

Introducing the **NEW** APCA

The Australian Payments Clearing Association exists to advance the common interest of our members and the interests of the Australian public in improving the Australian payments system. It is the self-regulatory body set up by the payments industry to improve the safety, reliability, equity, convenience and efficiency of the Australian payments system.

A NEW CONSTITUTION

On 1 January 2014, APCA adopted a new Constitution designed to recognise the growing diversity of interests in payments arising from structural and technological change and to provide a more inclusive and representative association of the Australian payments system.

The new Constitution has opened APCA membership to participants and operators of non-APCA payment systems. It has introduced new voting entitlements for a broader range of system participants and provides for three independent directors with substantial voting power.

MEMBERSHIP

APCA members have the opportunity to influence development of payment system strategy, policy and regulation. APCA provides a venue for industry collaboration on these issues and routinely seeks members' input on all aspects of its work to improve the payments system.

Currently, APCA has nearly 100 members including the Reserve Bank of Australia, major and regional banks, building societies, credit unions, major retailers and other payments service providers.

ELIGIBILITY CRITERIA

As of 1 January 2014, APCA membership is open to any organisation that:

- directly participates in at least one recognised Australian payment system; or
- operates or manages a recognised Australian payment system.

The payment systems currently recognised, as listed below, represent around 99% by volume and value of all Australian non-cash payments. The APCA Board can recognise new payment systems as they develop critical mass in Australia.

RECOGNISED AUSTRALIAN PAYMENT SYSTEMS (as at 1 January 2014)

Payment Stream	Payment Systems
Paper	Australian Paper Clearing System (APCA)
Low Value	BPay, Bulk Electronic Clearing System (APCA)
Cards	Consumer Electronic Clearing System (APCA), eftpos Payments, MasterCard, VISA
High Value	AustraClear, High Value Clearing System (APCA)

(Prior to 1 January 2014, APCA membership was open to participants in APCA's five clearing systems only.)

There are two major categories of APCA membership:
Participant Members and **Operator Members**.

PARTICIPANT MEMBERS¹

Participant members have the right to participate in general meetings and in the appointment and election of directors to the APCA Board. They remain bound by the rules of the payment systems in which they participate.

The voting entitlement of each participant member is determined by its Payment System Market Share (PSMS)². This measure of an organisation's total activity in the Australian payments systems is derived by a weighted calculation of transaction volumes and values.

Participant members are classed as either "appointing" members or "electing" members, depending on their PSMS.

Appointing members are organisations that participate in three or more recognised Australian payment streams and represent more than a 5% PSMS. Appointing members are entitled to appoint a director to the APCA board to represent their individual interests.

Electing Members are organisations that participate in at least one of Australia's recognised payment systems but do not meet the required criteria to become Appointing members. Electing members can nominate a candidate for election, and vote, in a ballot of candidates to elect directors to the APCA Board to represent their collective interests.³

Funding Obligations

As an industry association, APCA's activities are funded by members. The APCA Board has set a participant member fee structure that includes a base corporate fee and a proportionate corporate fee. The proportionate fee is based on the PSMS and varies for each member. A framework fee also applies for most members that participate in systems administered by APCA.

OPERATOR MEMBERS

This new membership category recognises the increasing importance of commercial operators of payments systems in the Australian economy. It seeks to engage all operators and managers of recognised payment systems in industry strategy and policy objectives to improve the Australian payments system. Operator members have the right to be consulted on issues relevant to their payment stream, to attend various member meetings and to speak at APCA general meetings. This category of membership is not bound to comply with APCA Board decisions regarding matters such as payments system regulation.

OTHER STAKEHOLDERS

The wider payments community includes participants in non-recognised Australian payment systems including some APCA frameworks. APCA convenes various forums to share information and enable stakeholders to contribute to and provide feedback on payments matters. Invitations are extended to participants and other key payments organisations that do not meet the eligibility criteria for APCA membership.

1. Participant Members are referred to as Voting Members in the APCA Constitution.

2. Transitional provisions apply.

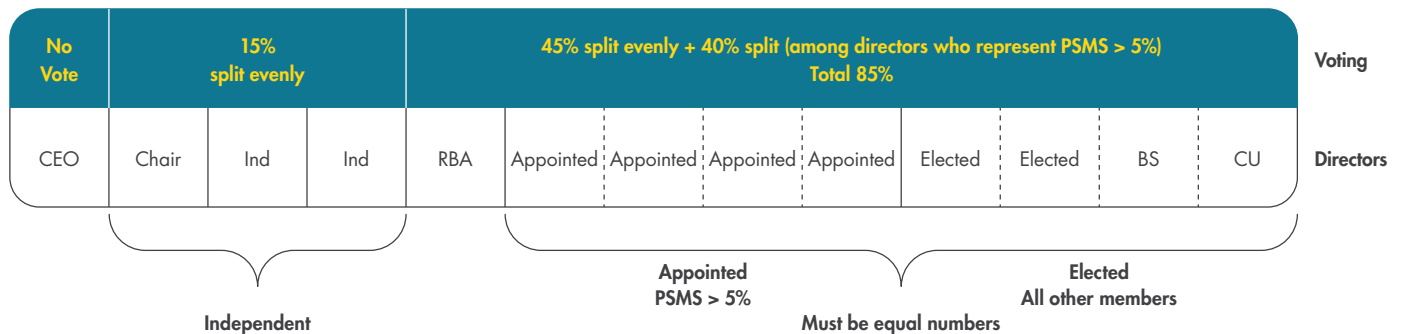
3. Grandfathering arrangements apply for mutual organisations.

