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**Article 1
Participants**

1 Ordinary and partner members of the UPU*Clearing User Group are entitled to participate in UPU*Clearing.

**Article 2
Conditions of participation**

1 The designated operator must have access to the Internet portal.

2 The designated operator must provide the Secretariat with all necessary information for the configuration of the net.WEB software.

**Article 3
Billing and payment of contributions**

1 Billing

1.1 The contributions defined in the Internal Regulations are billed annually in CHF.

1.2 The Secretariat bills the contributions to members of the UPU*Clearing User Group in November for the following calendar year.

2 Payment of contributions

2.1 Yearly invoices for contributions are input into the UPU*Clearing system in the November clearing cycle by the Secretariat using the USD currency of the counterpart.

2.2 They are converted into the USD at the rate of exchange on the date of clearing.

2.3 Members may also choose to settle them by bank transfer by the settlement date of the November compensation provided the Secretariat is informed before the November compensation. In this case the contribution is paid in CHF onto the CHF UPU*Clearing bank account.

2.4 All bank charges and commission arising from the payment of contributions are payable by the originator. Any charges deducted from the payments will be rebilled by the Secretariat in the next clearing period.

2.5 Yearly contributions for new members joining during the year shall be paid by bank transfer to the UPU*Clearing CHF bank account.

2.6 When a contribution has been paid, an acknowledgment of payment will be sent to the participant by the UPU*Clearing User Group Secretariat, which is responsible for managing the UPU*Clearing accounts.

**Article 4
Clearing operations**

1 UPU*Clearing operates on a monthly clearing cycle.

2 UPU*Clearing operates in two currencies, the euro (EUR) and the US dollar (USD). A separate clearing operation is carried out for each currency: the two payments are regarded as separate operations; if a member is a debtor in one currency and a creditor in the other, clearing between the two currencies is not authorized, in order to remove exchange risks.

3 The exchange rate applied is the rate in effect on the date of payment by the debtor to UPU*Clearing. Exchange differences are payable by the debtor.

4 In the case of small amounts, a member country may e-mail the Secretariat to request clearing between its credit and its debt.

Article 5**Currency of settlement chosen by participant**

- 1 The participant may choose between two payment systems, i.e. the system based on the USD only, or the USD and EUR combined system.
- 2 When a participant chooses the combined systems, there are two separate clearing operations, one in USD, the other in EUR.
- 3 The system chosen remains valid for a minimum period of twenty-four months from the date on which the member informs the Secretariat of its choice. Any change in the system is subject to the same conditions.

Article 6**Notification of transactions**

- 1 UPU*Clearing is a receivable-driven system; in other words, it is the creditor which bills the debtor.

Article 7**Type of transactions**

- 1 The types of transaction able to be entered in the system by designated operator creditors are as follows: CN 12, CN 20, CN 48, CN 51, CN 57, CN 57bis, CN 61, CN 62, CN 64, CP 75. If the designated operators so agree bilaterally, any other transaction corresponding to a UPU form may also be entered in the system.
- 2 Only accepted transactions shall be entered into the system.
- 3 Invoices from the International Bureau such as, EMS memberships contributions, QSF, IRC amongst others, may also be entered into the UPU*Clearing system for settlement. The member country shall request the approval of the Secretariat by email, joining a copy of the requested invoice to settle. Once approved, the member country shall enter the transaction into the system.
- 4 UPU*Clearing Contributions invoices may be entered in the system by the Secretariat.

Article 8**Entry of transactions**

- 1 Each bill must have a reference code. If two bills have the same reference code, the system will overwrite the first bill. To avoid this problem, each member enters its own reference codes, preceded by the two-letter ISO code for the country (e.g. AR0001 for Argentina).
- 2 The transaction type must be shown on the bill (CN...).
- 3 The due date of the bill must correspond to the settlement date shown at the top of the bill entry page.
- 4 The net.WEB user manual sets out the procedure for the entry of transactions.

Article 9**Acceptance and refusal of transactions**

- 1 Once it has been notified of a bill, the debtor may:
 - 1.1 decline to respond, meaning that it accepts the bill;
 - 1.2 comment on the bill if necessary, meaning that it wishes to make changes.
- 2 Where a discrepancy is found, the two parties contact one another and, in principle, an agreement is reached.

3 If the discrepancy is still unresolved, the debtor may move its bill up to the “dispute” level. At this level, a dialogue is still possible; the creditor may:

- 3.1 stand its ground, meaning that the bill remains at “dispute” level; or
- 3.2 come to an agreement with the debtor and return the bill (modified or not) to normal status.

4 At the end of the period, bills raised to “discrepancy” level are included in the clearing.

5 On the other hand, disputed bills are not included in the clearing. In such cases, the Secretariat invites the parties to settle their dispute according to the procedure set out in the Internal Regulations of the UPU*Clearing User Group. If the initial credit is confirmed through the dispute settlement procedure, it is included in the clearing. If the initial credit is modified through that procedure, the creditor cancels the initial credit and enters the final modified credit in the system.

6 The debtor is responsible for consulting its bills and challenging them if necessary.

7 If no response is received from the debtor, the bills will be regarded as accepted.

Article 10

Degree of participation by different users

1 Each participant may choose between three levels of participation for the users of net.WEB within its organization.

- 1.1 A – first level “Participant Accounts Receivables (AR)/Participant Accounts Payables (AP)”: transaction entry, amendments relating to discrepancies, sending of transactions.
- 1.2 B – second level “Full access”: level A and the ability to raise transactions to “dispute” level, and to modify and delete some transactions.
- 1.3 C – third level “read only”: access with no right to change, amend or delete a transaction.

