FPS RULES

RULES FOR MEMBERS OF THE FASTER PAYMENTS SERVICE

V8.0

Dated: 13 June 2014

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<td>This is an extract from the Agreement between the Company and VocaLink. In the Schedule the term ‘Scheme Operator’ should be taken to mean the Company. The term ‘VocaLink’ should be taken to mean the Supplier. The term ‘Agency’ should be taken to mean Direct Agency.</td>
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## 1. Definitions and Interpretation

### 1.1 Definitions

In the FPS Rules, the following terms have the meanings assigned to them as follows:

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<th>Term</th>
<th>Definition</th>
</tr>
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<tr>
<td>Acceding Member</td>
<td>A Member which joins FPS while the Supplier Agreement is in effect.</td>
</tr>
<tr>
<td>Additional Volume Fees</td>
<td>Has the meaning given to it in Schedule 1 Annex B (Proportion of Additional Volume Fee) being where the total number of Chargeable Transactions processed in a Year is greater than the Anticipated Annual Volume for that Year, additional Volume Fees are payable to the Supplier.</td>
</tr>
<tr>
<td>Anticipated Annual Volumes</td>
<td>The volume of transactions for which the Company has agreed to pay the Supplier the applicable volume related fees during each Year of the Initial Term.</td>
</tr>
<tr>
<td>Appeal Panel</td>
<td>The three individuals (acting as experts and not as arbitrators) nominated and appointed in accordance with Rules 11.4 to 11.6 (the Appeals Process).</td>
</tr>
<tr>
<td>Appeals Process</td>
<td>The procedure for establishing an Appeal Panel and conducting appeals against Relevant Decisions by a Member, Prospective Member or Prospective Direct Agency as set out in Rule 11.</td>
</tr>
<tr>
<td>Appellant</td>
<td>A Member or Prospective Member which invokes the Appeals Process.</td>
</tr>
<tr>
<td>Appointer</td>
<td>The Chartered Institute of Arbitrators or such other person as the Board may determine from time to time.</td>
</tr>
<tr>
<td>Articles of Association</td>
<td>The Articles of Association of the Company, as amended from time to time.</td>
</tr>
<tr>
<td>Asynchronous Payment Request</td>
<td>A Payment Request which is accepted by the Central Infrastructure on behalf of the Member, Direct Agency or Third Party Beneficiary to which it is addressed, which is not a Synchronous Payment Request e.g. Standing Order, Forward Dated Payment or Corporate Bulk Payment.</td>
</tr>
<tr>
<td><strong>Authorisation Request</strong></td>
<td>A request from the Central Infrastructure to the Submitting Member to authorise a single Payment Request from a Direct Agency, FIM agency or a corporate or to authorise a FIM or DCA file.</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Authorisation Response</strong></td>
<td>A response from the Submitting Member to the Central Infrastructure in response to an Authorisation Request.</td>
</tr>
<tr>
<td><strong>Bacs</strong></td>
<td>Electronic payment system managed by Bacs Payment Schemes Limited and operated by the Supplier.</td>
</tr>
<tr>
<td><strong>Banking Act</strong></td>
<td>Means the Banking Act 2009.</td>
</tr>
<tr>
<td><strong>Base Proportion</strong></td>
<td>Has the meaning given to it in Schedule 1 Annex A (Proportion of Volume Fees).</td>
</tr>
<tr>
<td><strong>Board</strong></td>
<td>The board of directors of the Company.</td>
</tr>
<tr>
<td><strong>Central Infrastructure or CI</strong></td>
<td>The central systems and networks as developed and operated by Supplier, including both FIM and DCA, that together enable the Faster Payments Service.</td>
</tr>
<tr>
<td><strong>Changes</strong></td>
<td>A change to the Supplier Agreement, including to the scope or standard of Services.</td>
</tr>
<tr>
<td><strong>Charges</strong></td>
<td>Means the basis upon which the Supplier is to be paid for the provision of the services as outlined in the Supplier Agreement from time to time.</td>
</tr>
<tr>
<td><strong>Clearing</strong></td>
<td>The process of exchanging Payment Requests, the subject of the FPS Rules.</td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td>Faster Payments Scheme Limited, a company incorporated in England with registered number 7751778, with its registered address at 2 Thomas More Square, London E1W 1YN.</td>
</tr>
<tr>
<td><strong>Company Waiver Committee</strong></td>
<td>A committee of the Board charged with the responsibility for receiving applications for and adjudicating on Waivers.</td>
</tr>
<tr>
<td><strong>Conditional Waiver</strong></td>
<td>A Waiver from complying with all the provisions of a Payments Council Decision subject to certain conditions, as determined by the Company Waiver Committee, in its discretion and as set out in Rule 12.3(g)(ii) (Payments Council Decisions).</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Connection Fee</strong></td>
<td>A one-off fee for each Member, Direct Agency and third party beneficiary to enable them to connect to the Central Infrastructure directly rather than through a Member.</td>
</tr>
<tr>
<td><strong>Decision Makers</strong></td>
<td>Collectively, the Managing Director and one Independent Director. For the avoidance of doubt, the Decision Makers have authority to make certain decisions (as opposed to the Board) only in specified circumstances as set out in these Rules.</td>
</tr>
<tr>
<td><strong>Deed of Charge</strong></td>
<td>The deed of charge entered into or to be entered into by the Members and the Bank of England as security trustee, pursuant to a Liquidity and Loss Share Agreement, as amended from time to time.</td>
</tr>
<tr>
<td><strong>Default Event</strong></td>
<td>Has the meaning given to it in Rule 9.2.2 (Suspension of a Member).</td>
</tr>
<tr>
<td><strong>Direct Agency</strong></td>
<td>A Payment Services Provider that is not a Member, FIM-only agency or corporate, but is connected to the Central Infrastructure to send and receive payments via the Central Infrastructure and who is sponsored by a Member.</td>
</tr>
<tr>
<td><strong>Direct Agency Payment Credit Request</strong></td>
<td>A request received by a Receiving Member that sponsors an Direct Agency to inform it of the credit to the Direct Agency’s account with that Receiving Member, where the Direct Agency has received a Payment Request direct from the Central Infrastructure.</td>
</tr>
<tr>
<td><strong>Direct Agency Payment Credit Response</strong></td>
<td>The response sent to the CI from a Receiving Member in respect of a Direct Agency Payment Credit Request.</td>
</tr>
<tr>
<td><strong>Direct Corporate Access or DCA</strong></td>
<td>A facility provided for corporates to send files of payments direct to the Central Infrastructure, rather than via a Member or a Direct Agency.</td>
</tr>
<tr>
<td>Early Termination Fee</td>
<td>Fees payable to the Supplier that are incurred as a result of the termination of the Supplier Agreement prior to the end date.</td>
</tr>
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</tr>
<tr>
<td>Exclusion Time</td>
<td>Has the meaning given to it in Rule 9.3.3. (Exclusion of a Member).</td>
</tr>
<tr>
<td>Exclusion Event</td>
<td>Has the meaning given to it in Rule 9.3.1 (Exclusion of a Member).</td>
</tr>
<tr>
<td>Exempt Information</td>
<td>Has the meaning specified in section 84 of the Freedom of Information Act 2000, or in section 73 of the Freedom of Information (Scotland) Act 2002, as appropriate.</td>
</tr>
<tr>
<td>Extended Industry Sort Code Directory (EISCD)</td>
<td>The Extended Industry Sort Code Directory is a directory that contains information about all banks/building societies connected to any of the UK clearing systems: FPS, Bacs, CHAPS and Cheque and Credit Clearing.</td>
</tr>
<tr>
<td>Faster Payments Identifier (FPID)</td>
<td>A unique identifier for each Payment Request sent using FPS.</td>
</tr>
<tr>
<td>Faster Payments Service or FPS</td>
<td>The whole faster payments service that allows electronic payments to be made as described in the FPS Rules and the Reference Documents, comprising the Central Infrastructure; Member systems; the systems of Agencies, FIM-only agencies, corporates and Third Party Beneficiaries; and the Settlement Service Provider’s settlement system.</td>
</tr>
<tr>
<td>File Input Module or FIM</td>
<td>A module in the Central Infrastructure that supports file inputs from Members, Agencies and FIM-only agencies.</td>
</tr>
<tr>
<td>FIM-only agency</td>
<td>A Payment Services Provider sponsored by a Member that submits files of payments using FIM, but is otherwise not directly connected to the CI. A FIM-only agency is not a Direct Agency.</td>
</tr>
<tr>
<td>Fixed Term Waiver</td>
<td>A Full, Conditional or Modified Waiver which is granted for a fixed period of time as determined by the Company Waiver Committee, in its discretion.</td>
</tr>
<tr>
<td>FPS Company Reserve</td>
<td>Has the meaning given to it in Rule 13.5.1 (FPS Company Reserve).</td>
</tr>
<tr>
<td><strong>FP Membership Agreement</strong></td>
<td>The FPS Membership Agreement between, the Company and the Members as amended from time to time.</td>
</tr>
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<tr>
<td><strong>FPS Operating Costs</strong></td>
<td>Has the meaning given to it in Rule 13.1.1 (FPS Operating Costs).</td>
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<td><strong>FPS Rules or Rules</strong></td>
<td>This document as amended from time to time.</td>
</tr>
<tr>
<td><strong>Full Waiver</strong></td>
<td>A Waiver from complying with all the provisions of a Payments Council Decision and as set out in Rule 12.3 (g)(i).</td>
</tr>
<tr>
<td><strong>Group Company</strong></td>
<td>Group Company has the meaning given to it in the FPS Membership Agreement.</td>
</tr>
<tr>
<td><strong>Independent Director</strong></td>
<td>Has the meaning given to it in Part 1 of the Articles of Association.</td>
</tr>
<tr>
<td><strong>Legal Documents</strong></td>
<td>The FPS Rules, FPS Membership Agreement, Liquidity and Loss Share Agreement, the Deed of Charge, the Memorandum and Articles of Association of the Company and any other document designated by the Board as a Legal Document from time to time.</td>
</tr>
<tr>
<td><strong>Liquidity and Loss Share Agreement</strong></td>
<td>The Liquidity and Loss Share Agreement (LLSA) entered into between, inter alia, the Company and the Members, as amended from time to time.</td>
</tr>
<tr>
<td><strong>Losses</strong></td>
<td>Means all liabilities, costs, expenses, damages, losses, loss of profit, loss of reputation, ex gratia payments, and all interest, penalties and legal and other reasonable professional costs and expenses, all whether incurred directly or indirectly.</td>
</tr>
<tr>
<td><strong>Managing Director</strong></td>
<td>An official appointed by the Company to manage its day to day operations within the parameters and authorities delegated by the Board or such other person to whom such a role has been delegated by the Board. For the avoidance of doubt, this includes any such person to whom the same responsibilities are delegated in the event the original person appointed as the Managing Director by the Company is not available.</td>
</tr>
<tr>
<td><strong>Member</strong></td>
<td>An institution that satisfies the Membership Criteria and which has been admitted to membership of FPS.</td>
</tr>
<tr>
<td><strong>Membership Criteria</strong></td>
<td>The criteria set out in Rule 2.1 (Membership Criteria).</td>
</tr>
<tr>
<td><strong>Market Infrastructure Resiliency Service (MIRS)</strong></td>
<td>A contingency payment settlement service provided by SWIFT to Bank of England RTGS that offers a market infrastructure operational resilience in the event of unavailability of its RTGS system. When activated, MIRS calculates accurate balances for all RTGS accounts and provides final settlement in Central Bank Money.</td>
</tr>
<tr>
<td><strong>Modified Waiver</strong></td>
<td>A Waiver from complying with certain provisions of a Payments Council Decision as determined by the Company Waiver Committee, in its discretion and as set out in Rule 12.3(g)(iii).</td>
</tr>
<tr>
<td><strong>Monthly Fee</strong></td>
<td>One twelfth (in aggregate) of the Volume Fees for the applicable Year, except for the final Year of the Initial Term in which it is one sixth (in aggregate) of the Volume Fees.</td>
</tr>
<tr>
<td><strong>Non-Responding Third Party Beneficiary</strong></td>
<td>A Third Party Beneficiary that receives third party payment notifications from the Central Infrastructure and does not respond to them.</td>
</tr>
<tr>
<td><strong>Payment Request</strong></td>
<td>A message sent via the Central Infrastructure to make a payment through FPS.</td>
</tr>
<tr>
<td><strong>Payments Council</strong></td>
<td>Payments Council Limited, a company incorporated in England with registered number 06124842. Registered Address 2 Thomas More Square, London E1W 1YN. Web address <a href="http://www.paymentscouncil.org.uk">www.paymentscouncil.org.uk</a></td>
</tr>
<tr>
<td><strong>Payments Council Decision</strong></td>
<td>A decision affecting FPS taken by the board of directors of the Payments Council.</td>
</tr>
<tr>
<td><strong>Payments Council Objectives</strong></td>
<td>The objectives of the Payments Council, as set out in its Memorandum and Articles of Association and the Payments Council Rules, as amended or substituted from time to time.</td>
</tr>
<tr>
<td>Payments Council Rules</td>
<td>The rules of the Payments Council as amended from time to time.</td>
</tr>
<tr>
<td>------------------------</td>
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</tr>
<tr>
<td>Payment Services Provider</td>
<td>Has the same meaning given to it in Regulation 2 (Interpretation) of the PSRs and for the purposes of these Rules may also include those institutions set out in paragraph (g) of such definitions of the PSRs when acting in their capacity as monetary authority or carrying out other functions of a public nature and the entities set out in paragraph (h) of such definition of the PSRs when carrying out functions of a public nature (if required).</td>
</tr>
<tr>
<td>Prospective Direct Agency</td>
<td>Any person wishing to become a Direct Agency.</td>
</tr>
<tr>
<td>Prospective Member</td>
<td>Any person wishing to become a Member.</td>
</tr>
<tr>
<td>PSRs</td>
<td>The Payment Services Regulations 2009, as amended by the Payment Services Regulations 2012 and from time to time.</td>
</tr>
<tr>
<td>Public Authority Member</td>
<td>A member which is a Public Authority under the Freedom of Information Act 2000 (as defined therein) or a Scottish Public Authority under the Freedom of Information (Scotland) Act 2002 (as defined therein), as appropriate.</td>
</tr>
<tr>
<td>Receiving Member</td>
<td>The Member responsible for settling, as payee, a Payment Request accepted by him including, if appropriate, accepted by one of his sponsored Agencies or Third Party Beneficiaries or by the Central Infrastructure on his behalf.</td>
</tr>
<tr>
<td>Reference Documents</td>
<td>Each of the documents listed in Schedule 2 and any other document designated by the Board as a Reference Document from time to time.</td>
</tr>
<tr>
<td>Regulations</td>
<td>The Financial Markets and Insolvency (Settlement Finality) Regulations 1999 as amended by the Financial Markets and Insolvency (Settlement Finality and Financial Collateral Arrangements) (Amendment) Regulations 2010 (SI 2010/2993) and from time to time.</td>
</tr>
<tr>
<td><strong>Regulatory Authority</strong></td>
<td>Any governmental or regulatory body that has responsibility for regulating or overseeing all or any part of a Member’s activities in relation to the Faster Payments Service.</td>
</tr>
<tr>
<td>--------------------------</td>
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</tr>
<tr>
<td><strong>Relevant Access Condition</strong></td>
<td>An additional condition of membership or sponsorship imposed in relation to becoming a Member or a Member sponsoring a Relevant Third Party, specific to that Member or Relevant Third Party (as the case may be). For the avoidance of doubt, the conditions set out as Membership Criteria and Relevant Third Party Participation Criteria in Rule 2 shall not constitute a Relevant Access Condition. An additional condition imposed in order to ensure compliance with the Membership Criteria or Relevant Third Party Participation Criteria in Rule 2 may constitute a Relevant Access Condition. A Relevant Access Condition may only be prescribed in connection with membership or sponsorship by a member of the Company.</td>
</tr>
</tbody>
</table>
| **Relevant Decision** | A decision, or in the case of (b) below a provisional determination, of the Board, the Managing Director or the Decision Makers (as the case may be) relating to:  
  a) the eligibility of a Prospective Member to become a Member in accordance with the Membership Criteria pursuant to Rule 3.1,  
  b) the eligibility of an existing Member to remain a Member under the Membership Criteria,  
  c) the imposition of a Relevant Access Condition on a Prospective Member pursuant to Rule 3.1,  
  d) the imposition of a Relevant Subsequent Condition on a Member pursuant to Rule 3.3,  
  e) the suspension or exclusion of a Member due to a Default Event or the Exclusion of a Member due to an Exclusion Event pursuant to Rule 9,  
  f) the eligibility of a Relevant Third Party to become a sponsored participant in accordance with the Relevant Third Party Participation |
Criteria pursuant to Rule 3.2,
g) the imposition of a Relevant Access Condition in relation to the sponsorship of a Relevant Third Party pursuant to Rule 3.2,
h) the imposition of a Relevant Subsequent Condition in relation to the sponsorship of a Relevant Third Party pursuant to Rule 3.3, or
i) a determination to instruct a Member to suspend a Relevant Third Party from FPS pursuant to Rule 9.2.8.

