Participants. Regardless of the banding of the NPP Participant, the applicable multiplier will be that which applies to the Responsible Identified Institution in the highest notional governance band. The NPP Governance Committee will have regard to publicly available information and financial information provided by the Identified Institution via its sponsoring NPP Participant to determine which band applies;
  - (ii) where compliance with a Mandatory Compliance Requirement is measured on:
    - (A) a monthly basis (for example, compliance with service availability standards), the NPP Governance Committee may make a determination in respect of each month during which the NPP Participant is determined to be in breach of the Mandatory Compliance Requirement;
    - (B) a per NPP Payment basis (for example, compliance with the obligation to ensure any IFTI Payment includes an IFTI code in the header of the Clearing Request), the NPP Governance Committee may make one determination in respect of each referral regardless of the number of NPP Payments sent in breach of the Mandatory Compliance Requirement; and
    - (C) any other basis (for example, compliance with one particular NPP Security Framework requirement), the NPP Governance Committee may make one determination in relation to that requirement.

<i>CATEGORY A – Integrity Requirements</i>	<i>Non-Compliance Charge (Base)</i>
First determination of breach of Mandatory Compliance Requirement	\$50,000
Second determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$75,000
Third determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$125,000
Fourth determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$250,000
Five or more determinations of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$500,000
Each subsequent determination of breach of same Mandatory Compliance Requirement where breach persists for more than 12 months after the notification of first determination	\$500,000
<i>CATEGORY B – Operational Performance, Availability and Resilience</i>	
First determination of breach of Mandatory Compliance Requirement	\$25,000
Second determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$50,000



Third determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$75,000
Fourth determination of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$100,000
Five or more determinations of breach of same Mandatory Compliance Requirement in a 12-month period after notification of first determination	\$150,000
Each subsequent determination of breach of same Mandatory Compliance Requirement where breach persists for more than 12 months after the notification of first determination	\$150,000
<i>Multipliers</i>	
Multiplier where the NPP Participant is a High Band Participant	1.5
Multiplier where the NPP Participant is a Medium Band Participant	0.25
Multiplier where the NPP Participant is a Low Band Participant	0.125
Multiplier for Connected Institution	0.125
Multiplier where the NPP Participant's breach of a Mandatory Compliance Requirement is attributable to the conduct, act or omission of its Responsible Identified Institution who is notionally classified as falling within the High Band Participant governance band	1.5
Multiplier where the NPP Participant's breach of a Mandatory Compliance Requirement is attributable to the conduct, act or omission of its Responsible Identified Institution who is notionally classified as falling within the Medium Band Participant governance band	0.25
Multiplier where the NPP Participant's breach of a Mandatory Compliance Requirement is attributable to the conduct, act or omission of its Responsible Identified Institution who is notionally classified as falling within the Low Band Participant governance band	0.125

*Drafting note: amended 30 June 2021*

- (l) An NPP Participant or Connected Institution who is issued a notice of Non-Compliance Charge must pay the amount of the Non-Compliance Charge by the date for payment stipulated in the notice irrespective of any dispute resolution or appeal rights available to it under these Regulations.
- (m) An NPP Participant or Connected Institution subject of any decision made or notice given under Regulation 3.8(h) may dispute the decision or notice within three months of receiving the notice of breach of Mandatory Compliance Requirement or notice of Non-Compliance Charge (as applicable), under Part 12 of these Regulations, by lodging a notice of Dispute and payment of the fee prescribed by Regulation 12.3(a)(i). Where the Dispute involves multiple instances of non-compliance arising out of the same Mandatory Compliance Requirement, a single Dispute resolution fee and process will apply. Where a Dispute is determined in favour of the NPP Participant or Connected Institution, any Non-Compliance Charge which is determined to be refundable (either whole or in part) to the NPP Participant or Connected Institution may be set off by NPPA against actual or future payments owed by that party to NPPA under these NPP Regulations if agreed by the parties.

*Note: Costs awards in relation to the determination of Disputes are governed by Regulations 12.3 and 12.5.*

- (n) For the avoidance of doubt, nothing in this Regulation 3.8 operates to:
- (i) affect any rights NPPA has under the NPP Regulations or NPP Procedures to:
    - (A) issue remediation directions under Regulation 2.4(a)(i) in respect of identified breaches of the NPP Regulations or NPP Procedures;
    - (B) require a party to formalise a breach remediation plan;
    - (C) suspend or terminate a party for Material Breach; or

- (ii) otherwise affect the rights of other parties to the NPP Regulations.
- (o) Any failure by NPPA to assert its rights under this Regulation 3.8 will not constitute a waiver of those rights.

**The next page is 4.1**

## Part 4 PARTICIPATION

There are three types of NPP Participant:

- Full Participant
- Clearing Participant
- Settlement Participant

Each is bound by these Regulations and is required to become a Member of the Company.

NPPA will provide Members who are Full Participants and Clearing Participants with NPP Componentry to enable clearing of NPP Payments and Non-Value Messages.

Full Participants and Settlement Participants are required to have an active ESA.

Connected Institutions are entitled to acquire NPP Componentry and Additional Components and to connect to the NPP only for the purpose of initiating Non-Value Messages. To that extent they are also bound by the relevant NPP Regulations and NPP Procedures in relation to connection to the NPP Basic Infrastructure but have no obligation under these Regulations to become Members of the Company.

Overlay Service Provider eligibility and access requirements are also set out in this Part.

### 4.1 Principles of Access to the NPP Basic Infrastructure

- (a) The NPP Basic Infrastructure has been established by NPPA, a mutually owned company, as a utility payments platform to facilitate on a 24x7 basis near real-time clearing and settlement of NPP Payments.
- (b) A person who satisfies the eligibility criteria and participation requirements applicable to:
  - (i) NPP Participants, will be entitled to access to the NPP Basic Infrastructure and / or (subject to authorisation of the RBA) to access the FSS, for the purposes of clearing and/or settling NPP Payments between them;
  - (ii) Connected Institutions, will be entitled to access the NPP Basic Infrastructure for the purposes of sending and receiving Non-Value Messages; and
  - (iii) Overlay Service Providers, will be entitled to provide approved Overlay Services to OS Subscribers via the NPP Basic Infrastructure.
- (c) The eligibility criteria and participation requirements set out in these Regulations have been established to facilitate fair and equitable access.
- (d) In Regulations 4.7(c), 4.7(d), 4.7(i), 4.7(j), 4.9(b), 4.9(e), 4.9(f) and 4.11, references to 'the Board' are to be read as references to the NPP Governance Committee, a sub-committee of the Board of NPPA comprised of the CEO and the independent directors of NPPA.

*Drafting note: amended 28 November 2019*

### 4.2 Eligibility – all NPP Participants

To be an NPP Participant a person must:

- (a) be the RBA or an ADI or, in the case of a person who wishes to be a Settlement Participant, be a body corporate, which carries on business at or through a permanent establishment in Australia;

*Drafting note: amended 28 November 2019*

- (b) be or become a Member and execute an Accession Agreement;

- (c) be able to comply with any applicable laws, the Constitution, the Shareholders Agreement, and all the provisions of the NPP Regulations and the NPP Procedures that are expressed to apply to that NPP Participant in the capacity in which it proposes to participate in the New Payments Platform;
- (d) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, NPP Participants in accordance with the NPP Regulations;
- (e) agree that on becoming an NPP Participant, the NPP Regulations and the NPP Procedures will constitute a contract under seal between them and:
  - (i) NPPA; and
  - (ii) each current and future NPP Participant, Connected Institution and Overlay Service Provider;
- (f) agree to act in good faith in the exercise of its rights and performance of its obligations under these Regulations and the NPP Procedures;
- (g) demonstrate, to the reasonable satisfaction of NPPA that its business practices and operations will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure; and
- (h) be solvent (within the meaning given to that term in the Corporations Act) and otherwise able to meet the financial and other obligations imposed on NPP Participants by the NPP Regulations and the NPP Procedures.

#### 4.3 Eligibility – Full Participants

To be a Full Participant a person must comply with the requirements of Regulation (d) and additionally:

- (a) be or become a SWIFT User or Domestic SWIFT User, and a BIC11 Holder;
- (b) enter into a Provisioning Agreement with NPPA;
- (c) enter into a Network Agreement with at least two Vendor Network Partners;
- (d) complete the On-Boarding Process with SWIFT;
- (e) comply with Connectivity Requirements set out in the NPP Procedures; and
- (f) be authorised by the RBA to use the FSS.

#### 4.4 Eligibility – Clearing Participants

To be a Clearing Participant a person must comply with the requirements of Regulation 4.1(d) and additionally:

- (a) comply with all of the requirements set out in Regulation 4.3(a) to 4.3(e); and
- (b) enter into a proprietary arrangement with an NPP Participant to ensure that its NPP Payments are settled in accordance with Part 7 of these Regulations.

#### 4.5 Eligibility – Settlement Participants

To be a Settlement Participant a person must comply with the requirements of Regulation 4.1(d) and additionally be authorised by the RBA to use the FSS. For the avoidance of doubt, a Settlement Participant is not required to be an ADI.

*Drafting note: amended 28 November 2019*

#### 4.6 Eligibility – Connected Institutions

To be a Connected Institution a person must:

- 
- (a) be a body corporate which either carries on business at or through a permanent establishment in Australia or which has appointed an agent in Australia to receive notices on its behalf and act as its representative;
  - (b) be able to comply with any applicable laws, the NPP Regulations and the NPP Procedures;
  - (c) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Connected Institutions in accordance with the NPP Regulations;
  - (d) agree that on becoming a Connected Institution, the NPP Regulations and the NPP Procedures will constitute a contract under seal between them and:
    - (i) NPPA; and
    - (ii) each current and future NPP Participant, Connected Institution and Overlay Service Provider;
  - (e) agree to act in good faith in the exercise of its rights and performance of its obligations under these Regulations and the NPP Procedures;
  - (f) demonstrate, to the reasonable satisfaction of NPPA that its business practices and operations will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure;
  - (g) be solvent (within the meaning given to that term in the Corporations Act) and otherwise able to meet the financial obligations imposed on Connected Institutions by the NPP Regulations and the NPP Procedures; and
  - (h) satisfy each of the requirements set out in Regulations 4.3(a) to 4.3(e).

#### 4.7 Application to become an NPP Participant or Connected Institution

- (a) The Participation Application process for prospective NPP Participants and Connected Institutions is a two-part process designed to establish that an Applicant:
  - (i) satisfies the applicable Initial Eligibility Requirements;
  - (ii) satisfies the applicable Admission Eligibility Requirements and, in the case of an Applicant that is a prospective NPP Participant, satisfies the requirement to be a Member.
- (b) **Initial Eligibility Requirements:** Part 1 of the process to assess a Participation Application commences on the date of receipt by NPPA of a valid and completed Participation Application. Each Participation Application must be addressed to the Secretary of NPPA and must be substantially in the form of Annexure A or such other form that NPPA may approve from time to time. Applicants must:
  - (i) comply with all the conditions of application as are specified in these Regulations;
  - (ii) provide sufficient information to demonstrate that the Applicant satisfies the applicable Initial Eligibility Requirements;
  - (iii) promptly supply any other information which NPPA may reasonably require for the purpose of determining whether the Applicant satisfies the Initial Eligibility Requirements; and
  - (iv) pay the Application Fee to NPPA at the time of submission of the Participation Application.
- (c) All Participation Applications received by the Secretary will be considered by the Board, which shall accept, on a preliminary basis, each Applicant which it reasonably determines satisfies the Initial Eligibility Requirements.
- (d) Within five Business Days of receipt of the Participation Application, the Secretary will notify the Applicant in writing:

- 
- (i) of the Board's determination under Regulation 4.7(c); and
    - (ii) if the Board determines that an Applicant does not satisfy the Initial Eligibility Requirements, of the reasons for its determination and the review procedure available pursuant to Regulation 4.7(l).
  - (e) **Subscription Process:** An Applicant that proposes to be an NPP Participant, which is notified that it satisfies the Initial Eligibility Requirements, must be, or become, a Member before its Participation Application is considered further. The Applicant acknowledges and agrees that its right to exercise the governance rights attaching to its Shares is conditional upon it satisfying the Admission Eligibility Requirements and being able to send and receive NPP Payments as contemplated by these Regulations and the NPP Procedures within three (3) years of the date of submission of its Participation Application.
  - (f) To become a Member, a prospective NPP Participant must:
    - (i) execute and deliver the Accession Agreement to the Secretary;
    - (ii) provide any information that NPPA reasonably requires to enable it to make the determination described in Regulation 4.7(f)(iii);
    - (iii) subscribe for the number of Shares which NPPA determines to be applicable to the prospective NPP Participant in accordance with the Governance Bands established by the Shareholders' Agreement; and
    - (iv) pay the Subscription Price, or any part of the Subscription Price determined by the Board to be payable, by the Subscription Date and accept delivery of the Shares.
  - (g) **Provisioning NPP Componentry:** An Applicant that is a prospective Full Participant, Clearing Participant or Connected Institution that has been notified that it satisfies the Initial Eligibility Requirements and which has completed the subscription process described in Regulations 4.7(e) and 4.7(f) if applicable, must, (to the extent it has not already done so):
    - (i) enter into a Provisioning Agreement;
    - (ii) submit an Order for the Prescribed Minimum amount of NPP Componentry;
    - (iii) in the case of an Applicant that is a prospective Connected Institution, pay the NPP Componentry Fee; and
    - (iv) engage on a proprietary basis with the RBA, SWIFT and Vendor Network Partners to establish the arrangements which comprise the Admission Eligibility Requirements.
  - (h) **Admission Eligibility Requirements:** In order to complete its Participation Application, an Applicant must:
    - (i) submit a written notice addressed to the Secretary which provides sufficient information to demonstrate that it satisfies all applicable Admission Eligibility Requirements; and
    - (ii) promptly supply any other information or document which NPPA may reasonably require for the purposes of determining whether the Applicant satisfies the Admission Eligibility Requirements.
  - (i) Information and documents provided by an Applicant under Regulation 4.7(h) by way of completion of its Participation Application will be considered by the Board, which shall accept, subject to any conditions which it considers reasonably appropriate, each Applicant which it reasonably determines satisfies the applicable Admission Eligibility Requirements.
  - (j) Within five Business Days of the Board's consideration of information and documents provided to complete a Participation Application and its determination under Regulation 4.7(i), the Secretary must promptly notify the Applicant in writing:
    - (i) of the Board's determination under Regulation 4.7(i);

- (ii) of any conditions of acceptance imposed by the Board; and
  - (iii) of the Participation Change Date on which the new NPP Participant or Connected Institution will commence participation or become connected; or
  - (iv) if the Board determines that an Applicant does not satisfy the Admission Eligibility Requirements, of the reasons for its determination and provide details of the review procedure available under Regulation 4.7(l).
- (k) An Applicant who has not been informed by the Secretary of the result of its Participation Application may withdraw the Participation Application at any time. No refund of the Application Fee (in whole or in part) will be made in respect of any withdrawn Participation Application.
- (l) If the NPP Governance Committee, as the delegate of the Board, determines that a Participation Application does not comply with the NPP Regulations or that an Applicant has not satisfied either the Initial Eligibility Requirements or the Admission Eligibility Requirements, the Secretary must notify the Applicant in writing and provide reasons for its determination. Any such Applicant is entitled:

*Drafting note: amended 28 November 2019*

- (i) within 3 months to request that the Board review the Participation Application (or relevant part) and its determination; or
  - (ii) at any time to lodge a fresh Participation Application (or relevant part) in accordance with the NPP Regulations but will not be required to subscribe for Shares if it has already subscribed for Shares pursuant to Regulations 4.7(e) and 4.7(f).
- (m) An Applicant (which is a prospective Full Participant or Clearing Participant) which has failed to satisfy the Admission Eligibility Requirements by the date which is three (3) years from the date of its first submission of a Participation Application:
- (i) may not exercise the governance rights attaching to its Shares; and
  - (ii) remains bound by the Constitution; and
  - (iii) may elect to redeem its Shares for the nominal redemption price in accordance with the Constitution.
- (n) The Secretary must promptly notify all NPP Participants, Overlay Service Providers and Connected Institutions of each successful Participation Application and the Participation Change Date on which the new NPP Participant or Connected Institution will commence participation or become connected.

#### 4.8 Eligibility to be an Overlay Service Provider

To be eligible to be an Overlay Service Provider a person must:

- (a) be a body corporate which carries on business at or through a permanent establishment in Australia or which has appointed an agent in Australia to receive notices on its behalf and act as its representative;
- (b) propose to provide, and be capable of providing, an Overlay Service;
- (c) if the Overlay Service Provider proposes to be a Connected Institution:
  - (i) be able to satisfy all of the eligibility criteria for Connected Institutions set out in Regulation 4.6; and
  - (ii) be able to comply with all of the requirements for establishing connectivity to the NPP Basic Infrastructure, set out in Part 5 of these Regulations and the NPP Procedures;

- (d) be able to comply with any applicable laws, the NPP Regulations and the NPP Procedures, including without limitation, any certification requirements (if applicable);
- (e) agree to pay all fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, Overlay Service Providers and, if applicable, Connected Institutions, in accordance with these NPP Regulations;
- (f) agree that on acceptance of its Application, the NPP Regulations and the NPP Procedures will constitute a contract under seal between them and:
  - (i) NPPA; and
  - (ii) each current and future NPP Participant and Connected Institution;
- (g) demonstrate, to the reasonable satisfaction of NPPA that its business practices and operations, will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure; and
- (h) be solvent (within the meaning given to that term in the Corporations Act) and provide evidence that it has the requisite financial standing to perform all of the obligations imposed on Overlay Service Providers by the NPP Regulations and the NPP Procedures.

#### 4.9 Application to be an Overlay Service Provider

- (a) A person who satisfies the eligibility criteria in Regulation 4.8 may apply in writing to become an Overlay Service Provider. OSP Applications must be in the prescribed form. An OSP Applicant must:
  - (i) comply with all the conditions of application specified in the NPP Regulations;
  - (ii) provide sufficient information to demonstrate that the OSP Applicant satisfies the requirements contained in Regulation 4.8;
  - (iii) subject to execution by NPPA and the OSP Applicant of a confidentiality undertaking, provide to NPPA:
    - (A) a technical specification for the proposed Overlay Service, including details of any Minor Change or Major Change which the OSP Applicant considers necessary to support the Overlay Service;
    - (B) a draft Project Plan for testing and implementing the Minor Change or Major Change if the OSP Application is approved; and
    - (C) a copy of the draft OS Rules for the Overlay Service;
  - (iv) promptly supply any other information which NPPA may reasonably require; and
  - (v) pay the OSP Application Fee to NPPA at the time of submission of the OSP Application.
- (b) OSP Applications received by NPPA will be considered by the Board within 5 Business Days of receipt, and the Board shall accept an OSP Application which it reasonably determines satisfies the criteria in Regulation 4.8 and which complies with the conditions specified in these NPP Regulations.
- (c) An OSP Applicant which has not been informed by NPPA of the result of its OSP Application may withdraw the OSP Application at any time. No refund of the OSP Application Fee (in whole or in part) will be made in respect of any withdrawn OSP Participation Application.
- (d) If the NPP Governance Committee, as the delegate of the Board, determines that an OSP Application does not comply with the NPP Regulations, the Secretary must promptly notify the OSP Applicant of its decision and the reasons for its decision in writing. The OSP Applicant is entitled:

*Drafting note: amended 28 November 2019*



- (i) within 3 months to request that the Board review the decision; or
  - (ii) at any time to lodge a fresh OSP Application in accordance with the NPP Regulations.
- (e) If an OSP Application is accepted, NPPA must promptly notify the OSP Applicant in writing:
  - (i) that the OSP Application is accepted;
  - (ii) of the Board's determination under Regulation 4.11;
  - (iii) of the Implementation Date and the Overlay Service Commencement Date, determined by NPPA in accordance with Regulation 4.12;
  - (iv) if the Overlay Service is determined to be either a Level 2 Overlay Service or a Level 3 Overlay Service, of the Board's estimate of NPPA's costs and charges of implementing and testing the NPP Basic Infrastructure or Interface Connection modifications necessary to support the Overlay Service; and
  - (v) if the Overlay Service is determined to be a Level 2 or Level 3 Overlay Service, of:
    - (A) the additional terms and conditions of acceptance of the OSP Applicant's application, including the date/s for payment of the costs and charges described in Regulation 4.9(e)(iv), which, subject to the OSP Applicant's acceptance, will bind the OSP Applicant as if set out in these NPP Regulations; and
    - (B) the date for acceptance of the additional terms and conditions. If the OSP Applicant does not provide written notice of acceptance of all of the additional terms and conditions by the date specified by NPPA in its notice, the OSP Application will be deemed to have been withdrawn by the OSP Applicant. No refund of the OSP Application Fee (in whole or in part) will be made in respect of any OSP Participation Application which is deemed to be withdrawn under this Regulation 4.9(e)(v)(B).
- (f) An OSP Applicant whose OSP Application is deemed to have been withdrawn in accordance with Regulation 4.9(e)(v)(B) may submit a new OSP Application following the deemed withdrawal. Any such new OSP Application must satisfy the requirements set out in Regulation 4.9(a), and will be assessed by the Board in accordance with Regulations 4.9(b)- 4.9(e).

#### **4.10 New Overlay Services**

- (a) An Overlay Service Provider which proposes to provide a new Overlay Service may apply to commence provision of that Overlay Service to OS Subscribers by submitting an application which satisfies the requirements set out in Regulation 4.9(a).
- (b) The provisions of Regulation 4.9 apply to an application made in respect of a new Overlay Service by an existing Overlay Service Provider as if each reference to "Application" in Regulation 4.9 were a reference to an application made under Regulation 4.10(a).

#### **4.11 Overlay Service Assessment**

The Board will arrange for a technical assessment of the information provided under Regulation 4.9(a)(iii) to determine whether a proposed Overlay Service is either a Level 1 Overlay Service, a Level 2 Overlay Service or a Level 3 Overlay Service.

