

Payment Card Access Regimes: Conclusions

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Payment Card Access Regimes: Conclusions

Over the past year, the Payments System Board has consulted on possible changes to its Access Regimes for the MasterCard and Visa credit card systems and the Visa Debit system. A consultation paper published in May 2013 sought views on options for altering or removing access regulation. A second paper in December 2013 expressed a preliminary view in favour of an option that would remove the existing specialist credit card institution (SCCI) framework, administered by the Australian Prudential Regulation Authority (APRA), and impose some controls via amended Access Regimes. The Board has now made an in-principle decision to vary the Access Regimes in line with the preferred option outlined in December.¹

Background

When Access Regimes for the MasterCard and Visa systems ('the schemes') were first introduced in 2004, the intention was to achieve a better balance between allowing new participants in those systems and controlling risks. Given the restrictive nature of entry at the time, this meant requiring the schemes to consider for membership entities that were not traditional authorised deposit-taking institutions (ADIs). This was achieved through the establishment of SCCIs as a new class of ADI, in conjunction with a requirement in the Access Regimes that SCCIs be eligible for membership. However, the likely legal interpretation of the Access Regimes is that *only* ADIs (including SCCIs) are eligible to join the MasterCard and Visa systems, meaning that prudential supervision by APRA is a requirement for any participant.

The environment has now changed significantly. Most importantly, MasterCard and Visa have both changed corporate structure to become publicly listed companies rather than member associations of banks. This suggests that the schemes are likely to be more open to new types of participation, while the emergence of new business models is creating stronger interest in direct membership. As a consequence, the Access Regimes' requirement for participants to be ADIs may now be constraining new entry. At the same time, experience with the SCCI framework suggests that its requirements – which reflect APRA's focus on deposit-taking institutions – are more onerous than necessary for the risks generated in credit card business. This means that some participants may be deterred from seeking scheme membership, while others that seek membership may face higher than warranted costs. In addition, the SCCI regime places significant demands on APRA resources in response to risks that are not closely related to APRA's core mandate.

Options

Following feedback on potential options discussed in the preliminary consultation paper in May, the December consultation paper presented three options:

- the status quo (Option 1)
- removal of the SCCI framework in conjunction with the imposition of some constraints on the schemes via the Access Regimes (Option 2)
- the removal of all access regulation (Option 3).

1 A details-stage regulation impact statement will be available on the Office of Best Practice Regulation's website.

The variations to the Access Regimes proposed under Option 2 are as follows:

- ADIs and entities that were SCCIs as at a specified date ('former SCCIs') would be eligible to participate in the schemes
- each scheme would have the ability to make other entities eligible; to do so a scheme would establish eligibility criteria that are reasonably related to the risks to the scheme, its participants, merchants or cardholders
- each scheme would retain the ability to establish and apply any criteria to assess applications from eligible applicants for participation in the scheme in Australia
- each scheme would continue to be prohibited from discriminating between ADIs and former SCCIs in setting and applying its assessment criteria and in relation to the rights and obligations of participants
- the above 'no-discrimination' provision would be extended to cover any entity or class of entity, but this would not prevent discrimination that is reasonably required to assess and address risk
- each scheme would be required to publish on its website: its eligibility and assessment criteria and the risks the criteria seek to address; and the maximum time it will take to make a decision on any application
- an annual certificate would be required from each scheme, detailing its compliance with the Access Regime and information about applications to participate (e.g. date of each application and its outcome, date of notification to the applicant and reasons for rejecting an application). A list of entities that ceased to be participants in each scheme during the year would also be required, together with the reasons they are no longer participants.

Consultation and Changes to the Draft Access Regimes

The views expressed during consultation were generally similar to those expressed during the previous consultation and reported in the December 2013 consultation paper.² The Bank received 14 submissions, 9 public and 5 that were confidential. In broad terms, most incumbent scheme members (including through industry associations) supported the status quo, though two favoured Option 2 but with a stronger Reserve Bank role than proposed. Potential entrants favoured Option 2. MasterCard favoured the removal of all access regulation, but noted the benefits of Option 2 relative to the status quo and that it would welcome additional, risk-appropriate participants to its system. Visa continued to be in favour of revoking the Access Regimes while retaining 'some form of regulatory benchmark of approval' that would encompass a wider set of entities than the SCCI regime.