2 A participant may choose to have only second-level users.

Article 11

Dates of entry of transactions

1 In defining a clearing period, there are six important dates:

- 1.1 the date on which the period commences (first day of the month);
- 1.2 the date up to which transactions may be entered – the “input cut-off date”;
- 1.3 the date up to which discrepancies may be resolved – the “discrepancy cut-off date”;
- 1.4 the date up to which disputes may be resolved – the “dispute cut-off date”;
- 1.5 the date of the end of the period (last day of the month), which also corresponds to the clearing day;
- 1.6 the date on which transactions are paid – the “settlement date”.

2 If a creditor has not responded to a debtor’s amendment requests (bill raised to “discrepancy” level), the debtor may, to prevent the bill from being cleared regardless, raise the bill to “dispute” level after the discrepancy cut-off date.

3 Transactions submitted late for acceptance (after the input cut-off date) are automatically carried forward to the next period.

Article 12

Currency of account

- 1 Currency of billing
 - 1.1 Billing for clearing operations is carried out in SDR, EUR or USD. However, bills show a counter-value in USD or EUR, depending on the participant's chosen currency (article 5).
 - 1.2 As the SDR is the reference currency for terminal dues, this reference currency is shown on all the bills.
 - 1.3 The billing of contributions will be performed in CHF.
- 2 Currency of settlement of bills
 - 2.1 Payment is carried out in accordance with the payment system chosen by the participant. The amount of the bill is converted on the day of clearing from SDR to the chosen currency, at the clearing day rate in accordance with the International Monetary Fund (IMF) exchange rate. The amount of the bills settled is paid into one of the UPU*Clearing bank accounts opened for this purpose.

Article 13

Exchange rate

- 1 Two different exchange rates are used during a clearing cycle.
- 2 During the first clearing cycle, the exchange rate of the first day of the period ("preliminary rate") is used.
- 3 Subsequently, the exchange rate at the beginning of the period corresponds to the exchange rate of the clearing day of the previous period.
- 4 At the end of the period, the rate of the clearing day ("final rate") is used.
- 5 It is this "final rate" which appears on the bills generated by the system.
- 6 The IMF exchange rates are the reference exchange rates. These rates are given to four decimal places and may be consulted on the IMF website (www.imf.org).

Article 14

Bills

- 1 UPU*Clearing automatically generates "final messages" at the end of the period. These messages (bills or statements) are sent by e-mail.
- 2 Upon request, a paper invoice can be sent by post by the Secretariat.
- 3 It is unnecessary to settle a bill for an amount less than or equal to 100 EUR or 100 USD. The Secretariat will include such bills in the next period.

Article 15

Banking function

- 1 UPU*Clearing is a system which incorporates a banking function. This means that all the bills are paid into centralized UPU*Clearing accounts, to reduce the number of payments to be made by debtors to one or two per month.
- 2 Likewise, creditor participants are only creditors of the UPU*Clearing system. It is the UPU*Clearing User Group Secretariat which generates payment instructions for creditors.
- 3 UPU*Clearing carries out clearing operations using two UPU bank accounts, one in EUR and the other in USD. Details of these accounts are shown on the bills generated by the system.

Article 16
Payment deadlines

- 1 Debtors
 - 1.1 At the end of a period, once the final exchange rate has been inserted, the system automatically generates bills payable by debtors within 20 days. For example, a bill issued on 31 August is payable on 20 September.
- 2 Creditors
 - 2.1 Creditors receive the sum owed to them 25 days after the UPU*Clearing system has issued the bill. For example, the amount of a bill issued on 31 August, is received by the creditor on 25 September.
- 3 Due dates
 - 3.1 For debtors, if the due date of a payment coincides with a non-working day or public holiday, payment takes place on the last working day before the due date.
 - 3.2 For the Secretariat, if the due date of a payment coincides with a non-working day or public holiday, payment takes place on the first working day after the due date.

Article 17
Waiting period between payment by debtors and payment to creditors

- 1 There is a period of five days between receipt of the funds from the debtors and their payment to the creditors, in order to reduce the systemic risk associated with the inclusion of a banking function (delayed payment or non-payment by one or more debtors), which could paralyze the system and delay or even prevent payments to creditors.

Article 18
Payment delays

- 1 Any delay in payment, whether it involves annual contributions or clearing operations, will be penalized.
- 2 If payment by a debtor has not reached the UPU*Clearing account five days after the due date, the Secretariat will extract all transactions from the defaulting participant and re-import them in the next clearing cycle as negative amounts using the new exchange rates. Exchange rates differences would then be included in the next month compensation.

Article 19
Disputed transactions

- 1 The dispute settlement procedure described in the Internal Regulations applies in cases of disputed transactions.

Article 20
Reports

- 1 The UPU*Clearing system supplies reports on each participant's transactions.
- 2 A participant may request such a report from the Secretariat.

Article 21
Confidentiality

- 1 All data handled by UPU*Clearing are strictly confidential. All employees of the UPU*Clearing User Group Secretariat sign a confidentiality agreement.