<table>
<thead>
<tr>
<th>Relevant Third Party</th>
<th>An existing, or prospective, sponsored Direct Agency, Third Party Beneficiary or FIM-only agency, as the case may be.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant Third Party Participation Criteria</td>
<td>The conditions set out in the FPS Rules which must be satisfied in respect of a prospective sponsorship of a Relevant Third Party: namely, as regards a Direct Agency (Rule 2.2); Third Party Beneficiary (Rule 2.3); or FIM-only agency (Rule 2.5), respectively.</td>
</tr>
<tr>
<td>Relevant Subsequent Condition</td>
<td>An additional condition of membership or sponsorship specific to that Member or Relevant Third Party, but excluding a Relevant Access Condition. For the avoidance of doubt, the conditions set out as Membership Criteria and Relevant Third Party Participation Criteria in Rule 2 shall not constitute a Relevant Subsequent Condition.</td>
</tr>
<tr>
<td>Relief Event</td>
<td>A failure or delay by the Company to perform one or more obligations under the Supplier Agreement, an act or omission by a Member or the Bank of England, the Supplier acting in compliance with specific instructions issued by an authorised officer of the Company or a dependency that is not a Supplier obligation not being fulfilled.</td>
</tr>
<tr>
<td>Responding Third Party Beneficiary</td>
<td>A Third Party Beneficiary that receives third party payment requests from the CI and responds to them in near real time.</td>
</tr>
<tr>
<td>Settlement Account</td>
<td>An account (denominated in sterling) maintained at the Bank of England and used, inter alia, to settle all FPS payment obligations.</td>
</tr>
<tr>
<td>Settlement Cut-Off</td>
<td>The time at which a Settlement Cycle ends, when the Single Amount is fixed for settlement purposes.</td>
</tr>
<tr>
<td><strong>Settlement Cycle</strong></td>
<td>The period between the cut off times for payments being settled for one settlement and the next settlement. Over weekends and bank holidays a Settlement Cycle therefore includes several calendar days.</td>
</tr>
<tr>
<td>---------------------</td>
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</tr>
<tr>
<td><strong>Settlement Service Provider</strong></td>
<td>The financial institution contracted to be the settlement agent for FPS; this is the Bank of England.</td>
</tr>
<tr>
<td><strong>Single Amount</strong></td>
<td>The amount determined for a Member in accordance with Rule 7.1.1 (Single Amount).</td>
</tr>
<tr>
<td><strong>Single Claim</strong></td>
<td>Has the meaning given to it in Rule 7.3.2(b) (Settlement Date).</td>
</tr>
<tr>
<td><strong>Single Undertaking</strong></td>
<td>Has the meaning given to it in Rule 7.3.2(a) (Settlement Due).</td>
</tr>
<tr>
<td><strong>Submitting Member</strong></td>
<td>The Member responsible for settling a Payment Request submitted to the Central Infrastructure by himself or submitted by a Direct Agency, FIM-only agency or corporate which he sponsors.</td>
</tr>
<tr>
<td><strong>Supplier</strong></td>
<td>The supplier of the Central Infrastructure from time to time, being, as at the date of adoption of these Rules (13 June 2014) VocaLink Limited</td>
</tr>
<tr>
<td><strong>Supplier Agreement</strong></td>
<td>The agreement relating to the provision of managed services from time to time in respect of the provision of the Faster Payments Service.</td>
</tr>
<tr>
<td><strong>Synchronous Payment Request</strong></td>
<td>A Payment Request sent via the CI and accepted (or rejected) in near real time by the Member, Direct Agency or Responding Third Party Beneficiary to which it is addressed e.g. a single immediate payment.</td>
</tr>
<tr>
<td><strong>System</strong></td>
<td>The system relating to the clearing and settlement of FPS payment obligations between Members.</td>
</tr>
<tr>
<td><strong>Third Party Beneficiary</strong></td>
<td>An organisation (such as a credit card company or utility) that (a) is sponsored by one or more Members; (b) has an account with each Member which sponsors it; (c) is directly connected to the Central Infrastructure to receive Payment Requests; and (d) is identified by one or more unique sort codes.</td>
</tr>
<tr>
<td><strong>Volume Fee</strong></td>
<td>The Volume related fees payable by the Company to the Supplier during each Year of the Initial Term.</td>
</tr>
<tr>
<td>------------------------</td>
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</tr>
<tr>
<td><strong>Waiver</strong></td>
<td>A waiver from the requirement to comply with a Payments Council Decision.</td>
</tr>
<tr>
<td><strong>Waiver Applicant</strong></td>
<td>Has the meaning given to it in Rule 12.2(b) (Payments Council Decisions).</td>
</tr>
<tr>
<td><strong>Waiver Application</strong></td>
<td>The application for a Waiver submitted by the Waiver Applicant.</td>
</tr>
<tr>
<td><strong>Withdrawal Time</strong></td>
<td>Has the meaning given to it in Rule 9.1.3 (Withdrawal of a Member).</td>
</tr>
<tr>
<td><strong>Working Day</strong></td>
<td>Any day except a Saturday, Sunday, or a bank or public holiday in England.</td>
</tr>
<tr>
<td><strong>Year</strong></td>
<td>1 January to 31 December (inclusive) of any calendar year.</td>
</tr>
</tbody>
</table>
1.2 **Interpretation**

