

Rules of Procedure

PPS*Clearing User Group
Directorate of finance (DFI)



UPU | UNIVERSAL
POSTAL
UNION

Rules of Procedure of the PPS*Clearing User Group

Foreword

- 1 The PPS*Clearing User Group functions under the auspices of, and reports to, the Postal Operations Council (POC), in accordance with article 152 of the UPU General Regulations.
- 2 Within the framework of its activities, the PPS*Clearing User Group shall ensure compliance with the UPU Acts and the relevant decisions of the bodies of the UPU.
- 3 The provisions of the General Regulations of the UPU and the POC Rules of Procedure shall be applicable to the PPS*Clearing User Group in a subsidiary manner in all cases not expressly provided for in these Rules of Procedure.

Chapter I – General provisions

Article 1 Definitions

- 1 The definitions contained in the Postal Payment Services Agreement (hereinafter "the Agreement"), in its Rules and in the PPS*Clearing Rules attached hereto (hereinafter "the PPS*Clearing Rules") shall apply equally to these PPS*Clearing User Group Rules of Procedure (hereinafter "the Rules of Procedure").

Article 2 Objectives of the PPS*Clearing User Group

- 1 The objectives of the PPS*Clearing User Group are as follows:
 - 1.1 To promote the developing, financing and governance of the PPS*Clearing system.
 - 1.2 To encourage designated operators of member countries signatory to the Agreement to join the PPS*Clearing User Group.
 - 1.3 To ensure the smooth operation of the PPS*Clearing system, and in particular the security of settlements made between designated operators resulting from the execution of postal payment orders and their reciprocal remunerations (hereinafter "the settlements").
 - 1.4 To facilitate settlements through participation in the PPS*Clearing system and stimulate the development of innovative applications.
 - 1.5 To reduce administrative costs associated with settlements.
 - 1.6 To better manage risks associated with settlements.

Article 3 Membership

1 Membership of the PPS*Clearing User Group is open to all designated operators of member countries signatory to the Agreement making and receiving settlements for the exchange of postal payment services sent by electronic means which those designated operators make on the basis of the Agreement and its Rules.

2 The PPS*Clearing User Group is made up of only one category of members: Ordinary members, who are classified as full members having the right to vote in the User Assembly and in PPS*Clearing User Group consultations (hereinafter "the members").

3 Each member shall undertake to comply with the PPS*Clearing Rules annexed hereto.

4 Each member shall designate its representative, who acts as the official contact for all communications relating to the PPS*Clearing User Group. This representative shall exercise the responsibilities associated with the PPS*Clearing User Group, as defined in these Rules. The representative may be accompanied by one or more other delegates, who shall also be entitled to participate in the discussions.

5 The total annual contribution paid by members shall be considered as a membership fee. Payment of that fee, together with completion of the membership formalities set out in article 11, shall entitle each member to the following benefits:

5.1 the right to join the PPS*Clearing system;

5.2 the right to vote on decisions taken by the PPS*Clearing User Group, subject to the provisions of article 13;

5.3 the right to participate in the User Assembly;

5.4 the right to submit candidates for positions on the PPS*Clearing User Group Steering Committee;

5.5 participation in consultations;

5.6 the ability to act as proxy for other members.

6 The PPS*Clearing User Group shall, as necessary, define any other benefits granted to its members, subject to the approval of the POC.

Article 4 Languages

1 The working languages of the PPS*Clearing User Group shall be English, French and Spanish.

Chapter II – Contribution classes

Article 5 Contribution classes

1 Members' contributions are determined on the basis of their member country's contribution class in respect of UPU expenses:

<i>Contributions to UPU expenditure</i>	<i>PPS*Clearing contribution class</i>	<i>Annual fee in CHF</i>
0.5 or 1	1	2,500
3 or 5	2	5,000
10 or more	3	7,500

2 Each contribution class corresponds to a particular annual membership fee. Contributions are intended to cover the annual operating costs of the clearing system and are reviewed by the User Group according to the number of members.

3 Annual contributions are billed in Swiss francs (CHF) and are not refundable.

4 For a member joining during the current financial year, the membership fee for the first year is calculated in proportion to the number of months of participation in the clearing system.