The Bank received a number of comments on the detail of the draft Access Regimes. The card schemes argued that the Regimes' requirement for publication of eligibility criteria had the potential to interfere with competition between the schemes or could encourage 'gaming' by potential entrants. One of the schemes also argued that, given the range of potential participants, specifying criteria suitable for all possible scenarios would be difficult.

The Bank has considered these concerns, noting that the schemes already have an obligation to publish or make generally available assessment criteria under the current Access Regimes. It considers that the requirements of the draft Access Regimes are consistent with the publication of criteria at a level of detail that does not adversely affect competition or excessively constrain the schemes' discretion in determining eligibility or assessing risks. The Bank does not therefore see the need to further vary this element of the draft regimes.

² More detail can be found in *Variation to the MasterCard and Visa Access Regimes: Details-stage Regulation Impact Statement*, to be published on the Office of Best Practice Regulation's website.

One of the schemes submitted that the proposed requirement to publish the maximum time it will take to make a decision on any application to participate should instead cover the maximum time from receipt of the application until the time it communicates its proposed terms to the applicant; it would not include subsequent negotiation of terms. The Board has approved some changes to the draft Regimes to accommodate this concern, along with additional transparency requirements to make it apparent if the negotiation process is being used unnecessarily to delay entry.

Concerns were also expressed about the requirement to certify that participants admitted during the reporting period met all risk-related eligibility and assessment criteria, with this being interpreted as an ongoing obligation rather than applicable to the time of admission. The draft Access Regimes have been amended to make clear that the certification requirement relates specifically to the time of admission.

Revised draft Access Regimes that include amendments reflecting these comments are attached (Attachment 1).

Assessment

The Reserve Bank may vary an access regime if it considers it appropriate to do so, having regard to:

- (a) whether the variation would be in the public interest;
- (b) the interests of the current participants in the system;
- (c) the interests of people who, in the future, may want access to the system; and
- (d) any other matters the Reserve Bank considers relevant.

In determining the public interest, the Reserve Bank must have regard to the desirability of payment systems:

- (a) being (in its opinion):
 - (i) financially safe for use by participants;
 - (ii) efficient; and
 - (iii) competitive; and
- (b) not (in its opinion) materially causing or contributing to increased risk in the financial system.

The Bank is satisfied that the schemes are more open to admitting new types of members than when the current access arrangements were introduced in 2004. This was accepted by many parties in consultation. Accordingly, an approach that removes the current regulatory constraints on access is in the interests of potential participants in the systems as it facilitates access. Potential members and existing SCCLs will also benefit from removing regulatory costs arising from the SCCL regime that are higher than warranted for credit card business. Improved access to the systems (including the threat of entry) is likely to increase competition in card issuing and acquiring, resulting in pressure for participants to provide lower prices and better service to payments system users. Improved access is also likely to promote innovation; several of the potential entrants have business models that rely on innovations that may increase the efficiency of payments and, through the effects of competition, place pressure on other participants to do likewise.

While there can be no guarantee that the schemes will use any additional discretion to admit new entrants under Options 2 and 3, the Bank considers it likely. Nonetheless, regardless of the approach taken by the schemes, Option 2 ensures that parties that have gained access to the systems under the existing framework will remain eligible. A further benefit of removing current regulatory constraints on access is that, by placing the assessment of eligibility for access to the schemes in the hands of the schemes themselves, APRA will be able to better direct its resources towards its core mandate.

Most current participants (directly or through industry bodies) supported the status quo, expressing concerns about the potential for additional risk as a result of increased access. They argue that APRA supervision provides greater comfort that participants will not bear losses resulting from the default of another participant. While there can be a high degree of confidence that new entry will enhance competition and efficiency, there is less certainty about the effect of new entry on the risk faced by existing participants. This may depend, among other things, on how the schemes respond to the greater discretion provided under Options 2 and 3, the nature of any new types of participants admitted and the risk management applied by the schemes. Nonetheless, there are a number of factors that suggest that a material increase in risk for participants is unlikely:

- Options 2 and 3 do not compel the schemes to expand membership from the current arrangements; if they consider that the admission of entities not subject to prudential supervision gives rise to unacceptable risks, they will not admit them. This would include the case where a scheme was not confident that it could obtain reliable information from a potential participant.
- The schemes have incentives to ensure that their respective systems remain attractive to participants. It is not in their interests to introduce risks that might cause existing participants to reconsider their membership.
- The schemes argue that they have robust risk management arrangements in place, suitable for dealing with non-financial-institution members. In particular, their use of collateral requirements for participants can greatly reduce potential exposures arising from a participant default.