1.2.1 In the FPS Rules any reference to the FPS Rules or to any other agreement or document (including without limitation, any of the Reference Documents) shall be construed as a reference to the FPS Rules or such other agreement or document as the same may from time to time be amended, varied, supplemented, novated or replaced.

1.2.2 Subject to Rule 1.2.3, any capitalised or defined terms referred to in any of the Reference Documents which are used in the FPS Rules but not defined in this Rule 1, shall (save as the context otherwise requires) have the meanings respectively given to them in the relevant Reference Documents.

1.2.3 References to or capitalised or defined terms used in the FPS Rules but defined in the Supplier Agreement have the meanings given to them in the Supplier Agreement.

1.2.4 Any reference in the FPS Rules to any statute or statutory provision shall (save as the context otherwise requires) be construed as a reference to such statute or statutory provision as the same may be subsequently amended, re-enacted or consolidated.

1.2.5 Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and *vice versa*.

1.2.6 The headings in the FPS Rules are for ease of reference only and shall not affect their interpretation.

1.2.7 If there is a conflict between any provisions of the FPS Rules and any provision of any of the Reference Documents then the relevant provision of the FPS Rules shall apply.

2. **MEMBERSHIP / SPONSORSHIP CRITERIA**

2.1 It is a condition of becoming and remaining a Member that a person must:

(a) hold a sterling Settlement Account at the Bank of England, or use a sterling Settlement Account held by a Group Company of the Member at the Bank of
England, in each case which the Bank of England has agreed may be used for the purpose of settling FPS payment obligations.;

(b) be a Payment Service Provider;

(c) have the ability to comply on a continuous basis with the technical and operational requirements of the System as set out in Schedule 2 from time to time;

(d) become a member of the Company;

(e) validly execute and remain party to the FPS Membership Agreement, the Liquidity and Loss Share Agreement and the Deed of Charge, and abides by the FPS Rules;

(f) if required by the Company and at the Company’s sole discretion, provide an external legal opinion confirming that:

(i) each Legal Document to which that Member is (or will become) a party constitutes (or will constitute) a legal, valid and binding obligation on that Member and an obligation which is capable of being enforced against such Member; and

(ii) that, following any exclusion of a Member under Rule 9, that the Member shall remain liable for each Single Amount it is calculated as owing in accordance with these Rules, any fees owing to the Supplier, any fees owing to the Company and any other fees payable pursuant to Rule 9 notwithstanding such exclusion under Rule 9;

(g) pay, when first becoming a Member, an amount determined by the Managing Director and approved by the Board. Such an amount shall be a fair and reasonable estimate of the cost of a new Member joining FPS (including but not being limited to technical implementation and Supplier costs) and shall be calculated using non-discriminatory and objectively justifiable criteria; and

(h) pay the ongoing FPS Operating Costs and Supplier costs as described in Rule 13.

2.2 It is a condition of a Member sponsoring, and continuing to sponsor a Direct Agency that:

(a) The Direct Agency is a Payment Services Provider as laid down in the PSRs;
(b) The Direct Agency has, or is eligible to have, at least one unique reachable sort code in the EISCD as a sponsored institution of the Member.

(c) The Direct Agency is able to settle obligations using the sponsoring Member’s settlement account at the Bank of England.

(d) The Direct Agency has the ability to comply on a continuous basis with the technical and operational requirements of the System for a Direct Agency, as set out in the Reference Documents.

(e) The Direct Agency and the sponsorship relationship between the Member and the Direct Agency are compliant with the regulatory oversight obligations on the Company as a recognised interbank payment system under Part 5 of the Banking Act and as a designated payment system pursuant to the Regulations.

(f) The Member ensures that the Direct Agency and the sponsorship relationship with the Direct Agency are, and continue to be, in compliance with (a) to (e) above.

2.3 It is a condition of a Member sponsoring, and continuing to sponsor, a Third Party Beneficiary that:

(a) The Third Party Beneficiary has, or is eligible to have, at least one unique reachable sort code in the EISCD as a sponsored institution of the Member.

(b) The Third Party Beneficiary is a customer of the sponsoring Member with their own account.

(c) The Third Party Beneficiary is able to settle obligations using the sponsoring Member’s settlement account at the Bank of England.

(d) The Third Party Beneficiary has the ability to comply on a continuous basis with the technical and operational requirements of the System for a Third Party Beneficiary, as set out in Schedule 2.

(e) The Member ensures that the Third Party Beneficiary and the sponsorship relationship with the Third Party Beneficiary are, and continue to be, in compliance with (a) to (d) above.
2.4 Financial institutions that are not eligible for Direct Agency or Third Party Beneficiary status, can be granted access to the Scheme using DCA.

2.5 It is a condition of a Member sponsoring, and continuing to sponsor, a FIM-only agency that:

(a) The FIM-only agency is a Payment Services Provider as laid down in the PSRs.

(b) The FIM-only agency is a customer of the sponsoring Member with their own account.

(c) The FIM-only agency has the ability to comply on a continuous basis with the technical and operational requirements of the System for a FIM-only agency, as set out in Schedule 2.

(d) The FIM-only agency and the sponsorship relationship between the Member and the FIM-only agency are compliant with the regulatory oversight obligations on the Company as a recognised interbank payment system under Part 5 of the Banking Act and as a designated payment system pursuant to the Regulations.

(e) The Member ensures that the FIM-only agency and the sponsorship relationship with the FIM-only agency are, and continue to be, in compliance with (a) to (d) above.
3. DECISIONS RELATING TO CONDITIONS OF MEMBERSHIP / THIRD PARTY SPONSORSHIP

3.1 Member Admissions Process

(a) A Prospective Member may submit an application in writing to the Managing Director providing that it agrees to comply with the appeals process under Rule 11 and providing that in doing so it agrees to comply with Rule 13. Any application must set out sufficient detail for the Company to satisfy itself of the Prospective Member’s compliance, and its ability to continue to comply, with the Membership Criteria.

(b) The Decision Makers shall consider and determine whether the Prospective Member can comply, and can be expected to continue to comply, with the Membership Criteria, and if so satisfied they shall accept the application (on the basis of Relevant Access Condition(s) if considered necessary by the Decision Makers) and notify the Board of such acceptance.

(c) The Decision Makers will notify the Prospective Member and the Board in writing of the decision (and any Relevant Access Condition(s) or reasons for refusal of membership if applicable) within 3 months after receiving the application described in Rule 3.1(a) or such longer period as agreed between the Company and the Prospective Member. Such a decision shall be a Relevant Decision. The Managing Director will notify the Board of the Relevant Decision within the same timescale, except in the event that the Prospective Member has stated in writing that they do not wish the Board to be informed of a refusal and the application is refused.

(d) If a Prospective Member is refused Membership or disagrees with any Relevant Access Condition(s) imposed on it, it shall be entitled to appeal against that Relevant Decision by using the appeal process described in Rule 11 but, for the avoidance of doubt, such a Prospective Member shall not be admitted to membership of the System until such an appeal has been resolved.

3.2 Admissions Process for Members to Sponsor a Relevant Third Party

(a) A Member may submit an application to sponsor a prospective Relevant Third Party in writing to the Managing Director. Any application must set out sufficient detail for the
Company to satisfy itself of the sponsoring Member and its prospective Relevant Third Party’s compliance, and their ability to continue to comply, with the Relevant Third Party Participation Criteria.

(b) The Decision Makers shall consider and determine whether the sponsoring Member and their prospective Relevant Third Party can comply, and can be expected to continue to comply, with the Relevant Third Party Participation Criteria, and if so satisfied they shall accept the sponsoring Member’s application (on the basis of Relevant Access Condition(s) if considered necessary by the Decision Makers) and notify the Board of such acceptance. The sponsoring Member of the Relevant Third Party is wholly responsible for the actions of its sponsored participant under Rule 5.

(c) The Decision Makers will notify the sponsoring Member and the Board in writing of the decision (and any Relevant Access Condition(s) or reasons for refusal of sponsorship if applicable) within 3 months after receiving the application described in Rule 3.2(a) or such longer period as agreed between the Company and the sponsoring Member. Such a decision shall be a Relevant Decision. The Managing Director will notify the Board of the Relevant Decision within the same timescale, except in the event that the sponsoring Member and the Relevant Third Party have stated in writing that they do not wish the Board to be informed of a refusal and the application is refused.

(d) If a Member is refused permission to sponsor a Relevant Third Party or disagrees with any Relevant Access Condition(s) imposed on it, it shall be entitled to appeal against that Relevant Decision by using the Appeal Process described in Rule 11 but, for the avoidance of doubt, such a prospective Relevant Third Party shall not become a participant of the System until such an appeal has been resolved. The Company expects a Member to, and the Member shall, invoke the Appeals Process described in Rule 11 in the circumstances and according to the requirements set out in Rule 11.11 and Rule 11.12.

(e) Each Member shall take all necessary steps as designated by the Company to allow the prospective Relevant Third Party to become a sponsored participant, provided any Appeals Process initiated in respect of its admission has been completed.

