



Variation of Conditions Imposed on Section 9 Authority

Banking Act 1959 (the Act)

SINCE:

- A. MoneySwitch Limited ACN 103 575 042 (the Company) holds an authority under section 9 of the Act to carry on banking business as a specialist credit card acquirer (the section 9 authority);**
- B. In addition to providing credit card acquiring services, the Company wishes to provide debit card acquiring, BPAY and direct debit services to prospective service users (the additional services);**
- C. I am satisfied that the offer of the additional services will assist the Company in competing on more equal terms with other credit card acquirers,**

I, Brandon Kong Leong Khoo, a delegate of APRA, under paragraph 9(4)(b) of the Act VARY the conditions imposed on the section 9 authority to the following:

- 1. The banking business that the Company is authorised to carry on is confined to the activities of credit card acquiring in any credit card scheme that was designated as a payment system under section 11 of the *Payment Systems (Regulation) Act 1998* on 11 April 2001. For the avoidance of doubt:
 - (a) the Company may acquire debit card transactions;**
 - (b) the Company may provide BPAY and direct debit services in conjunction with its credit card and debit card acquiring services; and**
 - (c) the Company must not take money on deposit;****
- 2. The Company must at all times hold Tier 1 capital in the greater of the following two amounts:**

- (a) \$5 million; or
 - (b) 20% of the value of the risk weighted on- and off- balance sheet credit exposures of the Company (at the time of calculation);
3. Merchant performance bonds, if any, accepted by the Company in the course of its credit card acquiring activities must be held by the Company for the benefit of the merchants in a trust account with an authorised deposit taking institution;
 4. Funds awaiting settlement to merchants may but need not be kept in a trust account with an authorised deposit taking institution.

This variation has effect from the date it is signed and remains in force indefinitely.

Dated May 2006

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Brandon Kong Leong Khoo
Executive General Manager
Specialised Institutions Division

Interpretation

In this Notice

ADI has the meaning given by in section 5 of the *Banking Act 1959*

APRA means the Australian Prudential Regulation Authority

credit card acquiring has the meaning given by paragraph 2(2)(a) of the *Banking Regulations 1966*

risk weighted assets has the meaning given by Prudential Standard APS 112 made under section 11AF of the Act.

Tier 1 capital has the meaning given by Prudential Standard APS 111 made under section 11AF of the Act.