
GENERAL NOTICE

NOTICE 315 OF 2011



SOUTH AFRICAN RESERVE BANK

DESIGNATION NOTICE

Designation by the Governor of the South African Reserve Bank in terms of section 6 (3) (a) of the National Payment System Act, 1998 as amended:

"DESIGNATION OF THE SOUTH AFRICAN POST OFFICE LIMITED, A POSTAL COMPANY CONTEMPLATED IN SECTION 3(1) OF THE POST OFFICE ACT, 1958 (ACT NO. 44 OF 1958) WHICH CONDUCTS THE BUSINESS OF A BANK THROUGH ITS POSTBANK DIVISION, REFERRED TO IN SECTION 51 OF THE POSTAL SERVICES ACT, 1998 (ACT NO.124 OF 1998), AS A DESIGNATED CLEARING SYSTEM PARTICIPANT"

1. Introduction

- 1.1 The South African Reserve Bank ("Reserve Bank") is empowered to designate a clearing system participant in terms of section 6 (3) (a) of the National Payment System Act, 1998 (Act No. 78 of 1998 - "Act", as amended). Such designation may be made if the designation is in the interest of the integrity, effectiveness, efficiency or security of the payment system.
- 1.2 The objective of this Designation Notice ("Notice") is to designate the South African Post Office Limited through its Postbank Division ("Postbank") as a designated clearing system participant. The designation will enable the Postbank to clear in the manner contemplated in section 4 (2) (d) (i) of the Act.

2. **Background of the Proposed Designated Clearing System Participant**

- 2.1 The Postal Services Act, 1998 (Act No.124 of 1998) provides that the postal company, as contemplated in section 3(1) of the Post Office Act, 1958 (Act No.44 of 1958), must undertake such activities that are customary for a financial institution carrying on the business of accepting deposits.
- 2.2 The Postbank has a special status in that it is involved in the business of a bank but is excluded from the provisions of the Banks Act, 1990 (Act No. 94 of 1994 – “Banks Act”) by the designation by the Minister of Finance, as published in Government Notice No. 344 in the Government Gazette No. 13744 of 24 January 1992 and is not regarded as a fully fledged bank.
- 2.3 The amendments that were introduced to the Act in 2004, 2007 and 2008 were aimed at allowing institutions or bodies, whose business falls within the definition of “*the business of a bank*” in terms of section 1 of the Banks Act or a “*mutual bank*” as defined in section 1 of the Mutual Banks Act, 1993 (Act No. 124 of 1993-“Mutual Banks Act”), a “*co-operative bank*” as defined in section 1 of the Co-operative Banks Act, 2007 (Act No. 40 of 2007- “Co-operative Banks Act”) or non banking institutions that are excluded or exempted from the operation of the Banks Act, the Mutual Banks Act or the Co-operative Banks Act, to clear subject to certain conditions.

3. **Designation**

THE RESERVE BANK considered the provisions of the Act and has deemed it to be in the interest of the integrity, effectiveness, efficiency and security of the payment system to designate the Postbank;

THEREFORE, I Gill Marcus, Governor of the Reserve Bank hereby with effect from 1 June 2011 –

- 3.1 DESIGNATE, the Postbank as a designated clearing system participant in terms of sections 6 (3) (a) of the Act, subject to the conditions listed in clause 4; and
- 3.2 CONFIRM, in terms of section 6 (3) (a) (ii) of the Act, that the Reserve Bank settlement system participant associated with the designated clearing system participant is The Standard Bank of South Africa Limited ("Standard Bank").

4. **Conditions**

- 4.1 The aforementioned designation is subject to the Postbank adhering to the following conditions within the time frames to be determined by the Reserve Bank:
 - 4.1.1 become a member of VISA;
 - 4.1.2 comply with the entrance and participation criteria to become a member of the payment system management body ("PSMB") as referred to in section 3 of the Act and the relevant structures of the PSMB. Furthermore, comply with any other criteria set by the PSMB for clearing system participants;
 - 4.1.3 enter into a mentorship and a sponsorship agreement with Standard Bank as well as comply with any other requirements set by Standard Bank for sponsorship;

- 4.1.4 participate in the ATM, Debit Card, EFT (credits and debits) and MMT Payment Clearing Houses ("PCHs"), subject to the relevant Payment Clearing House agreements and clearing rules. Furthermore, where applicable, bi-laterally negotiate the inter-change fees for these PCHs directly with other participants until such time that inter-change fees are fixed;
- 4.1.5 obtain written approval from Standard Bank, which written approval shall not be unreasonably withheld, prior to participating in a Payment Clearing House ("PCH") that is not set out in clause 4.1.4 above. Provided that written approval is granted, Postbank may then follow the normal process for participation in a PCH;
- 4.1.6 not acquire any transactions or sponsor any third parties in any PCH without the Reserve Bank and Standard Bank's prior written approval, which written approval shall not be unreasonably withheld; and
- 4.1.7 comply with the applicable requirements and any other criteria as agreed to between the Postbank and Standard Bank and as documented in the sponsorship agreement concluded between the said parties.
- 4.2 The conditions listed in this clause 4 apply exclusively for the designation of the Postbank and may be varied, revoked or new conditions imposed by the Reserve Bank by way of a notice in the Government Gazette.

Signed at Pretoria on this ...23rd... day of May 2011


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Ms G Marcus

Governor of the South African Reserve Bank