3.3 **Imposition of Relevant Subsequent Condition**

(a) The Decision Makers may, from time to time, consider and determine whether a Relevant Subsequent Condition is required in relation to a particular Member or sponsored
Relevant Third Party arrangement and if so satisfied, acting reasonably and in good faith, the Decision Makers shall impose a Relevant Subsequent Condition on such a Member or in relation to such a sponsorship of a Relevant Third Party (as the case may be).

(b) The Decision Makers will notify the Member and the Board in writing of the decision to impose a Relevant Subsequent Condition within 7 calendar days after the decision is taken. Such a decision shall be a Relevant Decision.

4. RIGHTS AND DUTIES OF MEMBERS

4.1 Each Member accepts responsibilities and liabilities under the FPS Rules as principal and not as agent for any other party.

4.2 Each Member must comply with the obligations and functions of a Member as set out in the Reference Documents in Schedule 2.

4.3 Each Member agrees and acknowledges that, for the purposes of administering FPS, the Company may co-operate (by the sharing of information or otherwise) with regulatory bodies from time to time and/or as may be required by law.

4.4 For the purposes of the Regulations, each Member must (except if such request is frivolous or vexatious) provide to any interested person who requests it within 14 days of such request and upon payment by such person of a reasonable charge:

(a) details of the systems which are designated for the purposes of the Settlement Finality Directive in which such Member participates; and

(b) information about the main rules governing the functioning of such systems.

4.5 For the purposes of the Regulations, each Member must upon:

(a) the passing of a creditor's voluntary winding up resolution (or analogous procedure in the jurisdiction of incorporation of such Member) in respect of that Member; or

(b) a trust deed granted by it becoming a protected trust deed,

notify the Company and the Bank of England that such a resolution (or analogous procedure) has been passed, or, as the case may be, that such a trust deed has become a protected trust deed.
4.6 Each Member agrees to contribute in the manners and proportions decided by the Company from time to time to the liabilities reasonably incurred by the Company in respect of FPS. Notwithstanding the provisions of this Rule 4.6, no Member shall be obliged to contribute:

(a) to the FPS Operating Costs other than in the manner and proportion set out in Rule 13.1; or

(b) to the liabilities incurred by the Company as described in Schedule 1, other than in the manner and proportion set out in Rule 13.2 and Schedule 1.

4.7 Each Member agrees to use all reasonable endeavours to cooperate in a timely fashion with the Company and the other Members in respect of any reasonable request made by the Company in relation to the development or enhancement of the System, including in respect of any project commenced by the Company to effect such development or enhancement and to contribute such human resource with appropriate skills, competence and seniority as may reasonably be required in relation thereto.

4.8 Each Member shall take all necessary steps as designated by the Company to allow a Prospective Member to become a Member, provided any appeals process initiated in respect of its admission has been completed.

4.9 Each Member agrees to ensure that all ‘Bacs addressable’ sort codes for credits assigned to that Member are able to receive payments via the Faster Payments Scheme, except where it can be demonstrated there is no business requirement to make or receive payments via the Faster Payments Scheme and the Member has actively stated the reasons why the sort code should not be made FPS addressable.

4.10 Each Member agrees to ensure that all ‘FPS addressable’ sort codes assigned to that Member are able to receive payments via the Faster Payments Scheme. Each Member also agrees to ensure that they are able to send payments via the Faster Payments Scheme to all ‘FPS addressable’ sort codes.

5. RESPONSIBILITY FOR THIRD PARTIES

5.1 Each Member shall be wholly responsible for the actions and omissions of any person which it sponsors in relation to FPS, which, if carried out by the Member itself, would cause or have caused the Member to be in breach of any of its obligations under the FPS Membership Agreement or the FPS Rules, including its obligations in respect of the
Reference Documents. A Member's responsibility for those acts and omissions shall be the same as if it had carried out the act or omission itself.

5.2 Members are required to work with any entity that they sponsor in relation to FPS to ensure that all Bacs addressable sort codes for credits assigned to those entities are able to receive payments processed by the Faster Payments Service, except where it can be demonstrated that that entity has no business requirement to make or receive payments via the Faster Payments Service and has actively stated the reasons why their sort codes should not be made FPS addressable.

6. PAYMENTS

6.1 Eligible Payment Requests

In order for a Payment Request to be eligible for Clearing it must:

(a) comply with the specification of a Payment Request as set out in the Reference Documents;

(b) not be subject to conditions imposed on the Receiving Member or Direct Agency with respect to the payment; and

(c) be submitted by Members or Agencies directly or via FIM (or FIM-only agencies via FIM or by corporates submitting via DCA) to Members, Agencies or Third Party Beneficiaries identified as such in the Extended Industry Sort Code Directory.

6.2 Revocability of Payments

6.2.1 The Submitting Member cannot revoke a Payment Request once the following point is reached:

(a) for a Payment Request submitted individually by the Member: the point when the Payment Request leaves the Member's system for transmission to the Central Infrastructure;

(b) for a Payment Request submitted individually by an Direct Agency sponsored by the Member: the point when the Authorisation Response authorising the payment leaves the Member's system for transmission to the Central Infrastructure;
(c) for a Payment Request in a FIM file submitted by the Member: the point when the Member’s acceptance of the FIM Authorisation Request for that file leaves the Member’s system for transmission to the Central Infrastructure;

(d) for a Payment Request in a FIM file submitted by an Direct Agency or a FIM-only agency sponsored by the Member: the point when the Authorisation Response authorising the file of payments leaves the Member’s system for transmission to the Central Infrastructure;

(e) for a Payment Request in a file submitted via DCA, sponsored by the Member: the point when the Authorisation Response authorising the file of payments leaves the Member’s system for transmission to the Central Infrastructure; or

(f) for a Payment Request in a file submitted via DCA sponsored by a Direct Agency which itself is sponsored by the Member: the point when the Authorisation Response authorising the file of payments leaves the Member’s system for transmission to the Central Infrastructure.

Each point specified in this Rule 6.2 is the point (for the relevant type of Payment Request) at which the Payment Request takes effect as having been entered into the System for the purposes of the Regulations.

6.2.2 A Synchronous Payment Request (Single Immediate Payment) is irrevocable (for the purposes of settlement and of the Regulations) when the Receiving Member’s acceptance of the Payment Request, or the Direct Agency Payment Credit Response indicating acceptance, leaves the Receiving Member’s system for transmission to the Central Infrastructure;

6.2.3 An Asynchronous Payment (SOP, FDP or DCA) Request is irrevocable (for the purposes of settlement and of the Regulations) when the Central Infrastructure sends the payment acceptance to the Submitting Member or its Direct Agency, or to the FIM module or the DCA module as appropriate.

7. SETTLEMENT ARRANGEMENTS

7.1 Single Amount

7.1.1 In respect of a particular Settlement Cycle there will be only one single amount payable to or by each Member (the “Single Amount”) which will be determined by the Central
Infrastructure, on behalf of the Company which acts as principal and not as agent of any Member, at the relevant Settlement Cut-Off as being the net sum of the amounts set out in all the Payment Requests accepted in that Settlement Cycle in accordance with the FPS Rules in which the Member is expressed to be a Submitting and/or Receiving Member.

7.1.2 The Central Infrastructure, on behalf of the Company, will notify each Member of its Single Amount in accordance with the Functional Specification and other Reference Documents.

7.1.3 Settlement of the Single Amount represents the point of settlement finality. Settlement finality occurs at the time of settlement of the Single Amount stored by SWIFT, except when the Market Infrastructure Resiliency Service (MIRS) is in use as the active RT system, when settlement finality occurs at the time of settlement of the Single Amount applied to the SWIFT MIRS database.

7.2 **No Bilateral Obligation or Set-off**

7.2.1 Neither the transmission nor the processing of any Payment Request nor any payment made to a third party by the Receiving Member as directed by, or otherwise in connection with, such Payment Request shall by itself create any bilateral debt (or other similar claim whatsoever) between the Members or between a Member and the Company. The Members waive any such bilateral obligations, bilateral liabilities or other similar claims between the Members or between a Member and the Company which might otherwise arise by implication or operation of law but for the FPS Rules as a result of the actions specified in the previous sentence.

7.2.2 The determination by the Central Infrastructure on behalf of the Company of the Single Amount does not constitute or result in any form of set-off, novation, or other aggregation of bilateral gross claims.

7.3 **Settlement Due**

7.3.1 The Single Amount in respect of each Member and a Settlement Cycle is due for settlement on the earlier of:

(a) either (i) the relevant time on the Working Day on which that Settlement Cycle is due to be settled, as specified in the FPS Procedures ; or
(ii) if a Member does not make funds available to the Settlement Service Provider equal to its Single Undertaking (as defined below) at the time specified in sub-paragraph (i) above and the Company has contacted that Member and the Settlement Service Provider to enquire whether funds will be made available by 16:00 hours (UK time) on that Working Day, the time specified by the Company (in its absolute discretion) but such time specified will not be later than 16:00 hours (UK time) on that Working Day;

whichever is the later of (i) or (ii) above; or

(b) the moment when the Company excludes a Member under Rule 9.3.

7.3.2 (a) If a Member's Single Amount in respect of a Settlement Cycle is a negative number such Member will have an obligation towards all other Members (as joint but not several creditors and each such Member acting as principal and not as agent of any other person) to make funds available in full with the Settlement Service Provider for settlement purposes in respect of the same Settlement Cycle equal to such Single Amount (a "Single Undertaking").

(b) If, at any time, a Member's Single Amount in respect of a Settlement Cycle is a positive number, such Member (as principal and not as agent of any other person) will have a claim against all other Members (as joint but not several obligors) to cause the Company to use its best endeavours to procure that such Single Amount is settled by the Settlement Service Provider out of the funds made available to it (a "Single Claim") in respect of the same Settlement Cycle.

7.3.3 Each Member must pay any Single Undertaking determined in respect of it, even if it has challenged the validity of the corresponding Single Amount, pending the outcome of that challenge.

8. OPERATING UNDERTAKINGS

8.1 Each Member will either:

(a) implement processes to check for duplicate Faster Payments Identifiers (FPIDs) on receipt, and require that Direct Agencies and Responding Third Party Beneficiaries which it sponsors will do so also; or
(b) acknowledge and accept that losses would not have been incurred by that Member, Direct Agency or Responding Third Party Beneficiary had that Member, Direct Agency or Responding Third Party Beneficiary adopted such processes as set out in Rule 8.1(a) above, and that such losses will not be recoverable.

8.2 Each Member will notify the Company and the Supplier of any material planned changes to that Member’s processing arrangements, and technical specifications, in that Member’s system to the extent that such changes may adversely affect the Supplier's provision of the services.