The Bank's view is that removing regulatory restrictions on new entry will not materially cause or contribute to increased risk in the financial system as the values transacted, and therefore obligations arising between participants, are small relative to the transactions processed in the payments system more broadly. For instance, the daily value of transactions in all credit card systems in Australia averaged \$720 million in 2012/13, with net obligations likely to be a fraction of this. This compares with RTGS payments of \$158 billion and Direct Entry payments of \$40 billion per day.

While both deregulatory options, Options 2 and 3, provide improved access compared with the status quo, the additional, light-touch controls imposed by the Access Regimes under Option 2 offer some benefits over Option 3. These include:

- assurance that former SCCIs remain eligible to participate in the schemes
- greater assurance of a consistent approach to access by the schemes
- transparency of that approach for interested parties
- statute-based avenues for redress for potential entrants who believe they have been unreasonably denied entry.

While Option 2 would result in some modest additional costs for the schemes, it offers benefits to both potential and existing participants relative to Option 3.

One issue the Bank has considered during its deliberations is the fact that under the proposed approach, an entity that is not eligible to participate under the criteria set by the schemes will no longer have the option of gaining eligibility through SCCI status. However, the Bank considers that this concern is outweighed by the likelihood that scheme eligibility will be broader than currently and that costs of participation for a non-ADI are likely to be lower. The Bank is also aware that, while designed for the credit card systems, the SCCI framework might benefit an entity in other payment systems, notably the Bulk Electronic Clearing System (BECS). The Bank will liaise with the Australian Payments Clearing Association (APCA) to seek to ensure that the removal of the SCCI framework does not have adverse consequences for participants in other payment systems.

The Bank's assessment is that Option 2, namely removing the SCCI regime and amending the Access Regimes as set out in Attachment 1, would be in the interests of people who in the future may want to access the MasterCard and Visa systems and would promote competition and efficiency, while not materially increasing risk in those systems. On balance, the Bank considers that Option 2 best meets the public interest.

Implementation and Conclusion

For reasons set out below, a staged approach to implementation of the varied Access Regimes, in line with Option 2, will be necessary.

First, the proposed framework will require changes to the Banking Regulations 1966 to remove Regulation 4, which determines credit card issuing and acquiring in the MasterCard and Visa systems to be banking business. The Bank and APRA will need to work with the Treasury to seek to achieve this outcome. The Bank considers it sensible to align the effective dates of the two changes as far as possible. Amendment of the Regimes will take place when it is clear that the necessary amendments to the Banking Regulations will occur.

Second, as noted in the previous section, the Bank intends to liaise with APCA to seek to ensure that removal of the SCCI framework does not have adverse consequences for participation in the BECS system.

Third, the separate *Access Regime for the Visa Debit System* was imposed subsequent to the initial Regimes, to deal with concerns expressed by Visa about the interaction of its rules and the credit card Access Regime. The Bank has asked Visa to investigate whether an access regime remains necessary for the Visa Debit system.

Given the above factors, immediate implementation of the varied Access Regimes is not feasible. Nonetheless, the Bank wishes to provide greater certainty about the direction of regulation for the schemes, ADIs and potential entrants. The Payments System Board has therefore approved variation of the Access Regimes for the MasterCard and Visa credit card systems in the form set out in Attachment 1, subject to resolution of the first two issues above. In relation to the Visa Debit Access Regime, the Board has approved alternate approaches contingent on Visa's assessment of its ongoing need: if still required, it will be varied consistent with the credit card Access Regime variations; if not, it will be revoked.