#### 4.12 Implementation Date and Overlay Service Commencement Date

- (a) The Board will determine the Implementation Date and an estimated Overlay Service Commencement Date, in relation to each new Overlay Service Provider and each new Overlay Service in accordance with the principles of efficiency, such that Overlay Services with similar requirements of the NPP Basic Infrastructure will be scheduled for implementation at or around the same time, and fairness, such that priority will be given to Applications in the order in which they are received, and with due consideration of the greater time required to implement more complex changes. Indicatively:
  - (i) the Implementation Date is the date which is five (5) Business Days following:
    - (A) in the case of a Level 1 Overlay Service or a Level 2 Overlay Service, the acceptance by the Board of the OSP Application; or
    - (B) in the case of a Level 3 Overlay Service, the acceptance by the Overlay Service Provider of NPPA's additional terms and conditions of acceptance pursuant to Regulation 4.9(e)(v)(B); and
  - (ii) the Overlay Service Commencement Date for an approved Level 1 Overlay Service will be the date of the next scheduled NPP Business Reference Data Tables update following the Implementation Date;
  - (iii) the Overlay Service Commencement Date for an approved Level 2 Overlay Service will be no earlier than the next scheduled NPP Business Reference Data Tables update following the Implementation Date, subject to completion of testing by NPPA of all necessary NPP Basic Infrastructure or Interface Connection systems development or modification required to support that Overlay Service; and
  - (iv) the Overlay Service Commencement Date for an approved Level 3 Overlay Service will be the date which the Board determines in good faith as appropriate having regard to the scope of NPP Basic Infrastructure or Interface Connection systems development or modification required to support that Overlay Service.
- (b) The Board may reasonably vary any date determined under Regulation 4.12(a) by notice in writing to the Overlay Service Provider.

#### 4.13 Overlay Service Implementation Process

- (a) **Project Planning, Testing and Certification:** following acceptance of its OSP Application, but prior to the Implementation Date, the Overlay Service Provider will submit to NPPA:
  - (i) in the case of a Level 1 Overlay Service Provider, evidence that it has obtained any applicable certification; and
  - (ii) in the case of either a Level 2 Overlay Service or a Level 3 Overlay Service, a draft Project Plan detailing specifications and reasonable timeframes for the NPP Basic Infrastructure or Interface Connection modifications requested, test planning, testing, certification of, and all other milestones up to and including the Overlay Service Commencement Date for, the Overlay Service for NPPA approval.
- (b) NPPA may determine to approve a draft Project Plan submitted under Regulation 4.13(a)(ii) in its discretion.
- (c) NPPA will use reasonable endeavours to support the implementation of a Project Plan approved under Regulation 4.13(b), but will not be liable to the Overlay Service Provider or any other person for failure to do so.

- (d) Each Overlay Service Provider acknowledges that it bears sole risk and responsibility in relation to the adequacy and performance of any requested Minor Change or Major Change and that NPPA makes no representation or warranty in relation to the adequacy or performance of the Overlay Service on the basis of such Minor Change or Major Change.
- (e) Each Overlay Service Provider acknowledges and agrees that all Intellectual Property Rights in the NPP Basic Infrastructure, and in any modification made to the NPP Basic Infrastructure pursuant to a Minor Change or Major Change requested by an Overlay Service Provider, including in materials developed by or on behalf of NPPA in contemplation of such requested change, vest in NPPA.
- (f) NPPA acknowledges and agrees that all Intellectual Property Rights associated with each Overlay Service (other than Intellectual Property Rights in the NPP Basic Infrastructure itself) including in materials developed by or on behalf of the Overlay Service Provider vest in the relevant Overlay Service Provider.
- (g) NPPA will grant to each Overlay Service Provider a non-exclusive, royalty-free licence for the term of the Overlay Service Provider's participation under these Regulations, to use and sub-license to its subcontractors such of NPPA's Intellectual Property Rights as NPPA determines reasonably necessary to enable the Overlay Service Provider to provide the Overlay Service.

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**Part 5 ADMISSION AND CONNECTION TO THE NPP BASIC INFRASTRUCTURE**

This Part 5:

- sets out the obligations of NPP Participants that connect to the NPP Basic Infrastructure and Connected Institutions to install and configure NPP Componentry to establish effective connection to the NPP Basic Infrastructure, to enable 24/7 capability and availability, comply with the NPPA Technology Maintenance Plan and comply with the requirements set out in the Manuals and Participant Documentation
- sets out the obligation of connected NPP Participants and Connected Institutions to notify NPPA (and SWIFT) of any connectivity outage
- sets out the powers of NPPA to manage the NPP Basic Infrastructure and NPP Closed User Groups, to direct connected NPP Participants and Connected Institutions to remediate technical defects
- describes the Reseller Process by which NPP Componentry and Additional Components may be acquired from NPPA
- sets out the obligations of Full Participants and Settlement Participants to establish effective FSS arrangements

**5.1 Obligation to Comply with Ordering Process and Connect to NPP Basic Infrastructure**

- (a) **Ordering NPP Componentry and Additional Components:** Each Full Participant, Clearing Participant and Connected Institution which has entered into a Provisioning Agreement is, for the term of that agreement, authorised by NPPA to access the NPP Ordering Portal for the purpose of preparing draft Orders for NPP Componentry, and for any Additional Components.
- (b) **Approval of Draft Orders:** Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that:
  - (i) draft Orders must be approved by NPPA, such approval not to be unreasonably withheld, to be effective;
  - (ii) NPPA will have no obligation to approve an Order unless and until the applicable NPP Componentry Fee or Additional Component Fee is fully paid, and where an Order relates to Services to be provided on an annual or recurring basis and for which annual or recurring fees are payable, any approval given to the Order will be deemed to apply only to Services for which prior payment has been made; and
  - (iii) subject to NPPA consent and payment by the relevant Full Participant, Clearing Participant or Connected Institution of any break costs, additional costs or associated expenses, an Order may be varied or cancelled.
- (c) **Installation and Configuration of NPP Componentry and Interface Connection:** Each Full Participant, Clearing Participant and Connected Institution:
  - (i) must ensure that its NPP Componentry, any Additional Components, its Payments Connector and its Interface Connection is installed, configured and satisfactorily tested in accordance with the NPP Procedures and the NPP Testing Protocol;
  - (ii) in the case of a Full Participant or a Clearing Participant, must subscribe to the NPP CUGs for basic services, being, the CUG for Basic Single Credit Transfers and from the compliance dates notified by NPPA, the CUGs for the Mandated Payments Service and IFTI Payments (sctifti.001) business service, and to the NPP CUG for any Overlay Service to which it has subscribed, or in relation to which it provides, or proposes to provide, services to OS Subscribers;

- (iii) acknowledges that only NPP Componentry and Additional Components are authorised for use in connection with the NPP Basic Infrastructure;
  - (iv) acknowledges that NPPA may by written notice direct a Full Participant, Clearing Participant or Connected Institution to disconnect, decommission or discontinue use of any unauthorised hardware or software deployed in connection with the NPP Basic Infrastructure; and
  - (v) undertakes to comply with any direction given by NPPA under Regulation 5.1(c)(iv) promptly following receipt of the written notice.
- (d) **Operation, Maintenance and Upgrades:** Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that it must:
- (i) ensure that its NPP Componentry operates on a 24/7 basis, and its Back Office System is available and operates as prescribed by NPPA and in accordance these Regulations and the NPP Procedures;
  - (ii) comply with the Technology Maintenance Plan and the maintenance and upgrade procedures set out in Part 15 of these Regulations and Appendix B to the NPP Procedures; and
  - (iii) monitor its network connectivity, and all NPP Componentry and Additional Components for system error or exception alerts and act promptly to execute effective command and control actions in accordance with the NPP Procedures.
- (e) **FSS:** Each NPP Participant that is authorised by the RBA to use the FSS must:
- (i) comply with the RITS Regulations and FSS requirements prescribed by the RBA from time to time;
  - (ii) ensure that its FSS and related RITS arrangements are established, tested, maintained and operate in accordance with the NPP Regulations, NPP Procedures and all FSS requirements;
  - (iii) manage its ESA to effect settlement of NPP Payments on a 24/7 basis; and
  - (iv) monitor its ESA, FSS messages, reports and alerts and apply intraday liquidity management tools and escalation procedures to effectively respond to and manage those messages, reports and alerts.

## 5.2 NPP Business Reference Data Tables

- (a) Each NPP Participant and Connected Institution must promptly provide NPP Business Reference Data to NPPA for itself and, in the case of any NPP Participant, for each Identified Institution for which it provides clearing, settlement, Alias registration, MMS or other NPP services as Sponsor and ensure that such data is kept up to date.
- (b) NPPA will notify an Overlay Service Provider of any change to the NPP Business Reference Data, proposed by an NPP Participant or Connected Institution, which relates to its Overlay Service. The Overlay Service Provider must promptly notify NPPA if it considers the proposed change to the data is incorrect or inaccurate. NPPA will liaise with the NPP Participant or Connected Institution and the Overlay Service Provider to determine how or whether the proposed change requires correction or clarification.

## 5.3 Technical Requirements

Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that:

- (a) its NPP Componentry and Additional Components, including any upgrade from time to time, together with any relevant components of its Back Office System, must at all times be compliant with:

- (i) the applicable minimum technical standards set out in Appendix E (Connectivity and Technical Requirements) to the NPP Procedures;
  - (ii) the applicable security standards set out in the NPP Security Framework contained in Appendix F (NPP Security Requirements) to the NPP Procedures;
  - (iii) the requirements set out in the NPP Participant Back Office Design Considerations; and
  - (iv) the Manuals and the Participant Documentation;
- as prescribed and published by NPPA from time to time;
- (b) it must provide an annual attestation, given by a senior officer, of its compliance with its obligations under the NPP Security Framework and provide details of any identified non-compliance, proposed or executed remediation actions and remediation timeframes; and
  - (c) if it fails to comply with minimum technical standards NPPA may direct it to take corrective action and may operationally suspend the Full Participant, Clearing Participant or Connected Institution concerned pending implementation of such corrective action.

#### 5.4 Obligation to Notify NPPA of Technical Defects, Malware and Security Breaches

Each NPP Participant, Connected Institution and Overlay Service Provider must comply with Part 7 and Appendix A of the NPP Procedures in relation to reporting and management of technical and security defects and, without limitation:

- (a) must provide the names and business contact details of its NPP Operational Managers and NPP Incident Managers to NPPA for inclusion in the NPP Contacts Database and ensure those details are kept up to date;
- (b) must disclose its SWIFT User profile information (if applicable), or procure the disclosure of it by SWIFT, to NPPA and the RBA for purposes of giving effect to Incident management arrangements;
- (c) must promptly notify NPPA in writing of the occurrence of any Disabling Event, data breach or other security breach in its Back Office System, Payments Connector, PAG or MQ Environment which could materially affect the security or integrity of the NPP Basic Infrastructure or Mandate Management Service, and provide full details of the source and extent of the breach, the remediation actions it has taken or that it proposes to take, and promptly provide any other information which NPPA may reasonably request in response;
- (d) consents to the disclosure by NPPA of that notification to each other NPP Participant, Connected Institution, Overlay Service Provider, the RBA and the NPPA Servicer; and
- (e) must upon becoming aware of a Disabling Event or security or data breach of the type described in Regulation 5.4(c), immediately take all action reasonably necessary to manage and minimise the impact of such Disabling Event, security breach or data breach on NPPA, other NPP Participants, Connected Institutions and Overlay Service Providers, including (if reasonably necessary and subject to providing prior written notice of its intention to do so to NPPA) suspending its connection to the NPP Basic Infrastructure and/or Mandate Management Service.

#### 5.5 Technical Support and Problem Management

- (a) NPPA will procure, for the benefit of each NPP Participant and each Connected Institution, unlimited 24/7 multi-channel technical support services from SWIFT in relation to NPP Componentry and any Additional Components and an annual health check of its production environment to identify potential security, availability and performance risks.
- (b) Each NPP Participant and Connected Institution:

- (i) must comply with the problem management and technical resolution procedures described in Part 7 of the NPP Procedures;
- (ii) must promptly implement all material corrective action required as a result of its annual health check; and
- (iii) acknowledges that NPPA may suspend the connection of an NPP Participant or Connected Institution to the NPP Basic Infrastructure pending implementation of all recommendations for corrective action.

## 5.6 Management of NPP Basic Infrastructure and Unplanned Connection Outage Management

Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges and agrees that NPPA:

- (a) may schedule NPP Basic Infrastructure or Mandate Management Service periodic system upgrades and emergency remedial repairs, during which an NPP Participant's or Connected Institution's connectivity to the NPP Basic Infrastructure may be disrupted;
- (b) may temporarily suspend the NPP Basic Infrastructure or Mandate Management Service if the Board determines that suspension is reasonably necessary to protect the security or integrity of the NPP Basic Infrastructure;
- (c) may temporarily suspend the connection of a Connected Institution, including an Overlay Service Provider that is a Connected Institution, to the NPP Basic Infrastructure or Mandate Management Service, such that the suspended Connected Institution may not send or receive Non-Value Messages or access its Mandates during the period of the suspension, if the Connected Institution suffers an Outage or if the Board otherwise determines that such suspension is reasonably necessary to protect the security or integrity of the NPP Basic Infrastructure or Mandate Management Service;
- (d) may temporarily suspend the connection of an NPP Participant to the NPP Basic Infrastructure or Mandate Management Service, such that the suspended NPP Participant may not send or receive NPP Payments, including OS Payments, or access its Mandates during the period of the suspension, if the NPP Participant suffers an Outage or if the Board otherwise determines that such suspension is reasonably necessary to protect the security or integrity of the NPP Basic Infrastructure or Mandate Management Service;
- (e) may direct a suspended NPP Participant or Connected Institution to take corrective action to address the causes of an Outage;
- (f) may not reinstate a suspended NPP Participant or Connected Institution unless and until it is reasonably satisfied that the causes of the Outage or the circumstances giving rise to suspension have been rectified;
- (g) will promptly notify the RBA, SWIFT and all NPP Participants, Connected Institutions and Overlay Service Providers of any temporary suspension and reinstatement effected pursuant this Regulation 5.6;
- (h) makes no representation or warranty under these Regulations to any NPP Participant, Connected Institution or Overlay Service Provider in relation to the availability of the NPP Basic Infrastructure or Mandate Management Service, connectivity to the NPP Basic Infrastructure or Mandate Management Service or connection service levels; and
- (i) is not liable under these Regulations to any NPP Participant, Connected Institution, Overlay Service Provider or any other person for any loss, costs or expenses suffered or claims arising in relation to any disruption to connectivity to the NPP Basic Infrastructure or Mandate Management Service.

**5.7 NPP Closed User Group Management**

- (a) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges that:
  - (i) NPPA is the administrator of the NPP Closed User Groups and is responsible for the management of the NPP Closed User Groups and may establish new NPP Closed User Groups and disable NPP Closed User Groups as it determines reasonably necessary;
  - (ii) in the event of suspension or termination of any NPP Participant or Connected Institution pursuant to these Regulations, for whatever reason, NPPA will take immediate steps to remove that NPP Participant or Connected Institution from each NPP Closed User Group of which it is a member;
  - (iii) in the event of suspension or termination of any Overlay Service Provider pursuant to these Regulations, for whatever reason, NPPA will take immediate steps to disable the NPP Closed User Group referable to that Overlay Service, such that OS Payments between members of that NPP Closed User Group may not be sent or received; and
  - (iv) NPPA may reinstate an NPP Closed User Group, or a suspended user to an NPP Closed User Group, if it is reasonably satisfied that the reasons for the suspension of the NPP Participant, Connected Institution or Overlay Service Provider (as relevant) have been rectified.
- (b) The Secretary must promptly notify the RBA, SWIFT and all NPP Participants, Connected Institutions and Overlay Service Providers and the NPPA Servicer of action taken by NPPA to disable or reinstate any NPP Closed User Group or to suspend or reinstate any member of an NPP Closed User Group.

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**Part 6 NPP PAYMENTS CLEARING**

This Part 6:

- sets out the obligations of, and operational undertakings given by, Full Participants and Clearing Participants in relation to compliance with minimum standards for NPP Payments
- clarifies the proprietary rights of NPP Participants in relation to the posting of BSCT value to Accounts
- sets out the rights and obligations of NPP Participants in relation to NPP Payment returns and to the resolution of Misdirected Payments, Mistaken Payments, Error Payments and Duplicate Payments
- sets out the obligations of NPP Participants in relation to implementation of and compliance with effective sanctions and KYC frameworks.

**6.1 Eligible Payments**

- (a) Only Full Participants and Clearing Participants are authorised to clear NPP Payments using the NPP Basic Infrastructure.
- (b) The Payer Participant must ensure that each NPP Payment:
  - (i) is denominated in AUD;
  - (ii) originates from, and is destined for, an Australian domiciled Account;
  - (iii) is formatted and constructed in accordance with the NPP Message format and NPP Message Usage Guidelines;
  - (iv) includes a Transaction ID and, if it relates to a Payment Initiation Request, includes the same Instruction ID as specified in the Payment Initiation Request;
  - (v) if it is an OS Payment, includes the applicable Overlay Service Identifier in the header of the Clearing Request; and
  - (vi) if it is an IFTI Payment, includes the IFTI code in the header of the Clearing Request.

*Note: Any NPP Payment that relates to an IFTI is an 'IFTI Payment'. IFTI Payments must be formatted, populated and sent in accordance with the IFTI Payments business service rules set out in the NPP Procedures. For the avoidance of doubt, Payer Participants must not send 'uncoded' (that is, with no IFTI back office ID/code) BSCTs or OS Payments in relation to IFTIs.*

- (c) Each NPP Participant acknowledges and agrees that:
  - (i) a Payer Participant must not submit a BSCT Clearing Request with a zero value amount; and
  - (ii) a Payee Participant is obliged to reject any BSCT Clearing Request, and must not submit an NPP Payment Return, with a zero value.
- (d) Each NPP Participant:
  - (i) acknowledges that it is responsible for:

*Drafting note: amended 20 December 2018*

- (A) its compliance; and
- (B) satisfying itself that each Identified Institution to which it provides NPP Payments clearing and / or settlement services as a Sponsor has a framework in place for ensuring compliance;

with all relevant regulatory requirements arising from the Australian Sanctions Regime in relation to NPP Payments and Non-Value Messages;

- (ii) must have a Sanctions Compliance Framework applicable to NPP Payments and Non-Value Messages and to review that framework, at a minimum, on an annual basis;
- (iii) must provide an annual attestation, given by a senior officer, such as the head of risk or head of compliance, to NPPA to the effect that:
  - (A) the Sanctions Compliance Framework is in operation and has been reviewed within the preceding 12 months;
  - (B) the NPP Participant is effectively implementing the requirements of its Sanctions Compliance Framework;
  - (C) the NPP Participant, and each of its Identified Institutions, is implementing a Daily Customer Screening process;
- (iv) acknowledges that it is responsible for:
  - (A) its compliance; and
  - (B) satisfying itself that each Identified Institution to which it provides NPP Payments clearing and / or settlement services as Sponsor has a framework in place for ensuring compliance;

with all regulatory requirements arising from the Australian AML/CTF Regime in relation to NPP Payments and Non-Value Messages;

- (v) must have a KYC Due Diligence Framework applicable to users of NPP Payments and review this at a minimum on an annual basis;
- (vi) must provide an annual attestation, given by a senior officer such as the head of risk or head of compliance to NPPA, to the effect that:
  - (A) the KYC Due Diligence Framework is in operation and has been reviewed within the preceding 12 months;
  - (B) the NPP Participant is effectively implementing the requirements of its KYC Due Diligence Framework; and
  - (C) the NPP Participant, and each of its Identified Institutions, is implementing a Daily Customer Screening process.
- (e) NPPA will maintain a register of all attestations given under Regulations 6.1(d)(iii) and 6.1(d)(vi), and will make this register available to all NPP Participants.
- (f) An NPP Participant whose attestations given under paragraphs (d)(iii) and d(vi) indicate that it, or any of its Identified Institutions, does not perform Daily Customer Screening, as an element of its Sanctions Compliance Framework or KYC Due Diligence Framework shall not be considered to be in Material Breach of the NPP Regulations.

## 6.2 Irrevocability

- (a) The Payer Participant may not cancel or recall a Clearing Request once the message is input into the Payer Participant's PAG.
- (b) An NPP Payment is deemed to be cleared at the point of the receipt by the Payer Participant of a Clearing Notification, initiated by the Payee Participant, with a status code indicating acceptance ("**Cleared**").
- (c) The Payer Participant's PAG will automatically generate a Settlement Request for submission to the FSS in respect of each Cleared NPP Payment for settlement in accordance with Part 7 of these Regulations.

- (d) A Cleared NPP Payment is irrevocable when settled by the FSS. Settlement is confirmed by receipt by the Payer Participant and the Payee Participant of a Settlement Notification initiated by the FSS indicating successful settlement.
- (e) Each Payer Participant and Payee Participant acknowledges and agrees that a Cleared NPP Payment which is rejected by the FSS is deemed to be immediately void.
- (f) Each NPP Participant acknowledges and agrees that:
  - (i) nothing in these Regulations or the NPP Procedures obliges the Payee Participant, or any Identified Institution for which it acts, to apply a Cleared NPP Payment to an Account prior to settlement; and
  - (ii) in the event of receipt of a Settlement Notification indicating FSS rejection of a Cleared NPP Payment, the Payer Participant:
    - (A) will not be liable to discharge any obligation to the Payee Participant or to the Payee in respect of that Cleared NPP Payment; and
    - (B) is solely responsible for determining whether to Replay or Retry the Cleared NPP Payment.

### 6.3 Payee Participant's Rights and Obligations

Each Payee Participant acknowledges and agrees that:

- (a) it must respond to each Clearing Request within the configurable time out values prescribed by NPPA, by initiating either:
  - (i) a Clearing Notification indicating acceptance of the Clearing Request; or
  - (ii) a Clearing Notification indicating rejection of the Clearing Request, and include a valid and applicable Reason Code within the message; and
- (b) subject to the minimum Payee notification requirements for BSCTs set out in Part 3.23.4 of the NPP Procedures, it may determine service level standards and operational procedures for the application of Cleared BSCTs to Accounts and Payee notifications on a proprietary basis.

### 6.4 Duplicate Payments and other Payer Participant Processing Errors

- (a) It is the responsibility of the Payer Participant to implement effective procedures to ensure that Duplicate Payments are not sent from its PAG, and to ensure that if a Duplicate Payment is identified during the Duplicate Detection Window, it is not submitted for settlement.
- (b) Each Payee Participant is required to implement an effective procedure to identify Duplicate Payments and Replays received during the Duplicate Detection Window, and respond to these as described in Part 3.21 of the NPP Procedures.
- (c) Each Payer Participant acknowledges and agrees that:
  - (i) while it may request return of a settled Duplicate Payment or other settled NPP Payment sent as a result of Payer Participant error pursuant to Regulation 6.5(c), the return of any such settled payment is at the discretion of the Payee Participant; and
  - (ii) it bears full liability to compensate the Payer for the value of any settled Duplicate Payment or other NPP Payment sent as a result of Payer Participant error.