Chapter III – Voting principles and bodies

Article 6

PPS*Clearing User Group bodies

1 The three bodies of the PPS*Clearing User Group are the User Assembly, the Steering Committee and the Secretariat.

Article 7

User Assembly

1 Structure

1.1 The User Assembly is made up of all members.

1.2 The Chairman and Vice-Chairman of the User Assembly are elected by the User Assembly.

2 Meeting

2.1 The User Assembly meets once a year.

2.2 An extraordinary User Assembly will be convened if at least one quarter of the membership so requests.

2.3 In exceptional or urgent cases, and subject to the approval of the Steering Committee, the User Assembly can take decisions by correspondence, in accordance with the procedure for voting by e-mail defined in article 10. This procedure is not permitted in the case of proposed changes in PPS*Clearing User Group policy or changes to these Rules of Procedure or PPS*Clearing Rules.

3 Powers

3.1 The User Assembly is the main body of the PPS*Clearing User Group and shall be responsible for taking all decisions relating to the PPS*Clearing User Group and to the PPS*Clearing system which do not fall within the powers of the Steering Committee listed below, subject to the rules and fundamental principles of the UPU and decisions taken by UPU bodies.

3.2 The User Assembly shall be responsible for the following activities in particular:

3.2.1 reviewing and endorsing amendments to these Rules of Procedure, subject to the approval of the POC;

3.2.2 reviewing and approving recommendations relating to the PPS*Clearing system, subject to the approval of the POC;

3.2.3 approving strategies and business plans, particularly budgets, relating to the development, maintenance and support of activities carried out within the framework of the PPS*Clearing User Group, on the recommendation of its Steering Committee and under the general supervision of the POC;

3.2.4 election of Steering Committee members;

3.2.5 without prejudice to the possibility of automatic exclusion provided for in article 15.1, approval of the exclusion of a member on the recommendation of the Steering Committee;

3.2.6 study and approval of the PPS*Clearing User Group's annual activity report, including the annual budget, and presentation of this report to the POC;

3.2.7 handling of appeals under article 25 of the PPS*Clearing Rules.

Article 8 Steering Committee

1 Structure

- 1.1 As the formal structure responsible for the internal coordination of PPS*Clearing User Group activities, the Steering Committee is made up of the following three members, who shall be elected in accordance with the provisions set out in paragraph 2 below, and who shall carry out their duties solely on behalf of, and in the interests of, the PPS*Clearing User Group.
- 1.1.1 The Chair of the User Assembly;
- 1.1.2 The Vice-Chair of the User Assembly;
- 1.1.3 One member.
- 1.2 The Chair and the Vice-Chair of the User Assembly are the Chair and Vice-Chair respectively of the Steering Committee.

2 Election and term of office of Steering Committee members

- 2.1 The members of the Steering Committee are elected by the User Assembly in accordance with the voting procedures set out in article 10.
- 2.2 A Steering Committee member is elected for a two-year term and may be re-elected.
- 2.3 Candidacies will be called for no later than 10 weeks before the end of the Steering Committee's term of office and the period for submitting candidacies will be at least four weeks. Steering Committee members will be announced no later than four weeks from the close of the period for submission of candidacies.
- 2.4 All candidates to the Steering Committee must meet the following conditions:
- 2.4.1 be presented by a member (one candidate per member only);
- 2.4.2 be employed by the member concerned;
- 2.4.3 be qualified and available to assume their duties on the Steering Committee.
- 2.5 A vacancy on the Steering Committee will arise:
- 2.5.1 when a Steering Committee member resigns;
- 2.5.2 when a Steering Committee member is no longer employed by the member who presented his candidacy;
- 2.5.3 when a Steering Committee member (and/or his deputy) has missed two consecutive Steering Committee meetings; or
- 2.5.4 if the member concerned has been suspended or excluded.
- 2.6 In the event of a vacancy on the Steering Committee, an election will be organized within one month to fill the vacant post for the remainder of the term of office.

3 Powers

- 3.1 The Steering Committee shall report annually to the User Assembly.
- 3.2 The Steering Committee shall decide on the admission, suspension or reinstatement of a member and apply the provisions governing security deposits set out in the PPS*Clearing Rules.
- 3.3 The Steering Committee shall propose a member's exclusion to the User Assembly.
- 3.4 The Steering Committee shall deal with cases and take appropriate decisions in disputes involving clearing or settlement operations.
- 3.5 The Steering Committee shall prepare and submit the annual activity report and the budget and accounts of the PPS*Clearing User Group to the User Assembly for approval.
- 3.6 The Steering Committee shall transmit its decisions to the Secretariat in order for them to be carried out.

