



SWIFT India Domestic Services Private Limited

Corporate Rules

March 2015

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1 INTRODUCTION

1.1 Scope

These Corporate Rules specify the eligibility criteria for organisations wishing to subscribe to the domestic messaging services of SWIFT India Domestic Services Private Limited, (“SWIFT India”) and the related admission and the termination processes. This document is addressed to current and prospective customers of SWIFT India.

These *Corporate Rules* can be modified from time to time. Modifications to the rules and the described core principles are subject to the approval of the SWIFT India’s Board of Directors. Implementation of these rules and their related processes are under the responsibility of the Company’s management.

Note: The *Corporate Rules* together with the SWIFT India’s *General Terms and Conditions* and other relevant service documentation are an integral part of the contractual arrangements between SWIFT India and its customers.

1.2 Defined Terms

Throughout the *Corporate Rules* following terminology is used: “*SWIFT India*” or “*Company*” refers to SWIFT India Domestic Services Private Limited, and “*SWIFT India Customer*” refers to an entity authorised by SWIFT India to use the Company’s messaging services and products. *SWIFT India General Terms and Conditions*” refers to the main agreement between SWIFT India and its customers for the provision of SWIFT India domestic financial messaging services and related products.

1.3 SWIFT India

SWIFT India is a joint venture established under Indian law between public and private sector Indian banks, and SWIFT SCRL, a community-based co-operative, founded by and for the financial services industry globally and headquartered in Belgium. SWIFT India is headquartered in Mumbai.

The object of the Company is to provide domestic financial messaging services in India and related products and services based on proprietary technology used by SWIFT SCRL and its affiliates.

1.3.1 SWIFT India Management

The SWIFT India Board of Directors approves the appointment of the CEO who is responsible for day-to-day organisation of the Company. The CEO may sub-delegate matters as he/she deems appropriate.

1.3.2 The Board of Directors

The Board of Directors is responsible for the overall management of the business of the Company in accordance with the Business Plan and Budget



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and in the interests of the Company without regard to the individual interests of any of the shareholders.

The Board of Directors has set up Board Committees to assist it on certain matters. The committees are: Audit, Finance, Compliance and Risk Committee (AFCRC), Technology & Operations Committee (TOC) and Nomination and Human Resources Committee (NHRC). Any decisions or actions recommended by a committee shall be approved by the Board.

1.4 Contractual arrangements with SWIFT India Customers

An organisation that desires to obtain domestic messaging services from SWIFT India must sign an Undertaking and agree to abide by SWIFT India rules as set in the contractual documentation. The contractual framework includes:

- a. The *Corporate Rules* which describes the rules and the admission and termination processes of a *SWIFT India Customer*.
- b. The SWIFT India *General Terms and Conditions* which cover the general terms and conditions for the provision or the use of the SWIFT India' services and related products to which *SWIFT India Customers* subscribe.
- c. Other terms and conditions for individual products or services which may complement or supplement the SWIFT India *General Terms and Conditions* and will be contained the relevant service or product order forms.

2 SWIFT INDIA CUSTOMERS

In order to use the SWIFT India domestic financial messaging services an organisation must register with SWIFT India as an authorised *SWIFT India Customer* under one of the *SWIFT India Customer* categories here below.

2.1 SWIFT India Customers Eligibility Criteria

Any applicant *SWIFT India Customer* or an existing *SWIFT India Customer* must comply and ensure continued compliance with the eligibility criteria of one of the following customer categories:

2.1.1 Category of “Supervised Financial Institution”

A Supervised Financial Institution is:

- a. an entity that engages in payment, securities, banking, financial, insurance, or investment services or activities, and that, for such purposes is (i) licensed by or (ii) authorised by or (iii) registered with, and is subject to supervision by a Financial Market Regulator¹, or

¹ Financial Market Regulator is an organisation owned or controlled by federal, state, regional or local government, law or regulation, and who regulates or supervises institutions engaged in securities, banking, financial, investment, or insurance business, including financial markets with a view to protect the integrity and stability of the financial markets.



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- b. a national governmental body that as main activity engages in in payment, securities, banking, financial, insurance, or investment services or activities (including the financial market regulator).

2.1.2 Category of “Corporate”

A Corporate is an organisation that is:

- a. a duly incorporated, validly existing and duly organised legal entity
- b. in good standing financially and with respect to compliance with applicable laws and regulations, and
- c. subject to regular audit according to internationally recognised accounting standards by an independent audit firm
- d. not subject to supervision by a Financial Market Regulator.

A Corporate may include an organisation that engages in payment, securities, banking, financial, insurance, or investment services or activities to Supervised Financial Institutions and/or to third parties, or engages in services to Supervised Financial Institutions and/or to third parties, and which services support financial transaction processing by means of communicating and processing information and which services require the sending of messages in its own name.

2.1.3 Category of “Other SWIFT India Customer”

An organisation may desire to become a *SWIFT India Customer* with the purpose to service the other SWIFT India customers in their connectivity or business models, without itself becoming a user as a *SWIFT India Customer* for the purpose of sending messages in its own name.