Access Regime for the [] Credit Card System

Objective

The objective of this Access Regime is to promote efficiency and competition in the Australian payments system, having regard to:

- (i) the interests of current participants;*
- (ii) the interests of people who, in the future, may want access to the system;*
- (iii) the public interest; and*
- (iv) the financial stability of the designated credit card system.*

Application

1. This Access Regime is imposed under Section 12 of the *Payment Systems (Regulation) Act 1998*.
2. This Access Regime applies to the credit card system operated within Australia known as the [] system or the [] network card system designated on 12 April 2001 by the Reserve Bank of Australia under Section 11 of the *Payment Systems (Regulation) Act 1998*, and which is referred to as follows in this Access Regime as “the Scheme”.
3. In this Access Regime:
 - an “acquirer” is a participant in the Scheme in Australia that provides services to a merchant to allow the merchant to accept a credit card;
 - an acquirer is a “self acquirer” if it acquires transactions for which it or a related body corporate (as that term is defined in the *Corporations Act 2001*) is the merchant;
 - “authorised deposit-taking institution” has the same meaning given to that term in Section 5(1) of the *Banking Act 1959*;
 - “credit card” means a card issued under the rules of the Scheme that can be used for purchasing goods or services on credit, or any other article issued under the rules of the Scheme and commonly known as a credit card;
 - a “former specialist credit card institution” is an entity which, as at [date], was an authorised deposit-taking institution that engaged in credit card issuing, credit card acquiring or both (within the meaning of Regulation 4 of the *Banking Regulations 1966*) and which did not otherwise conduct banking business within the meaning of Section 5 of the *Banking Act 1959*;
 - an “issuer” is a participant in the Scheme in Australia that issues credit cards to the issuer’s customers;

“merchant” means a merchant in Australia that accepts a credit card for payment for goods or services;

“rules of the Scheme” mean the constitution, rules, by-laws, procedures and instruments of the Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in the Scheme in Australia consider themselves bound;

a “specialist credit card institution” is:

(a) an authorised deposit-taking institution that engages in, or proposes to engage in, credit card issuing, credit card acquiring or both (within the meaning of Regulation 4 of the *Banking Regulations 1966*) and does not otherwise conduct banking business within the meaning of Section 5 of the *Banking Act 1959*; or

(b) a former specialist credit card institution;

terms defined or having a meaning in the *Payments Systems (Regulation) Act 1998* have the same meaning in this Access Regime.

4. Each participant in the Scheme must do all things necessary on its part to ensure compliance with this Access Regime.
5. If any part of this Access Regime is invalid, it is ineffective only to the extent of such part without invalidating the remaining parts of this Access Regime.
6. This Access Regime is to be interpreted:
 - (a) in accordance with its objective; and
 - (b) by looking beyond form to substance.
7. This Access Regime ~~comes originally~~ came into force on 23 February 2004. This Access Regime as amended comes into force [date].

Eligibility ~~for participation~~ to apply to participate in the Scheme

8. Any ~~person who is an~~ authorised deposit-taking institution or former specialist credit card institution is eligible to apply to participate in the Scheme in Australia.
9. The administrator of the Scheme may establish (through the rules of the Scheme or otherwise) any criteria for eligibility to apply to participate in the Scheme in Australia in respect of entities other than authorised deposit-taking institutions and former specialist credit card institutions (“eligibility criteria”), provided these eligibility criteria are reasonably related to the risks to the Scheme or its participants, merchants or cardholders that are likely to arise from the participation. If eligibility criteria are established they must be applied by the administrator of the Scheme in accordance with their terms.
10. Any entity, other than an authorised deposit-taking institution or former specialist credit card institution, is eligible to apply to participate in the Scheme in Australia, provided the entity meets any eligibility criteria.

Assessment of applications to participate in the Scheme and terms of participation

11. Subject to paragraphs ~~9, 12 and 13~~, the administrator of the Scheme must establish (through the rules of the Scheme or otherwise) and apply criteria ~~may be applied by the Scheme in for~~ assessing applications for participation in the Scheme in Australia by eligible applicants (“assessment criteria”).
- ~~9~~12. Neither the rules of the Scheme, nor ~~the administrator of or~~ any participant in the Scheme, shall discriminate between specialist credit card institutions as a class and ~~other~~ authorised deposit-taking institutions other than specialist credit card institutions as a class in establishing or applying relation to any of the assessment criteria applied in assessing applications for participation or in relation to the rights and obligations of participants in the Scheme in Australia, except to the extent reasonably required to assess and address the risks to the Scheme or its participants, merchants or cardholders arising, or likely to arise, from the participation of the class of entity in the Scheme in Australia.
13. Without limiting paragraph 12, neither the rules of the Scheme, nor the administrator of or any participant in the Scheme, shall discriminate against an entity (or class of entity) in establishing or applying assessment criteria or in relation to the rights and obligations of participants in the Scheme in Australia, except to the extent reasonably required to assess and address the risks to the Scheme or its participants, merchants or cardholders arising, or likely to arise, from the participation of the entity (or class of entity) in the Scheme in Australia.