Article 9 Secretariat

- 1 The Secretariat will be provided by the International Bureau of the UPU.
- 2 The Secretariat will have the following functions:
 - 2.1 To serve as an organ of execution, support, liaison, information and consultation for the PPS*Clearing User Group, in line with the guidance provided for by the Steering Committee. This includes in particular the execution of related administrative functions, such as preparing clearing calendars or managing the PPS*Clearing User Group finances.
 - 2.2 Ensuring the proper management of PPS*Clearing activities, in particular making investments and managing clearing relation between members, in accordance with these Rules of Procedure and PPS*Clearing Rules.
 - 2.3 The Secretariat will convene ordinary, and as necessary extraordinary, meetings of the User Assembly. The Chairman will be responsible for drawing up the agenda of meetings.
 - 2.4 The Secretariat will prepare a quarterly activity report on the PPS*Clearing system and submit it to the Steering Committee.

Article 10 Users Assembly voting principles

- 1 Each member shall have one vote.
- 2 The quorum for opening meetings of the User Assembly and for taking its decisions shall be half the members having the right to vote.
- 3 The User Assembly shall take its decisions on the basis of a simple majority of the members present or represented in the following cases:
 - 3.1 election of the Chairman and Vice-Chairman;
 - 3.2 election of the Steering Committee;
 - 3.3 decisions concerning the exclusion of members;
 - 3.4 strategic decisions concerning the activities of the PPS*Clearing User Group;
 - 3.5 approval of the accounts and budget of the PPS*Clearing User Group, subject to the examination and final approval by the CA of the annual Programme and Budget and accounts of the UPU;
 - 3.6 setting of annual membership fees;
 - 3.7 revision of the PPS*Clearing Rules;
 - 3.8 supervision of the Steering Committee's activities;
 - 3.9 any other decisions not falling within the competence of the other PPS*Clearing User Group bodies.
- 4 The User Assembly shall take its decisions on the basis of a two-thirds majority of the members present or represented, in the following cases:
 - 4.1 revision of these Rules of Procedure;
 - 4.2 dissolution of the PPS*Clearing User Group.
- 5 Any member who is unable to attend a meeting of the User Assembly may be represented by another member, provided that he informs the Secretariat in advance that he will not be attending the meeting and that he names the member to whom he has given proxy to represent him.
- 6 Any member may vote by proxy on behalf of one other member only.

7 In accordance with article 7 paragraph 2.3, a ballot by e-mail may be organized by the Secretariat in accordance with the following procedure:

- 7.1 The Secretariat will e-mail members the proposal requiring a decision to be taken by the User Assembly and indicate the deadline for replying, which will run from the date on which the e-mail is sent.
- 7.2 The Secretariat will invite members to vote for or against the proposal, by e-mail, by the deadline stated.
- 7.3 Members who have not voted by the deadline indicated shall be considered as abstaining.

Chapter IV – Membership, withdrawal, suspension, reinstatement and exclusion procedures

Article 11

Membership procedures

1 Any designated operator of a UPU member country signatory to the Agreement wishing to join the PPS*Clearing User Group must first:

- 1.1 send the Secretariat a completed and signed membership request, using a membership form provided by the Secretariat, in which the designated operator undertakes to comply with the PPS*Clearing Rules and Rules of Procedure;
- 1.2 fulfil the conditions set out in article 3 of these Rules of Procedure;
- 1.3 settle all its debts connected with postal payment orders exchanged with other PPS*Clearing members;
- 1.4 pay its annual membership fee and a standing deposit in accordance with article 16 below;
- 1.5 designate its representative in accordance with article 3.5 of these Rules of Procedure and inform the Secretariat accordingly.

2 The membership application will be forwarded to the Steering Committee which will verify that the conditions of membership have been met.

3 The Steering Committee will validate the membership of designated operators whose applications meet the membership conditions set out in these Rules of Procedure.

4 All member countries and their designated operators will be notified of the entry of any new member by means of an International Bureau circular.

5 The list of members will be kept up to date by the Secretariat and may be consulted on the UPU Internet site.

Article 12

Withdrawal procedure

1 Any member may withdraw from the PPS*Clearing User Group, provided it gives the Secretariat written notice at least one year in advance. On receipt of a written request from the member concerned, the Steering Committee may decide to shorten this period, if all the formalities for the withdrawal of the member can be completed by the given deadline and if doing so does not disrupt the clearing operations of the other members. The member concerned shall be required to settle through the PPS*Clearing system all bills relating to transactions carried out prior to the date on which it ceased to be a member.

2 Any withdrawal by a member will be notified by the Secretariat to the other members.

3 If a member should withdraw, the standing deposit and the security deposit will be returned to the member concerned, provided that it has no debts within the PPS*Clearing system.