8.3 Each Member will ensure that its technical team responds within a reasonable time to, and complies with, all reasonable requests from the Supplier in relation to the maintenance and operation of service components owned and/or managed by the Supplier.

8.4 Each Member will impose obligations on Direct Agencies and Third Party Beneficiaries which it sponsors that are substantially similar to those obligations set out above in Rules 8.2 to 8.3 in relation to the manner in which those Direct Agencies and Third Party Beneficiaries use the FPS.

8.5 Each Member will ensure that its agreements with Direct Agencies and Third Party Beneficiaries which it sponsors enable the Member to comply with Rule 9.2.8

8.6 No Member will bring any claims or proceedings against the Supplier in relation to any breach or alleged breach of the Supplier Agreement (including in negligence) by the Supplier, and require that only the Company brings any such claims on behalf of the relevant Members under the Supplier Agreement. The Supplier, has the benefit of this Rule 8.6 under the Contracts (Rights of Third Parties) Act 1999.

8.7 Each Member will state in its contracts with Direct Agencies that it sponsors that any claims or proceedings in relation to the Faster Payments Service should be brought, in the first instance, against the Member rather than against the Company or the Supplier.

8.8 Each Member will act in a manner that seeks to avoid the Supplier suffering from a Relief Event.
8.9 Each Member agrees the Company may:

(a) suspend FPS where the Board, or the Managing Director having been delegated this power by the Board, decides it is necessary to protect the security and integrity of the FPS;

(b) cooperate with the Supplier and its authorised sub-contractors as is reasonably required to enable the Supplier to perform the services in accordance with the Supplier Agreement; and

(c) provide the Supplier (in reasonable detail) with all information relating to the Company and Members that is reasonably required to enable the Supplier to provide the services in accordance with the Supplier Agreement.

8.10 Each Member will:

(a) cooperate with the Supplier and its authorised sub-contractors as is reasonably required to enable the Supplier to perform the services in accordance with the Supplier Agreement;

(b) provide the Supplier (in reasonable detail) with all information relating to themselves that is reasonably required to enable the Supplier to provide the services in accordance with the Supplier Agreement; and

(c) otherwise comply in all material respects with the requirements and activities set out in the Supplier Agreement that are specified to be carried out by Members generally, or a Member individually.

9. WITHDRAWAL, SUSPENSION AND EXCLUSION

9.1 Withdrawal of a Member

9.1.1 Any Member shall be entitled to withdraw from FPS by giving written notice to the Managing Director, and subject to Rule 9.1.3, a proposed time and date of withdrawal.

9.1.2 On receiving a notice of withdrawal, the Company shall acknowledge receipt of the notice to the Member who has given it as soon as reasonably practicable.

9.1.3 The time and date on which a withdrawal by a Member shall be deemed to be effective (the "Withdrawal Time") shall be determined as follows:
(a) in the event that the withdrawing Member gives 130 or more Working Days’ notice of withdrawal (excluding the day on which such notice is received), the time and date specified in the notice of withdrawal;

(b) in the event that the withdrawing Member gives less than 130 Working Days’ notice of withdrawal (excluding the day on which such notice is received (and the Managing Director must notify the Member of the date of receipt)) the earliest Working Day and time on which the Managing Director determines (having consulted with the Bank of England) that withdrawal of the withdrawing Member can be accommodated by the Company and all the other Members from a technical perspective without thereby prejudicing the integrity of the System, and shall in any case not be more than 130 Working Days after receipt of the Member’s notice; or

(c) in the event that the withdrawing Member fails to give an effective and/or complete withdrawal notice (specifying time and date), a time set by the Company on the Working Day following the expiry of 130 Working Days (excluding the day on which such notice is received) after the date of receipt of the notice by the Managing Director (and the Managing Director must notify the Member of the date of receipt and of such a Withdrawal Time set by the Company).

Provided always that in the case of (a), (b) or (c) above the Managing Director in his reasonable discretion shall always have the right to notify the Member of an alternative Withdrawal Time if it is necessary to preserve the integrity of the System, and such date shall not be less than 20 nor more than 130 Working Days from the date the notice is given by the Managing Director.

9.1.4 Once a notice of withdrawal has been received by the Company, the withdrawing Member shall only be entitled to revoke such notice with the prior written approval of the Managing Director, which is not to be unreasonably withheld or delayed.

9.1.5 The Managing Director shall notify the Bank of England and each other Member in writing without delay after it receives a withdrawal notice (or a revocation/ retraction of such withdrawal notice), and shall include in that notice (or as soon afterwards as it is determined) the Withdrawal Time in respect of the withdrawing Member.

9.1.6 Notwithstanding any withdrawal, a withdrawing Member shall be fully liable for:
(a) the due performance of all its obligations, as determined by the Company, under the FPS Rules incurred prior to the Withdrawal Time;

(b) its Single Undertaking(s) determined by the System on the Withdrawal Time; and

(c) any additional costs arising from the withdrawal incurred by the Company, and/or any other Member in accommodating the withdrawal of the withdrawing Member.

9.1.7 Without limiting the generality of Rule 9.1.6, a withdrawing Member or successor to its rights and obligations shall make payment of:

(a) its full share of the FPS Operating Costs specified in Rule 13.1 for the Company's financial year during which it withdraws;

(b) its full share of costs as determined in Rule 13.2 and in Schedule 1;

(c) any other costs, fees and expenses arising from the withdrawal of the Member as reasonably determined by the Board in its absolute discretion; and

(d) its Single Undertaking(s) determined on or after the Withdrawal Time.

9.2 Suspension of a Member

9.2.1 The Board or, in a case of urgency (as determined by the Managing Director, acting reasonably and in good faith) where it is not reasonably practicable for a quorate Board to be convened, the Managing Director, may suspend a Member’s participation in the System with immediate effect (or with effect from such time and date as the Managing Director or the Board as appropriate may specify) in the following circumstances, each of which constitutes a “Suspension Event”:

(a) where, in the reasonable and good faith opinion of the Board or, in a case of urgency, the Managing Director, the Member is in material breach of any provision of the FPS Rules or ceases to satisfy the Membership Criteria;

(b) the Member has failed to pay its Single Undertaking when due;

(c) if, in the reasonable and good faith opinion of the Board or, in a case of urgency, the Managing Director circumstances have arisen in relation to the Member which could be materially prejudicial to the System or could represent a threat to the security, integrity or reputation of the System;
(d) a Default Event occurs in respect of that Member; or

(e) at the written request of the Member concerned.

9.2.2 Each Member undertakes to the Company to notify the Managing Director immediately upon becoming aware of the occurrence of any of the following events, each of which constitutes a "Default Event":

(a) the presentation of any petition for the liquidation or winding-up of the Member or for the appointment of a liquidator or an administrator in relation to the Member unless, in the case of a petition which would be considered, on reasonable grounds, to be frivolous or vexatious, the petition is withdrawn within 21 days;

(b) the appointment or purported appointment of a liquidator, administrator, receiver, administrative receiver, manager, trustee or similar person in respect of the Member or any substantial part of the property or assets of the Member;

(c) the dissolution of the Member or the publication in the Gazette of a notice of prospective striking off pursuant to Sections 1000 and 1001 of the Companies Act 2006 or the making of an application by the Member for its striking off pursuant to Section 1003 of the Companies Act 2006);

(d) the occurrence under the laws of any applicable jurisdiction of anything analogous to or having a substantially similar effect to any of the events described in Rules 9.2.2(a) to 9.2.2(c) inclusive in relation to the Member;

(e) the suspension of the Member under Rule 9.2 and the relevant Suspension Event has remained unremedied (other than under Rule 9.2.1(e)) for a continuous period of 50 Working Days;

(f) the Member ceasing to satisfy the Membership Criteria; and

(g) the Member having any authorisation as a Payment Service Provider as defined in the PSRs suspended or withdrawn, and not immediately issued or replaced.

(h) if instructed by the Bank of England under the Banking Act in relation to the Special Resolution Regime.
9.2.3 Notwithstanding any other provision of these Rules, a failure by a Member to make liquidity funds available in accordance with clause 2.2(c) or 2.2(f) of the Liquidity and Loss Share Agreement is not a Default Event.

9.2.4 The Managing Director shall notify the Company’s Chairman (or, if he is unavailable, the Company’s Deputy Chairman, or, in the absence of both the Chairman and the Deputy Chairman, any other director of the Company), Members and the Bank of England of any suspension made pursuant to Rule 9.2.1 as soon as possible. Any suspension pursuant to Rule 9.2.1 which is still in force at 16:00 on the first Working Day on which such suspension has been invoked shall be reviewed by the Board as soon as practicable but in any event within two Working Days. The Board shall then take such further action as is considered appropriate.

9.2.5 Where a Member is suspended by the Company from FPS pursuant to Rule 9.2.1 such suspended Member shall remain fully liable for the due performance of all its obligations (including any Single Undertaking determined after the effective time and date of its suspension) under the FPS Rules incurred prior to the effective time and date of its suspension from FPS, being the time and date determined by the Managing Director in his absolute discretion having regard to the need to preserve the integrity of the System (the "Suspension Time").

9.2.6 A suspended Member will, as determined by, and at the discretion of, the Company, pay to the Company any direct costs incurred by the Company and/or any other Member arising from the suspended Member’s suspension, other than (in respect of other Members' direct costs only) where suspended pursuant to Rule 9.2.1(c) due to no fault of the Member.

9.2.7 Without limiting the generality of Rule 9.2.6, a suspended Member shall make payment of:

(a) its full share of the FPS Operating Costs specified in Rule 13.1 for the Company’s financial year during which it is suspended;

(b) its full share of costs as determined in Rule 13.2 and in Schedule 1;

(c) its Single Undertaking(s) determined on or after the Suspension Time; and

(d) any other costs, fees and expenses payable by the suspended Member as may be determined by the Appeal Panel pursuant to Rule 11.8.
9.2.8 The Board or, in a case of urgency (as determined by the Managing Director, acting reasonably and in good faith) where it is not reasonably practicable for a quorate Board to be convened, the Managing Director, may require a Member to, and the Member shall, temporarily or indefinitely suspend, as appropriate, from FPS particular Relevant Third Parties which that Member sponsors where in the reasonable and good faith opinion of the Board, or in the case of urgency, the Managing Director: (i) the Relevant Third Party no longer satisfies the Relevant Third Party Participation Criteria or (ii) circumstances have arisen in relation to the Relevant Third Party which could be materially prejudicial to the System or represent a threat to the security, integrity or reputation of the System.

9.2.9. Any suspension pursuant to Rule 9.2.8 which is still in force at 16:00 on the first Working Day on which such suspension has been invoked shall be reviewed by the Board as soon as practicable but in any event within two Working Days. The Board shall then take such further action as is considered appropriate.