Terms of participation

- ~~10~~14. Neither the rules of the Scheme nor any participant in the Scheme shall prevent a participant in the Scheme in Australia from being:
- (~~i~~a) an issuer only; or
 - (~~ii~~b) an acquirer only; or
 - (~~iii~~c) both an issuer and an acquirer.
- ~~11~~15. Neither the rules of the Scheme nor any participant in the Scheme shall impose on a participant in the Scheme in Australia any fee, charge, loading or any form of penalty as a consequence of, or which is related in any way to, that participant’s activity as an acquirer relative to its activity as an issuer in the Scheme.
- ~~12~~16. Neither the rules of the Scheme nor any participant in the Scheme shall prohibit a participant in the Scheme in Australia from being a self acquirer if the participant can reasonably establish in accordance with the rules of the Scheme that, as a self acquirer, it has the capacity to meet the obligations of an acquirer.

Transparency and assessment of applications

- ~~13~~17. The administrator of the Scheme ~~or a representative of the participants in the Scheme in Australia~~ must continuously publish the criteria applied in assessing applications for participation in the Scheme in Australia on the Scheme’s website, or make such criteria generally available through other means within three months after this Access Regime comes into force on the Scheme’s website:
- (a) any eligibility criteria and the risks that the eligibility criteria seek to address;

- (b) the assessment criteria and the risks that the assessment criteria seek to address; and
- (c) the maximum time it will take to assess any application to participate in the Scheme in Australia before terms of participation will be proposed to the applicant or a decision on the application will be made.

1418. The administrator of the Scheme must provide to an person-entity that has applied to participate in the Scheme in Australia an estimate of the time it will take to assess the application before terms of participation will be proposed to the applicant or a decision on the application will be made.

19. The administrator of the Scheme must assess applications in a timely manner without undue delay.

1520. The administrator of the Scheme must provide to an person-entity that has applied to participate in the Scheme in Australia reasons in writing if the application is rejected, within one month after such rejection.

Certification and reporting

21. The administrator of the Scheme must provide to the Reserve Bank on or before 31 July each year a certificate:

(a) certifying, in respect of the twelve-month period ending on 30 June of that same year (the “reporting period”), that:

(i) at all times during the reporting period the eligibility criteria and the assessment criteria were in compliance with this Access Regime;

(ii) any applicant admitted to the Scheme during the reporting period met, at the time of admission, all risk-related eligibility and assessment criteria; and

(iii) at all times during the reporting period it has otherwise complied with this Access Regime; and

(b) listing all entities whose application to participate in the Scheme in Australia was either made during the reporting period or outstanding at the commencement of the reporting period and details for each entity (as applicable) of:

(i) the date on which the application was made;

(ii) the outcome of the application;

(iii) the date(s) on which any proposal of terms of participation or conditional approval was communicated by the administrator of the Scheme to the applicant, the date on which the final decision on the application was communicated to the applicant and, if the final decision was to admit the applicant to the Scheme, the date on which the applicant was admitted to the Scheme; and

(iv) where the application was rejected, the reasons the application was

rejected; and

- (c) listing all entities who ceased to be participants in the Scheme in Australia during the reporting period and providing details of the reasons these entities ceased to be participants to the extent known by the administrator of the Scheme.