Article 13 Suspension procedure

- 1 A member will be automatically suspended:
 - 1.1 if it does not pay its annual membership fee by the deadline indicated in article 18 below;
 - 1.2 if it is in default of payment according to PPS*Clearing Rules;
 - 1.3 if it has not made up the standing deposit by the deadline set by the PPS*Clearing Rules;
 - 1.4 if it does not pay or does not make up the security deposit required according to the PPS*Clearing Rules;
 - 1.5 if it is declared bankrupt or has been placed in receivership.
- 2 A member can be suspended on the decision of the Steering Committee:
 - 2.1 if it does not comply with these Rules of Procedure or with the PPS*Clearing Rules; or
 - 2.2 if international sanctions relating to the prevention of money laundering or terrorist funding are adopted against it or against the member country concerned.
- 3 Suspension will entail the loss of voting rights and the right to use the PPS*Clearing system, as well as possible financial sanctions in accordance with the PPS*Clearing Rules.
- 4 The suspensions mentioned in paragraph 1 above will be activated automatically by the PPS*Clearing system, after which the member concerned will receive confirmation in writing from the Chair of the Steering Committee.
- 5 The suspended member may automatically lodge an appeal against its suspension with the Steering Committee, which will either uphold or nullify it.
- 6 If the Steering Committee should decide to suspend a member in accordance with paragraphs 2 or 5 above, the member concerned may, as a last resort, lodge an appeal with the User Assembly, whose decision shall be final.
- 7 Members shall still be required to pay their annual membership fees throughout their suspension.
- 8 The Secretariat will take the necessary measures to implement the decision to suspend the member within the framework of the PPS*Clearing system and will notify members of the suspension, in accordance with the PPS*Clearing Rules.

Article 14 Reinstatement procedure

- 1 A suspended member may be reintegrated at its written request and on the decision of the Steering Committee, when all of the following conditions have been met:
 - 1.1 The Steering Committee considers, on the basis of a rigorous examination of the suspended member's situation, that its reinstatement is in the interests of the PPS*Clearing User Group.
 - 1.2 It has settled all its financial obligations within 20 calendar days from the date of its suspension.
 - 1.3 It has paid the standing deposit.
 - 1.4 It has paid the security deposit stipulated in the PPS*Clearing Rules.

Article 15 Exclusion procedure

- 1 A member will automatically be excluded from the PPS*Clearing User Group at the end of the suspension period (20 calendar days) if the member has not fulfilled the conditions for reinstatement described in article 14.

2 On the recommendation of the Steering Committee and the decision of the User Assembly, a member may also be excluded from the PPS*Clearing User Group if that member receives three suspensions within a period of six months, in accordance with the procedure set out in article 13.

3 The Steering Committee will without delay examine the situation to confirm whether or not the member should be excluded from the PPS*Clearing User Group. Any recommendation by the Steering Committee to exclude the member will be communicated to the User Assembly immediately for approval. The member in question may write to the Chair of the User Assembly to argue its case. After approval by the User Assembly, the Secretariat will send a letter of exclusion to the defaulting member.

4 The excluded member's annual membership fee will be retained by the PPS*Clearing User Group.

5 Any exclusion by a member will also be notified by the Secretariat to the other members.

Article 16

Deposits

1 All members must pay a standing deposit on joining. The detailed procedure concerning this security deposits is described in the PPS*Clearing Rules.

2 Payment of a security deposit is required after three late payments and on the reinstatement of a suspended member. The detailed procedure concerning security deposits is described in the PPS*Clearing Rules.

Chapter V – Finance and budget

Article 17

Financing of the PPS*Clearing User Group

1 Unless the UPU bodies decide otherwise, the PPS*Clearing User Group will be a self-financing body.

2 The activities of the PPS*Clearing User Group will, in principle, be financed from the following sources:

2.1 annual fees paid by members;

2.2 voluntary contributions from members, in accordance with the relevant UPU financial rules.

3 These sources of funding must make it possible to carry out all the activities undertaken by the PPS*Clearing User Group, according to the principle of cost coverage. The PPS*Clearing User Group shall be the subject of a budget line in the Programme and Budget and in the consolidated accounts of the Union, prepared in conformity with IPSAS.

Article 18

Billing and payment of annual fees and voluntary contributions

1 In the first year, the annual fee must be paid at the same time as the standing deposit, i.e. one month before the date of entry into the PPS*Clearing system. The bill is then generated and sent out by the Secretariat. It is payable within 30 days.