9.3 Exclusion of a Member

9.3.1 The Board may exclude a Member with immediate effect (or with effect from such time and date as the Board as appropriate may specify) in respect of the System in the following circumstances, each of which constitutes an "Exclusion Event":

(a) where, in the reasonable opinion of the Board acting in good faith, the Member is in material breach of any provision of the FPS Rules or ceases to satisfy the Membership Criteria;

(b) if, in the reasonable opinion of the Board acting in good faith, circumstances have arisen in relation to the Member which could be materially prejudicial to the System or represent a threat to the security, integrity or reputation of the System; or

(c) if a Default Event occurs in respect of that Member.

9.3.2 The Managing Director shall notify the remaining Members, the Bank of England and the Company without delay of any exclusion made pursuant to Rule 9.3.1.

9.3.3 Where a Member is excluded by the Company from FPS pursuant to the FPS Rules, such excluded Member shall remain fully liable for the due performance of all its obligations (including any Single Undertaking determined after the effective time and date of its exclusion) under the FPS Rules incurred prior to the effective time and date of its exclusion from FPS, being the time and date determined by the Managing
Director in his absolute discretion having regard to the need to preserve the integrity of the System (the "Exclusion Time").

9.3.4 An excluded Member will, as determined by, and at the discretion of, the Company, pay to the Company any direct costs incurred by the Company and/or any other Member arising from its exclusion, provided such costs are non-discriminatory and objectively justifiable.

9.3.5 Without limiting the generality of Rule 9.3.4 above, an excluded Member shall make payment of:

(a) its full share of the FPS Operating Costs specified in Rule 13.1 for the Company’s financial year during which it is excluded;

(b) its full share of costs as determined in Rule 13.2 and in Schedule 1;

(c) its Single Undertaking(s) determined on or after the Exclusion Time; and

(d) any other costs, fees and expenses payable by the excluded Member as may be determined by the Appeal Panel pursuant to Rule 11.8.

9.4 Rights and Obligations of a Member in relation to Single Amount

9.4.1 Any decision of the Board shall be without prejudice to the rights and obligations of each Member with respect to each Single Amount existing at the moment a Member is suspended or excluded in accordance with this Rule 9 or determined at any time thereafter.

10. AMENDMENTS TO THE FPS RULES

10.1 Any Member, the Company or the Managing Director may propose changes to the FPS Rules by submitting proposals in writing to the Company who will present the proposed changes to the Rules and Governance Committee.

10.2 After consulting all Members and appropriate FPS committees, the Chairman of the Company’s Rules and Governance Committee shall forward the recommendations to the Board, where appropriate.

10.3 Proposed changes to Rule 13.2.1 or to Schedule 1 must be approved unanimously by all Members who would be affected by them.
10.4 Subject to Rule 10.3, the Board shall then decide in its absolute discretion if the recommendations are acceptable, and if they are acceptable, the appropriate length of notice to be given to each Member before the consequent changes are implemented.

11. APPEALS PROCESS

11.1 The Board, the Managing Director, or the Decision Makers (as the case may be) shall provide within 14 calendar days of the date of a Relevant Decision to each Member, Prospective Member or Prospective Direct Agency concerned written reasons for such Relevant Decision.

11.2 Each such Member, Prospective Member or Prospective Direct Agency shall be entitled to invoke the Appeals Process in respect of a Relevant Decision by giving written notice to the Managing Director of its wish to appeal against the Relevant Decision within 30 calendar days after the Board, the Managing Director, or the Decision Makers (as the case may be) has provided the Member, Prospective Member or Prospective Direct Agency with written reasons for its decision under Rule 11.1.

11.3 Should the Member, Prospective Member or Prospective Direct Agency invoke the Appeals Process in respect of a Relevant Decision the Board, the Managing Director or the Decision Makers (as the case may be) shall co-operate in a timely fashion with the Appeal Panel in relation to such Relevant Decision.

11.4 Within 7 Working Days following the receipt of the notice referred to in Rule 11.2, the Managing Director shall by written notice to the Appointer request the Appointer to nominate the Appeal Panel to hear and determine the appeal.

11.5 The Appeal Panel shall consist of three individuals who in the opinion of the Appointer are members of/or professional advisers to the banking and/or financial services community to which the Members collectively belong, of appropriate qualification and experience, and independent of the Appellant, any Member and the Company. The Appointer may, but shall not be obliged to consult the Appellant and the Company before making his / her nominations.

11.6 Within 14 calendar days following their nomination and confirmation of their willingness to serve, the members of the Appeal Panel shall appoint one of their number to preside over the appeal.
11.7 The appeal shall be a re-hearing of the original determination of the Board, the Managing Director or the Decision Makers (as the case may be, and shall be conducted in accordance with such process as the person appointed under Rule 11.6 shall consider appropriate. The Appellant and the Company shall have the right to make representations to the Appeal Panel.

11.8 The Appeal Panel shall arrive at its decision by a majority vote. The Appeal Panel's decision shall be final and binding on the Appellant and the Company and shall include a ruling as to how the costs of the appeal (including the remuneration of members of the Appeal Panel) shall be borne as between the Appellant and the Company.

11.9 Any decision by the Appeal Panel shall be without prejudice to the rights and obligations of each Member with respect to each Single Amount existing at the moment a Member is suspended or excluded in accordance with Rule 9 or determined at any time thereafter.

11.10 Pending an Appeal Panel decision, the Relevant Decision concerned continues to stand.

11.11 The Company expects a Member to, and the Member shall,:

(a) invoke the Appeals Process under this Rule 11 if a Relevant Third Party sponsored by that Member wishes the Member to do so in respect of a Relevant Decision and is prepared to fund its and the Member's costs associated with the Appeals Process, and inform any of its Relevant Third Parties affected by a Relevant Decision of the Member's obligation to invoke the Appeals Process in such circumstances; and

(b) have due regard and give due weight to the interests and concerns of the Relevant Third Party in its representations to the Appeal Panel in relation to the Appeals Process invoked under Rule 11.11(a) above and when determining the conduct of any appeal including, for the avoidance of doubt, bringing to the attention of the Appeal Panel any conflict between the views of the Relevant Third Party and the views of the Member.

11.12 The Member shall have no further obligation under Rule 11.11 at any time after the Member terminates its contractual relationship, or does not otherwise have such relationship, with the Relevant Third Party in respect of the Faster Payments Service.

11.13 Without prejudice to Rule 10, the Company may from time to time revise the Appeals Process upon giving the Members not less than 28 calendar days’ prior notice of such
revisions. Such revisions shall have no effect on any appeals proceedings which have already been commenced at the time such revisions are published, unless the parties involved in the proceedings otherwise agree. Subject to any such agreement, any such procedures shall continue to be conducted pursuant to the Appeals Process in force at the time those proceedings were commenced.
12. PAYMENTS COUNCIL DECISIONS

12.1 The Company has agreed to adjudicate on applications for Waivers from Payments Council Decisions that are relevant to Faster Payments, which are described in the Payments Council Rules. The Waiver process is as follows.

12.2 (a) Members other than those who, under the Payments Council Rules, have the right to appoint a Payments Council director in their own right may apply for and be granted a Waiver on their own behalf. All Members may apply for and be granted a Waiver on behalf of a Direct Agency whom they sponsor. Where a Direct Agency has been granted a Waiver by the Payments Council, its sponsoring Member shall not be treated as being in breach of the applicable Payments Council Decision if and to the extent that a Waiver has been granted by the Payments Council, and for so long as such Waiver continues in effect, to a Direct Agency, provided that the Member shall have complied in all other respects with its obligations under the FPS Rules or that Payments Council Decision.

(b) During a Payments Council consultation, any Member (each, a "Waiver Applicant") who forms the view that it will not be able to comply with the provisions of a prospective Payments Council Decision, may inform the Company Waiver Committee, verbally or in writing, of its intention to apply for a Waiver upon a prospective Payments Council Decision becoming a formal Payments Council Decision.

(c) A Waiver Applicant may apply for a Waiver from the date of a Payments Council Decision. The Board or the Company Waiver Committee may, at their discretion, set a date by which all Waiver Applications regarding a particular Payments Council Decision must be received.

(d) Each Waiver Application shall be in writing and shall set out information concerning the circumstances of the Waiver Applicant, including the grounds on which the Waiver Applicant is applying for the Waiver, how long the Waiver Applicant wishes the Waiver to be granted for, what actions the Waiver Applicant is taking to enable it to comply with the provisions of the Payments Council Decision, and any other information as may be required from time to time.
12.3 If a Member wishes to apply for a Waiver, the following process shall apply:

(a) the Member shall submit its Waiver Application to the Company Waiver Committee;

(b) the Company Waiver Committee shall adjudicate upon the Waiver Application and shall hear and take into account any representations by third parties, after such time Company Waiver Committee shall announce its decision as to whether the Waiver Application should be approved or rejected;

(c) the Company Waiver Committee shall have 60 Working Days from receipt of the Waiver Application to deliver its decision;

(d) if the Waiver Application is approved, the Waiver Application shall be delivered to the Payments Council for endorsement;

(e) if the Payments Council endorses the approval of the Company Waiver Committee the Waiver shall be granted. If the Payments Council rejects the approval of the Company Waiver Committee the Waiver Application shall be rejected and any such decision of the Payments Council shall be final;

(f) if the Company Waiver Committee rejects the Waiver Application, the Member shall have the right, under the Payments Council Rules to appeal to the Payments Council. The Payments Council shall adjudicate upon the Waiver Application and shall hear and take into account any representations by any interested parties, including the Member and the Company. If, on such appeal, the Payments Council finds in favour of the Member, the Waiver shall be granted. If not, the Waiver Application shall be rejected. Any decision of the Payments Council on such appeal shall be final;

(g) if the Payments Council grants a Waiver, it shall set out in writing the form of Waiver being granted. There shall be four kinds of Waiver available to the Payments Council, as follows:

(i) "Full Waiver" - a Waiver from complying with all the provisions of a Payments Council Decision;
(ii) "Conditional Waiver" – a Waiver from complying with all the provisions of a Payments Council Decision subject to certain conditions, as determined by the Company Waiver Committee, in its discretion;

(iii) "Modified Waiver" – a Waiver from complying with certain provisions of a Payments Council Decision as determined by the Company Waiver Committee, in its discretion;

(iv) "Fixed Term Waiver" - a Full, Conditional or Modified Waiver which is granted for a fixed period of time as determined by the Company Waiver Committee, in its discretion.