### 6.5 Mistaken Payments, Error Payments, Misdirected Payments and Duplicate Payments

- (a) **Mistaken Payments:** Where a Payer Participant determines that a settled NPP Payment is, or is likely to be, a Mistaken Payment:

- 
- (i) it must request return of that NPP Payment from the Payee Participant by initiating a Request for Payment Return within the timeframe specified in Part 4 of the NPP Procedures;
    - (ii) the Payee Participant must:
      - (A) acknowledge the Request for Payment Return within the timeframe specified by Part 4 of the NPP Procedures;
      - (B) use reasonable endeavours to assess and determine whether the NPP Payment subject of the NPP Payment Return is a Mistaken Payment;
      - (C) advise the Payer Participant whether and when an NPP Payment Return will be effected, within the timeframe specified in Part 4 of the NPP Procedures; and
      - (D) effect any necessary NPP Payment Return within the timeframe specified in Part 4 of the NPP Procedures; and
    - (iii) provided the Payee Participant has used reasonable endeavours to assess whether an NPP Payment is a Mistaken Payment before effecting an NPP Payment Return, the Payer Participant indemnifies and holds the Payee Participant harmless against any direct and indirect loss, damages, charges, expenses, fees or claim which the Payee Participant suffers or incurs as a result of the return of the Mistaken Payment, provided that:
      - (A) the Payee Participant must provide the Payer Participant with written evidence of the amounts that are claimed; and
      - (B) the Payee Participant must use commercially reasonable efforts to mitigate its loss, and the Payer Participant's liability under this indemnity will be reduced to the extent the Payee Participant has failed to do so.
    - (iv) If the Payee Participant fails to use reasonable endeavours to assess whether an NPP Payment is a Mistaken Payment before effecting an NPP Payment Return in relation to it, the Payer Participant is not liable to indemnify the Payee Participant under this Regulation 6.5(a), and any direct or indirect loss, damages, charges, fees or claim which the Payee Participant incurs as a result of the return of the Mistaken Payment is borne by the Payee Participant.
  - (b) **Misdirected Payments:** Where a Payer Participant determines that a settled NPP Payment is a Misdirected Payment:
    - (i) it may request return of the Misdirected Payment from the Payee Participant by initiating a Request for Payment Return; and
    - (ii) the Payee Participant must:
      - (A) acknowledge the Request for Payment Return within the timeframe specified by Part 4 of the NPP Procedures;
      - (B) use reasonable endeavours to assess and determine whether the NPP Payment subject of the Request for Payment Return is a Misdirected Payment; and
      - (C) if satisfied that it is a Misdirected Payment, effect an NPP Payment Return within the timeframe specified in Part 4 of the NPP Procedures.

*Note: the indemnity in Regulation 8.4(i) will apply to a Misdirected Payment which is the result of a failure by the Registering Participant to accurately register Alias Information referable to the Account Holder.*
  - (c) **Duplicate Payments, Payer Participant Processing Errors and Error Payments:** Where a Payer Participant determines that a settled NPP Payment is either a settled Duplicate Payment, an Error Payment or has been sent as a result of its own error:

- (i) it may request return of such payment from the Payee Participant by initiating a Request for Payment Return; and
- (ii) the Payee Participant:
  - (A) must acknowledge the Request for Payment Return within the timeframe specified by Part 4 of the NPP Procedures;
  - (B) must use reasonable endeavours to assess and determine whether the NPP Payment subject of the Request for Payment Return is a Duplicate Payment or Error Payment or has otherwise been sent as a result of Payer Participant error; and
  - (C) may, if satisfied that it is a Duplicate Payment or Error Payment or otherwise sent as a result of Payer Participant error, effect an NPP Payment Return within the timeframe specified in Part 4 of the NPP Procedures; and

*Note: Any notification of, or other arrangements with, Payee customers regarding return of a settled NPP Payment, beyond any obligation imposed on the Payee Participant by statute, the common law or the NPP Regulations or NPP Procedures, is a proprietary matter for the Payee Participant.*
- (iii) if the Payee Participant in good faith and without negligence returns a Duplicate Payment or an Error Payment or an NPP Payment sent as a result of Payer Participant error, then the Payer Participant indemnifies and holds the Payee Participant harmless against any direct loss, damages, charges, expenses, fees or claim which the Payee Participant suffers or incurs as a result of the return of the Duplicate Payment or Error Payment, provided that:
  - (A) the Payee Participant must provide the Payer Participant with written evidence of the amounts that are claimed; and
  - (B) the Payee Participant must use commercially reasonable efforts to mitigate its loss, and the Payer Participant's liability under this indemnity will be reduced to the extent the Payee Participant has failed to do so.

## 6.6 Unsolicited Returns

A Payee Participant may only return a Cleared NPP Payment by initiating an NPP Payment Return which complies with the requirements set out in Parts 3.8 and 4.6 of the NPP Procedures.

*Note: It is up to each NPP Participant to determine whether and how its Account Holders are to be notified, or whether prior authorisation should be obtained in relation to, the return of NPP Payments.*

*Any notification of return, or other arrangements with Account Holders regarding the return of a Duplicate Payment, Mistaken Payment, Error Payment or Misdirected Payment or an unsolicited return, beyond any obligation otherwise imposed on the Payee Participant by statute, common law, these Regulations or the NPP Procedures is a proprietary matter for the Payee Participant.*

## 6.7 Adjustments between NPP Participants

- (a) NPP Participants must implement effective reconciliation procedures for NPP Payments.
- (b) If an NPP Participant identifies a discrepancy between exchanges of NPP Payments and associated settlement balances for any particular period, it must promptly notify its counterparty and provide written details of the discrepancy.
- (c) The parties must adjust for agreed discrepancies by bilateral agreement.

**6.8 General Investigations**

- (a) Each NPP Participant undertakes to apply the procedures and NPP Messages prescribed by Part 4 of the NPP Procedures for the investigation and resolution of Duplicate Payments, Mistaken Payments, Misdirected Payments, Error Payments and other NPP Payment clearing errors.
- (b) NPP Participants agree to cooperate and act in good faith to investigate and resolve Duplicate Payments, Mistaken Payments, Misdirected Payments, Error Payments and other NPP Payments clearing errors in accordance with this Part 6.

**6.9 Redacted****6.10 Inter-organisation Compensation Rules**

- (a) All NPP Participants must comply with the practices and procedures set out in the Inter-organisation Compensation Rules, in respect of compensation matters arising from the clearing of NPP Payments between them.
- (b) A reference in the Inter-organisation Compensation Rules to a “Participating System” will be taken to include a reference to the system constituted by the NPP Basic Infrastructure and the operation of these Regulations.
- (c) The NPP Operating Committee may review and vary the compensation adjustments that are expressed in the Inter-organisation Compensation Rules to be subject to periodic review, to determine whether those compensation adjustments continue to adequately reflect the principles upon which the Inter-organisation Compensation Rules are based. The NPP Operating Committee may, unless the Board (having been notified) determines otherwise, publish a variation to any such compensation adjustment to apply for the time being for the purposes of the NPP.
- (d) The arrangements between an NPP Participant and any Identified Institution or Connected Institution for which it provides NPP Payment clearing and / or settlement services in relation to obligations to compensate another NPP Participant pursuant to the Inter-organisation Compensation Rules are proprietary.

**The next page is 7.1**

**Part 7 NPP PAYMENTS SETTLEMENT**

This Part 7 sets out the obligations of NPP Participants to:

- have arrangements in place to enable settlement of Cleared NPP Payments via the FSS; and
- submit Settlement Requests for Cleared NPP Payments for settlement in the FSS.

**7.1 FSS**

Full Participants and Settlement Participants must be, and must remain, authorised by the RBA to use the FSS for settlement of Cleared NPP Payments.

**7.2 Configuration of PAG to Support Settlement Messages**

Each Full Participant and Clearing Participant must configure its PAG such that:

- (a) for each Cleared NPP Payment, a Settlement Request is automatically generated and submitted to the FSS within the configurable time out values prescribed by the NPP Procedures;
- (b) it is able to receive Settlement Notifications and associated notifications and messages from the FSS; and
- (c) it is able to queue Settlement Requests.

**7.3 Settlement of NPP Payments**

Subject to Regulations 7.5 and 7.6, each Cleared NPP Payment must be submitted for settlement:

- (a) via the FSS;
- (b) by exchange of value by debiting and crediting of the ESAs of the Full Participant and/or Settlement Participant responsible for settlement of the Cleared NPP Payment; and
- (c) otherwise in accordance with all applicable laws and regulations and the applicable RITS Regulations.

**7.4 Settlement Irrevocable**

- (a) A Cleared NPP Payment is irrevocable upon settlement in the FSS in accordance with this Part 7 and the RITS Regulations.
- (b) Rejection of a Settlement Request by the FSS automatically voids the associated Cleared NPP Payment.

**7.5 Contingency Settlement Arrangements**

During an FSS Outage, Full Participants and Clearing Participants must implement arrangements established by the NPP Incident Response Group pursuant to Part 13 of the Regulations and Part 7 of the NPP Procedures.

**7.6 Indeterminate Settlement Status**

Each NPP Participant and Overlay Service Provider acknowledges and agrees that in the event of a Cleared NPP Payment having an Indeterminate Settlement Status, the Payer Participant is obliged to settle for the Cleared NPP Payment in accordance with the arrangements set out in Part 3 of the NPP Procedures.

**The next page is 8.1**

**Part 8 NPP ADDRESSING SERVICE**

This Part 8 sets out:

- the rights and obligations of NPP Participants and Overlay Service Providers in relation to access to the Addressing Service; and
- the obligations of NPP Participants which register Alias Information to ensure its validity and accuracy.

*Drafting note: amended 12 September 2019*

**8.1 Addressing Service**

- (a) NPPA has established and will operate the Addressing Service as a component of the NPP Basic Infrastructure.
- (b) Access to the Addressing Service will be limited to:
  - (i) Registering Participants, for the purposes of registering, deregistering and maintaining Alias Information as set out in Regulation 8.3; and
  - (ii) Full Participants, Clearing Participants, Connected Institutions and Connected Overlay Service Providers, for the purpose of performing Addressing Lookups as set out in Regulation 8.4.
- (c) Fees for processing Addressing Lookups will be determined and levied by NPPA.

**8.2 Protocols**

- (a) Each Registering Participant must comply with the Alias Registration at Launch Protocol during the Transition Period.
- (b) Each Registering Participant must:
  - (i) comply (and must use reasonable endeavours to procure that its sponsored Identified Institutions comply) with the Addressing Service Protocol; and
  - (ii) provide an annual attestation, given by a senior officer, of its (and its sponsored Identified Institutions') compliance with its obligations under the Addressing Service Protocol and provide details of any identified non-compliance, proposed or executed remediation actions and remediation timeframes.

**8.3 Alias Registration and Maintenance**

- (a) Each Registering Participant is entitled to access the Addressing Service for the purposes of registration, maintenance and deregistration of Alias Information.

*Drafting note: amended 12 September 2019*

- (b) Each Registering Participant must:
  - (i) have a process in place to control the selection or generation of an Alias Name by or for an Account Holder and to ensure that the Alias Name reasonably and accurately represents the name of the Account Holder;
  - (ii) comply with all procedures for, and any restrictions on, registration, maintenance and deregistration of Alias Information set out in Part 6 of the NPP Procedures, including the requirement to implement and monitor technical controls to limit the number of Alias registration attempts an Account Holder is able to perform in any single session and on a single day;



- (iii) ensure the accuracy and completeness of all Alias Information it registers;
  - (iv) ensure the currency of all Alias Information it registers, and act promptly on an Account Holder's instruction, whether given directly or indirectly via an Identified Institution (as Account servicer) to amend, maintain or deregister their Alias Information; and
  - (v) disable and de-register any Alias Identifier associated with an Account which the Registering Participant reasonably suspects to have been used for a fraudulent purpose.
- (c) Each Registering Participant must ensure, and represents and warrants for the benefit of NPPA, each NPP Participant and each Overlay Service Provider, that, in respect of the Alias Information it registers in the Addressing Service:
  - (i) it is duly authorised to register the Alias Information;
  - (ii) the Account Holder associated with a registered Alias Identifier is authorised to operate the Account associated with that Alias Identifier;
  - (iii) it has established, in accordance with the applicable Verification Standards, the authority of the Account Holder associated with a registered Alias Identifier to use that Alias Identifier;
  - (iv) the Alias Information is current, accurate and complete; and
  - (v) to the extent that the Alias Information comprises personal information within the meaning of the Privacy Law, the Account Holder consents to the collection, storage, use and disclosure of their Alias Information in accordance with these Regulations and the NPP Procedures.
- (d) The Verification Standards must be reviewed at least annually by the NPP Security and Standards Sub-Committee and the NPP Fraud Advisory Committee in accordance with Part 6 of the NPP Procedures.

#### **8.4 Addressing Lookups and Addressing Service Data Security**

- (a) Each Full Participant, Clearing Participant, Connected Institution and Connected Overlay Service Provider may access the Addressing Service for the purpose of performing or facilitating Addressing Lookups and optional validation of Alias Names to Alias Identifiers.
- (b) Each party which uses the Addressing Service to facilitate or perform Addressing Lookups, must be able to perform an Addressing Lookup (and subsequently construct associated Payment Initiation Requests and Clearing Requests, as applicable) for all Alias Identifier Types.
- (c) Each Full Participant, Clearing Participant, Connected Institution and Connected Overlay Service Provider acknowledges and agrees that, except as authorised by these Regulations or the NPP Procedures:
  - (i) an Addressing Lookup must not be performed other than for the purpose of immediate creation of Payment Initiation Request or initiation of an NPP Payment. NPP Participants (and their sponsored Identified Institutions) and Connected Institutions must monitor any facilitated use of the Addressing Service by sponsored MPS Users and Initiating Parties as set out in Part 24 of the NPP Procedures and comply with the requirements set out in clause 6.4.11 of the NPP Procedures, to implement and monitor technical controls to appropriately limit the number of Addressing Lookups without corresponding payment that any Payer is able to perform in any single session and on a single day;

- (ii) Alias Information provided pursuant to an Addressing Lookup, other than the Alias Name, must not be disclosed to the Payer or any other person, except as required by law. NPP Participants must, and must ensure that their sponsored Identified institutions, and Connected Institutions must, have effective systems and procedures in place to: prevent the unauthorised disclosure of restricted Alias Information; promptly identify any failure of those systems and procedures; and to identify any occurrence of unauthorised disclosure of Alias Information;
- (iii) If an NPP Participant (by itself or by its sponsored Identified Institution) or Connected Institution becomes aware of an unauthorised disclosure or data breach relating to restricted Alias Information, it must:
  - (A) promptly notify NPPA, and provide full particulars of all known details in writing of the cause and extent of the breach, the remediation actions it has taken or that it proposes to take;
  - (B) promptly provide any other information which NPPA may reasonably request in relation to the breach;
  - (C) consent to, and if applicable, procure the consent of any sponsored Identified Institution to, the disclosure by NPPA of the notification described in Regulation 8.4(c)(iii)(A) and of copies of regulatory reports provided under Regulation 8.4(c)(iii)(D) to each other NPP Participant (who may disclose copies of the notice to their own sponsored Identified Institutions whose data is subject of the unauthorised disclosure), SWIFT and the RBA; and
  - (D) take all action, and ensure the responsible sponsored Identified Institution takes all action, reasonably necessary to manage and minimise the impact of such a data breach on NPPA, other NPP Participants, Connected Institutions and Overlay Service Providers. Without limitation and for the avoidance of doubt, 'reasonably necessary action' includes: participating in any Incident management activity convened by NPPA; reporting the breach to the relevant regulatory authorities within 24 hours of making the notification described in Regulation 8.4(c)(iii)(A); providing to NPPA a copy of any data breach notification made to the Office of the Australian Information Commissioner; providing NPPA with written confirmation of other regulatory reports made in connection with the data breach; providing written details to each other NPP Participant of the restricted Alias Information that has been disclosed that relates to that NPP Participant's (or its sponsored Identified Institutions') Account Holders, and (if directed by NPPA, or if reasonably necessary and subject to providing prior written notice of its intention to do so to NPPA) temporarily suspending its connection to the Addressing Service.
- (iv) Alias Information provided pursuant to an Addressing Lookup must not be cached or stored for the purposes of initiating NPP Payments on a future date.
- (v) Each Full Participant, Clearing Participant (including in each case in its capacity as a Registering Participant) and Connected Institution must:
  - (A) provide an annual attestation, signed by the party's senior information security officer, attesting to its (and its sponsored Identified Institutions') compliance with its obligations under Regulations 8.3(b)(ii) (as that provision relates to the obligation of Registering Participants to limit Alias registration activity by Account Holder), 8.4(c)(i) and 8.4(c)(ii); and
  - (B) if requested by NPPA, provide independent (third party) assurance of its compliance with its obligations under Regulations 8.3(b)(ii), 8.4(c)(i) and 8.4(c)(ii).
- (d) A Connected Overlay Service Provider is:
  - (i) not authorised to register, amend, deregister or disclose any Alias Information;

- (ii) authorised to access the Addressing Service Management Portal solely for the purpose of configuring its STP Channel; and
- (iii) bound to comply with the requirements specified in Regulations 8.4(c)(iii)(A) to 8.4(c)(iii)(D), in the event that it becomes aware of an unauthorised disclosure or data breach relating to restricted Alias Information by itself or by any third party engaged to process data on its behalf.

Each Connected Overlay Service Provider is required to provide an annual attestation, signed by that party's senior information security officer, certifying that its use of the Addressing Service has not resulted in any activity in contravention of Regulation 8.4(d)(i).

- (e) The Addressing Service will process Addressing Lookups in accordance with Part 6 of the NPP Procedures.
- (f) An executed Addressing Lookup will provide the Alias Address and Alias Name registered by the Registering Participant for the nominated Alias Identifier.
- (g) Each Full Participant, Clearing Participant, Connected Institution and Connected Overlay Service Provider must ensure that any Clearing Request or Non-Value Message which is constructed using Alias Information generated from an Addressing Lookup is submitted promptly to the NPP Basic Infrastructure to ensure the reliability of the Alias Information.
- (h) Subject to Regulation 8.4(g), a Full Participant, Clearing Participant, Connected Institution or Connected Overlay Service Provider (as the case may be) is entitled to rely upon the accuracy and completeness of Alias Information provided pursuant to an Addressing Lookup for the purposes of creating Non-Value Messages and initiating NPP Payments.
- (i) To the extent that any Full Participant, any Clearing Participant or any Connected Overlay Service Provider (in this Regulation 8.4(i) each an **"Indemnified Party"**) suffers or incurs any direct loss, damages, costs (including legal fees on a full indemnity basis), charges, expenses or liabilities (**"Loss"**) arising from any claim, demand, action or proceedings brought against the Indemnified Party as a result of its reliance upon the Alias Information provided pursuant to a Addressing Lookup, the Registering Participant indemnifies the Indemnified Party in respect of all such Loss, provided that:
  - (i) if the Loss is attributable to the occurrence of fraud, then the right of the Indemnified Party to recover against the Registering Participant is as set out in Regulation **Error! Reference source not found.** and the indemnity in this Regulation 8.4(i) does not apply; and
  - (ii) this indemnity will only apply to the extent that the Loss is attributable to a breach by the Registering Participant of its obligations under this Part 8 and will not apply to the extent that the Loss is attributable to any malfunction of, or system error in, the Addressing Service; and
  - (iii) if an Indemnified Party seeks to recover any amount under this indemnity, it must provide the Registering Participant with written evidence of the amounts that are claimed; and
  - (iv) each Indemnified Party must use commercially reasonable efforts to mitigate its Loss in relation to any claim, and the Registering Participant's liability under this indemnity will be reduced to the extent that the Indemnified Party has failed to do so.

*Drafting note: amended 2 December 2020*

**The next page is 9.1**

**Part 9 SUSPENSION AND TERMINATION**

This Part 9 sets out:

- the rights of NPPA to suspend and terminate NPP Participants, Connected Institutions or Overlay Service Providers and the circumstances in which the rights may be exercised

**9.1 Notification of breach**

Each NPP Participant, Connected Institution and Overlay Service Provider must as soon as practicable notify NPPA if it becomes aware of:

- a Material Breach of the NPP Regulations or NPP Procedures by themselves; or
- any Insolvency Event in respect of itself or any other NPP Participant, Connected Institution or Overlay Service Provider.

**9.2 Suspension**

- The Board may suspend an NPP Participant, Connected Institution or Overlay Service Provider for a specified or indefinite period of time in the following circumstances (each a “**Suspension Event**”):
  - the relevant NPP Participant, Connected Institution or Overlay Service Provider is subject to prudential supervision, and the relevant supervisor requests such suspension;
  - by agreement with NPP Participant, Connected Institution or Overlay Service Provider concerned;
  - if the relevant NPP Participant, Connected Institution or Overlay Service Provider no longer satisfies the requirements for participation set out in Part 4 of these Regulations;
  - if the relevant NPP Participant, Connected Institution or Overlay Service Provider is in Material Breach of its obligations under the NPP Regulations or the NPP Procedures and fails to rectify the breach or provide an explanation of its conduct satisfactory to the Board (in its reasonable discretion) within 30 Business Days of receipt of a request from the Board to rectify the breach or provide such an explanation;
  - an Insolvency Event (not being an event that results in the automatic termination of participation rights pursuant to Regulations 9.5(a)(ii) or 9.5(a)(iii)) occurs in respect of the NPP Participant, Connected Institution or Overlay Service Provider concerned; or
  - if the NPP Participant, Connected Institution or Overlay Service Provider concerned engages in conduct reasonably regarded by the Board to be contrary to the interests of NPPA or which may adversely affect the NPP Basic Infrastructure.
- If an NPP Participant, Connected Institution or Overlay Service Provider is subject to prudential supervision by APRA then NPPA must give APRA reasonable notice of, and an opportunity to be heard at, any meeting at which it will consider suspending the NPP Participant pursuant to Regulation 9.2(a).

**9.3 Effect of Suspension**

- NPPA must promptly notify a party which is suspended under Regulation 9.2 of the suspension, and the time and date upon which the suspension becomes effective. For the avoidance of doubt, NPPA may determine that suspension is immediately effective.
- Subject to Regulation 9.4, an NPP Participant or Connected Institution which is suspended under Regulation 9.2 is not entitled (including, without limitation, in any capacity as a Sponsor to an Identified Institution or other NPP Participant) to:

- (i) connect to the NPP Basic Infrastructure; or
  - (ii) send or receive NPP Payments or Non-Value Messages.
- (c) Upon suspension of an Overlay Service Provider, each NPP Participant which is a subscriber to the Overlay Service or which provides clearing and/or settlement services to OS Subscribers will cease to be entitled to send or receive OS Payments.
- (d) An Overlay Service Provider who is suspended under Regulation 9.2 is not entitled to provide its Overlay Service/s to any OS Subscriber for the duration of the suspension.
- (e) An NPP Participant, Connected Institution or Overlay Service Provider which is suspended under Regulation 9.2 is not excused from discharging its obligations under the NPP Regulations or the NPP Procedures.
- (f) NPPA will notify SWIFT, the RBA, all other NPP Participants and Connected Institutions and (other than in the case of suspension of a particular Overlay Service Provider) all Overlay Service Providers, by the most expeditious means reasonably available of any suspension under Regulation 9.2.