2 In subsequent years, billing will be carried out annually, via the PPS*Clearing system, three months before the start of the calendar year. Fees and contributions are payable during the clearing cycle relating to the bills connected with the remunerations, as defined in the PPS*Clearing Rules.

3 Members wishing to make a voluntary contribution will inform the Secretariat, which then generates and sends out a bill.

Article 19

Budget

1 Before the beginning of any financial year, the Steering Committee must draw up a balanced budget, which must be approved by the User Assembly.

2 The budget for PPS*Clearing User Group activities is managed under the applicable UPU financial principles and rules (including the UPU Financial Regulations and the UPU Rules on financial administration).

Chapter VI – Dissolution and final provisions

Article 20

Dissolution

1 When the PPS*Clearing User Group is dissolved, the balance of the bank accounts, after reimbursement of the members' assets, will be paid into the UPU Voluntary Fund.

Article 21

Entry into force

1 These Rules of Procedure of the PPS*Clearing User Group (including the PPS*Clearing Rules contained in Annex 1) shall come into force immediately after they have been approved by the POC (subject to approval of the relevant framework by the CA, in accordance with the provisions of article 152 of the UPU General Regulations).

Article 4

Billing and payment of membership fees

- 1 The arrangements for billing and payment of membership fees are set out in the Rules of Procedure.
- 2 Membership fees payable via the PPS*Clearing system will be billed in Swiss francs (hereinafter CHF) and paid in one of the settlement currencies by the member (United States dollar, hereinafter USD, or Euro, hereinafter EUR).

Article 5

Bank charges

- 1 For debtor members' payments, all bank commission and charges will be payable by those members. Any charges that were deducted from payments will be billed by the Secretariat in the next clearing period.
- 2 For payments to creditor members, the settlement bank's charges will be payable by the creditor members of the PPS*Clearing system. Bank charges will be billed by the Secretariat in the following period.
- 3 If a debtor member asks that a request for information be sent to the settlement bank concerning a payment that has not yet been credited to its account, all bank charges related to that request for information will be billed by the Secretariat to the member in the following period.

Article 6

Types of transaction

- 1 Seven types of transaction can be included in the PPS*Clearing system: postal payment orders (based on PP 1 forms), remunerations (based on PP 2 forms), part payments, exchange margins, exchange rate adjustments, bank charges and annual fees.

Article 7

Clearing operations

- 1 The PPS*Clearing system clearing cycle will be weekly for the settlement of postal payment orders and monthly for the settlement of remunerations, exchange margins, exchange rate adjustments and annual fees. The monthly cycle will terminate with the last clearing period of the month. The clearing periods for each month will be listed in the clearing calendar.
- 2 Clearing operations relating to part payments will be carried out in any clearing cycle, in accordance with the instructions given by the members concerned.

Article 8

Clearing calendar

- 1 A clearing cycle contains five important dates:
 - 1.1 Closing day (J): the date (last day of the relevant period) on which all bills for transactions carried out by members during that period only are automatically generated by the PPS*Clearing system to be sent for clearing on notification day. These bills will be posted in the PPS*Clearing system, where they can be viewed by the debtor and creditor members concerned. The closing date falls approximately seven days from the start of the current cycle.
 - 1.2 Contestation day (J+2): the date on which a creditor or debtor member notifies its counterpart and the Secretariat simultaneously, in writing, of any objection concerning a bill in the current or previous cycle.
 - 1.3 Notification day (J+2): the date on which members are notified by the PPS*Clearing system of their net balance.
 - 1.4 Debtor members' settlement date (J+6): the date on which all payments from debtor members must be received by the settlement bank.

- 1.5 Creditor members' settlement date (J+7): the date on which the settlement bank makes payments to creditor members.
- 1.6 Suspension date (J+11): the date on which a defaulting debtor member is suspended.

Article 9 Billing

- 1 Members do not enter bills in the PPS*Clearing system.
- 2 Bills are generated automatically by the PPS*Clearing system on the closing day, on the basis of PP 1 forms for postal payment orders and PP 2 forms for remunerations.
- 3 Bills relating to exchange margins and exchange rate adjustments are calculated on the basis of bills for paid postal orders.
- 4 Bills relating to annual membership fees are entered in the PPS*Clearing system by the Secretariat.
- 5 Bills relating to part payments are entered in the PPS*Clearing system by the Secretariat in accordance with the instructions given by the members concerned.