12.4 The Company shall ensure that the Waiver Application process is open and transparent in accordance with the Payments Council Objectives. Each Waiver Application shall be published on the Payments Council website, together with the minutes of all hearings or appeals relating to the Waiver Application and any reasons for the granting of the Waiver or the rejection of the Waiver Application. The details of the Waiver Application process shall not be published if to do so would adversely affect any confidentiality obligations or rights of the Waiver Applicant, the Company, the Payments Council or any other third party.

13. FINANCIAL OBLIGATIONS (FEES)

13.1 FPS Operating Costs

13.1.1 The Company costs for operating FPS other than payments to the Supplier under the Supplier Agreement ("FPS Operating Costs") shall be determined by the Board. The FPS Operating Costs shall be payable by Members in the following proportions:

The proportion of the FPS Operating Costs payable by each Member shall be the total number of FPS payments which it submitted plus received in the corresponding period expressed as a proportion of the total number of all FPS payments submitted plus received by all Members in that period.

13.1.2 Members shall pay the Company for any Board approved costs to the Supplier not covered under Rule 13.2. Approved costs shall be payable by Members in the proportions shown in Rule 13.1.1 unless agreed otherwise.
13.1.3 A Member which joins FPS (an "Acceding Member") will pay its share of the FPS Operating Costs and any increase to the FPS Company Reserve from the date of its accession until the end of the calendar year following its withdrawal, whether or not the Acceding Member is suspended or excluded from FPS during that period. An Acceding Member's share of the FPS Operating Costs and increase to the FPS Company Reserve shall be calculated in accordance with Rule 13.3.2.

13.2 Supplier Costs

13.2.1 Currently Members will pay the Supplier costs incurred by the Company as set out in Schedule 1. The Company has appointed the Supplier as its agent in respect of the invoicing of those costs, and the Members will pay those costs to the Supplier or any other invoicing agent that the Company may appoint for that purpose. Such payment to the Supplier or such other invoicing agent shall satisfy the Member's obligation to pay the Company for those costs.

13.2.2 Each Member's obligation under Rule 13.2.1 extends for the Initial Term of the Supplier Agreement or to the date of termination of the initial Supplier Agreement, if sooner, whether or not the Member withdraws from or is suspended or excluded from FPS during this period. If a Member withdraws from the Scheme the obligation remains unless the Scheme obtains the agreement of the Member(s) that take on sponsorship of the Withdrawing Member to transfer that obligation to themselves.

13.2.3 Each Member shall indemnify the Company on demand against any Losses which the Company may suffer, incur or sustain as a result of that Member's failure to pay the costs in accordance with Rule 13.2.1.

13.2.4 An Acceding Member will pay its share of the Company costs set out in Schedule 1 from the date of its accession for the remainder of the Initial Term of the Supplier Agreement or to the date of termination of the Supplier Agreement, if sooner, whether or not the Acceding Member withdraws or is suspended or excluded from FPS during that period. An Acceding Member's share of the Volume Fees shall be calculated in accordance with Rules 13.3.1 13.3.2 or 13.3.3 as applicable.

13.3 Share of Costs for Acceding Members

13.3.1 An Acceding Member's share of the Volume Fees set out in Schedule 1 will be derived from its "Base Proportion". An Acceding Member's Base Proportion will be equal to the
number of Faster Payments transactions which were sent and received by the
Acceding Member in the preceding year ending 31 May as a proportion of the total
number of those transactions of all existing Members, including the Acceding Member,
in Faster Payments in that year. The Base Proportions of those Members which
sponsored the Acceding Member in Faster Payments in the preceding year ending 31
May will accordingly be reduced by deducting the number of Faster Payments
transactions which originated from the Acceding Member and which each of them
sponsored from their Base Proportions. The recalculated Base Proportions will in
aggregate total 100% and will take effect from the date of the Acceding Member's
accession.

13.3.2 If the Acceding Member has no Base Proportion because it did not participate in Faster
Payments in the preceding year ending 31 May it will be given a Base Proportion
based on an estimate by the Company of what its Base Proportion would have been
had it participated in Faster Payments in the preceding year ending 31 May. The Base
Proportions of all Members, including the Acceding Member, will then be reduced
proportionately so that in aggregate they add up to 100%. The recalculated Base
Proportions will take effect from the date of the Acceding Member's accession.

13.3.3 Each Member will be advised that a recalculation of Base Proportions has taken place,
and which of Rule 13.3.1 or 13.3.2 was applied. Each Member will be advised of any
effect the recalculation has on the FPS Operating Costs and any increase to the FPS
Company Reserve payable by that Member.

13.4 Redistribution of Costs Upon Withdrawal of Members

13.4.1 A Withdrawing Member's share of the Volume Fees set out in Schedule 1 will be equal
to the number of Faster Payments transactions which were sent and received by the
Withdrawing Member in the preceding year ending 31 May as a proportion of the total
number of those transactions of all existing Members, including the Withdrawing
Member, in Faster Payments in that year. The Base Proportions of those Members
which will sponsor the Withdrawing Member in Faster Payments following withdrawal
will accordingly be increased by adding the number of Faster Payments transactions
which originated from the Withdrawing Member and which each of them will sponsor to
their Base Proportions. If there is no sponsoring Member the Base Proportions of all
remaining Members will be rebased to total 100%. The recalculated Base Proportions
will in aggregate total 100% and will take effect from 1 January of the year following the Withdrawning Member's withdrawal.

13.4.2 Each Member will be advised that a recalculation of Base Proportions has taken place, and Rule 13.4.1 was applied. Each Member will be advised of any effect the recalculation has on the FPS Operating Costs and increase to the FPS Company Reserve payable by that Member.

13.5 **FPS Company Reserve**

13.5.1 The Company shall maintain a FPS Company Reserve equivalent to the costs of operating the Company for a period of eight months. The value remaining in the FPS Company Reserve shall be reviewed against FPS Operating Costs on at least an annual basis; this will normally form part of the annual budget review process.

The costs to establish the FPS Company Reserve shall be payable by Members in 2013. From 1 January 2014 costs required to maintain or increase the FPS Company Reserve shall be payable by Members.

The proportion of the FPS Company Reserve payable by each Member shall be the total number of FPS payments which it submitted plus received in the preceding year ending 31 May, expressed as a proportion of the total number of all FPS payments submitted plus received by all Members in that period.

13.5.2 A Member which joins FPS (an "Acceding Member") will pay its share of any increase to the FPS Company Reserve from the date of its accession until the end of the calendar year of its withdrawal, whether or not the Acceding Member is suspended or excluded from FPS during that period. An Acceding Member's share of any increase to the FPS Company Reserve shall be calculated in accordance with Rule 13.3 and 13.5.1. The shares of those Members which sponsored the Acceding Member in Faster Payments in the preceding year ending 31 May will accordingly be reduced in accordance with Rule 13.3 and Rule 13.5.1. The recalculated Proportions will in aggregate total 100% and will take effect from the date of the Acceding Member's accession.

13.5.3 A Member that withdraws from FPS (a Withdrawing Member) under Rule 9.1 shall not be entitled to any share of the Company Reserve.
13.5.4 If the value in the FPS Company Reserve is considered excessive any repayment to existing Members is at the Board’s discretion.

14. GOVERNING LAW AND JURISDICTION

14.1 The FPS Rules shall be governed by and construed in accordance with the laws of England.

14.2 Any disputes in connection with the FPS Rules other than disputes to be resolved by the Appeals Process ("Disputes") shall be resolved in accordance with Rules 14.3 to 14.5.

14.3 This Rule 14.3 is for the benefit of each Member and the Company. Subject as provided in Rule 14.4 below, each Member and the Company agree that the courts of England have exclusive jurisdiction to settle any Disputes, submit to the exclusive jurisdiction of the courts of England in connection with the FPS Rules, and waive any objection to the English courts on grounds that they are an inconvenient or inappropriate forum to settle any such Dispute.

14.4 Nothing in the FPS Rules will limit the right of any Member or the Company to bring proceedings in connection with any Disputes against any Member which is not incorporated in the United Kingdom (a) in the courts of any other Relevant Jurisdiction or (b) concurrently in the courts of England and/or in the courts of one or more Relevant Jurisdictions. For the purposes of this Rule 14.4, "Relevant Jurisdiction" means the country or territory where such Member is incorporated or in any other country or territory where the court has jurisdiction.

14.5 Each Member agrees not to bring or join the Company in any proceedings in any court other than the courts of England, or if the Company is incorporated in any other country or territory, in the courts of that country or territory.

15. MISCELLANEOUS

15.1 Contracts (Rights of Third Parties) Act 1999

15.1.1 Except to the extent otherwise expressly provided for in Rule 8 and Schedule 1 paragraph 5 of the FPS Rules, no person other than a Member or the Company shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term (express or implied) of the FPS Rules but this is without prejudice to any right or remedy of the third party which may exist or be available apart from that Act.
15.2 **Confidentiality**

15.2.1 Each Member agrees to treat as confidential any information which comes into its possession as a result of its participation in FPS (including, for the avoidance of doubt, any information which comes into its possession as a result of its shareholding in the Company) where such information is by its nature confidential or where the Member knows or should reasonably know it to be confidential. This Rule 15.2.1 does not apply to information which:

(a) is already in the public domain when received; or

(b) is subsequently brought into the public domain otherwise than by such Member; or

(c) was already known to the Member at the time of receipt and was not acquired by the Member under any obligation of confidence; or

(d) was independently developed by the Member without any use of confidential information provided by the Company.

A Member may disclose such confidential information to its accountants, auditors, legal or other professional advisers, stock exchange, listing authority, any other persons (including Regulatory Authorities) to whom it is required by statutory or regulatory rule to disclose such information, and to other persons approved by the Company for disclosure of the type of confidential information concerned, provided that it takes reasonable steps to procure that any such person maintains the confidentiality of that information.

15.2.2 The Company agrees to treat as confidential any information which comes into its possession as a result of its operation of FPS where such information is by its nature confidential or where the Company knows or should reasonably know it to be confidential. This Rule 15.2.2 does not apply to information which:

(a) is already in the public domain when received; or

(b) is subsequently brought into the public domain otherwise than by the Company; or

(c) was already known to the Company at the time of receipt and was not acquired by the Company under any obligation of confidence; or

(d) was independently developed by the Company without any use of confidential information provided by a Member.
The Company may disclose such confidential information to the Company's accountants, auditors, legal or other professional advisers, stock exchange, listing authority, Regulatory Authorities, and any other persons to whom the Company is required by statutory or regulatory rule to disclose such information, and (in relation to a Member) to other persons approved by that Member for disclosure of the type of confidential information concerned, provided that the Company takes reasonable steps to procure that any such person maintains the confidentiality of that information.