#### **9.4 Conditions in lieu of Suspension**

If a Suspension Event occurs in respect of an NPP Participant, Connected Institution or Overlay Service Provider NPPA may (in lieu of suspending that person) impose such conditions on the participation or effect such variation of any provision of the NPP Procedures in relation to that person as may be reasonable and proportionate. The rights and obligations of the NPP Participant, Connected Institution or Overlay Service Provider under these Regulations will be subject to any such conditions or variation. NPPA may at any subsequent time vary or revoke any such conditions or variations.

#### **9.5 Termination**

- (a) An NPP Participant, Connected Institution or Overlay Service Provider ceases to be eligible to be a party to these Regulations on:
  - (i) resignation;
  - (ii) becoming insolvent or making an arrangement or composition with creditors generally;
  - (iii) being wound-up, dissolved or otherwise ceasing to exist; or
  - (iv) the Board exercising its right to terminate the right of the person to be an NPP Participant, Connected Institution or Overlay Service Provider (as the case may be) in accordance with Regulation 9.5(d).
- (b) An NPP Participant, Connected Institution or Overlay Service Provider may, by notice in writing to NPPA, resign, such resignation to become effective on the date which is at least 30 days from the date of the notice. The notice is irrevocable.
- (c) An NPP Participant, Connected Institution or Overlay Service Provider may not resign except by giving notice in accordance with Regulation 9.5(b).
- (d) The Board may, by notice in writing to an NPP Participant (other than the RBA in its capacity as the operator of the FSS), Connected Institution or Overlay Service Provider, terminate the right of that person to be an NPP Participant, Connected Institution or Overlay Service Provider (as the case may be) either with immediate effect or with effect from a specified time and / or on a specified date, only if the following conditions have been fulfilled:
  - (i) a Suspension Event has occurred in respect of that NPP Participant, Connected Institution or Overlay Service Provider and has not been remedied within a period determined by the Board following consultation with the NPP Participant, Connected Institution or Overlay Service Provider concerned; and

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- (ii) the Board has provided an opportunity for that NPP Participant, Connected Institution or Overlay Service Provider to make a submission to the Board regarding the Suspension Event and such proposed termination.
  - (e) A notice given by the Board pursuant to Regulation 9.5(d) will include reasons for the Board's decision.
  - (f) A notice given by the Board pursuant to Regulation 9.5(d) may be revoked by the Board at any time before it becomes effective.
  - (g) Each NPP Participant acknowledges and agrees that upon resignation under Regulation 9.5(b) or termination of its right to be an NPP Participant under Regulation 9.5(d):
    - (i) it will cease to be entitled to exercise the rights attaching to the Shares;
    - (ii) it remains bound by the Constitution; and
    - (iii) it may elect to redeem its Shares for the nominal redemption price in accordance with the Constitution.
  - (h) Any resignation of an NPP Participant, Connected Institution or Overlay Service Provider, or any termination of the right of a person to be an NPP Participant, Connected Institution or Overlay Service Provider will not affect any right or liability arising under the NPP Regulations or the NPP Procedures before that resignation or termination takes effect or arising in respect of any act, matter or thing occurring prior to that time. An NPP Participant, Connected Institution or Overlay Service Provider who resigns pursuant to Regulation 9.5(b) or whose right to be an NPP Participant, Connected Institution or Overlay Service Provider is terminated pursuant to Regulation 9.5(d) will continue to be bound by the NPP Regulations and the NPP Procedures in respect of:
    - (i) any act, matter or thing occurring prior to the time such resignation or termination takes effect or as a result of such resignation or termination;
    - (ii) any right or liability under the NPP Regulations or the NPP Procedures which relates to or may arise at any future time from any breach of the NPP Regulations or the NPP Procedures which occurred prior to or on the date of termination; and
    - (iii) any fees, costs, charges and expenses which may be levied on, or which are to be reimbursed by, the NPP Participant, Connected Institution or Overlay Service Provider (as the case may be) in accordance with the NPP Regulations or the NPP Procedures 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.
  - (i) Without limiting the generality of Regulation 9.5(h), any resignation of an NPP Participant, or any termination of the right of any person to be an NPP Participant will not affect the obligations of the NPP Participant arising under the Constitution or the Shareholders Agreement, including its funding obligations under clause 6 of the Shareholders Agreement.
  - (j) Without limiting the generality of Regulation 9.5(h), any NPP Participant, Connected Institution or Overlay Service Provider who resigns or whose right to be a party, is terminated is not entitled to be repaid all or part of any fee, costs, charges or expenses (including NPPA's costs of implementing a requested any Minor Change or Major Change) which has been paid by it.
  - (k) On resignation or termination of an NPP Participant, Connected Institution or Overlay Service Provider (as the case may be), NPPA will, as soon as practicable, notify SWIFT, the RBA (in its capacity as the provider of the FSS) and all other NPP Participants, Connected Institutions, and (other than in the case of suspension of a particular Overlay Service Provider), all Overlay Service Providers by the most expeditious means reasonably available, of the resignation or termination specifying:

- (i) the name of the resigning or terminated NPP Participant, Connected Institution or Overlay Service Provider; and
- (ii) the date on which the resignation or termination will take, or has taken, effect.

**The next page is 10.1**

**Part 10 NPP PROCEDURES**

This Part 10 sets out:

- the process for amendment of NPP Procedures.

**10.1 NPP Procedures**

- (a) NPPA will determine and publish from time to time the NPP Procedures containing practices, procedures, standards and/or specifications relating to all or any aspects of the NPP Basic Infrastructure and MMS.
- (b) Each NPP Participant, Connected Institution and Overlay Service Provider agrees and acknowledges that it is bound by the NPP Procedures expressed to apply to them in such capacity, as amended from time to time in accordance with these Regulations.

**10.2 Amendment of NPP Procedures**

- (a) The NPP Rules Sub-Committee may vary any practice, procedure, standard or specification previously determined and published under Regulation 10.1(a), provided that if such variation relates to a matter which is required by the Constitution to be approved by a Members' resolution, or to a matter which the NPP Rules Sub-Committee considers to be a matter of principle or to be a fundamental term, such variation must also be approved in accordance with the Constitution and any necessary consequential amendments to the NPP Regulations made as applicable.
- (b) The Chief Executive Officer is authorised to make any variation of a grammatical, cosmetic, typographical or minor nature to the NPP Procedures previously determined and published under Regulation 10.1(a) which, in the reasonable opinion of the Chief Executive Officer, will not prejudice any NPP Participant, Connected Institution or Overlay Service Provider, NPPA or NPP Basic Infrastructure operations.
- (c) The effective date for a variation made under:
  - (i) Regulation 10.2(a) may be determined by the NPP Rules Sub-Committee, having regard to the potential operational and implementation impacts of the variation on NPP Participants, Connected Institutions and Overlay Service Providers. Variations approved by the NPP Rules Sub-Committee must not apply retrospectively; and
  - (ii) Regulation 10.2(b) may be determined by the Chief Executive Officer.
- (d) Any variation made by the NPP Rules Sub-Committee pursuant to Regulation 10.2(a) or by the Chief Executive Officer pursuant to Regulation 10.2(b) must be notified to NPPA at the board meeting following the variation.
- (e) Any variation to the NPP Procedures will be published by NPPA in accordance with Regulation 10.1(a) and will include an editorial note setting out the effective date of the variation.

**The next page is 11.1**



**Part 11 AMENDMENTS TO NPP REGULATIONS**

This Part 11 sets out:

- the process for amendment of NPP Regulations.

**11.1 Approval Process for Amendments to Regulations**

- (a) These Regulations may be amended from time to time by NPPA, provided that:
  - (i) the NPP Rules Sub-Committee recommends the amendment; and
  - (ii) the Board
    - (A) approves the amendment; or
    - (B) in the case of an amendment of the type requiring Member approval in accordance with the Constitution, recommends the amendment to Members for approval;
  - (iii) if the amendment is of the type requiring Member approval in accordance with the Constitution, such approval is first given.
- (b) Approved amendments to the Regulations will become effective on the date they are notified to all NPP Participants, Connected Institutions and Overlay Service Providers or such later date as the Board may determine appropriate.
- (c) Any amendment to these Regulations published by NPPA must contain an editorial note setting out the effective date of such amendment.
- (d) Each NPP Participant, Connected Institution and Overlay Service Provider agrees and acknowledges that it is bound by the NPP Regulations expressed to apply to them in such capacity, as amended from time to time in accordance with these Regulations.

**The next page is 12.1**

**Part 12 BREACHES OF REGULATIONS, DISPUTES AND APPEALS**

This Part 12 sets out:

- the requirements for internal Dispute resolution.

**12.1 Definitions and Interpretation**

- (a) The following words have the following meaning in this Part 12 unless the contrary intention appears.

- (i) **Dispute** means a dispute or difference between:

- (A) the NPPA, any sub-committee established by NPPA, any delegate of any such sub-committee and any NPP Participant, Connected Institution or Overlay Service Provider, which for the purposes of this Part only includes persons/entities that have made an application under Part 4 of these Regulations; or
- (B) two or more NPP Participants, Connected Institutions or Overlay Service Providers; arising out of, or in any way connected with the Constitution (insofar as it relates to the operation or management of the NPP Basic Infrastructure), these Regulations or the NPP Procedures and includes, without limitation, a dispute or difference:
- (C) arising out of, or in any way connected with, any non-compliance with the Constitution (insofar as it applies to the operation or management of the NPP Basic Infrastructure), these Regulations or the NPP Procedures;
- (D) arising out of, or in any way connected with, any decision of NPPA or any sub-committee of NPPA or any delegate of such sub-committee;
- (E) as to any sum of money claimed to be payable pursuant to, or any liability or obligation or other matter to be ascertained or dealt with or which arises under, Regulation 9.5; or
- (F) arising out of, or in any way connected with, the non-payment or alleged non-payment of any sum of money otherwise payable or alleged to be otherwise payable pursuant the NPP Regulations or the NPP Procedures, other than sums due in relation to the subscription for Shares, which will be resolved in accordance with the dispute resolution procedures in the Shareholders Agreement;

other than a dispute arising out of or connected in any way with those matters, which is required by the terms of the Shareholders Agreement to be resolved in accordance with that agreement.

- (ii) **Dispute Resolution Certificate** means a certificate evidencing a determination made under this Part 12 signed by the chairman of the NPP Operating Committee or more than 50% of members of the NPP Operating Committee.
  - (iii) **Mandate Claim Dispute Fee** means the sum of \$1000.
  - (iv) **NPP Operating Committee**, in this Part 12 only, means a tribunal of three (3) members of the NPP Operating Committee, who are selected by the CEO and who are independent of the parties to the Dispute.
- (b) A reference in this Part 12 to:
- (i) a **determination** by a person includes a decision by that person; and
  - (ii) **proceedings** includes actions, suits and proceedings at law, in equity or otherwise.

**12.2 Resolution of Disputes**

- (a) Subject to Regulation 12.7, all Disputes must be referred in writing to a meeting of the NPP Operating Committee for determination by the NPP Operating Committee. A determination of the NPP Operating 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 NPP Participant, Connected Institution or Overlay Service Provider which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as an NPP Participant, Connected Institution or Overlay Service Provider pursuant to Regulation 9.5(b) or whose membership is terminated pursuant to Regulation 9.5(d).
- (b) Subject to Regulation 12.7 no proceedings, other than proceedings for urgent interlocutory injunction or similar interim relief, may be commenced in any court of law or equity or otherwise in relation to any Dispute unless:
  - (i) the Dispute has first or already been referred to the NPP Operating Committee pursuant to Regulation 12.2; and
  - (ii) the Dispute has been determined by the NPP Operating Committee; and
  - (iii) the determination has been evidenced by a Dispute Resolution Certificate in accordance with Regulation 12.2.
- (c) Subject to the Constitution and the Shareholders Agreement, nothing in this Part 12 affects the right of NPPA, or of any NPP Participant, Connected Institution or Overlay Service Provider to submit to mediation or arbitration, or to commence proceedings in relation to, any dispute, matter or issue which does not fall within the definition of a Dispute.

**12.3 Dispute Resolution Fee and Costs**

- (a) Subject to Regulation 12.3(c), each NPP Participant, Connected Institution or Overlay Service Provider party to a Dispute which is referred to the NPP Operating Committee pursuant to Regulation 12.2 or to the Board pursuant to Regulation 12.7 must:
  - (i) pay to NPPA, within 10 Business Days of the date on which the Dispute is first referred to the NPP Operating Committee, a dispute resolution fee which, subject to review and variation by NPPA, will be \$5,000 unless the Dispute relates to a Mandate Claim under Part 17 of these Regulations, in which case the Mandate Claim Dispute Fee will be payable; and
  - (ii) pay to NPPA, within 10 Business Days of determination of the Dispute by the NPP Operating Committee, and (in such proportions as the NPP Operating Committee shall determine are reasonable and appropriate in all the circumstances) all costs and expenses incurred by the NPPA 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, accountancy or other technical advice and administrative costs reasonably incurred by NPPA).
- (b) For the avoidance of doubt, the NPP Operating Committee may determine that all costs and expenses referred to in Regulation 12.3(a) are to be paid by any one party to the relevant Dispute.
- (c) If the parties to a Dispute settle or wish to withdraw the Dispute prior to determination of it by the NPP Operating Committee, they may withdraw the Dispute from the NPP Operating Committee by each giving written notice of withdrawal to NPPA.

- (d) If a Dispute is withdrawn from the NPP Operating Committee pursuant to Regulation 12.3(c), and the parties concerned have agreed, confidentially or otherwise, as to the apportionment among them of costs and expenses referred to in Regulation 12.3(a)(ii), then the parties involved must notify NPPA in writing, within 5 Business Days of the date on which all notices of withdrawal of the Dispute under this Regulation 12.3(c) have been received by NPPA (the “**Withdrawal Date**”) of the agreed apportionment of those costs and expenses and the NPPA will render invoices in accordance with the notified agreed apportionment payable within 10 Business Days of the Withdrawal Date.
- (e) If a Dispute has been withdrawn by the parties concerned pursuant to Regulation 12.3(c) and those parties have not reached agreement as to the apportionment of NPPA’s costs and expenses connected with referral of the Dispute or have not notified NPPA of any agreed apportionment of those costs and expenses in accordance with Regulation 12.3(d), NPPA may render to those parties invoices for recovery of those costs and expenses requiring each party to pay to NPPA within 10 Business Days of the Withdrawal Date an equal portion of those costs and expenses.
- (f) NPPA 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 NPPA’s costs and expenses, but excluding the fact that a settlement has been agreed, and may not disclose that information to any NPP Participant, Connected Institution or Overlay Service Provider or NPP Operating Committee member without the consent of the parties to the Dispute.

#### 12.4 Commencement of Proceedings

- (a) If an NPP Participant, Connected Institution or Overlay Service Provider (in this Regulation, the “**Defendant Participant**”) fails or refuses to give effect to a determination of the NPP Operating Committee in relation to a Dispute to which this Regulation applies, which determination is evidenced by a Dispute Resolution Certificate, then the NPP Operating Committee may resolve that proceedings be commenced and prosecuted against the Defendant Participant by NPPA in its own right.
- (b) Alternatively, any aggrieved NPP Participant, Connected Institution or Overlay Service Provider which was a party to these Regulations and the NPP Procedures at the date of issue of the relevant Dispute Resolution Certificate (other than the Defendant Participant) may commence proceedings against the Defendant Participant and request the assistance of NPPA in relation to such proceedings in which event the NPP Operating Committee may require NPPA to provide whatever administrative assistance the NPP Operating Committee determines should be rendered by NPPA to facilitate the conduct of such proceedings.
- (c) If the NPP Operating Committee resolves that proceedings be commenced by NPPA against the Defendant Participant, or if, in the opinion of the NPP Operating Committee it is desirable for NPPA to render administrative assistance to facilitate the conduct of proceedings by any NPP Participant, Connected Institution or Overlay Service Provider which was a party to these Regulations and the NPP Procedures at the date of issue of the relevant Dispute Resolution Certificate (other than the Defendant Participant), then every NPP Participant, Connected Institution and Overlay Service Provider irrevocably authorises NPPA to commence such proceedings or render such administrative assistance.

#### 12.5 Costs

All:

- (a) costs (including costs as between solicitor and own client) and disbursements incurred by the NPPA in relation to any proceedings commenced and prosecuted in accordance with Regulation 12.4;

- (b) administrative costs reasonably incurred by NPPA in relation to any such proceedings;
  - (c) costs (including disbursements) and damages which may be awarded against NPPA in relation to any such proceedings (or be payable by NPPA 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 NPPA,
- are to be treated as costs and expenses of administration of, or incurred in connection with, the management and operation of the NPP Basic Infrastructure for the purposes of Regulation 3.1(c) and are to be taken into account in calculating, in good faith, the periodic fees payable by all NPP Participants, Connected Institutions and Overlay Service Providers pursuant to Regulation 3.1(c).

## 12.6 Reimbursement of Expenses

If any proceedings are commenced by any one or more NPP Participants, Connected Institutions or Overlay Service Providers pursuant to this Part 12, and NPPA renders administrative assistance pursuant to Regulation 12.4(c) to facilitate the conduct of those proceedings, then any award of damages or costs in favour of that or those parties must first be applied to reimburse NPPA for all costs incurred by it in rendering such administrative assistance.

## 12.7 Reference to the Board or to Arbitration

- (a) The provisions of this Regulation 12.7 apply notwithstanding anything to the contrary in Part 12.
- (b) Prior to the NPP Operating Committee taking any preliminary or other action pursuant to Regulation 12.2 in relation to a Dispute, an NPP Participant, Connected Institution or Overlay Service Provider party to that Dispute may refer that Dispute either directly to the Board for determination by the Board or directly to arbitration in accordance with Regulation 12.7(f), in which case the Dispute will not be referred to the NPP Operating Committee for its determination and, in the case of a Dispute referred directly to arbitration, the Dispute will not be referred to the Board for its determination.
- (c) Within 3 months of the date of a Dispute Resolution Certificate, an NPP Participant, Connected Institution or Overlay Service Provider party to the relevant Dispute may refer that Dispute to:
  - (i) the Board by way of a written request for a merits review of the determination of the NPP Operating Committee (which determination is evidenced by that Dispute Resolution Certificate) for further determination by the Board; or
  - (ii) arbitration in accordance with Regulation 12.7(f).
- (d) A determination of the Board in relation to a Dispute referred to it under this Regulation 12.7 must be evidenced by a resolution of the Board and a Certificate and a determination so evidenced will be binding upon all parties to the Dispute (including, without limitation, any body corporate which, subsequently to the occurrence of the events giving rise to the Dispute, resigns as an NPP Participant, Connected Institution or Overlay Service Provider pursuant to Regulation 9.5(b) or whose membership is terminated pursuant to Regulation 9.5(d)), until such time as a court of law or equity otherwise orders.
- (e) Where a determination of the Board is made and evidenced in accordance with Regulation 12.7, Regulations 12.1 to 12.6 inclusive will apply as if a determination of the Board in relation to a Dispute is a determination of the NPP Operating Committee in relation to that Dispute and the powers and duties of the NPP Operating Committee under those Regulations are powers and duties of the Board.
- (f) An NPP Participant, Connected Institution or Overlay Service Provider who is party to a Dispute may refer the Dispute to arbitration in accordance with the Australian Centre for International Commercial Arbitration (“ACICA”) arbitration rules (“ACICA Arbitration Rules”) on the following terms:

- (i) the arbitration will be conducted in accordance with the ACICA Arbitration Rules;
- (ii) the arbitration is to be conducted by ACICA in Sydney;
- (iii) the language of the arbitration will be English;
- (iv) the number of arbitrators will be one; and
- (v) the parties will liaise with each other to seek to agree on the appointment of the arbitrator, but if the parties do not agree on the arbitrator to be appointed within 10 Business Days of either party referring the Dispute to arbitration, then the arbitrator is to be appointed by ACICA in accordance with the ACICA Arbitration Rules.

**The next page is 13.1**

**Part 13 INCIDENT MANAGEMENT**

This Part 13 sets out the obligations of NPP Participants, Connected Institutions and Overlay Service Providers to:

- comply with Incident Management Plans established, and instructions given, by the NPP Incident Response Group in the event of particular Incidents, which may include suspension of usual procedures, directions to implement flow and/or value controls and directions to queue Settlement Requests.
- comply with the NPP Procedures in relation to Incidents generally.

**13.1 NPP Incident Response Group**

- (a) The NPP Incident Response Group has, subject to its terms of reference, all delegated powers and functions reasonably necessary to ensure the orderly management and operation of the NPP Basic Infrastructure and MMS in the event of an Incident, which includes power to:
- (i) establish and publish Incident Management Plans;
  - (ii) declare Incidents for the purpose of giving effect to Part 7 of the NPP Procedures (Incident Management Procedures) (either in whole or in part);
  - (iii) direct NPP Participants, Connected Institutions and Overlay Service Providers to give effect to Incident Management Plans (in whole or in part); and
  - (iv) exercise any of the powers of NPPA to act or give a direction under Part 5 of these Regulations for the purpose of management of an Incident.
- (b) Each NPP Participant, Connected Institution and Overlay Service Provider must comply with Incident Management Plans, the Incident Management Procedures and any reasonable direction given in writing by the NPP Incident Response Group for the purpose of management of an Incident.

**13.2 Incident Management Plans**

The NPP Incident Response Group may, to the extent to which it considers it necessary to do so, formulate and approve Incident Management Plans and may amend such plans from time to time. Incident Management Plans will:

- (a) apply during:
- (i) any Disabling Event;
  - (ii) and any other event or circumstance determined by NPPA or the NPP Incident Response Group as being an event or circumstance which is an Incident for the purposes of these Regulations and the NPP Procedures;
- (b) be additional to any other matter contained in the Part 7 of the NPP Procedures (Incident Management Procedures); and
- (c) be effective on and from the date NPPA publishes them (or amendments to them) from time to time and for the period which NPPA or the NPP Incident Response Group determines them to be effective.

### **13.3 Incident Management Procedures**

Each NPP Participant, Connected Institution and Overlay Service Provider must comply with Part 7 of the NPP Procedures (in whole or in part) upon receipt of written notice, which may include email or SMS notice, of an Incident declared by the NPP Incident Response Group.

**The next page is 14.1**



**Part 14 CAPACITY MANAGEMENT**

This Part 14 sets out

- the obligations of Full Participants, Clearing Participants and Connected Institutions to provide information and otherwise comply with NPPA's requirements with respect to BAU capacity planning and coordination, volume management and provisioning of NPP Componentry including any subsequently acquired Additional Components, to support capacity plans.