Article 10 Generation of bills

- 1 Members shall ensure that all bills generated by the PPS*Clearing system in their name bear a unique reference.
- 2 Furthermore, the type of transaction (postal payment order, part payment, remuneration, exchange margins, exchange rate adjustment or annual membership fee) shall be indicated on the bill.
- 3 The bill's value date must correspond to the settlement date indicated on the bill. The settlement date is determined in advance and published in the clearing calendar.

Article 11 Currencies of account and settlement

- 1 Billing currency
 - 1.1 For postal payment order, part payments, remunerations, exchange margins and exchange rate adjustment, bills are issued in USD or EUR.
 - 1.2 For membership fees, billing is carried out in CHF.
- 2 Currency of settlement
 - 2.1 Debtor members shall make payments in USD or EUR.
- 3 All bank charges connected with currency conversions will be borne by the member concerned.

Article 12 Exchange rate

- 1 Two different exchange rates are used during the clearing cycle.
 - 1.1 When a transaction is issued by a member, the PPS*Clearing system registers the exchange rate of the currency used for the postal payment order transfer and converts it into USD or EUR on the date of issue of the transaction.

- 1.2 When a bill relating to postal payment orders is generated, the transfer currency is converted into the clearing currency (USD or EUR) and the PPS*Clearing system registers the exchange rate on the closing day for the calculations described under point 2.
 - 1.3 Settlement is carried out on the basis of the exchange rate on the date of issue of the postal payment order.
- 2 In the event of a difference with regard to the variation between the exchange rate on the closing day and the exchange rate on the issue day, an adjustment is made during each cycle.
 - 3 The reference exchange rates are those supplied by the service provider chosen for this purpose.

Article 13

Statements of account

- 1 The PPS*Clearing system automatically generates statements of account on the notification date and forwards them to each member by secure e-mail.

Article 14

Banking function

- 1 The PPS*Clearing system incorporates a banking function. All bills are paid into centralized PPS*Clearing accounts in USD or EUR, in order to reduce the number of payments to be made by debtor members to one per week (for postal payment orders) and to one per month (for remunerations, exchange margins and exchange rate adjustments). The PPS*Clearing system calculates the final payment to be made by the debtor member in respect of postal payment orders by netting all the amounts credited or debited to any given member. This gives the final amount owed by the debtor member to the PPS*Clearing system or owed by the system to the creditor member.
- 2 Creditor members are solely creditors of the PPS*Clearing system which generates payment instructions to creditor members.
- 3 PPS*Clearing system clearing operations are carried out in USD or EUR in two UPU bank accounts. Details of these accounts are shown on the bills generated by the PPS*Clearing system.

Article 15

Settlement periods

- 1 Settlement of postal payment orders
 - 1.1 Debtor members
 - 1.1.1 On the notification day, the PPS*Clearing automatically generates a statement of net positions for each member. For debtors, the payment period is four days from the notification date.¹
 - 1.2 Creditor members
 - 1.2.1 Amounts owing to creditors are transferred on the settlement day, as indicated in the calendar.
- 2 Settlement of remunerations
 - 2.1 Debtor members
 - 2.1.1 Every four cycles, the PPS*Clearing system automatically generates bills for remunerations payable in six days by debtors.

¹ Example: If the debtor member is informed on 16 April (notification day), settlement must reach the bank by 20 April at the latest (settlement day for debtor members).

2.2 Creditor members

2.2.1 Amounts owing to creditors are transferred on the settlement day for creditor members, as indicated in the calendar.

3 Value dates

3.1 For debtor members, if the value date of a settlement coincides with a non-working day or public holiday, settlement takes place on the first working day before the value date.

3.2 For the Secretariat, if the value date of a settlement coincides with a non-working day or public holiday, settlement takes place on the first working day following the value date.

Article 16

Delay in settlement

1 Any delay in settlement incurs a financial penalty.

2 If a member fails to pay into the PPS*Clearing account the amount billed by the PPS*Clearing system on the settlement day for debtor members, financial charges will be levied on that member as delay interest.

3 These financial charges include all interest due and all other charges associated with the payment delay, including an interest rate equivalent to the debit interest rate applied by the PPS*Clearing system settlement bank, plus all other bank charges. The interest rate will be applied from the first day after the settlement date up to the day on which payment by the defaulting member is received in the PPS*Clearing account. The interest collected will be used to reduce the PPS*Clearing system's management costs.

4 A member with three late payments over 12 periods will be required to establish a credit account as provided in article 18.

Article 17

Default of settlement

1 If a debtor member's payment does not reach the settlement bank within five days from the settlement date for debtor members published in the clearing calendar, the PPS*Clearing system will automatically suspend the member in default, in accordance with the Rules of Procedure.

