

# **ATM ACCESS AUSTRALIA LIMITED**

**ABN 52 130 571 103**

**A Company limited by Guarantee**

## **INTRODUCTORY GUIDE**

**to**

## **THE ATM ACCESS CODE**

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# 1 INTRODUCTION TO THIS GUIDE, THE ATM ACCESS CODE, THE RBA'S ACCESS REGIME & THE CECS MANUAL

## 1.1 The Introductory Guide

The Introductory Guide clarifies and explains some of the requirements and processes contained in the ATM Access Code, and to some extent, the CECS Manual. Its content is **guidance only** and does not bind ATM Access Australia Limited, APCA, Access Providers<sup>1</sup>, Access Seekers or any other interested parties. The first step in the Application stage (see Section 3.1 below) is for an Access Seeker to obtain copies of the ATM Access Code, the CECS Manual, the COIN Operating Manual and the Standard Testing Protocol. Access Seekers must thoroughly review both of these documents and should not rely on this Introductory Guide in isolation.

## 1.2 The ATM Access Code

The ATM Access Code was developed by the Australian Payments Clearing Association Limited (APCA) in consultation with current and potential ATM participants and the Reserve Bank of Australia (RBA). It is a co-regulatory regime that, in conjunction with an Access Regime for the ATM System enacted by the RBA (Access Regime), facilitates access to the ATM network. It does this by giving eligible Access Seekers two packets of rights (and imposing two corresponding packets of obligations on Members<sup>2</sup>):

### 1.2.1. Connectivity Services

Eligible Access Seekers are given the right to establish, on transparent price and non-price terms:

- (a) Direct Connections to those Members that are directly connected to the ATM network; and
- (b) Direct Clearing/Settlement Arrangements to all Members that directly clear and settle.

<sup>1</sup> Most capitalized terms in this document are defined in Schedule 9 of the ATM Access Code.

<sup>2</sup> Members of ATM Access Australia Limited, who are bound to provide access in accordance with the ATM Access Code.

Direct Connections under the Code are established via the COIN in accordance with the CECS Access Standard Interchange Specification, being a specific minimum technical specification. It is intended that the provision of access on this basis will promote timeliness of access to the ATM system, and thus enhance the capacity of the Code to achieve its stated objectives. However, it is to be acknowledged that whilst timeframes associated with the provision of access should be significantly shorter than has been the case in the past under the Code, during the Transitional Period, which is defined in the Code as the period relating to the migration of bilateral clearing interchange links to the COIN, timeframes may not be significantly improved.

#### 1.2.2. ATM Interchange Activities

The ATM Access Code obliges all Members (including Access Seekers that become Members) to engage in ATM Interchange Activities with each other, such that:

- (a) each Member's cardholders will be able to withdraw cash and initiate balance enquiries at all ATMs that are owned (or acquired) by each other Member;
- (b) Members will accept and process transactions generated by their cardholders at all ATMs that owned (or acquired) by each other Member; and
- (c) interchange fees for ATM Transactions are replaced with the right of Acquirers to direct charge (subject to some exceptions).

#### 1.2.3. Not Mandatory

It is not mandatory for Access Seekers to use the ATM Access Code; they may negotiate with Access Providers to establish connections and agreements to engage in ATM Interchange Activities outside the ATM Access Code.

### 1.3 The RBA's Access Regime

The Access Regime is relevant to both Connectivity Services and ATM Interchange Activities, it regulates:

- (a) the amount that an Access Seeker can be required to pay to establish a Direct Connection or a Direct Clearing/Settlement Arrangement under the ATM Access Code; and
- (b) interchange fees for ATM Transactions.

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## 1.4 The CECS Manual and the COIN Operating Manual

APCA's Consumer Electronic Clearing Stream (CECS) Manual sets standards, policies and procedures to facilitate the conduct and, where applicable, settlement of the exchange of Items<sup>3</sup> (with respect to ATM (and EFTPOS) Transactions) between CECS Members and all aspects of the related clearing cycle, including:

- (a) procedures to promote the efficiency, security and integrity of such exchanges; and
- (b) specifications and standards for equipment utilised and cards issued by, and communications links and message formats between, those CECS Members which participate in Interchange Activities<sup>4</sup>.