**14.1 Volume Forecasts**

Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that:

- (a) NPPA is responsible for developing and maintaining the methodology for the NPP Volumetric Model and determining the Target Transaction Throughput for the NPP Basic Infrastructure;
- (b) NPPA is responsible for determining the frequency and content of NPP Basic Infrastructure volume forecasts to be provided by Full Participants, Clearing Participants and Connected Institutions;
- (c) NPPA will request Full Participants, Clearing Participants and Connected Institutions to calculate, provide and regularly update NPP volume forecasts, and the assumptions on which such forecasts are based, for the purposes of developing and maintaining the NPP Volumetric Model; and
- (d) it will provide NPPA with all such requested information in the format and within the timeframes prescribed by Part 8.4 of the NPP Procedures.

**14.2 Capacity Planning**

Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that:

- (a) NPPA is responsible for NPP Basic Infrastructure capacity planning and management;
- (b) NPPA may provide aggregated and anonymised capacity planning information to Full Participants, Clearing Participants and Connected Institutions to assist those parties with their own capacity planning activities; and
- (c) it will comply with any reasonable direction given by NPPA in accordance with its capacity management plans, provided however, that if it disagrees with either the requirement for, or substance of, the direction it may invoke the dispute resolution process set out in Regulation 12, in which case its obligation to comply with the direction is suspended pending resolution.

**14.3 No Disclosure**

NPPA acknowledges that the volume forecasts and capacity planning information provided by NPP Participants, Connected Institutions and Overlay Service Providers pursuant to this Regulation Part 14 constitute commercially confidential information which is valuable to the provider of the information, and undertakes to ensure that such information is not disclosed except as permitted by Regulation 14.2(b).

**14.4 Volume Management**

Each Full Participant, Clearing Participant and Connected Institution acknowledges and agrees that:

- (a) NPPA may, from time to time, direct it to impose value limits and volume controls in relation to NPP Payments, Non-Value Messages and Addressing Service activity, to ensure the orderly operation of the NPP Basic Infrastructure; and

- (b) it will promptly comply with any such direction, and maintain such controls until directed by NPPA to do otherwise.

#### **14.5 Obligations for Provisioning**

Each Full Participant, Clearing Participant and Connected Institution:

- (a) acknowledges that the NPP Basic Infrastructure has been, and its Back Office Systems and Payments Connector must be, and both must remain, sized to support the Target Transaction Throughput defined in the NPP Volumetric Model applicable to it, as set out in the NPP Procedures, Appendix E;
- (b) must ensure that, at all times, its NPP Componentry and any Additional Components meets the Prescribed Minimum;
- (c) must, upon written request by NPPA from time to time, provide independent certification of its compliance with Regulation 14.5(b);
- (d) acknowledges that NPPA may, from time to time, direct it to take remedial action to ensure its compliance with Regulation 14.5(b), and agrees to comply with any such direction within a reasonable timeframe.

**The next page is 15.1**

**Part 15 MAINTENANCE**

Part 15 sets out:

- the obligations of NPP Participants and Connected Institutions to comply on a continuing basis with the technical connectivity requirements set out in the Manuals and the Participant Documentation.
- the ongoing obligations of NPP Participants and Connected Institutions to comply with all software maintenance directions and instructions given by NPPA directly or via SWIFT and to implement Approved Changes.

**15.1 Change Proposals and Approved Changes**

- (a) NPPA will provide NPP Participants, Connected Institutions and Overlay Service Providers with periodic reports of its Technology Evolution activities and with full details of any Change Proposal.
- (b) All Change Proposals will be considered by the NPP Change Management Sub-Committee (and the NPP Security and Standards Sub-Committee if NPPA considers it necessary). NPPA will use those forums to consult with, and will take into account the views of, SWIFT, the RBA, NPP Participants, Connected Institutions and Overlay Service Providers on Change Proposals.

**15.2 Software Maintenance**

- (a) Each NPP Participant and Connected Institution must implement any software maintenance, upgrade or patch prescribed by NPPA in accordance with the Technology Maintenance Plan.
- (b) Each NPP Participant and Connected Institution must implement and support, including by way of building, testing and implementation of changes to Back Office Systems, each Approved Change in accordance with the directions and instructions given by NPPA.

**15.3 Coordination**

Each NPP Participant and Connected Institution acknowledges that NPPA is responsible for assessing and approving Change Proposals and for coordinating testing and implementation of Approved Changes, and agrees to comply with all reasonable directions given by NPPA for the purposes of performance of those responsibilities.

**The next page is 16.1**

**Part 16 MISCELLANEOUS****16.1 Notices**

- (a) Unless expressly provided otherwise in these Regulations or the NPP Procedures, all notices, certificates, consents, approvals, waivers and other communications, including operational memoranda (“**Notices**”) in connection with these Regulations or the NPP Procedures must be:
  - (i) in writing;
  - (ii) in English; and
  - (iii) if given by a body corporate, signed by a person or persons authorised to act on its behalf.
- (b) A Notice may be given to any person pursuant to these Regulations either by:
  - (i) serving it personally (including delivery by courier); or
  - (ii) sending by email to the Secretary at the email address supplied by NPPA (if NPPA is the recipient), or to the email address supplied by the person to NPPA for the giving of Notices; or
  - (iii) by publishing the Notice on NPPA’s extranet or website in a manner accessible by the person receiving notice.
- (c) Publication of a Notice on NPPA’s extranet or website must be accompanied by an email (or other electronic communication) to the recipient(s) of the Notice advising of the publication.
- (d) Where a Notice is sent by email (whether or not also published on NPPA’s extranet or website), the Notice is deemed to be served on the earlier of when the email is opened by the recipient and the Business Day following its despatch (provided the sender does not receive a delivery failure or out of office message).

**16.2 Gross up for GST- Supplies**

- (a) If
  - (i) NPPA or an NPP Participant, Connected Institution or Overlay Service Provider (each a “Supplier”) makes a Supply to an NPP Participant, Connected Institution or Overlay Service Provider (each a “Recipient”) under the NPP Regulations or the NPP Procedures; and
  - (ii) the Supplier is required to pay GST under the GST Law in respect of that Supply (“Taxable Supply”), then

the Recipient must pay the Supplier an additional amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount;
- (b) The Supplier must issue a Tax Invoice to the Recipient in respect of each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law.
- (c) The Recipient must pay the additional amount payable under this regulation 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 10 Business Days).

**16.3 Set Off**

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

**16.4 Confidentiality**

- (a) A party which is a recipient of Confidential Information must ensure that Confidential Information is:
- (i) kept secure;
  - (ii) not disclosed to any other person or used for any purpose other than as permitted by these Regulations or the NPP Procedures, except that Confidential Information may be disclosed:
    - (A) to any existing, prospective or potential Identified Institution to which that recipient provides or proposes to provide NPP clearing and / or settlement services;
    - (B) to any existing, prospective or potential contractors or consultants and any participants in a tender process initiated by or for that recipient;
    - (C) with the consent of the provider of that information (which consent must not be unreasonably withheld);
    - (D) (in the case of statistics) on a basis which does not identify the provider of the information or any individual;
    - (E) 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;
    - (F) in connection with legal proceedings or disputes in which the recipient is a party;
    - (G) if the information is generally and publicly available;
    - (H) its legal advisers and auditors for the purpose of considering or advising upon the Confidential Information; or
    - (I) to a related body corporate of the recipient.
- (b) Except to the extent that it would contravene a law or stock exchange listing requirement, in respect of disclosure by a recipient (the **"First Recipient"**) of Confidential Information to a further recipient (the **"Second Recipient"**) pursuant to Regulations 16.4(a)(ii)(A), 16.4(a)(ii)(B), 16.4(a)(ii)(E), 16.4(a)(ii)(F), 16.4(a)(ii)(H) and 16.4(a)(ii)(I) above, the First Recipient must prior to disclosure:
- (i) advise NPPA and the provider of the Confidential Information in writing; and
  - (ii) obtain from the Second Recipient an undertaking to abide by the requirements to this Regulation 16.4. The undertaking obtained should, wherever possible, be enforceable directly by NPPA and the provider.

*Drafting note: amended 1 August 2017*

**16.5 Exclusion of Fiduciary and Trustee Relationships**

No party shall, by reason only of the NPP Regulations, NPP Procedures or another document relating to the NPP, have a fiduciary relationship with, or be trustee for, a NPP Participant, Connected Institution or Overlay Service Provider or another person unless expressly agreed.

**16.6 Statistics and Information**

- (a) Without limiting Part 14 of these Regulations, if requested in writing by NPPA, each NPP Participant, Connected Institution and Overlay Service Provider must promptly provide all information in relation to that party's NPP activities, including NPP Payment volumes and values and NPP related fraud statistics and ancillary information reasonably requested by NPPA.
- (b) Each NPP Participant acknowledges that NPPA may arrange with the RBA for the supply:

- (i) by RBA to NPPA of statistical data concerning the value and number of NPP Payments processed in the FSS; and
- (ii) by NPPA to RBA of:
  - (A) statistical data concerning the value, number and type of NPP Payments exchanged via the NPP Basic Infrastructure;
  - (B) any other statistical data relating to payments clearing and settlement in the NPP;
  - (C) any information reasonably required by the RBA in order to:
    - (1) verify NPPA's compliance with the agreement between the RBA and NPPA which relates to the admission of the NPP as a feeder system in RITS;
    - (2) investigate particular contingency events or operational anomalies in connection with the NPP; or
    - (3) ensure the efficient operation of RITS.
- (c) Each NPP Participant acknowledges to NPPA for the benefit of the RBA and to the RBA itself that it unconditionally authorises and consents to disclosure by the RBA to NPPA of the statistical data referred to in Regulation 16.6(b)(i), or any of that data, (in any format whatsoever) for any purpose whatsoever in connection with the operation and management of the NPP Basic Infrastructure by NPPA, or with these Regulations or the NPP Procedures.
- (d) Each NPP Participant, Connected Institution and Overlay Service Provider authorises and consents to the disclosure of the statistical data referred to in Regulation 16.6(b)(ii) or any of that data, (in any format whatsoever) by NPPA to the RBA.
- (e) Statistical data and other data collected by NPPA in accordance with this Regulation 16.6 may only be used in connection with the operation and management of the NPP Basic Infrastructure by NPPA, or with these Regulations or the NPP Procedures for purposes approved by NPPA from time to time.
- (f) NPPA may use and publish (on an aggregated and deidentified basis) the statistical fraud information supplied under Regulation 16.6(a) for the purposes of industry fraud risk management and education initiatives from time to time
- (g) Each party acknowledges and agrees that any Confidential Information which has been received by the RBA, whether from NPPA pursuant to Regulation 16.6(b)(ii) or from NPPA or from any other party in any circumstance, may be:
  - (i) used by the RBA for the purpose of the performance by the RBA of any of the RBA's functions or for the exercise by the RBA of any of its powers; and
  - (ii) disclosed by the RBA:
    - (A) as permitted by Regulation 16.4;
    - (B) to the responsible Minister;
    - (C) in response to a request by a House or Committee of the Parliament of the Commonwealth; or
    - (D) to a Commonwealth agency, where this serves the RBA's or the Commonwealth's legitimate interests.

*Drafting note: amended 1 August 2017*

**The next page is 17.1**

**Part 17 MANDATED PAYMENTS SERVICE**

This Part 17 sets out the high-level rights and obligations of NPP Participants and Connected Institutions in relation to the Mandated Payments Service (**MPS**) and use of the Mandate Management Service (**MMS**), including:

- the rights of NPP Participants and Connected Institutions to access and use the Mandate Management Service for purposes of Mandate creation and ancillary purposes;
- the rights of NPP Participants that are Framework Participants in BECS to migrate existing Direct Debit arrangements established under the BECS Procedures to the NPP;
- the rights of NPP Participants and Connected Institutions to send Mandate Payment Initiation Requests (being NPP Payment Initiation Requests that carry Mandate IDs) to Payer Participants, and the features of Mandates and Mandate Payment Initiation Requests which facilitate the processing of persistently authorised 'debit-like' credit transfers and third party payment initiation via the NPP;
- the obligations of NPP Participants in their capacity as Payer Participants, to receive and process Mandate Creation (and Amendment) requests and Mandate Payment Initiation Requests; and
- the obligations of all NPP Participants, Connected Institutions and Overlay Service Providers to give effect to the Part 24 of the NPP Procedures in relation to Mandate functions, the service levels associated with the MPS, investigations and exceptions handling procedures associated with use of the MPS.

**17.1 Mandated Payments Service and Mandate Management Service (MMS) Overview, Terminology and Administration**

- (a) The Mandated Payment Service ("MPS") is an NPP business service utilising:
- (i) the Mandate Management Service ("MMS");
  - (ii) MMS APIs;
  - (iii) Mandate Payment Initiation Requests and NPP Payment messages; and
  - (iv) the NPP Core Clearing and Settlement Rules and associated procedures, the governance framework set out in these NPP Regulations and the processes set out in Part 24 of the NPP Procedures;

that enables the secure, authorised collection and initiation of NPP Payments from Payer Customer Accounts

- (b) The MMS is a centralised secure, access- controlled database of Mandates.

A **Mandate** is a record of payment authorisation given by a Payer Customer in favour of either:

- (i) an MPS User, which may be a Creditor or Payment Initiator, authorised to participate in the MPS by its sponsoring NPP Participant or its sponsoring Identified Institution; or
- (ii) a Payment Initiator, authorised to participate in the MPS by, or as, a Connected Institution; which:
  - (A) is identified by a unique Mandate ID generated by the MMS; and
  - (B) gives the MPS User (via its sponsoring NPP Participant, and Identified Institution, if applicable) or the Payment Initiator (via the Connected Institution) the right to send Mandate Payment Initiation Requests to instruct the Payer Participant who is, or who acts for, the Payer Customer's Account servicer, to make NPP Payments within the terms of the Mandate.

The MMS may also be used, optionally, by Payer Participants to store records of **Debtor Payment Arrangements** established in accordance with Part 24 of the NPP Procedures.

- (c) **Mandate Payment Initiation Requests** are NPP Payment Initiation Requests that carry a Mandate ID, which are used to either *collect*, or *initiate*, NPP Payments as follows:
  - (i) the Creditor Payment Initiation Request (pain.013) is available for use by NPP Participants only, acting on behalf of MPS Users who are Creditors to *collect* pre-authorised NPP Payments from Payer Customer Accounts to Accounts held by the NPP Participant for the MPS User; and
  - (ii) the Payment Initiation Request (pain.001) is available for use by:
    - (A) NPP Participants acting on behalf of MPS Users who are Payment Initiators; and
    - (B) Connected Institutions acting as, or on behalf of, a Payment Initiator;
 to *initiate* pre-authorised NPP Payments from Payer Customer Accounts to one or more third party Payee Customer Accounts. For the avoidance of doubt, a 'third party Payee Customer Account' may be an Account in the MPS User's name with an Account servicer other than the MPS User's sponsor for the purposes of the MPS.
- (d) In the NPP Procedures, the term *Initiating Participant* is used to refer to an NPP Participant (and if applicable its sponsored Identified Institution) or Connected Institution that elects to use the NPP to submit Mandate Payment Initiation Requests. The term *Initiating Party* is used to refer to the MPS User or Payment Initiator on whose behalf the Initiating Participant submits Mandate Payment Initiation Requests. For the avoidance of doubt, where the Initiating Participant listed in a Mandate is an Identified Institution, its sponsoring NPP Participant is responsible for procuring the compliance of the Identified Institution with the obligations set out in these Regulations and the NPP Procedures that are expressed to apply to Initiating Participants.
- (e) In these NPP Regulations, the term:
  - (i) **MPS User** means a Creditor or Payment Initiator who is authorised and approved by an NPP Participant, or its sponsored Identified Institution, to use the MMS and MPS;
  - (ii) **Creditor** means a Payee Customer of an NPP Participant (or its sponsored identified Institution); and
  - (iii) **Payment Initiator** means a payment service provider who, whether acting on behalf of the Payer Customer or a Creditor, is authorised by the Payer Customer to initiate payments from the Payer Customer's Account. A Payment Initiator may be an MPS User (sponsored by an NPP Participant). A Connected Institution may be, or may act for, a Payment Initiator.
- (f) Participation in the MPS is:
  - (i) optional for NPP Participants (and their sponsored Identified Institutions) in their capacity as providers of MPS services to MPS Users;
  - (ii) optional for Connected Institutions as Payment Initiators or as providers of MPS services to Payment Initiators;
  - (iii) mandatory for NPP Participants (and sponsored Identified Institutions) in their capacity as Payer Participants and Payer Customer Account servicers; and
  - (iv) optional for Overlay Service Providers.
- (g) NPPA has established and will operate the MMS and the MPS in accordance with these Regulations and the NPP Procedures.



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- (h) Subject to the Constitution, the Shareholders Agreement, the CMS Deed and these Regulations, NPPA has all rights and powers reasonably necessary or desirable to facilitate access to the MMS and to ensure the safe, reliable and efficient operation of the MMS on its own and in conjunction with the NPP Basic Infrastructure, and the MPS, including, without limitation, the power to define:
- (i) MMS API Standards;
  - (ii) NPP Message Usage Guidelines applicable to NPP Payment Initiation Messages;
  - (iii) MMS and Mandate Payment Initiation message testing and certification requirements, which are set out in the NPPA Joining and Certification Strategy;
  - (iv) MMS security requirements for NPP Participants and Connected Institutions;
  - (v) Mandatory Compliance Requirements in connection with the MPS in accordance with Part 3 of the NPP Regulations;
  - (vi) the MPS Implementation Guide, which specifies the end-to-end features of, and minimum customer experience requirements and standards for, the MPS, for use by NPP Participants and Connected Institutions, MPS Users, Payment Initiators and their respective vendors and processing partners; and
  - (vii) minimum technical requirements for Mandate creation, authorisation, maintenance, suspension, cancellation and porting.
- (i) NPP Participants and Connected Institutions acknowledge and agree that it is a condition of use of the MMS and MPS that they comply with the obligations and requirements set out in the MPS Implementation Guide that are expressed to apply to them in their respective capacities, including without limitation, the requirement to:
- (i) ensure their respective MPS Users (and in the case of NPP Participants, their sponsored Identified Institutions' MPS Users) and Payment Initiators are bound to terms and conditions substantively consistent with the Sample MPS User Terms and Conditions, and procure the compliance of their respective MPS Users and Payment Initiators with obligations set out in the MPS User Guide that are expressed to apply to them; and
  - (ii) implement the MPS in accordance with the MPS Customer Experience Standards and Requirements set out in the MPS Implementation Guide.
- (j) Each NPP Participant, Connected Institution and Overlay Service Provider acknowledges and agrees that NPPA:
- (i) may schedule periodic MMS upgrades and maintenance from time to time, during which access to the MMS may be disrupted;
  - (ii) may temporarily suspend the MMS, or any NPP Participant's or Connected Institution's connection to the MMS, if the IRG or the CEO (in either case under delegated authority from the Board) determines that such suspension is reasonably necessary to protect the security or integrity of the MMS or the NPP;
  - (iii) makes no representation or warranty under these Regulations to any NPP Participant, Connected Institution, Overlay Service Provider or any other person in relation to the availability or performance of the MMS or the MPS, or the availability or performance of any NPP Participant, Connected Institution, MPS User or any other person whose unavailability or performance may affect the operation of the MMS or MPS;
  - (iv) is not liable under these Regulations to any NPP Participant, Connected Institution, Overlay Service Provider or any other person for any loss, costs or expenses suffered or claims arising in relation to any suspension of, or disruption or degradation of MMS or MPS services;

- (v) will monitor NPP Participants' and Connected Institutions' compliance with obligations under this Part 17, and under Part 24 of the NPP Procedures and may, in addition to any other powers or rights it has under these Regulations:
  - (A) if it becomes aware of any non-compliance, issue remediation directions to the NPP Participant or Connected Institution concerned under Regulation 2.4(a)(i); and
  - (B) to the extent the non-compliance relates to a Mandatory Compliance Requirement, take such action as may be authorised by Part 3 of the Regulations.
- (k) Each NPP Participant and Connected Institution is granted a non-exclusive, royalty free licence to NPPA's Intellectual Property Rights in the MMS and MPS, to use and to sub-licence to third parties, including:
  - (i) in the case of NPP Participants, to its sponsored Identified Institutions and sponsored MPS Users; and
  - (ii) in the case of Connected Institutions, to its sponsored Payment Initiators; and in each case;
  - (iii) its subcontractors and processing partners.
- (l) NPPA may determine and levy Transaction Fees for use of the MMS, for Mandate Payment Initiation Requests and for Mandate Payments under Part 3 of the NPP Regulations.
- (m) The Inter-Organisation Compensation Rules apply to NPP Payments arising from the acceptance and processing of Mandated Payment Initiation Requests: see NPP Regulation 6.10.

## 17.2 MMS Access

- (a) NPP Participants and Connected Institutions have access to the MMS for the purposes of:
  - (i) creating, maintaining and porting Mandate Records as set out in Regulation 17.6 and Part 24 of the NPP Procedures; and
  - (ii) facilitating the transmission and exchange of Mandate Payment Initiation Messages and associated NPP Payment messages as described in Regulation 17.5 and Regulation 17.8.
- (b) Each NPP Participant must ensure that any sponsored Identified Institution, MPS User or other person it authorises to access or use the MMS complies with all the obligations relating to accessing the MMS and use of the MPS which are set out in this Part 17 and Part 24 of the NPP Procedures.
- (c) Each Connected Institution must ensure that any person it authorises to access or use the MMS complies with all the obligations relating to accessing the MMS and use of the MPS which are set out in this Part 17 and Part 24 of the NPP Procedures.
- (d) Each NPP Participant (for itself and for each of its sponsored Identified Institutions) and each Connected Institution (for itself and any Payment Initiator on whose behalf it acts) must ensure that it complies at all times with:
  - (i) the MMS and MPS technical requirements as described in more detail in the Manuals and Participant Documentation;
  - (ii) the mandatory NPP Participant Back Office Design Considerations which apply to the MMS and MPS;
  - (iii) the applicable security standards set out in the NPP Security Framework contained in Appendix F; and
  - (iv) the MMS API Standards.

- (e) Information contained in Mandate records must be treated as confidential to the parties to the Mandate and must not be disclosed to any person other than the parties except as required by law (including where required by Regulatory Authorities, any other relevant regulatory body or as required for the purposes of legal proceedings). NPP Participants must, and must ensure that their sponsored Identified Institutions, and Connected Institutions must:
  - (A) have effective systems and procedures in place to prevent the unauthorised disclosure of Mandate information;
  - (B) have effective systems in place to promptly identify any failure of those systems and procedures described in Regulation 17.2(e)(A) and to identify any occurrence of unauthorised disclosure of Mandate information;
  - (C) promptly notify NPPA in writing of any such unauthorised disclosure of Mandate information;
  - (D) comply with any law that applies to such unauthorised disclosure.