2 The Secretariat will contact the defaulting member to ascertain the reason for the delay. This information may be used to determine whether the member will ultimately be excluded from the PPS*Clearing system.

3 The Secretariat will inform each member by secure e-mail of the name of the defaulting member suspended, the reason for the delay, the amount unpaid owing to the member, the total amount unpaid by the defaulting member owing to all members and the amount of any security deposit.

4 If a suspended member has not paid the debt relating to its suspension within 20 calendar days following the suspension date, that member will be liable for exclusion from the PPS*Clearing system, in accordance with the procedures laid down in the Rules of Procedure. In the event of exclusion, the Secretariat will inform each member by secure e-mail of the name of the excluded member and the reason for the exclusion.

Article 18

Credit account

1 To prevent settlement delays arising from internal or banking procedures and leading to penalties for the debtor, a debtor member may voluntarily ask the Secretariat to establish a credit account at the International Bureau to facilitate settlement of clearing cycles. The account may only be used to pay PPS*Clearing invoices.

2 The amount of the account will be established on the basis of the average net clearing balance over the last three months and correspond to at least one settlement cycle. Prior to each settlement date, the debtor designated operator will send the Secretariat an e-mail instructing it to withdraw the amounts owing from its credit account.

3 The member will decide how often to replenish the credit account; however, the balance must always remain positive. The Secretariat will send the member a monthly account statement.

4 After three late payments over a period of three months, the establishment of a credit account in an amount corresponding to a settlement cycle will be mandatory for the debtor member. Once the member has regularized its payment situation following three months of timely payments, the member may decide to recover its funds or to maintain the credit account for future settlements.

Article 19

Standing deposit

1 The amount of the mandatory standing deposit is 5,000 USD.

2 The standing deposit is paid in one instalment into the UPU bank account reserved for security deposits. The UPU is the legal owner of the standing deposit, which will be under the control of the Secretariat. The deposit may be used by the Secretariat for any purpose consistent with these Rules.

3 The Secretariat will return to any member that withdraws from the PPS*Clearing system the amount of the standing deposit, less any amount properly used in accordance with these Rules.

4 In the case of late payments, the Secretariat may use a member's standing deposit to settle outstanding bills owed by the defaulting member and any costs incurred as a result of the member's late payment or default, in the following order:

- 4.1 the PPS*Clearing system's administrative costs;
- 4.2 the financial cost of using the line of credit;
- 4.3 debts relating to the clearing of postal payment orders;
- 4.4 debts relating to the clearing of remunerations.

5 The Secretariat will inform the member of the use of the standing deposit.

6 The member is required to make up any amount used from the standing deposit within 10 calendar days following notification of its use by the Secretariat. For each day's delay, the member will automatically incur a late payment penalty to cover the shortfall in funds. This penalty is equal to the debit interest rate applied by the PPS*Clearing system settlement bank in the event of a shortfall. The amounts collected will be used to reduce the PPS*Clearing system's management costs.

7 If the member has not made up the standing deposit within 30 working days following notification of its use by the Secretariat, the member will automatically be suspended from the PPS*Clearing system, in accordance with the Rules of Procedure.

Article 20

Security deposit

1 A security deposit is mandatory in cases of reinstatement after suspension.

2 The security deposit will be equal to three times the average value of the amounts owed by the member over the previous 12 periods when it was a debtor.

3 If a member is suspended more than once over a period of 12 months, the security deposit will increase to six times the average value of the amounts owed by the member over the previous 12 periods when it was a debtor.

4 The security deposit is paid in one instalment into the UPU bank account reserved for security deposits. For security deposits to be paid in accordance with article 16.4, the Steering Committee will grant the member the option of paying the deposit in two or more instalments if the deposit exceeds 500,000 USD or EUR.

5 The UPU is the legal owner of the security deposit, which will be under the control of the Secretariat.

6 Following reinstatement, after 52 timely payments, the Secretariat will reimburse the amount in three consecutive instalments every two months, over a period not exceeding six months.

7 For late payments, the Secretariat may use a member's security deposit to settle outstanding bills owed by the defaulting member.

8 The Secretariat will inform the member of the use of the security deposit.

9 The member is required to make up any part of the security deposit used within seven working days following notification of its use by the Secretariat. For each day's delay, a late payment penalty equal to the debit interest rate applied by the PPS*Clearing system settlement bank in the event of a shortfall will be imposed on the member in question. The interest collected will be used to reduce the PPS*Clearing system's management costs.