The CECS Manual is relevant because the ATM Access Code requires Access Seekers to:

- (a) be certified in accordance with Part 2 of the CECS Manual (see Clause 6.2<sup>5</sup>);
- (b) become a CECS Member, unless seeking access to act solely as a Switch (see Clause 6.2); and
- (c) comply with any relevant obligations set out in the CECS Manual (see Clause 8.2).

The ATM Access Code confers a right to seek access to standard Connectivity Services as defined. Relevantly, schedule 6 of the ATM Access Code provides that connectivity established pursuant to the Access Code will be established via the COIN, in accordance with the CECS Access Standard Interchange Specification. The COIN is an optional alternative to point-to-point connectivity. ATM Interchanges established via the COIN must comply with all technical, operational and security requirements set out in the COIN Operating Manual in addition to the relevant provisions of the CECS Manual.

The ATM Access Code requires Access Seekers to:

- (a) be certified in accordance with clause 3.10 of the COIN Operating Manual;
- (b) become a COIN Member (see clause 6.2); and
- (c) comply with any relevant obligations set out in the COIN Operating Manual.

<sup>3</sup> A term defined in the CECS Regulations and/or Manual.

<sup>4</sup> A term defined in the CECS Regulations and/or Manual.

<sup>5</sup> All references to Clauses are to the applicable clause in the ATM Access Code.

## **1.5 The role of the Administrator, Access Seeker and Access Provider**

A company, ATM Access Australia Limited, has been incorporated to administer the ATM Access Code. This company has retained APCA as the Administrator to perform these administrative tasks.

The Administrator of the ATM Access Code has a limited role in the various processes prescribed by the ATM Access Code. For example, the Administrator receives Application Forms and Confidentiality Deeds from Access Seekers and forwards them to Access Providers at appropriate times and, if required, provides assistance to develop a project plan as part of the connection establishment process.

However, in the main, Access Seekers and Access Providers deal directly with each other with respect to the rights and obligations in the ATM Access Code.

**The next page is 2.1**

## 2 ELIGIBILITY CRITERIA FOR ACCESS SEEKERS

### ***Relevant Clause: 3***

The Application Form, which Access Seekers must complete to gain access to the Connectivity Services, requires Access Seekers to provide, amongst other things, a capability statement showing how the Access Seeker will meet the eligibility criteria. Some guidance as to the statements and/or evidence to be included when preparing this capability statement is set out below. However the onus is on each Access Seeker to include in its capability statement sufficient evidence to establish compliance with all of the (applicable) eligibility criteria.

### 2.1 Capacity

#### ***Relevant Clause: 3.1(b)***

Access Seekers must be, or propose to be and be capable of operating as an ATM Issuer, an ATM Acquirer, a Clearing/Settlement Agent (for ATM Issuers and/or ATM Acquirers) and/or a Switch. This is one of the most important criteria, which should be addressed in detail in an Access Seekers capability statement. Clause 1.2 of the ATM Access Code includes a description of these roles, which Access Seekers may find useful.

### 2.2 Solvency

#### ***Relevant Clause: 3.1(c)***

Financial information establishing solvency should be included with each Application Form. The simplest way for an Access Seeker to establish that it meets this requirement is to provide a copy of the Access Seeker's most recent audited financial statements, including an independent auditors report.

### 2.3 Other matters

#### ***Relevant Clauses: 3.2(a), (d), (e) and (f)***

To satisfy the Eligibility Criteria an Access Seeker must also:

- (a) be a Constitutional Corporation which carries on a business at or through a permanent establishment in Australia;
- (b) not be, and must not have been within the previous two years, in material default of any Connection Agreement, or any other agreement for the provision of access in respect of ATM Transactions;
- (c) demonstrate that it will comply with any regulatory requirements applicable to its business; and

- (d) demonstrate that its business practices will be sound and secure, so that its membership of the Access Code will not adversely affect the integrity, security, reliability and stability of ATM Interchange Activities, and the Clearing and Settlement of ATM Transactions between Members.