### 17.3 Overlay Services

- (a) Overlay Service Providers may optionally utilise MMS functionality and these MPS rules in connection with Overlay Services.
- (b) Use of the MMS functionality by Overlay Service Providers is generally permitted on the basis that the OS Rules relating to use of the MMS and associated functionality may not be inconsistent with the NPP Core Clearing and Settlement Rules, which include without limitation the provisions of these Regulations and the NPP Procedures relating to the minimum requirements for Mandate Creation, Mandate Authorisation, Mandate Maintenance, inclusion of the Overlay Service identifier and treatment of the Mandate in Mandate Payment Initiation Requests. Subject to consistency with the NPP Core Clearing and Settlement Rules, OS Rules may include such additional requirements as the Overlay Service Provider deems appropriate. For the avoidance of doubt, where any Mandate Payment Initiation Request is submitted under the rules of an Overlay Service it must include the Overlay Service identifier in the Mandate Service ID field. In the absence of an applicable Overlay Service identifier, the Mandate service ID shall be set as 'sct'.

### 17.4 Migrated Direct Debit Arrangements

- (a) Each NPP Participant which is a Tier 1 Framework Participant in the Bulk Electronic Clearing System (BECS) may create Mandate Records in respect of existing Direct Debit Request arrangements it processes on behalf of its sponsored Debit Users, or the Debit Users of its sponsored Identified Institutions, under the BECS Regulations and BECS Procedures. Each NPP Participant which is a Tier 2 Framework Participant in BECS may do likewise subject to any obligation the NPP Participant may have to first notify its Representative (as that term is defined by the BECS Procedures) or comply with any other obligation it may have under its proprietary arrangement with its Representative. NPPA does not oversee such proprietary arrangements.
- (b) These Mandates are designated as *Migrated DDR Mandates*. Migrated DDR Mandates are deemed to be Active within the MMS immediately upon creation by the sponsoring NPP Participant on behalf of its Debit User. Each such Debit User is deemed, for the purposes of these Regulations, to be approved by the relevant sponsoring NPP Participant as an MPS User. Each NPP Participant that creates or facilitates the creation of Migrated DDR Mandates under this Regulation 17.4 is responsible for ensuring that they are created in the MMS using the Migrated Direct Debit Mandate Mapping Guidance and otherwise as prescribed by Part 24 of the NPP Procedures.
- (c) Each NPP Participant that proposes to create or facilitate the creation of Migrated DDR Mandates on behalf of an MPS User is responsible for ensuring that:

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- (i) the relevant MPS User has notified each of its debtors (Payer Customers) in writing that, to the extent the Payer Customer's Account is reachable via the NPP and able to make NPP Payments, future debits and charges will generally be made through the NPP rather than BECS and has given such notice as is required by their Direct Debit Request Service Agreement or at least fourteen days prior to the date of creation of the Migrated DDR Mandate Record in the MMS;
  - (ii) the MPS User holds and is able to produce evidence of the Payer Customer's original Direct Debit Request authorisation (if required) and notifications given under Regulation 17.4(c)(i); and
  - (iii) other than in the case of genuine contingency resulting from an Outage of the NPP or any NPP Participant, processing of the Direct Debit Request arrangement in BECS ceases from the date of creation of the Migrated DDR Mandate.
- (d) Migrated DDR Mandates can only be established in respect of Payer Customers' existing direct debit arrangements. Migrated DDR Mandates are unilaterally established by the MPS User and its sponsor in the MMS and may be relied on by the Payer Participant for processing of associated Mandate Payment Initiation Requests and Mandated Payments, on the basis that in respect of each such Migrated DDR Mandate, the Payer Participant:
- (i) could optionally take steps to satisfy itself that the Migrated DDR Mandate is associated with its Payer Customer's existing direct debit arrangement, and may seek the Payer Customer's confirmation of authorisation of the Migrated DDR Mandate;
  - (ii) must, if confirmed by the Payer Customer pursuant to Regulation 17.4(d)(i), keep a record of its Payer Customer's confirmation;
  - (iii) must, if the Payer Customer indicates authorisation has not been given or otherwise provides an instruction to Suspend or Cancel the Mandate, act promptly on such indication or instruction;
  - (iv) must, pending confirmation or other instruction being received from the Payer Customer, continue to process Mandate Payment Initiation Requests received in connection with the Mandate: see Regulation 17.8 for SLA relief applicable to processing first payment under a Migrated DDR Mandate.

*Drafting note: amended 30 June 2021*

- (e) Migrated DDR Mandates may be used for the purposes of issuing Mandate Payment Initiation Requests no earlier than five days after the time and date of creation. Payer Participants may check the Payer Customer's Account status and transaction history to confirm the veracity of the Direct Debit Request arrangement recorded by the Migrated DDR Mandate. To facilitate checking by the Payer Participant, the NPP Participant sending the request could, in addition to performing the verification and other operations required by Part 24 of the NPP Procedures, optionally include the relevant MPS User's BECS Debit User ID in the Migrated DDR Mandate record.
- (f) Each NPP Participant in its capacity as a Tier 1 Framework Participant in BECS has indemnified each other NPP Participant who is a BECS Framework Participant and persons who are Non-Member Appointors in respect of Valid Claims (as that term is defined in the BECS Procedures) under clause 7.6 of the BECS Procedures. NPP Participants who are Tier 2 Framework Participants in BECS are subject to indemnities given in favour of their Tier 1 Representatives in BECS.

Each NPP Participant acknowledges and agrees that:

- (i) Subject to any bilateral agreement to apply the procedures set out in Part 24 of the NPP Procedures, Part 7 of the BECS Procedures shall apply to the resolution of any Valid Claim arising in respect of any Direct Debit Request arrangement migrated under this Part 17, which relates to debits made prior to the date of migration; and

- (ii) any Mandate Claim or other claim relating to:
  - (A) a Mandate Payment Initiation Request or associated NPP Payment made pursuant to a Migrated DDR Mandate made after the date of migration; or
  - (B) any inconsistency between a Direct Debit Request and a Migrated DDR Mandate;
 shall be determined in accordance with this Part 17, including Regulation 17.10, and Part 24 of the NPP Procedures.
- (iii) Each NPP Participant in its capacity as a Payer Participant may rely on the presence of the Mandate ID in a Mandate Payment Initiation Request to receive and process that request as prescribed by Regulation 17.8(b).

### 17.5 MPS Users

- (a) NPP Participants are responsible for assessing, approving and sponsoring MPS Users.
- (b) Any NPP Participant may sponsor a person as an MPS User.
- (c) Identified Institutions may sponsor persons as MPS Users with their sponsoring NPP Participant's approval.
- (d) Each NPP Participant that sponsors MPS Users is responsible for and takes full risk on the approval and sponsorship of MPS Users, including:
  - (i) assessing the creditworthiness of each MPS User it proposes to sponsor and forming its own assessment of the proposed MPS User's solvency, financial standing and capacity to meet liabilities which it could incur in connection with its use of the MMS and MPS, including any liabilities arising in connection with the indemnity given by the NPP Participant in respect of the MPS User's use of the MMS and MPS;
  - (ii) assessing and satisfying itself of the prospective MPS User's organisational and administrative capabilities, and ability to comply with applicable laws and regulatory requirements, governance, privacy and data protection arrangements, security arrangements, operational arrangements and ongoing suitability to be an MPS User;
  - (iii) carrying out appropriate due diligence and risk assessment in relation to the MPS User's proposed use of the MMS and the MPS;
  - (iv) ensuring the MPS User:
    - (A) is bound by terms and conditions, substantively consistent with the Sample MPS User Terms and Conditions set out in the MPS Implementation Guide, requiring them to perform and comply with the obligations in these Regulations and the NPP Procedures which are applicable to MPS Users;
    - (B) has the ability to perform all applicable Mandate and MPS operations contemplated by these Regulations and Part 24 of the NPP Procedures;
    - (C) has the ability to manage risks associated with use of the MMS and MPS;
    - (D) meets or is managing cybersecurity, data and information security requirements and risks;
  - (v) overseeing and monitoring the MPS User's access to and use of the MMS and the MPS;
  - (vi) ensuring the MPS User complies with the minimum requirements for Mandate creation as prescribed by Part 24 of the NPP Procedures, including obtaining Payer Customer details, any necessary consents required under the Privacy Law and providing those data to its sponsoring NPP Participant (via its sponsoring Identified Institution if applicable) for purposes of Mandate creation in the MMS;
  - (vii) Mandate Payment Initiation Requests initiated by or on behalf of the MPS User;

- (viii) taking appropriate action, which may include restricting the MPS User's use of the MMS or MPS, in the event that the MPS User:
  - (A) fails or ceases to meet the requirements applicable to MPS Users in these Regulations or the NPP Procedures;
  - (B) is alleged or determined to have breached any law or regulation relevant to the use of the MPS; or
  - (C) suffers an insolvency event of the type described in the definition of Insolvency Event in Regulation 1.1;
- (ix) providing the indemnities in favour of each other NPP Participant, and their sponsored Identified Institutions, against substantiated Mandate Claims arising in connection with its sponsored MPS User's use of the MMS or Mandate Payment Initiation Requests initiated on behalf of the MPS User as described in these Regulations.
- (e) Connected Institutions connect directly to the NPP but have no rights under these Regulations or the NPP Procedures to submit clearing and/or settlement messages to the NPP. Each Connected Institution who elects to use the MMS and MPS is:
  - (i) entitled to participate in the MPS as a Payment Initiator, or as an agent for a Payment Initiator, to create Mandate records for Payer Customer authorisation, and subject to Payer Customer authorisation being given and recorded in the MMS, to send Mandate Payment Initiation Requests (pain.001 messages only) to Payer Participants for processing;
  - (ii) bound to comply with all the obligations expressed to apply to 'Initiating Participants' in this Part 17 and Part 24 of the NPP Procedures;
  - (iii) if they act as a Payment Initiator, or on behalf of a third party who is a Payment Initiator, bound to comply with all the obligations set out in these Regulations and in the NPP Procedures that are expressed to apply to Payment Initiators (and Initiating Parties) and in particular to comply with the obligations in Regulation 17.5(d) that are expressed to apply to NPP Participants in their capacity as Sponsors of MPS Users who are Payment Initiators, including the obligation to indemnify Payer Participants for Mandate Claims arising in connection with its' and/or its Payment Initiator's use of the MMS and MPS;
  - (iv) provide NPPA with all reasonably requested information relating to any Payment Initiator on whose behalf it acts.
- (f) For the avoidance of doubt, Payment Initiators may be sponsored to use the MMS and MPS by an NPP Participant (as an MPS User) or by a Connected Institution. Mandates established for the Payment Initiator by or via an NPP Participant or Connected Institution may be ported to another NPP Participant or Connected Institution on the Payment Initiator's instruction.

#### **17.6 Mandate Creation, Authorisation, Maintenance, Amendment, Suspension, Cancellation and Porting**

- (a) Each NPP Participant and Connected Institution is entitled to access the MMS for the purposes of Mandate Record Creation, Mandate Authorisation, Mandate Maintenance and Mandate Porting in accordance with Part 24 of the NPP Procedures. The NPP Procedures define the Mandate record management functions which may be performed by: any Connected Institution in relation to the Mandates to which it is a party, any NPP Participant in relation to the Mandates to which their MPS Users are a party, and by any Payer Participants in relation to the Mandates to which its Payer Customer is a party.
- (b) NPP Participants and Connected Institutions are responsible for ensuring that all Mandate Creation, Mandate Authorisation, Mandate Maintenance and Mandate Porting functions are performed in accordance with the procedural requirements set out in Part 24 of the NPP Procedures.

- (c) Without limiting the generality of the foregoing, as a minimum, NPP Participants in their capacity as Payer Participants must be able to and are obliged to:
- (i) receive Mandate Authorisation Requests from the MMS;
  - (ii) associate a Mandate Authorisation Request with a Payer Customer by reference to the Account Number provided in the record;
  - (iii) deliver a Mandate Authorisation Request to the Payer Customer in near real time for authorisation in accordance with the Mandate Authorisation Standards and Part 24 of the NPP Procedures;
  - (iv) to the extent required under the Privacy Law, procure valid and binding consents from the Payer Customer for the purposes of the Privacy Law to facilitate use and disclosure of data in the Mandate as contemplated by these Regulations and the NPP Procedures;
  - (v) record a Mandate Authorisation Confirmation in the MMS to confirm the status of the Mandate Authorisation Request promptly following Payer Customer authorisation or rejection; and
  - (vi) facilitate where necessary the Porting of a Mandate at the request of a Payer Customer in accordance with Part 24 of the NPP Procedures; and
  - (vii) provide a facility to enable Payer Customers to view their Mandates and to give instructions to Suspend, Cancel or make Permitted Amendments to a Mandate to which the Payer Customer is a party, and promptly give effect to those instructions.

For the avoidance of doubt, the obligations set out in Regulations 17.6(c)(iii) and 17.6(c)(vi) do not apply to Migrated DDR Mandates. See Regulation 17.4 for Payer Participant obligations to seek Payer Customer authorisation of Migrated DDR Mandates.

- (d) Without limiting the generality of the foregoing, each NPP Participant whether acting for and on behalf of MPS Users or acting for and on behalf of Payer Customers, and each Connected Institution, whether acting for itself or on behalf of a Payment Initiator, is responsible for ensuring that any Mandate Maintenance function it performs is permitted by the terms of the particular Mandate.
- (e) Each NPP Participant, in its capacity as a Payer Participant, must ensure that as a minimum, its terms and conditions applicable to Payer Customers in respect of the MMS and MPS are substantively consistent with MPS Payer Customer Terms and Conditions.
- (f) To the extent that NPPA, any NPP Participant or any Connected Institution (in this Regulation 17.6(f) each an **“Indemnified Party”**) suffers or incurs any direct loss, damages, costs (including legal costs on a full indemnity basis) charges, expenses or liabilities (in this Regulation 17.6(f), **“Loss”**) arising from any claim (other than a Mandate Claim), demand, action or proceedings brought against the Indemnified Party as a result of the failure by any other NPP Participant or Connected Institution (each an **“Indemnifying Party”**) to comply with its obligations under this Regulation 17.6, the Indemnifying Party indemnifies the Indemnified Party in respect of all such Loss, provided that:
- (i) the Indemnified Party provides written evidence of the amount that is claimed; and
  - (ii) the Indemnified Party must use commercially reasonable efforts to mitigate its Loss, and the Indemnifying Party’s liability under this Regulation 17.6 will be reduced to the extent that the Indemnified Party has failed to do so.

## 17.7 Mandate Lookups

- (a) NPP Participants and Connected Institutions may access the MMS for the purpose of performing or facilitating Mandate Lookups. Lookup rights are restricted to the parties to the applicable Mandate.

- (b) Each NPP Participant and Connected Institution acknowledges and agrees that:
- (i) except as authorised by these Regulations or the NPP Procedures, a Mandate Lookup must not be performed other than for the purposes of validating and processing Mandate Payment Initiation Requests and Mandate Payments, resolution of investigations and Mandate Claims, fraud investigations and fraud analytics, or for giving effect to:
    - (A) in the case of NPP Participants, their MPS Users' and Payer Customers' instructions with respect to permitted amendments, cancellation, suspension and porting instructions; and
    - (B) in the case of Connected Institutions, making permitted amendments, and cancellation and suspension actions which they are authorised to make as an Initiating Participant;
  - (ii) data in any Mandate record to which it has access may comprise the Payer Customer's personal information within the meaning of the Privacy Law and may also contain personal information relating to other individuals;
  - (iii) they must ensure that, except as required by law, data accessed in the course of performing a Mandate Lookup is not:
    - (A) stored or used for purposes other than the purpose described in paragraph (i) above;
    - (B) disclosed to any person other than:
      - (1) in the case of an NPP Participant, to its sponsored MPS User and/or its Payer Customer (as applicable) who is a party to the Mandate; and
      - (2) in the case of a Connected Institution, to any Payment Initiator on whose behalf it acts; and
      - (3) to its payment processing partners on the basis that all such data is treated strictly in accordance with the Privacy Law, these Regulations and the NPP Procedures;
  - (iv) without prejudice to its right to access historic Mandate data and extracts of Mandate records for investigations, its right to access a Mandate record in the MMS is subject to the rights of the MPS User and the Payer Customer to Port the Mandate.

NPP Participants are responsible for ensuring that Mandate Lookups by their MPS Users comply with the requirements set out in this Part 17 of the Regulations and any applicable requirements set out in Part 24 of the NPP Procedures.

## **17.8 Mandate Payment Initiation Requests and Mandate Payment Processing**

- (a) Each Mandate is uniquely identified in the MMS by its Mandate ID. Subject to first verifying the Mandate in accordance with Part 24 of the NPP Procedures, each:
- (i) NPP Participant that is named in a Mandate record, or whose sponsored Identified Institution is named in a Mandate record, as the Initiating Participant for the MPS User; and
  - (ii) Connected Institution that is named in a Mandate record as the Initiating Participant;
- has the right to send Mandate Payment Initiation Requests via the NPP Basic infrastructure to the Payer Participant for processing.



- (b) For the avoidance of doubt, NPP Participants (as, or as a sponsors of Identified Institutions who are, Initiating Participants) and Connected Institutions (as Initiating Participants) must not send any Mandate Payment Initiation Request unless the associated Mandate is Active. Further, for the avoidance of doubt, each NPP Participant (as or acting for an Initiating Participant) and Connected Institution is responsible for ensuring that each Mandate Payment Initiation Request it sends, or enables to be sent, to a Payer Participant for processing is properly constructed and is consistent with the terms of the associated Mandate. Subject to Regulation 17.8(d), each NPP Participant in its capacity as a Payer Participant has the obligation to receive Mandate Payment Initiation Requests and must respond to each such instruction within the timeframes prescribed by, and otherwise in accordance with, Part 24 of the NPP Procedures by initiating:
  - (i) Mandate Payment Status Reports indicating receipt and either acceptance or rejection of the Mandate Payment Initiation Request and, if rejected, providing a valid and applicable Reason Code; and
  - (ii) if the Mandate Payment Initiation Request is accepted, and subject to availability of funds, a Clearing Request for the amount claimed by the Mandate Payment Initiation Request.
- (c) Payer Participants may, but are not obliged to, perform a Mandate Lookup before processing Mandate Payment Initiation Requests and sending associated Clearing Requests. For the avoidance of doubt, nothing in these Regulations or the NPP Procedures affects the obligations or duties that a Payer Participant has or may have under any law or industry code with respect to the protection of Payer Customers who are determined to be vulnerable under such law or industry code.
- (d) Nothing in these NPP Regulations obliges any NPP Participant to receive or process an NPP Payment Initiation Request from any NPP Participant or Connected Institution, via that party's PAG or otherwise, that does not carry a Mandate ID, or from any other person. Acceptance of such NPP Payment Initiation Request messages and liability associated with acceptance is proprietary.
- (e) Nothing in these Regulations obliges any NPP Participant to send or receive NPP Payment Initiation Messages for OS Payments. NPP Participants that are OS Subscribers or that provide NPP Payment clearing and settlement services to OS Subscribers have the right to use the MMS and NPP Basic Infrastructure to send and receive Overlay Service-defined NPP Payment Initiation Messages in accordance with the OS Rules. The obligation to receive any such NPP Payment Initiation Message is subject to the applicable OS Rules.
- (f) Payer Participants that opt to use the MMS to store records of Debtor Payment Arrangements are responsible for NPP Payments made in connection with those arrangements.

### 17.9 Duplicates and Errors

- (a) It is the responsibility of NPP Participants and Connected Institutions in their capacity as Initiating Participants to implement effective procedures to ensure that they do not send duplicate or erroneous Mandate Payment Initiation Requests. For the purposes of this Regulation 17.9, a *duplicate* Mandate Payment Initiation Request is a request carrying the same Instruction ID as a previously sent request and an *erroneous* Mandate Payment Initiation Request is a request sent in error or for an amount not authorised by the Mandate.
- (b) If an Initiating Participant becomes aware that it has sent a duplicate or erroneous Mandate Payment Initiation Request to a Payer Participant, which has been processed and paid by the Payer Participant it must immediately notify the Payer Participant and return funds, or, in the case of a duplicate or erroneous instruction sent by a Connected Institution, request the Payee Customer to return funds, using the Unsolicited Mandate Payment Return process described in Part 24 of the NPP Procedures.

- (c) If a Payer Participant becomes aware that a Duplicate Payment or other Payer Participant Processing Error has occurred as a result of receiving a duplicate or erroneous Mandate Payment Initiation Request it may notify the Initiating Participant and request return of funds. The Initiating Participant must return, or procure the return of, funds as requested, in the manner described in Regulation 17.9(b).
- (d) Regulation 6.4 sets out the rights and obligations of Payer Participants with respect to Duplicate Payments generally.

#### 17.10 Mandate Claims

- (a) Each:
  - (i) NPP Participant that approves MPS Users, or authorises its sponsored Identified Institution to approve MPS Users, and initiates Mandate Payment Initiation Requests on behalf of those MPS Users; and
  - (ii) Connected Institution that initiates Mandate Payment Requests as, or on behalf of, a Payment Initiator;
 (in this Regulation 17.10, each an **Indemnifying Party**),
 

indemnifies NPPA and all other NPP Participants (each an **Indemnified Party**) in respect of all claims, liabilities, expenses and direct losses suffered or incurred by NPPA or each other NPP Participant (including claims, liabilities, expenses and direct losses incurred by their Identified Institutions) in respect of Mandate Claims.
- (b) To the extent that any Indemnified Party (in its capacity as a Payer Participant) recovers any sum from any other NPP Participant (in its capacity as a Payee Participant) under the NPP Procedures in respect of or in any way in connection with a Mandate Claim, the liability of the Indemnifying Party to the Indemnified Party in respect of that Mandate Claim is reduced by the amount of the sum recovered.
- (c) For the purposes of these Regulations and the NPP Procedures, a *Mandate Claim* is a claim made by the Payer Participant for and on behalf of a Payer Customer in connection with a Mandate to which the Payer Customer is a party, that:
  - (i) the Indemnifying Party has initiated a Mandate Payment Initiation Request and procured an NPP Payment that was not authorised by the terms of the Mandate or by the Payer Customer at the time the request was sent from the Indemnifying Party's PAG. For the avoidance of doubt, a Mandate Payment Initiation Request will be deemed to be 'not authorised' if the Payer Customer's authorisation of the Mandate (being an Authorised Payment Mandate) is not recorded by the Payer Participant in the MMS, or if the Mandate is suspended or cancelled at the time the Mandate Payment Initiation Request was sent; or
  - (ii) in relation to a Migrated DDR Mandate, the Indemnifying Party (acting on behalf of an MPS User) has either:
    - (A) initiated a Mandate Payment Initiation Request and procured an NPP Payment not authorised by the terms of the Direct Debit arrangement upon which the Mandate is purportedly based, at the time the Mandate Payment Initiation Request was sent from the NPP Participant's PAG; or
    - (B) initiated a Mandate Payment Initiation Request and procured an NPP Payment not authorised by the terms of the Mandate at the time the Mandate Payment Initiation Request was sent from the NPP Participant's PAG.
- (d) The Mandate record is evidence of the quantum, frequency and, if recorded, the beneficiary of NPP Payments authorised by the Payer Customer.