10 If the member has not made up the security deposit within 15 working days following notification of its use by the Secretariat, the member will automatically be suspended from the PPS*Clearing system, in accordance with the Rules of Procedure.

Article 21

Recovery of settlement

1 When a member is excluded from the PPS*Clearing User Group in accordance with the Rules of Procedure, the Secretariat will launch the following procedure to recover the amounts debited and the associated financial costs:

- 1.1 The Secretariat will issue bills relating to postal payment orders to members who, as a result of their bilateral exchanges with the excluded member, were creditors of that member.
- 1.2 These members will reimburse the UPU for the amounts billed by the Secretariat, at the same intervals as the regularly scheduled payments made during a PPS*Clearing cycle.
- 1.3 Once these members have reimbursed the amounts billed, they will become the direct creditors of the excluded member.

2 The Secretariat will withhold the funds paid during the last PPS*Clearing cycle by members that were debtors of the excluded member and will use these funds to repay any debt of the excluded member.

Article 22

Reports

1 The PPS*Clearing system will prepare individual reports on each member's transactions and send each member its own report.

Article 23

Monitoring of operations

1 Each member will designate staff in its organization with access to the PPS*Clearing system to check and monitor bills and net balances. The member will inform the Secretariat of the name and contact details of the designated staff member before beginning to use the PPS*Clearing system and will inform the Secretariat immediately of any changes in this connection.

2 Each member will be responsible for putting the necessary procedures in place to ensure that only these designated staff members have access to the PPS*Clearing system.

3 No member may enter any data in the PPS*Clearing system. The User Group Secretariat will centralize the information to be sent to the PPS*Clearing system and make any necessary corrections.

Article 24 Confidentiality

1 All data contained in and handled by the PPS*Clearing system is strictly confidential and will be treated as such by all members.

2 Each member will ensure that the individuals designated to access the system have a password guaranteeing secure access to the system and that they keep this password confidential.

Article 25 Liability and indemnity

1 Since members of the PPS*Clearing system recognize that the UPU is acting on their behalf when it operates the system, they agree to indemnify, defend and protect the UPU against any damage suffered or costs incurred in the exercise of its functions.

2 Members also agree that the UPU shall not be held liable towards any members for any damage suffered and costs incurred by the member, including legal costs, as a result of its participation in the PPS*Clearing system or the operation of that system by the UPU.

3 No provision contained in this Contract or relating to it shall be deemed a waiver, express or implied, of any of the privileges and immunities of the UPU.

Article 26 Settlement of disputes relating to the PPS*Clearing system

1 Members will inform the Secretariat of any dispute relating to the PPS*Clearing system and endeavour to reach an amicable settlement.

2 If the members concerned (hereinafter "parties") are unable to settle their dispute within a reasonable period, either one of the parties in the dispute may refer the matter to the Steering Committee.

3 Disputed transactions will be referred to the Steering Committee by written request from one of the parties to the disputed transaction. The written request will be accompanied by documents relevant to the dispute.

4 The Secretariat will forward all the documents to the Steering Committee.

5 The Secretariat will advise the other party to the dispute that the matter has been referred to the Steering Committee and invite that party to submit documents as well.

6 If a member of the Steering Committee is a party to the dispute, that member may not participate in the Steering Committee's examination of the case.

7 The Steering Committee will rule on the dispute no later than two months after receiving the complete file relating to the dispute. Its decision will be communicated to the parties by the Secretariat.

8 Appeals against the Steering Committee's decision may be made to the User Assembly by either one of the parties to the dispute. Appeals shall be made in writing within a period of 60 days from notification by the Secretariat of the Steering Committee's decision. If no appeal is submitted, the Steering Committee's decision becomes final and binding.

9 In case of appeal, the Secretariat will refer the file to the User Assembly for review and decision.

10 The User Assembly's decision will be final and not subject to appeal.

Article 27
Communication

- 1 Communication between the Secretariat and the members will be by secure e-mail.

Annex A**Specifications of means of communication**

<i>Specific software components</i>		<i>Configuration</i>
7	Web client	
<i>Software</i>		
Internet browser		<ul style="list-style-type: none"> – ECMAScript-262 (JavaScript 1.3) and above – Cascading style sheets (CSS) level 1 – Document object model (DOM) level 1
PDF reader		Any PDF reader software



Universal Postal Union
PPS*Clearing

T +41 31 350 33 11
E-mail:
ppsclearing@upu.int
www.upu.int