Access Regime for the Visa Debit System

Objective

The objective of this Access Regime is to promote efficiency and competition in the Australian payments system, having regard to:

- (i) the interests of current participants;*
- (ii) the interests of people who, in the future, may want access to the system;*
- (iii) the public interest; and*
- (iv) the financial stability of the Visa Debit system.*

Application

1. This Access Regime is imposed under Section 12 of the *Payment Systems (Regulation) Act 1998*.

2. This Access Regime applies to the debit card system operated within Australia known as the Visa Debit system designated on 18 February 2004 by the Reserve Bank of Australia under Section 11 of the *Payment Systems (Regulation) Act 1998*, ~~and which is~~ referred to ~~as follows in this Access Regime~~ as ‘the Scheme’.

3. In this Access Regime:

an ‘acquirer’ is a participant in the Scheme in Australia that provides services to a merchant to allow the merchant to accept a debit card;

an acquirer is a ‘self acquirer’ if it acquires transactions for which it or a related body corporate (as that term is defined in the *Corporations Act 2001*) is the merchant;

‘authorised deposit-taking institution’ has the same meaning given to that term in Section 5(1) of the *Banking Act 1959*;

‘credit card’ means a card issued under the rules of one of the payment systems designated on 12 April 2001 by the Reserve Bank of Australia under Section 11 of the *Payment Systems (Regulation) Act 1998* that can be used for purchasing goods or services on credit, or any other article issued under the rules of one of those payment systems and commonly known as a credit card;

‘debit card’ means a card issued by a participant in the Visa Debit payment system, under the rules of the Scheme, that allows the cardholder to make payments to merchants for goods and services by accessing a deposit account held at the participant;

a ‘former specialist credit card institution’ is an entity which, as at [date], was an authorised deposit-taking institution that engaged in credit card issuing, credit card acquiring or both (within the meaning of Regulation 4 of the *Banking*

Regulations 1966) and which did not otherwise conduct banking business within the meaning of Section 5 of the Banking Act 1959;

an ‘issuer’ is a participant in the Scheme in Australia that issues debit cards to the issuer’s customers;

‘merchant’ means a merchant in Australia that accepts a debit card for payment for goods or services;

‘rules of the Scheme’ mean the constitution, rules, by-laws, procedures and instruments of the Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in the Scheme in Australia consider themselves bound;

a ‘specialist credit card institution’ is-;

(a) an authorised deposit-taking institution that engages in, or proposes to engage in, ~~debit card issuing, debit card acquiring or both credit card issuing, credit card acquiring or both~~ (within the meaning of Regulation 4 of the Banking Regulations 1966) and does not otherwise conduct banking business within the meaning of Section 5 of the Banking Act 1959; or

(b) a former specialist credit card institution;

terms defined or having a meaning in the *Payment Systems (Regulation) Act 1998* have the same meaning in this Access Regime.

4. Each participant in the Scheme must do all things necessary on its part to ensure compliance with this Access Regime.
5. If any part of this Access Regime is invalid, it is ineffective only to the extent of such part without invalidating the remaining parts of this Access Regime.
6. This Access Regime is to be interpreted:
 - ▲(a) in accordance with its objective; and
 - ▲(b) by looking beyond form to substance.
7. This Access Regime ~~comes originally came~~ into force on 1 September 2005. This Access Regime as amended comes into force [date].

Eligibility ~~for participation~~ to apply to participate in the Scheme

8. Any ~~person who is an~~ authorised deposit-taking institution or former specialist credit card institution is eligible to apply to participate in the Scheme in Australia.
9. The administrator of the Scheme may establish (through the rules of the Scheme or otherwise) any criteria for eligibility to apply to participate in the Scheme in Australia in respect of entities other than authorised deposit-taking institutions and former specialist credit card institutions (‘eligibility criteria’), provided these eligibility criteria are reasonably related to the risks to the Scheme or its participants, merchants or cardholders that are likely to arise from the participation. If eligibility criteria are established they must be applied by the

administrator of the Scheme in accordance with their terms.

10. Any entity, other than an authorised deposit-taking institution or former specialist credit card institution, is eligible to apply to participate in the Scheme in Australia, provided the entity meets any eligibility criteria.

Assessment of applications to participate in the Scheme and terms of participation

11. Subject to paragraphs 9, ~~any~~ 12 and 13, the administrator of the Scheme must establish (through the rules of the Scheme or otherwise) and apply criteria ~~may be applied by the Scheme in for~~ assessing applications for participation in the Scheme in Australia by eligible applicants ('assessment criteria').