- (e) Where a Mandate Claim relates to a Migrated DDR Mandate, the claim will be deemed to be substantiated unless the sponsoring NPP Participant produces written evidence (for example, the DDR record held by the MPS User):
  - (i) of the Payer Customer's authorisation of the Direct Debit Request on which the Migrated DDR Mandate is based; and
  - (ii) that the NPP Payment subject of the Mandate Claim was authorised by the terms of the Migrated DDR Mandate.
- (f) Where a Mandate Claim relates to an NPP Payment made under an Authorised Payment Mandate which the Payer Participant claims:
  - (i) was not permitted under the Mandate, whether in terms of the amount, frequency or beneficiary of the NPP Payment, the claim will be deemed to be substantiated by reference to the Mandate record in the MMS; and
  - (ii) was not authorised by the Payer Customer at the time the relevant Mandate Payment Initiation Request was sent by the Indemnifying Party, the claim will be deemed to be substantiated unless the Indemnifying Party produces evidence that the Payer Customer did authorise the particular NPP Payment subject of the Mandate Claim. If the Payer Participant and Indemnifying Party do not agree on the reliability or veracity of the evidence produced, the parties may use the Dispute Resolution process set out in Part 12 of these Regulations to resolve the Dispute.
- (g) A Payer Participant seeking to recover under this indemnity must provide the Initiating Participant with written evidence of the amounts that are claimed and must otherwise comply with the recovery procedures set out in Part 24 of the NPP Procedures.
- (h) Obligations incurred by Initiating Participants under this Part 17 to make indemnity payments to the Payer Participant, where a Mandate Claim is substantiated, must be discharged within the timeframes and in accordance with the procedures set out in Part 24 of the NPP Procedures.

## ANNEXURE A – PARTICIPATION APPLICATION

## NPP PARTICIPANTS AND CONNECTED INSTITUTIONS

To:	Company Secretary, NPP Australia Limited ( <b>NPPA</b> )
Full Name of OSP Applicant:	
ACN / ABN:	
Place of Incorporation:	
Registered Office Address / Principal Place of Business in Australia:	
Name of OSP Representative:	
Representative Contact Number:	(+61 )
Representative Email Address:	

The above named body corporate (**Applicant**) hereby applies to be a [Full Participant][Clearing Participant][Settlement Participant](*please delete as applicable*) and an NPP Participant as defined in the NPP Regulations.

OR (*delete whichever is inapplicable*)

The abovenamed body corporate (**Applicant**) hereby applies to be a Connected Institution as defined in the NPP Regulations.

The Applicant agrees that if this application is accepted by the Board of NPP Australia Limited (**NPPA**) then subject to and in consideration of that acceptance:

1. The Applicant will observe, comply with and be bound by all provisions of the NPP Regulations and the NPP Procedures that are expressed to apply to it initially in its capacity as an 'Applicant', and subject to acceptance of this Participation Application, to [NPP Participants][Connected Institutions] (*please delete as applicable*) generally and to the Applicant in the capacity in which it proposes to participate in the New Payments Platform (**NPP** or **NPP Basic Infrastructure**), in force from time to time. The Applicant hereby acknowledges receipt of a copy of the NPP Regulations and the NPP Procedures as currently in force.
2. The Applicant acknowledges and agrees that its entitlement to receive NPP Componentry and to participate in the NPP as [an NPP Participant][a Connected Institution](*please delete as applicable*) is subject to satisfaction of all applicable eligibility requirements set out in Part 4 of the Regulations. The Applicant further acknowledges and agrees that the preliminary acceptance by NPPA of this application

under Regulation 4.7(c) does not constitute a representation, warranty or undertaking by NPPA in relation to final acceptance of the application under Regulation 4.7(i).

3. The Applicant will observe, comply with and be bound by the requirements and directions given by, or on behalf of, NPPA under the NPP Regulations or NPP Procedures, and any relevant statutory authority in force from time to time relating to the operations of the NPP.

*Drafting note: amended 1 August 2017*

4. The Applicant gives continuing representations and warranties that it is solvent, that its business practices and operations as an NPP Participant will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure.
5. The Applicant undertakes and agrees to pay all fees, costs, charges and expenses, which may be levied on or which are to be reimbursed by, or otherwise be payable under the NPP Regulations by [an NPP Participant][a Connected Institution] (***please delete as applicable***), as determined by NPPA from time to time.
6. The Applicant undertakes to act in good faith in the exercise of its rights and the performance of its obligations under the NPP Regulations and the NPP Procedures.
7. The Applicant acknowledges and agrees that upon acceptance by the Board of this Participation Application, the rights and obligations contained herein shall enure not only to NPPA, but to each other NPP Participant, each Overlay Service Provider and each Connected Institution who has agreed to observe and comply with the NPP Regulations and the NPP Procedures.
8. The following information is enclosed with this application, or will be provided by the Applicant following satisfaction of the Initial Eligibility Requirements, to demonstrate that the Applicant satisfies the requirements for participation [as an NPP Participant as set out in Regulation 4.1(d) and Regulations 4.3, 4.4 or 4.5 as applicable][as a Connected Institution as set out in Regulation 4.6](***please delete as applicable***):

*Note: documents and other evidence of the items listed in paragraphs (e) to (i) below may be provided by Applicants applying to be NPP Participants following subscription for Shares.*

- (a) A certified copy of the authority from APRA for the Applicant to carry on banking business in Australia<sup>1</sup>
- (b) Executed Acceptance of Share Offer and Subscription for Shares<sup>2</sup>
- (c) Executed Accession Agreement<sup>3</sup>
- (b) Audited consolidated financial statements for the most recent financial year
- (c) Evidence of being a SWIFT User or Domestic SWIFT User and BIC11 Holder<sup>4</sup>
- (d) Evidence of completion of SWIFT On-Boarding Process<sup>5</sup>
- (e) Executed Provisioning Agreement<sup>6</sup>
- (f) Evidence of execution of Network Agreements with at least two Vendor Network Partners<sup>7</sup>

<sup>1</sup> Requirement not applicable to the RBA or an Applicant who applies to be a Connected Institution

<sup>2</sup> Requirement not applicable to an Applicant who applies to be a Connected Institution

<sup>3</sup> Requirement not applicable to an Applicant who applies to be a Connected Institution

<sup>4</sup> Requirement not applicable to an Applicant who applies to be a Settlement Participant

<sup>5</sup> Requirement not applicable to an Applicant who applies to be a Settlement Participant

<sup>6</sup> Requirement not applicable to an Applicant who applies to be a Settlement Participant

<sup>7</sup> Requirement not applicable to an Applicant who applies to be a Settlement Participants

(g) Evidence that NPP Componentry supplied to Applicant under Provisioning Agreement complies with Connectivity Requirements and is installed, configured, tested and operates as specified in Part 5 of the NPP Regulations and associated NPP Procedures<sup>8</sup>;

(h) Evidence of authorisation given by Reserve Bank of Australia to use the Fast Settlement Service.<sup>9</sup>

9. Terms not defined in this application have the same meaning as in the NPP Regulations.

Dated: [INSERT DATE]

EXECUTED by [INSERT NAME OF APPLICANT]:

[INSERT EXECUTION BLOCK *see Notes below*]

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.

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

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<sup>8</sup> Requirement not applicable to an Applicant who applies to be a Settlement Participant

<sup>9</sup> Requirement not applicable to an Applicant who applies to be a Connected Institution or Clearing Participant

## ANNEXURE B – OSP APPLICATION

To:	Company Secretary, NPP Australia Limited
Full Name of OSP Applicant:	
ACN / ABN:	
Place of Incorporation:	
Registered Office Address / Principal Place of Business in Australia:	
Name of OSP Representative:	
Representative Contact Number:	(+61 )
Representative Email Address:	

The abovenamed body corporate (**OSP Applicant**) hereby applies to be an Overlay Service Provider as defined in the NPP Regulations.

The OSP Applicant agrees that if this application is accepted by the Board of NPP Australia Limited (**NPPA**) then subject to and in consideration of that acceptance:

1. the OSP Applicant will observe, comply with and be bound by all provisions of the NPP Regulations and the NPP Procedures that are expressed to apply to it, initially in its capacity as an 'OSP Applicant' and, subject to acceptance of its application, to Overlay Service Providers generally and to the OSP Applicant in the capacity in which it proposes to participate in the New Payments Platform (NPP or NPP Basic Infrastructure), in force from time to time. The OSP Applicant hereby acknowledges receipt of a copy of the NPP Regulations and the NPP Procedures as currently in force;
2. the OSP Applicant will observe, comply with and be bound by the requirements and directions given by, or on behalf of, NPPA under the NPP Regulations or the NPP Procedures and any relevant statutory authority in force from time to time relating to the operations of the NPP;

*Drafting note: amended 1 August 2017*

3. the OSP Applicant gives continuing representations and warranties that:
  - (a) it is solvent;
  - (b) it has the requisite financial standing to perform all of the obligations imposed on Overlay Service Providers by the NPP Regulations and the NPP Procedures; and

- (c) its business practices and operations as an Overlay Service Provider will be sound and secure and will not adversely affect the integrity, security, efficiency, reliability or stability of the NPP Basic Infrastructure;
- 4. the OSP Applicant undertakes and agrees to pay all fees, costs, charges and expenses, which may be levied on or which are to be reimbursed by, or otherwise be payable under the NPP Regulations by, an Overlay Service Provider, as determined by NPPA from time to time; and
- 5. the OSP Applicant undertakes to act in good faith in the exercise of its rights and the performance of its obligations under the NPP Regulations and the NPP Procedures.

The OSP Applicant acknowledges and agrees that upon acceptance by the Board of NPPA of this OSP Application, the rights and obligations contained herein shall enure not only to NPPA, but to each current and future NPP Participant and each Connected Institution who has agreed to observe and comply with the NPP Regulations and the NPP Procedures.

The following information is enclosed with this OSP Application to demonstrate that the OSP Applicant satisfies the requirements for participation as an Overlay Service Provider as set out in Regulation 4.8:

- (a) OSP Applicant certificate of incorporation;
- (b) OSP Applicant organisational overview and Overlay Service governance arrangements;
- (c) evidence of applicable business expertise and capacity to offer Overlay Service;
- (d) business plan for the proposed Overlay Service, including summary of proposed Overlay Service, functional diagrams, description of customer value proposition and customer experience and details of key providers and/or third parties required for service delivery;
- (e) Overlay Service architecture (including data architecture, application architecture, technology architecture) and technical specification for the proposed Overlay Service;
- (f) Overlay Service information security, system security and security incident monitoring and response capabilities;
- (g) a copy of the Overlay Service Rules for the Overlay Service (draft or final) and summary document setting out key subscriber eligibility requirements, subscriber certification requirements, SLAs for payment messages and material subscriber obligations;
- (h) audited consolidated financial statements for the most recent two financial years (or in the event statements are unavailable, evidence of investment and funding plans); and
- (i) any certificates of currency for insurances relevant to the OSP Applicant's participation as an Overlay Service Provider (including indemnity obligation under NPP Regulations).

Terms not defined in this application have the same meaning as in the NPP Regulations.

Dated: [INSERT DATE]

EXECUTED by [INSERT NAME OF OSP APPLICANT]:

[INSERT EXECUTION BLOCK see Notes below]

Notes: Applications should be completed in accordance with the following instructions:

- (a) by two directors or a director and a company secretary of the OSP Applicant; OR
- (b) by affixing the OSP Applicant's common seal witnessed by two directors or a director and a company secretary of the OSP 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.



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

ANNEXURE C - REDACTED

**ANNEXURE D - ADDRESSING SERVICE PROTOCOL****Regulation 8.2(b); NPP Procedures, clause 6.4.2****ADDRESSING SERVICE PROTOCOL****INTRODUCTION**

This Addressing Service Protocol (**Protocol**) sets out the obligations of NPP Participants (in their capacity as Registering Participants to:

- 1) apply registration controls to ensure compliance with the NPP Volumetric Model in the context of use of the Addressing Service after the Transition Period<sup>10</sup>; see section A;
- 2) comply with the PayID Guidelines: see section B.1 and Appendix A –; and
- 3) ensure proprietary customer terms and conditions of PayID registration and use are substantively consistent with the Principles for Customer Terms and Conditions: see section B.2.

Each NPP Participant, in its capacity as a Registering Participant, is obliged to comply with this Protocol under Regulation 8.2(b) of the NPP Regulations.

Capitalised but underdefined terms used in this Protocol have the meaning given to them in the NPP Regulations.

In this Protocol the term 'PayID' is used to describe an Alias or the Addressing Service as the context requires.

**A. REGISTRATION OBLIGATIONS AND CONTROLS**

Each NPP Participant in its capacity as a Registering Participant must use reasonable endeavours to ensure its use of the Addressing Service for the purposes of Alias Information registration activity and performing Addressing Lookups<sup>11</sup>.

- a. is undertaken in a manner which does not materially adversely impact the NPP Basic Infrastructure of the availability of the Addressing Service for any other NPP Participant; and
- b. remains within the TPS and daily registration and use limits prescribed for the Registering Participant under the NPP Volumetric Model.

**B. PayID GUIDELINES AND CUSTOMER TERMS AND CONDITIONS**

Each NPP Participant, in its capacity as a Registering Participant, must comply with the conditions set out in this Section B.

**i. PayID Guidelines**

The Addressing Service is the centrally-held data repository, a component of the NPP Basic Infrastructure and a service available to all NPP Participants (except Settlement Participants) for Alias registration purposes, and to them and Connected Overlay Service Providers for the purpose of performing Addressing Lookups. It is operated by NPP Australia Limited (**NPPA**) and is central to the customer-value proposition of the NPP by enabling customers to create their own PayID as an address or account identifier for NPP Payments and Non-Value Messages, such as Payment Initiation Requests.

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<sup>10</sup>NPP Participants are obliged to comply with Launch Volumetric limits prescribed by the Alias Registration at Launch Protocol in the period from NPP Launch until expiry of the Transition Period.

<sup>11</sup> Whilst this Protocol applies specifically to the obligations of the NPP Participants when acting as Registering Participants, use of the Addressing Service for Tier 1 (Addressing Lookup) and Tier 2 (Registration and Maintenance) is subject to aggregate limits.

The provisions of the NPP Regulations and the NPP Procedures relevant to the Addressing Service have been iteratively developed using generic terms such as ‘*registration*’, ‘*alias*’ and ‘*alias identifier*’. NPPA has developed an alternative taxonomy for PayID, and key messages, designed to more meaningfully convey common alias registration requirements and to ensure consistent customer experience and understanding of rights and obligations in connection with PayID creation and use.

It is a condition of NPP Participant’s use of the Addressing Service in accordance with Part 8 of the NPP Regulations that the NPP Participant:

ensures its use of the PayID logo (if any) is on conformity with the identity standards for the PayID logo set out in ANNEXURE A –. For the avoidance of doubt, NPP Participants are not obliged to use the PayID logo; and

uses the term ‘PayID’ to describe identifiers for addressing the NPP Payments and uses reasonable endeavours to use the approved PayID language / taxonomy set out in the Guidelines in Appendix A in client facing materials such as marketing and education materials. For the avoidance of doubt, NPP Participants are not obliged to use **only** the approved taxonomy to describe PayID registration and maintenance functions; additional explanatory text may be used where NPP Participants consider clarification on an approved term is necessary or desirable.

## ii. PayID PRINCIPLES FOR CUSTOMER TERMS AND CONDITIONS

### Context

All NPP Participants (other than Settlement Participants) are entitled to use the Addressing Service to register customers’ PayID information<sup>12</sup>; such use could include enabling customers to *create* PayIDs (PayID Type and PayID Names). NPP Participants that register or enable registration of the information in the Addressing Service must comply with obligations set out in Part 8 of the NPP Regulations and Part 6 of the NPP Procedures.

Part 6 of the NPP Procedure sets out the particular obligations of the NPP Participants in relation to the registration of customer Alias and account information in the Addressing Service. Those obligations include ensuring customers are made aware of their rights (and the corollary obligations) in relation to PayID registration and use. It is important these rights and obligations are explained to customers in a consistent way.

It is a condition of use of the Addressing Service that Registering Participants ensure their customer Terms and Conditions of use of PayID are substantively consistent with the PayID Principles for Terms and Conditions (in section II below).

A set of sample customer terms and conditions (Appendix B –) is provided for guidance only to assist NPP Participants with their implementation of PayID services to customers.

## iii. PayID Principles for Customer Terms and Conditions

Each NPP Participant, in its capacity as a Registering Participant, must ensure that, as a minimum, its customer Terms and Conditions of use of PayID:

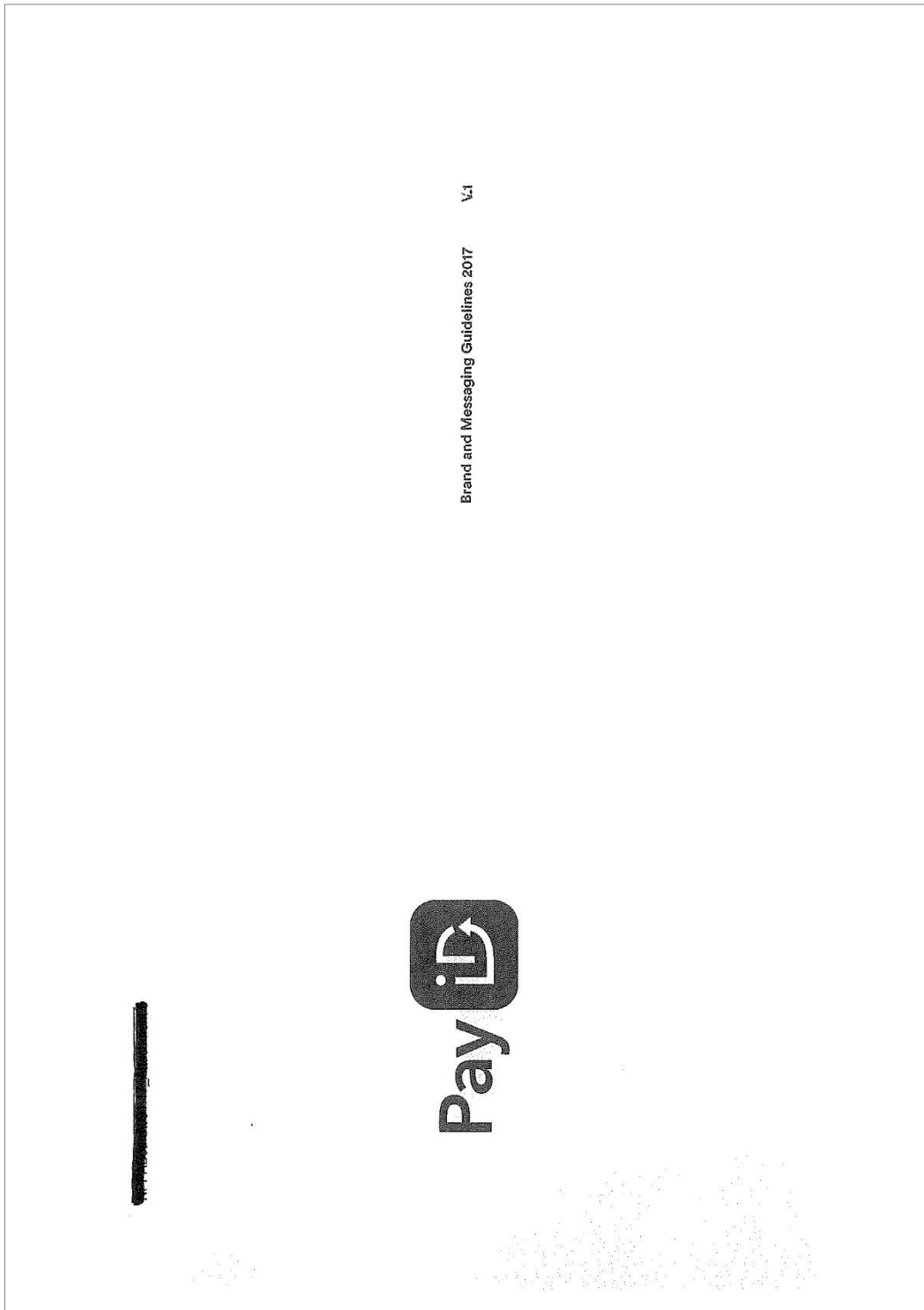
- a. use the term ‘PayID’ to describe an identifier for addressing NPP Payments, and use reasonable endeavours to utilise the PayID taxonomy set out in the Guidelines in Appendix A –;
- b. inform the customer that creation of PayID is *optional*;

<sup>12</sup> Other NPP Participants and Connected Overlay Service Providers may have access to the service for Addressing Lookups.

- c. inform the customer of the NPP Participant's process for creating PayID, choosing a PayID Type, transferring a PayID to another account or another financial institution, updating and closing a PayID;
- d. inform the customer that more than one PayID may be created for an account provided each PayID is unique;
- e. inform the customer that a particular PayID can be linked to only the one Account at any given time;
- f. permit only eligible customers to create a PayID using a restricted PayID Type (such as Organisation ID, ACN, ABN, ARBN, ARSN);
- g. if the customer is given the right to choose a PayID Name, inform the customer of the process for selection of a PayID Name for optional display to payers;
- h. if the customer is given an option to choose a PayID Name, inform the customer that the PayID Name must reasonably and accurately represent the customer;
- i. oblige the customer to promptly notify the Registering Participant of any change in their details, such as ceasing to own or ceasing to be authorised to use the PayID or the linked account;
- j. advise the customer of their rights and the process to:
  - i. transfer their PayID to an account with another financial institution;
  - ii. transfer/update their PayID to another account with the Registering Participant;
  - iii. update their PayID details; and
  - iv. close their PayID;
- k. inform the customer that the Registering Participant may lock a PayID suspected of being used to procure NPP Payments fraudulently;
- l. advise the customer that a PayID may not be used to receive NPP Payments, be transferred or updated whilst locked;
- m. inform the customer of the obligation of the Registering Participant to give effect within 24 hours, unless otherwise agreed, to any instruction given by the customer to transfer a PayID to a different account (including to an account with another financial institution) or close a PayID; and
- n. operate as an express consent to store, use and disclose the customer's personal information (in PayID information) to third parties including NPPA for the purposes of the registration in PayID, and other NPP Participants for the purposes of enabling NPP Payments to be sent and received and for reasonable secondary purposes (such as tracing and investigations).