Access Seekers are therefore required to include in their capability statement the following information:

- **Requirement to be a constitutional corporation.** The capability statement must include the Access Seeker's company name, ACN and place of business. It must also show that the Access Seeker is a trading corporation (i.e., a corporation that is involved in trading as opposed to a charitable or not-for-profit one). Copies of the Access Seeker's company registration details and constitution should be sufficient to meet this requirement.
- **Requirement to be solvent.** The capability statement should include a copy of the Access Seeker's most recent audited financial statement (including the independent auditor's report). See also discussion in section 2.2 above.
- **Requirement not to be in material default of a Connection Agreement.** If the Access Seeker has a Connection Agreement or any other agreement for the provision of access in respect of ATM Transactions with another entity, the capability statement must include a declaration from [the Access Seeker/counterparty to these agreements] that the Access Seeker has not been in material default of these agreements for a period of 2 years prior to the application (or for the period of the agreement, if the agreement has been in place for less than 2 years).
- **Requirement to demonstrate compliance with regulatory requirements.** If the Access Seeker:
  - ♦ is regulated by APRA, the capability statement should include copies of any reports given to APRA of non-compliance with its requirements provided within the preceding 2 years or any reports where an issue of non-compliance has not been rectified;
  - ♦ has or requires an Australian Financial Services (AFS) licence granted by ASIC, the capability statement should include copies of any reports in which the Access Seeker has given to ASIC notice of non compliance with the Access Seeker's obligations as an AFS licensee provided within the preceding 2 years or any reports where an issue of non-compliance has not been rectified; and

- ♦ is a signatory to any voluntary codes of practice, the capability statement should include copies of the most recent compliance reports (if such compliance reports are required by that code of practice) provided within the preceding 2 years or any reports where an issue of non-compliance has not been rectified.

If the Access Seeker is regulated by APRA or ASIC, or is signatory to a voluntary code of practice, but has not given any reports of non-compliance to the relevant regulatory body as set out above, the Access Seeker should include in the capability statement a declaration that, in relation to its obligations to each regulator:

- ♦ no instances of non-compliance have been reported to the relevant regulator within the preceding 2 years;
  - ♦ no instances of non-compliance that have not been rectified;
  - ♦ the Access Seeker has mechanisms in place to monitor compliance; and
  - ♦ to the best of the Access Seeker's knowledge, there have been no breaches of these obligations.
- Requirement to demonstrate sound and secure business practices. The capability statement should include:
    - ♦ a brief overview of the Access Seeker's business and an organisational chart;
    - ♦ information on the executive team and the Access Seeker's management, including details of the executive and managements' qualifications and experience;
    - ♦ a brief outline of the business processes and practices the Access Seeker will be put in place to ensure compliance with the ATM Access Code;
    - ♦ if the Access Seeker is not regulated by APRA, evidence that the Access Seeker has assets that exceed its liabilities (egg its most recent audited balance sheets); and
    - ♦ a projected cash flow statement and business case as to how the Access Seeker will meet any financial obligations it acquires through its participation in the ATM Access Code.

## 2.4 Agreement with a Switch

**Relevant Clause: 3.2**

If an Access Seeker is seeking access to the Direct Clearing/Settlement Service then it must also have entered into an agreement with a Switch to provide indirect connectivity to the relevant Access Providers.

**The next page is 3.1**

### 3 THE NEW CONNECTION PROCESS

**Relevant Clauses: Part B (clauses 2 – 7) and Schedules 3 and 6.**

The Connectivity Services, which are described in Schedule 6, consist of:

- (a) a Direct Connection Service, to establish a Direct Connection; and
- (b) a Direct Clearing/Settlement Service, to establish a Direct Clearing/Settlement Arrangement.