912. Neither the rules of the Scheme, nor the administrator of or any participant in the Scheme, shall discriminate between specialist credit card institutions as a class and ~~other~~ authorised deposit-taking institutions other than specialist credit card institutions as a class in establishing or applying relation to any of the assessment criteria ~~applied in assessing applications for participation~~ or in relation to the rights and obligations of participants in the Scheme in Australia, except to the extent reasonably required to assess and address the risks to the Scheme or its participants, merchants or cardholders arising, or likely to arise, from the participation of the class of entity in the Scheme in Australia.

13. Without limiting paragraph 12, neither the rules of the Scheme, nor the administrator of or any participant in the Scheme, shall discriminate against an entity (or class of entity) in establishing or applying assessment criteria or in relation to the rights and obligations of participants in the Scheme in Australia, except to the extent reasonably required to assess and address the risks to the Scheme or its participants, merchants or cardholders arising, or likely to arise, from the participation of the entity (or class of entity) in the Scheme in Australia.

Terms of participation

4014. Neither the rules of the Scheme nor any participant in the Scheme shall prevent a participant in the Scheme in Australia from being:

- (i)a) an issuer only; or
- (i)b) an acquirer only; or
- (i)c) both an issuer and an acquirer.

415. Neither the rules of the Scheme nor any participant in the Scheme shall impose on a participant in the Scheme in Australia any fee, charge, loading or any form of penalty as a consequence of, or which is related in any way to, that participant's activity as an acquirer relative to its activity as an issuer in the Scheme.

4216. Neither the rules of the Scheme nor any participant in the Scheme shall prohibit a participant in the Scheme in Australia from being a self acquirer if the participant can reasonably establish in accordance with the rules of the Scheme that, as a self acquirer, it has the capacity to meet the obligations of an acquirer.

Transparency and assessment of applications

- ~~1317.~~ The administrator of the Scheme ~~or a representative of the participants in the Scheme in Australia~~ must continuously publish the criteria applied in assessing applications for participation in the Scheme in Australia on the Scheme's website, or make such criteria generally available through other means within three months after this Access Regime comes into force, on the Scheme's website:
- (a) any eligibility criteria and the risks that the eligibility criteria seek to address;
 - (b) the assessment criteria and the risks that the assessment criteria seek to address; and
 - (c) the maximum time it will take to assess any application to participate in the Scheme in Australia before terms of participation will be proposed to the applicant or a decision on the application will be made.
- ~~1418.~~ The administrator of the Scheme must provide to an person-entity that has applied to participate in the Scheme in Australia an estimate of the time it will take to assess the application before terms of participation will be proposed to the applicant or a decision on the application will be made.
19. The administrator of the Scheme must assess applications in a timely manner without undue delay.
- ~~1520.~~ The administrator of the Scheme must provide to an person-entity that has applied to participate in the Scheme in Australia reasons in writing if the application is rejected, within one month after such rejection.

Certification and reporting

21. The administrator of the Scheme must provide to the Reserve Bank on or before 31 July each year a certificate:
- (a) certifying, in respect of the twelve-month period ending on 30 June of that same year (the 'reporting period'), that:
 - (i) at all times during the reporting period the eligibility criteria and the assessment criteria were in compliance with this Access Regime;
 - (ii) any applicant admitted to the Scheme during the reporting period met, at the time of admission, all risk-related eligibility and assessment criteria; and
 - (iii) at all times during the reporting period it has otherwise complied with this Access Regime; and
 - (b) listing all entities whose application to participate in the Scheme in Australia was either made during the reporting period or outstanding at the commencement of the reporting period and details for each entity (as applicable) of:
 - (i) the date on which the application was made;
 - (ii) the date on which the administrator of the Scheme finished its

assessment of the application;

(iii) the date(s) on which any proposal of terms of participation or conditional approval was communicated by the administrator of the Scheme to the applicant, the date on which the final decision on the application was communicated to the applicant and, if the final decision was to admit the applicant to the Scheme, the date on which the applicant was admitted to the Scheme; and

(iv) where the application was rejected, the reasons the application was rejected; and

(c) listing all entities who ceased to be participants in the Scheme in Australia during the reporting period and providing details of the reasons these entities ceased to be participants to the extent known by the administrator of the Scheme.