15.3 Freedom of Information Act 2000 ("FOIA") or Freedom of Information (Scotland) Act 2002 ("FOI(S)A")

15.3.1 Where information is requested from a Public Authority Member under FOIA or FOI(S)A which:

(a) was obtained by that Public Authority Member by virtue of its being a Member (including, for the avoidance of doubt, being a shareholder of the Company); and

(b) may include information held by that Public Authority Member which:

(i) is subject to the confidentiality obligation in Rule 15.2.1;

(ii) comprises Personal Data (as defined in the Data Protection Act 1998) of officials of the Company or employees or customers of other Members; or

(iii) is information whose disclosure would be prejudicial to the commercial interests of the Company or another Member,

• (such information being 'Information'),

• the Public Authority Member shall use all reasonable endeavours to seek the views of the Company, regarding whether the Information is Exempt Information, prior to disclosure of it.

15.3.2 The Company shall use all reasonable endeavours to consult with any affected Member(s) and respond to any such consultation within the time specified by the Public Authority Member. The Company's response shall not affect the right of any affected Member to make its own representations to the Public Authority Member. The Public Authority Member shall give proper consideration to whether the Information is Exempt Information. The Public Authority Member shall notify the Company and any
affected Member which has made representations before disclosing any Information as a result of a FOIA or FOI(S)A request. For the avoidance of doubt, Members fully accept that the final decision as to whether to make a disclosure will be the Public Authority Member’s alone.

15.4 Notices

15.4.1 Where formal communication is required in the FPS Rules, the notices procedures in the FPS Membership Agreement shall apply.
SCHEDULE 1

MEMBER COMMITMENT TO THE SUPPLIER AGREEMENT

This is an extract from the Agreement between the Company and VocaLink. In the Schedule the term 'Scheme Operator' should be taken to mean the Company. The term 'VocaLink' should be taken to mean the Supplier. The term 'Agency' should be taken to mean Direct Agency.

1. Under the terms of the VocaLink Agreement the System Operator has undertaken various legally binding commitments for the Initial Term. In particular:

(a) the System Operator has undertaken to pay (or procure payment of) the Charges to VocaLink (set out in Schedule 3 of the VocaLink Agreement) for provision of the Managed Services, including:

(i)     i)  the relevant fee for on-boarding services for each New Member or New Participant;

(ii)    a Monthly Fee for each Member, Third Party Beneficiary and Agency that connects directly to the Central Infrastructure;

(iii)   the minimum Volume Fees, and any Additional Volume Fees: and

(iv)   additional costs in relation to use of the DCA or FIM facility;

(b) VocaLink may recover costs that it reasonably and properly incurs as a result of any Relief Events;

(c) VocaLink is entitled to require payment of the Early Termination Fee if the System Operator chooses to terminate the VocaLink Agreement early for convenience during the Initial Term; and

(d) the System Operator has appointed VocaLink as its invoicing agent which will invoice each Member directly for its proportion of the relevant Charges that are properly due under the VocaLink Agreement.
2. Each Member shall irrevocably pay the System Operator in full (without set-off, deduction or withholding) the following Charges and other sums that are properly due and payable in accordance with the provisions of the VocaLink Agreement (except to the extent that, in good faith, the Member has notified the System Operator and VocaLink that it disputes any of those Charges or other sums):

(a) the relevant fee for on boarding services as set out in Schedule 3 of the VocaLink Agreement for each New Member or New Participant;

(b) the Monthly Fees applicable to the Member, as set out in, Schedule 3 of the VocaLink Agreement for the Member, each Responding Third Party Beneficiary each Agency and each Non-Responding Third Party Beneficiary that connects directly to the Central Infrastructure whom the Member sponsors;

(c) the proportion of the applicable Volume Fee for each Year of the Term, asset out in Annex A of this Schedule, which shall be payable by the Member irrespective of the number of Chargeable Transactions that the Member actually makes (or does not make) during each Year;

(d) to the extent that the Anticipated Annual Volumes are, in aggregate, exceeded by the Members in each Year, any Additional Volume Fees attributable to the Member (which shall not (subject to any inflationary increases referred to in paragraph 2(b) above) exceed the maximum amount per Chargeable Transaction in Schedule 3 of the VocaLink Agreement) in relation to Chargeable Transactions submitted in that Year by the Member, or by Agencies, FIM-only agencies or corporates whom the Member sponsors, and the amount of the Additional Volume Fees attributable to the Member shall be calculated using the formula set out in Annex B of this Schedule;

(e) in addition to the Volume Fees and any Additional Volume Fees applicable to the Member, any Charges in relation to submissions made through DCA or FIM facilities by FIM-only agencies or corporates whom the Member sponsors as set out in Schedule 3 of the VocaLink Agreement;

(f) the proportion of any Early Termination Fee or of any other payment made on termination or expiry, including as a result of a Force Majeure Event or Exit Migration (as defined in the VocaLink Agreement), that is the same as the proportion of Monthly Fees and Volume Fees that was paid and/or payable by the Member for the Year preceding the Year in which notice of early termination of the
VocaLink Agreement is served (where the VocaLink Agreement expires, the relevant reference Year in this regard shall be the final Year of the Initial Term);

(g) interest paid on any late payment of sums due from the Member under the VocaLink Agreement (including incorrectly disputed Charges);

(h) an amount equivalent to all costs properly incurred by the System Operator under and in accordance with the VocaLink Agreement as a result of a Relief Event to the extent that the Relief Event arises as a result of the Member's acts or omissions;

(i) the proportion of all other costs properly incurred by the System Operator under and in accordance with the VocaLink Agreement, that is the same as the proportion of Monthly Fees and Volume Fees paid and/or payable by the Member in the Year prior to the Year that such costs were incurred by the System Operator, or as otherwise agreed in good faith between Members and the System Operator, including as a result of Changes agreed between the System Operator and VocaLink; and

(j) an amount equivalent to any VAT that is or becomes properly chargeable on the sums referred to in the sub-paragraphs 2(a) to 2(i) above.

3. Unless otherwise agreed in writing with the System Operator, this Schedule 1 does not guarantee payment by the Member of, and no Member shall be liable for, payment of any amounts due to the System Operator by any other Member, and the Member's share of liability to the System Operator under this Schedule 1 will not increase if any other Member defaults on its payment obligations to the System Operator in relation to this Schedule 1 or the VocaLink Agreement. Each Member's maximum liability to the System Operator under this Schedule 1 shall not exceed the sum of the amounts referred to in paragraph 2 above in respect of that Member.

4. The System Operator shall promptly pay or return to the Member the relevant share of any overpayment of Charges, damages or other sums that the System Operator obtains or recovers from VocaLink under the VocaLink Agreement and which may be due to Members from time to time in relation to the Faster Payments Service.

5. This Schedule 1 does not confer any rights on any third parties under the Contracts (Rights of Third Parties) Act 1999, except that VocaLink shall have the benefit of the System Operator's rights under:
(a) paragraph 2 of this Schedule 1, solely to procure payment to the System Operator of all undisputed Charges that have not been paid by a Member to the System Operator (or to VocaLink on the System Operator’s behalf). However, VocaLink may not bring any action to enforce this paragraph 6 unless:

(i) undisputed Charges that are due and payable by that Member remain outstanding for more than 60 days from the date on which payment was due and payable;

(ii) VocaLink has served written notice on that Member (copied to the System Operator) of non-payment of Charges explaining that undisputed Charges due and payable by that Member remain outstanding and that VocaLink intends to seek recovery of the payment of those Charges (on behalf of the System Operator) unless that Member makes full payment of those Charges to the System Operator within 10 days of that Member’s receipt of the notice of non-payment; and

(iii) that Member has not made payment of those undisputed and unpaid Charges within 10 days of receiving such notice of non-payment.
Annex A

Proportion Of Volume Fees

The total Volume Fees are set out in Schedule 3 of the VocaLink Agreement.

This Annex A sets out the method of calculating the Volume Fees payable by each Member in respect of Chargeable Transactions made by that Member in a Year, where the aggregate Chargeable Transactions processed in that Year are equal to or less than the Anticipated Annual Volume for that Year.

If the aggregate number of Chargeable Transactions processed in a Year is greater than the Anticipated Annual Volume for that Year, each Member shall pay its Volume Fees together with any Additional Volume Fees (as set out in Annex B).

A Member's Volume Fees for any Year are calculated as Being the total Volume Fees for the relevant Year multiplied by the Member's Base Proportion;

Where:

A Member's **Base Proportion** is the number of Faster Payments which that Member sent and received through Faster Payments in the preceding year ending 31 May expressed as a percentage of the total number of Faster Payments transactions sent and received by all Members in the preceding year ending 31 May;

**Chargeable Transaction** has the meaning given to it in the VocaLink Agreement
Annex B

Proportion of Additional Volume Fee

Where the total number of Chargeable Transactions processed in a Year is greater than the Anticipated Annual Volume for that Year, additional Volume Fees are payable to VocaLink (Additional Volume Fees).

The proportion of the Additional Volume Fees (if any) payable by each Member shall be calculated in accordance with the following formula:

\[
\frac{X}{Y} \times \text{£}Z
\]

Where:

\(X\) is the number of Chargeable Transactions sent by a Member in a Year in excess of the figure reached by multiplying that Member's Base Proportion by the Anticipated Annual Volume in that Year;

\(Y\) is the aggregate number of Chargeable Transactions sent by all Members in that Year in excess of the Anticipated Annual Volume; and

\(\text{£}Z\) is the Additional Volume Fees for that Year.
SCHEDULE 2

REFERENCE DOCUMENTS

These FPS Rules, together with:

Bank Reference Data for FPS Functional Specification (PN7723)
Bank Reference Data - Member's Guide (PN5005)
Deed of Charge
External Interface Specification
Faster Payments Member, Agency and Scheme Guide (IPL00115)
FPS Customer Reference Data Functional Specification (IPL00471)
FPS EISCD Technical Specification (PN7677)
FPS Procedures
FPS Reference data manual - Member and scheme agency guide (IPL00114)
FPS Security Policy
Functional Specification
Liquidity and Loss Sharing Agreement
Membership Agreement
Security Code of Conduct
Settlement Service Provider Agreement
Validating account numbers UK modulus checking (PN6111)

All documents above in this Schedule require a prospective Member to sign a Non-Disclosure Agreement (NDA) with the Company before being provided with the documents. This is required to protect the security and intellectual property of the Faster Payments Scheme.