#### 3.1 Connectivity Services Provided in 4 Stages

The Direct Connection Service and the Direct Clearing/Settlement Service involve four stages:

**Stage 1: The Application stage (clause 4.5)**, in which the Access Seeker makes application for access to the Direct Connection Service and/or the Direct Clearing/Settlement Service and Confidentiality Deeds are executed;

**Stage 2: The Negotiation stage (clause 4.6)**, during which the relevant Access Provider prepares an offer to establish the connectivity sought, which must include:

- (a) the standard terms prescribed by the ATM Access Code (**Schedule 3**); and
- (b) a charge for establishing the Direct Connection or Direct Clearing/Settlement Arrangement, which complies with the relevant provisions of the RBA's Access Regime;

After receiving this offer an Access Seeker may either accept it or proceed to negotiate the terms further;

**Stage 3: Entering into a Connection Agreement (clause 5)**, once an Access Seeker enters into a Connection Agreement it must become a Member and is, therefore, subject to all of the obligations imposed on Members by the ATM Access Code. For example Members are required to:

- (a) provide Connectivity Services to other Access Seekers (including existing Members that meet the Eligibility Criteria) in accordance with the terms of the ATM Access Code; and
- (b) contribute to the administration costs of ATM Access Australia Limited.

Each member of ATM Access Australia Limited is also entitled to participate in its governance in accordance with the Constitution; and

**Stage 4: Connection establishment stage (clause 6)**, during which the Access Seeker and Access Provider must:

- (a) agree a project plan and testing plan; and
- (b) build/implement the connection and test it in accordance with the project and testing plans.

Access Seekers should note, in particular, that before an Access Seeker may proceed to conduct testing with an Access Provider they must be certified by APCA and a member of CECS (unless seeking access to act solely as a Switch). Access Seekers (who are not currently certified and/or CECS members or COIN members) should contact APCA as regards certification and/or CECS membership or COIN Membership as soon as possible and well in advance of lodging an Application Form. Initial certification, CECS membership and COIN Membership requires, amongst other things, provision of a report from an acceptable independent auditor which may take some time to prepare.

### 3.2 Timeframes

The ATM Access Code prescribes the following maximum timeframes, subject to extension by agreement or by the Access Provider if the establishment of Connectivity Services is affected by the Access Provider's obligations as a participant in the Payments Network Migration Project, for provision of Connectivity Services:

#### 3.2.1. From lodgment of an Application to execution of a Connection Agreement (Stages 1-3)

##### **Relevant Clauses: 4 & 5**

<b>Step</b>	<b>Max Time (business days)</b>
Access Seeker lodges Application	0
Access Company determines whether Access Seeker meets Eligibility Criteria	15
Confidentiality Deed sent to and executed by Access Provider; Access Provider receives Application	5
Access Provider provides Access Seeker with Connection Offer	25
Access Seeker considers Connection Offer and decides to accept or negotiate	10
<b>Total if Connection Offer Accepted by Access Seeker</b>	<b>55</b>
Access Seeker and Access Provider negotiate terms Connection Agreement	20
<b>Total if negotiation of Connection Agreement</b>	<b>75</b>

3.2.2. Establishment: from execution of a Connection Agreement to establishment of the Connection (Stage 4)

**Relevant Clauses: 6**

<b>Step</b>	<b>Max Time (business days)</b>
Access Seeker and Access Provider agree Project Plan Implementation: from agreement of Project Plan to completion of testing	30
	150*
<b>Total</b>	<b>180*</b>

\* -not counting the 14 days before and immediately after 31 December

### 3.3 Access Provider Implementation Obligations

**Relevant Clauses: 4.4, 4.5(d), 6.1(f), 6.3(d) and 6.5**

Access Providers can only be required to undertake 2 concurrent implementations (Stage 4). However:

- (a) there is a queuing process for Access Seekers that are effected by this provision; and
- (b) Access Seekers are entitled to transparency of each Members queue and pending applications, so that Access Seekers can order their applications to avoid, as far as possible, the impact of this provision.