THE BOARD

The APCA Board is appointed for a three year term and comprises:

- three voting independent directors (including an independent chair)¹
- a director appointed by the Reserve Bank
- a director appointed by each of the appointing members
- directors appointed by Building Societies and Credit Unions²
- directors elected by electing members
- the APCA CEO (non-voting)

A 60% MAJORITY IS REQUIRED TO PASS A BOARD RESOLUTION



APCA MEMBERS (as at March 2014)

AMP Bank Limited	CLS Bank International	Investec Bank (Australia) Limited	Rock Building Society Limited
Arab Bank Australia Limited	Coles Group Limited	JPMorgan Chase Bank, National Association	Royal Bank of Canada
Australia and New Zealand Banking Group Limited	Commonwealth Bank of Australia	Lifeplan Australia Building Society Limited	Royal Bank of Scotland N.V., (The) (Australia) Branch
Australian Defence Credit Union Limited	Community First Credit Union Limited	Lloyds Bank plc, Australia Branch	Royal Bank of Scotland plc, (The) Australia Branch
Australian Settlements Limited	Community Mutual Ltd	Macquarie Bank Limited	Select Credit Union Ltd
B&E Ltd	Credit Union Australia Limited	Maitland Mutual Building Society Limited	SGE Credit Union Limited
Bananacoast Community Credit Union Ltd	Cuscal Limited	mecu Limited	Southern Cross Credit Union Ltd
BankVic	Delphi Bank (a division of Bendigo and Adelaide Bank Limited)	Mega International Commercial Bank Co, Ltd	Standard Chartered Bank
Bankwest (a division of CBA)	Deutsche Bank AG	Members Equity Bank Pty Limited	State Bank of India
Bank of America, National Association	ECU Australia Limited	Mizuho Bank, Ltd	State Street Bank and Trust Company
Bank of China	Encompass Credit Union Limited	National Australia Bank Limited	Sumitomo Mitsui Banking Corporation, Sydney Branch
Bank of China (Australia) Limited	Gateway Credit Union Limited	Newcastle Permanent Building Society Ltd	Summerland Credit Union Ltd
Bank of Communications Co., Ltd Sydney Branch	Greater Building Society Ltd	Oversea-Chinese Banking Corporation Limited	Suncorp-Metway Limited
Bank of Queensland Limited	Heritage Bank Limited	Police & Nurses Ltd	Sutherland Credit Union Ltd
Bank of Scotland plc, Australia Branch	Heritage Isle Credit Union Limited	Police Bank Limited	Taiwan Business Bank, Sydney Branch
Bank of Sydney Ltd	Holiday Coast Credit Union Limited	QT Mutual Bank Ltd	Teachers Mutual Bank Limited
Bank of Tokyo-Mitsubishi UFJ, Ltd	Hong Kong and Shanghai Banking Corporation Limited (The) - Australian Branch	Queensland Police Credit Union Limited	Tyro Payments Limited
Barclays Bank plc	HSBC Bank Australia Limited	Queensland Professional Credit Union Limited	UBS AG, Australia Branch
Bendigo and Adelaide Bank Limited	Hume Building Society Limited	Queenslanders Credit Union Limited	United Overseas Bank Limited
BNP Paribas	Hunter United Employees' Credit Union Limited	Rabobank Australia Limited	Uniting Financial Services
BNP Paribas Securities Services	IMB Ltd	Rabobank, Australia Branch (Co-Operative Centrale Raiffeisen-Boerenleenbank B.A.)	Victoria Teachers Mutual Bank
Capricornian Ltd (The)	Indue Ltd	Railways Credit Union Limited	Warwick Credit Union Ltd
Cashcard Australia Limited	Industrial and Commercial Bank of China Limited	Reserve Bank of Australia	Westpac Banking Corporation
China Construction Bank Corporation, Sydney Branch	ING Bank (Australia) Limited		Wide Bay Australia Ltd
Citigroup Pty Limited	ING Bank NV (Sydney Branch)		Woolworths Limited

1. Two independent directors are to be appointed during the transitional period (before 1 July 2014).

2. A threshold level of transaction activity is to be maintained during a Grandfathering Period.