*Note: The scope and content of an NPP Participant's privacy policy and/or privacy provisions in customer terms and conditions must be adequate to support its obligations under the NPP Regulations and NPP Procedures.*

APPENDIX A – PAYID GUIDELINES



Australia's payments system is being revolutionised. The New Payments Platform (NPP) enables participating organisations and individuals nationwide to send and receive payments faster than ever before, 24/7. In doing so, it plays a critical role in facilitating a more open, available and innovative Australian economy. Essential to its success is PayID, the centralised addressing service that will enable direct funds transfer in an unprecedentedly personal and convenient, yet secure way.

This messaging guide conveys the full value of PayID to end-users and third party developers. It aims to provide language that will contribute to a seamless and intuitive user experience and create the consistency of communication required to build the informed community of users that characterise all open platforms.

This guide includes a suite of key messages, a glossary of terms and the PayID wordmark and guidelines for its use. The guide enables PayID to be communicated in a single-minded yet relevant way, enabling its full potential to be realised.

**About PayID**

PayID was developed by NPP Australia Limited as part of the New Payments Platform, an open platform that enables rapid, data rich payments, 24/7. PayID is the name of the addressing capability of the NPP, a function that eliminates the need to enter bank account details by linking financial accounts to recognisable and memorable pieces of information such as phone numbers and email addresses. Making and receiving payments has never been so convenient.



#### PayID wordmark

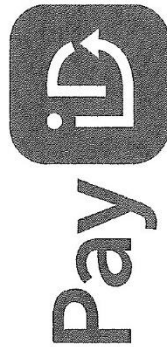
The PayID wordmark is designed to be clear and intuitive, helping to reflect the service we provide.

The wordmark is intended to be clean and legible so that it can sit alongside our partners' brands and on a range of services.

Use of the wordmark in customer-facing interfaces is recommended as it will increase recognition, confidence and familiarity with PayID.

Where it is not practical to do so due to space limitations or technological constraints, plain text can be used: PayID.

There are no spaces in PayID.




**PayID wordmark**


It is available in four colourways: Black (most commonly used), White (for use on dark backgrounds), Dark Grey (for use when black is too dark) and Light Grey (for when we want to be less visible).

You may use any of these versions as you see fit, but pay careful consideration to the following things before selecting your chosen colourway: the legibility and readability of the logo and the relationship with any other visual elements such as partner logos, imagery and colour.


Only use the provided versions and do not alter the colour or design of the wordmark in any way.




**Black**  
C0 M0 Y0 K100  
Pantone Black C  
R0 G0 B0  
HEX #000000



**White**  
C0 M0 Y0 K0  
R255 G255 B255  
HEX #FFFFFF



**Dark Grey**  
C62 M53 Y52 K50  
Pantone Cool Grey 11C  
R74 G74 B73  
HEX #4A4A49



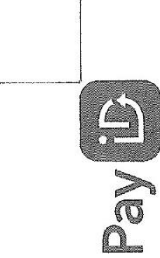
**Light Grey**  
C17 M12 Y13 K0  
Pantone Cool Grey 1C  
R218 G218 B218  
HEX #DADADA

**Legibility**


To ensure the wordmark maintains its legibility, we have a clear space rule and a minimum size rule.


For the minimum clear space, simply take the cube shape from our wordmark and add its dimensions around all edges. This is the minimum amount of space that you should give the wordmark, but where possible it's better to have a little more.

The minimum size that the wordmark should be seen at is 10mm in width in print or 40px on-screen. This is to ensure that it is legible and clear for people to see.

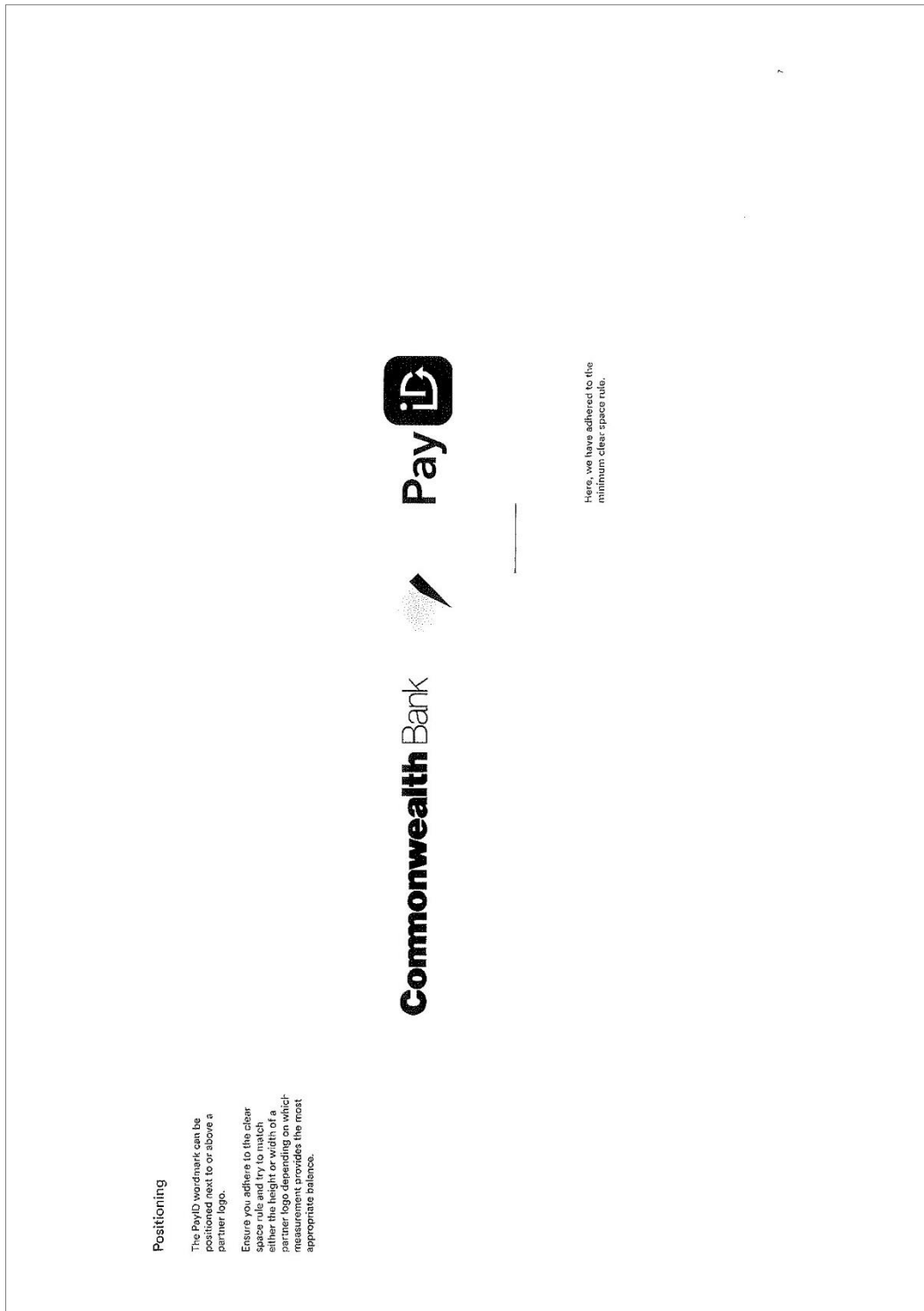


Use the cube element of the PayID wordmark to calculate the minimum clear space.





The minimum size of the PayID wordmark should be no less than 40px on-screen wide (or 10mm in print).



**Improper use**

This page shows examples of the PayID wordmark being misused. Always use the wordmark as per the supplied artwork and do not alter its appearance in any way.



Do not apply effects such as drop shadows or glows.



Do not distort the wordmark in any way, apply it as supplied.



Do not create lineart versions or use a stroke around the wordmark edges.



Do not rotate the wordmark.



Do not use colour fill effects such as gradients or place images inside the wordmark.



Only use the colourways provided.

6

**Key Messages**

The following messages can be used to describe PayID and its benefits to a wide range of audiences.

## Key Messages

### What is PayID?

PayID is a smart address for payments, created by linking a financial account that you own to a recognisable and memorable piece of information you use in everyday life – such as your phone number or email address. PayID is also the name of the service that enables direct payment through this smart address. With PayID, users can send and receive payments with unprecedented ease, convenience and confidence.

### The value of PayID

Below are PayID's value propositions, in order of emphasis.

#### Pay with convenience

- PayID enables you to send payments without having to ask for or remember USB and account details, meaning making payments will be easier than ever before.
- PayID is the simplest way to pay.
- If you have multiple accounts, you can also have multiple PayIDs, just decide which PayID you want to link to which financial account.

#### Pay with confidence

- PayID enables you to make payments to easily recognisable PayID Types like phone numbers and email addresses.

#### Pay with certainty

- Services that use PayID may also pay a PayID Name before you send a payment as an additional level of confirmation that you are sending money to the right person.
- Make and receive payments with certainty and confidence.

#### A revolutionary way to pay

- PayID is the first service of its kind in Australia and its biggest innovation.
- PayID will be a critical ingredient in the next wave of Australian financial service innovation.

### The benefits of PayID

PayID has a multitude of different uses and benefits:

#### For Consumers

- PayID makes payments an intuitive experience in keeping with the way we live life today, and does it in a way that is safe and secure.

#### For Businesses & Organisations

- PayID will allow us to request and receive payments in an unprecedentedly easy way, while providing our customers with another avenue to experience our brand.

#### For Financial institutions

- PayID will enable us to develop offerings that enhance our relationship with our customers by making their lives easier, and better.

#### For Government

- PayID will allow for more frictionless experiences for the citizens we support, serve and interact with.

#### For Service developers

- PayID is a component that will boost the functionality, enhance the service and aid the uptake of tomorrow's financial products and services.

#### For Australia

- PayID will contribute to the enrichment of the Australian economy by making it more open, more available and more innovative.

**PayID In Action**

This section conveys the functionality and process of registering and using a PayID. With all of us describing PayID and its usage in a consistent way, users will have a more seamless and intuitive experience when interacting with the service, but most of all, when interacting with each other.



PayID In Action		
Creating a PayID	Creating a PayID	
	Making payments with a PayID	

PayID In Action	
Creating a PayID	<p>Create a PayID by linking a PayID Type supported by your financial institution to your PayID. You may use a Phone Number, Email Address, ABN or Organisation ID. A PayID may also be linked to a financial account for direct payment. When these two elements are linked, you have a PayID.</p> <p>You can have more than one PayID. All you need to do is enter additional PayIDs and connect them to other financial accounts that you own. You may even have multiple PayIDs linked to one account.</p>
Creating a PayID Name	<p>A PayID Name is a name that is associated with your PayID. It is used to help the payer know who they are paying, as the name reflects either the real name or the account name of the recipient.</p> <p>When you create your PayID, you will be asked to include a PayID Name with it. Depending on your FI, you may be able to select a name or one may be allocated for you. The PayID Name selected must reasonably and accurately reflect either the financial account owner's real name (for consumers) or the account name (for businesses). It must reasonably and accurately reflect your real name.</p> <p>Depending on the functionality of a particular PayID enabled service, a PayID Name may appear before you send a payment as an additional level of confirmation that you are sending money to the right person. Make and receive payments with confidence.</p>
Making payments with a PayID	<p>On your financial institution's app or portal, simply enter the recipient's PayID and the amount you want to send.</p> <p>Upon entering a PayID, the amount you want to pay and other information, a PayID enabler service may display a PayID Name as an additional confirmation that you are sending money to the right recipient. Making payments has never been so convenient.</p>

<b>Glossary of Terms</b>	
<b>PayID</b> PayID is a smart address for payments, composed of a permitted PayID Type linked to a financial account.	<b>Updating details</b> Updating your PayID Name involves changing it to a name that reasonably and accurately reflects your real name for consumers and account name for businesses or government.
<b>PayID Type/ PayID Types</b> A PayID Type is a piece of recognisable and memorable information that can be linked to a financial account to create a PayID. The following PayID Types may be currently supported by your financial institution: Phone number Email Address ABN Organisation ID	<b>Create/Creating/Created</b> Creating a PayID is the process of linking a piece of information of a permitted PayID Type to a financial account.
	<b>Close/Closing/Closed</b> Closing a PayID is the act of deleting your PayID and its linkage to a financial account so that it can no longer be used to receive payments.
<b>PayID Name</b> A PayID is a name that reasonably and accurately reflects an account holder's real name that can be used to confirm the recipient of a payment.	<b>Lock/Locking/Locked</b> Locking a PayID means a PayID owner or financial institution temporarily blocking a PayID's functionality so that it can no longer be used.
<b>Financial account</b> A financial account is an eligible account that can be connected to a PayID.	<b>Unlock/Unlocking/Unlocked</b> Unlocking a PayID means it can once again be used.
<b>Financial institution</b> Financial institutions enable their customers to link a PayID to financial accounts.	<b>Transfer/Transferring/Transferred</b> Transferring a PayID entails changing the financial account a PayID is linked to.

Appendix: PayID language in reference to technical terminology	Technical terminology		Consumer language	
	NPP Addressing Service		PayID	
	Alias/Alias Identifier Short Name/Alias Name Alias Type Telephone number Email address ASN Organisation Identifier Linked Account		PayID PayID Name PayID Type Phone Number Email Address ASN Organisation ID Financial Account/Your <Bank/CU/Building Society> account / Your <product name> account Financial Institution/ Us/ We/ <FI Name>	
	Participant/Account Servicer		Create/Creating/Created Close/Closing/Closed Transfer/Transferring/Transferred Unlock/Unlocking/Unlocked Lock/Locking/Locked Update/Updating/Updated	
	Activities/states			
Register/Registered Deregister/Deregistered Port/Porting/Ported Enable/Enabled Disable/Disabled Updating details		Provided the official taxonomy terms are used as a minimum, additional descriptive text may also be used to help user understanding.		15



## APPENDIX B – PAYID SAMPLE CUSTOMER TERMS AND CONDITIONS

## DEFINITIONS

**Account** means your account with us.

**Authorised User** means you and any person you have authorised to operate your Account.

**Closed** in relations to PayID, means a PayID which is removed from the PayID service, and unable to be used for NPP Payments.

**Locked** in relation to a PayID, means a PayID which we have temporarily disabled in the PayID service.

**Misdirected Payment** means a NPP Payment erroneously credited to the wrong account because of an error in relation to the recording of the PayID or associated account information in the PayID service.

**Mistaken Payment** means an NPP Payment, made by a payer who is a 'user' for the purposes of the ePayments Code, which is erroneously credited to the wrong account because of the payer's error.

**NPP** means New Payments Platform operated by NPP Australia Limited.

**NPP Payments** means payments cleared and settled via the NPP.

**Organisation ID** means an identifier for a customer that is a business customer or organisation, constructed by us as <business name> and/or <description of business/campaign/product> and/or <geographic location/state>.

**PayID** means the identifier you choose to use to receive NPP Payments.

**PayID Name** means the name we give you or the name selected by you (with our approval) to identify you to Payers when you PayID is used to make an NPP Payment.

**PayID Service** means the central payment addressing service which is available for addressing NPP Payments.

**PayID Type** means the type of identifier you select for receiving NPP Payments, which may be your *[insert supported PayID Types eg telephone number, mobile number, email address, Australian Company Number, Australian Business Number or Organisation ID]*.

**Privacy Law** means the *Privacy Act 1988* (Cth) and regulations made under the Act.

**We, us and our** means [name of Registering Participant/Account Servicer].

**You and your** means a person who, at the time of PayID service is provided, is an individual or a **business organisation** that is our customer (or prospective customer).

## PAYID TERMS OF USE

## NPP Payments and Mandate Payments using PayID

- B.1 The PayID service is the NPP Payment and message addressing service that enables payers to make NPP Payments to payees using an alternative identifier instead of the payee's Account details and that enables MPS Users to route payer-authorised Mandate Creation requests and Mandate Payment Initiation Requests to payers' financial institutions for processing Mandate Payments from payers' Accounts.

*Drafting note: amended 30 June 2021*

- B.2 Before you can create your PayID for your Account with us, you have to satisfy us that you either own or are authorised to use your chosen PayID and you have an eligible Account. For details of eligible accounts go to *[insert link]*.

- B.3 Whether you choose to create a PayID for your Account or not, you and each Authorised User, may use a payee's PayID to make particular types of NPP Payments to the payee from your Account provided that:

- B.3.1 we and the payee's financial institutions support the NPP Payment service;

- B.3.2 the payee’s account is able to receive the particular NPP Payment; and
- B.3.3 the PayID is not locked.
- B.4 For terms of:
  - B.4.1 how PayID may be used for particular NPP Payment services, your obligations to input correct PayID details and to check the payee’s PayID Name before sending an NPP Payment see *[insert as relevant]*;
  - B.4.2 your rights in relation to the investigation and recovery of Mistaken Payments, Misdirected Payments and unauthorised (including fraudulent) NPP Payments, go to *[insert web address]*; and
  - B.4.3 how you may use your PayID to establish Mandates against your Account with us, go to *[insert reference to MPS Customer Terms and Conditions]*.

### Choosing a PayID and PayID Name

- B.5 You can review the full list of PayID Types we support at *[insert eg web address]*. We may update this list from time to time.
- B.6 You may create a PayID as long as it is a supported PayID Type. Some PayID Types, for example Organisation IDs, are restricted to business customers and organisations. Only eligible customers will be able to create a PayID that is a restricted PayID Type.
- B.7 You must satisfy us that you own or are authorised to use your chosen PayID before you can use it to receive NPP Payments. This means we may ask you to provide evidence to establish this to our satisfaction, whether you are already registered for any other mobile or online banking or online payment services with us or not.
- B.8 Depending on the policy of a payer’s financial institution, your PayID Name may be displayed to payers who send NPP Payment to you. At the same time you create your PayID, we will either enable you to:
  - B.8.1 confirm your selection of a PayID Name for display to payers; or
  - B.8.2 select an alternative PayID Name, such as your business name, for display.
- B.9 We will not permit selection of a PayID Name that is likely to mislead or deceive a payer into sending you NPP Payments intended for another payee, or which for any reason is inappropriate.

### Creating your PayID

- B.10 You can create a PayID for receiving NPP Payments at *[insert eg web address]*. We will not create a PayID for you without your prior consent.
- B.11 You may choose to create more than one PayID for your Account.
- B.12 If your Account is a joint account, you and each other joint account holder can create a unique PayID for the Account.
- B.13 If you have Authorised Users on your Account, each Authorised User may create a unique PayID for the Account.
- B.14 Once a PayID is created and linked to your Account, it may not be used in relation to any other account or with us or with any other financial institution. See clause 1.17 and 1.19 for details on transferring PayIDs.
- B.15 The PayID service does not support duplicate PayIDs. If you try to create a PayID for your Account which is identical to another PayID in the service, you will see the following message *[Unable to Register PayID]*. You can contact us to discuss duplicate PayIDs at *[insert web address]*. We cannot disclose details of any personal information in connection with duplicate PayIDs.

**Transferring your PayID to another Account**

- B.16 You can transfer your PayID to another account with us, or to an account with another financial institution by submitting a request to us at *[insert online address]*.
- B.17 A transfer of your PayID to another account *with us* will generally be effective immediately, unless we notify you otherwise.
- B.18 A transfer of your PayID to *another financial institution* is a two-step process initiated by you and completed by that financial institution. First, ask us to put your PayID into a transfer state and then completed the transfer via your new financial institution. Until the transfer is completed, NPP Payments to your PayID will be directed to your Account with us. If the other financial institution does not complete the transfer within 14 days, the transfer will be deemed to be ineffective and your PayID will remain with your Account. You can request transfer of your PayID at any time. A locked PayID cannot be transferred; see clause 1.24.

**Transferring your PayID from another Financial Institution to your Account**

- B.20 To transfer a PayID that you created for an account with another financial institution to your Account with us, you will need to start the process with that financial institution.

**Closing a PayID**

- B.21 To close your PayID, go to *[insert web address]*.
- B.22 You must notify us immediately if you no longer own or have authority to use your PayID.

**Locking and Unlocking a PayID**

- B.23 We monitor PayID use to manage PayID misuse and fraud. You acknowledge and consent to us locking your PayID if we reasonably suspect misuse of your PayID or use of your PayID to procure NPP Payments fraudulently.
- B.24 Request to unlock a locked PayID may be made at *[insert web address]*.

**NPP Payments into Your Account**

- B.25 We will ensure that your PayID and Account details are accurately recorded in the PayID service.
- B.26 Where we and the sending financial institution determine that the NPP Payment made to your Account is either a Mistaken Payment or a Misdirected Payment, we may, without your consent, and subject to complying with any other applicable Terms and Conditions, deduct from your Account, an amount up to the original amount of the Mistaken Payment or Misdirected Payment. We will notify you if this occurs.

*(Drafting Note: see clause 1.4(b) of the sample Terms and Conditions above, and Regulation 6.9 of the NPP Regulations – Participants are expected to establish their own customer terms and conditions in relation to rights to recover Misdirected Payments and certain fraudulent payments made by the customer, and to see recovery of Mistaken Payment.)*

**Privacy**

- B.27 By creating your PayID you acknowledge that you authorise:
- B.27.1 us to record your PayID, PayID Name and Account details (including full legal account name) (**PayID Record**) in the PayID service;
  - B.27.2 NPP Participants which are payers' financial institutions to use your PayID information for the purposes of constructing NPP Payment messages, enabling payers to make NPP Payments to you, and to disclose your PayID Name to payers for NPP Payment validation; and



B.27.3 NPP Participants and Connected Institutions to access your PayID information for the purposes of creating and sending Mandate Creation Requests to us for delivery to you for authorisation and for the purposes of sending Mandate Payment Initiation Requests in connection with your authorised Mandates, to us for processing from your Account.

To the extent that the creation and use of the PayID Record constitutes a disclosure, storage and use of your personal information within the meaning of the Privacy Law, you acknowledge and agree that you consent to that disclosure, storage and use.

**Amendment Certificate**

Version 1.0	Adopted by NPP Australia Limited 1 July 2017
Version 2.0	Amendments approved by NPP Australia Limited 01 August 2017
Version 3.0	Amendments approved by NPP Australia Limited 20 December 2018
Version 4.0	Amendments approved by NPP Australia Limited 20 June 2019
Version 5.0	Amendments approved by NPP Australia Limited 12 September 2019
Version 6.0	Amendments approved by NPP Australia Limited 28 November 2019
Version 7.0	Amendments approved by NPP Australia Limited 20 May 2020
Version 8.0	Amendments approved by NPP Australia Limited 2 December 2020
Version 9.0	Amendments approved by NPP Australia Limited 30 June 2021