### 3.4 Connection Charges

**Relevant Clauses: 7**

The charges that an Access Provider may charge an Access Seeker for provision of Connectivity Services are regulated by the RBA's Access Regime.

**The next page is 4.1**

## 4 ATM INTERCHANGE ACTIVITIES

**Relevant Clauses: Part C (clauses 8-11) and Schedule 4.**

### 4.1 Ubiquity

**Relevant Clause: 8.1**

In order to preserve the ubiquity of the ATM system, each Member must engage (or stand ready to engage) in ATM Interchange Activities with all other Members (that are Certified by APCA) by reason of a combination of:

- (a) Direct Connections;
- (b) Direct Clearing/Settlement Arrangements; and/or
- (c) having appointed a Clearing/Settlement Agent to engage in ATM Interchange Activities on its behalf.

Therefore, in most cases, an Access Seeker will need to (at least initially) engage a Clearing/Settlement Agent to engage in ATM Interchange Activities with some Members on its behalf.

### 4.2 ATM Interchange Terms

**Relevant Clauses: 8.2, 8.4 and Schedule 4**

Members (excluding Members that are only Switches) must engage in ATM Interchange Activities with each other in accordance with the standardized ATM Interchange Terms (*Schedule 4*) and the applicable provisions in the CECS Regulations and Manual.

Thus each Access Seeker that becomes a Member is assured of the ability to engage in ATM Interchange Activities in accordance with the ATM Interchange Terms, such that:

- (a) its cardholders will be able to withdraw cash and initiate balance enquiries at all ATMs that are owned (or acquired) by each other Member; and/or
- (b) each other Member will accept and process transactions generated by their cardholders at all ATMs it owns (or acquires for).

This provides Access Seekers with certainty of commercial terms so that they do not have to engage in bilateral commercial negotiations with existing participants to enter the ATM system.

### **4.3 Interchange Fees**

***Relevant Clause: 10***

Interchange Fees are regulated by the RBA's Access Regime.

### **4.4 Direct Charging**

***Relevant Clause: 11***

The ATM Access Code requires ATM Acquirers that Direct Charge to comply with the relevant provisions in the CECS Manual and, in particular, Part 11 which contains provisions about Direct Charging.

In addition clause 11.2 applies when there is a systems error that causes non-compliance clauses 11.3 and/or 11.4 of the CECS Manual, affecting more than 10 transactions. This clause presumes that the loss suffered by Issuer Members is:

- (a) collectively, \$7,500; and
- (b) individually, a % of that sum reflecting the particular Issuer Member's % share of Issuing transaction volume.

The Responsible Member and the Issuer Members may rebut this presumption by establishing that more or less loss has been suffered.

**The next page is 5.1**

## 5 ADMINISTRATION

### ***Relevant Clauses: 12-18***

Part D of the ATM Access Code deals with a number of administrative matters, including but not limited to:

- (a) Dispute resolution;
- (b) Confidentiality; and
- (c) Variations to the ATM Access Code.

As with rest of the ATM Access Code, Access Seekers should review these clauses in detail.

**The next page is 6.1**

## **6 FURTHER INFORMATION**

Further information, including fees and charges and word versions of the Application and Confidentiality Deed can be obtained at [www.atmaccesscode.com.au](http://www.atmaccesscode.com.au).

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## **7 CONTACT DETAILS**

Applications for access should be sent to:

The Company Secretary  
ATM Access Australia Limited  
C /- Australian Payments Clearing Association Limited  
Level 6, 14 Martin Place  
Sydney  
NSW 2000

General Inquiries should in the first instance be directed to:

Membership & Governance  
Australian Payments Clearing Association Limited  
Level 6, 14 Martin Place  
Sydney  
NSW 2000

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