This organisation would need to show a proper establishment and demonstrate high standards of security and resilience, as well as appropriate business practices. Therefore the organisation would first need to become a registered SWIFT Service Bureau prior being accepted as a *SWIFT India Customer*. If the organisation’s registration as a SWIFT Service Bureau is ended all contracts with SWIFT India will subsequently be terminated in accordance with the SWIFT India *General Terms and Conditions*.

Information on the SWIFT Service Bureau can be found on www.swift.com/PartnerProgramme/ServiceBureaux.

2.2 Service Usage Restrictions

The use of the SWIFT India domestic financial messaging services will be typically through the set-up of closed usage groups for specific services to which *SWIFT India Customers* can subscribe. In case of a closed usage group a service administrator will administer this group. The service administrator is a *SWIFT India Customer* that is responsible for administering one or more closed usage groups using the Company’s domestic financial messaging services and related products.



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The closed usage group service administrator's role is to define the configuration and operational rules, message types of the services, the minimum admission criteria, and to control participation in the closed user group. The administrator of the closed usage group is responsible for the admission or expulsion of *SWIFT India Customers* of a closed usage group under its responsibility.

A candidate participant in a closed usage group must first apply to become a *SWIFT India Customer* prior to it being able to join the closed usage group. A *SWIFT India Customer* can join one or several closed usage groups provided the administrator has approved its participation in the service.

Typically a closed usage group is set up for market infrastructure that is a payments and/or securities system processing payment or securities related messages administered by a Central Institution or an appropriate Regulatory Authority.

For any further information on the set up of closed usage groups and their administration, or messaging usage restrictions, please refer to the relevant documentation.

SWIFT India may decide to offer any other messaging service outside a closed usage group and may consult with the SWIFT India Board of Directors on the implementation of the service requirements.

3 SWIFT INDIA CUSTOMER ADMISSION AND TERMINATION

3.1 Introduction

This section describes the *SWIFT India Customer* admission and termination process.

The SWIFT India Board of Directors has delegated the admission and termination process of *SWIFT India Customers* to SWIFT India management.

Rules of the *SWIFT India Customer* admission and termination process are defined in the following sections.

3.2 Compliance with Eligibility Criteria

Continued compliance with the eligibility criteria is important for the *SWIFT India Customer* community.

The acceptance by the Company of a *SWIFT India Customer* is not a substitute to the *SWIFT India Customers'* duty to perform a proper due diligence before entering into a contractual relationship with another *SWIFT India Customer*. Likewise, SWIFT India services entitlements cannot supersede applicable local laws and regulations. *SWIFT India Customers* are therefore expected to perform due diligence and to apply the know-your-customer principles to their counterparties and to comply with good industry practice and applicable laws and regulations when conducting business using SWIFT India services.

The *SWIFT India Customer* undertakes to satisfy and ensure continued compliance with the eligibility criteria and the conditions for admission in these *Corporate Rules*. It



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must further ensure to provide and maintain timely current, accurate and complete information about its organisation and its representatives towards SWIFT India.

As part of the validation process, SWIFT India may request the applicant or existing *SWIFT India Customer* to furnish any material documentation to ensure the *SWIFT India Customer's* (continued) compliance with the conditions for admission. Provision of such documents is mandatory and a condition precedent to the admission of a customer, or continued status as an existing *SWIFT India Customer*. This can include corporate and financial documents. SWIFT India may consult with local regulators, authorities, other customers, or commercially available data tools to obtain additional information.

SWIFT India reserves at all times the right to reject an application as *SWIFT India Customer* or to terminate the status of an existing *SWIFT India Customer* in the following events or upon reasonable judgment by SWIFT India management:

- a. the access to or use of SWIFT India domestic financial messaging services by that applicant or existing *SWIFT India Customer* has adversely affected, or may adversely affect, the security, reliability and/or resiliency of its operations or, more generally, SWIFT India's reputation, brand, or goodwill, or if the Customer or applicant shows a conduct not in line with generally expected business conduct principles, or if the applicant or existing *SWIFT India Customer* is subject to regulations impacting its *SWIFT India Customer* status, or is not in compliance with applicable laws or regulations.
- b. the applicant *SWIFT India Customer* is not or no longer in compliance with the relevant criteria for admission.
- c. in case of termination as *SWIFT India Customer* in accordance with the SWIFT India *General Terms and Conditions – Termination*.

3.3 SWIFT India Customer Admission Process

The admission process of new *SWIFT India Customer* is as follows:

1. Any organisation may be considered for admission and be permitted on a contractual basis to make use of the services of the Company as a *SWIFT India Customer* provided it complies with the respective eligibility criteria as applicable, and admission criteria as per 3.2 "Compliance with Eligibility Criteria".
2. SWIFT India makes available to the applicant all relevant documentation which includes the SWIFT India *Corporate Rules*, SWIFT India *General Terms and Conditions* as well as the necessary contractual forms to be completed or referred to.
3. By returning the duly completed forms the applicant adheres to the Corporate Rules, the SWIFT India General Terms and Conditions, and other rules as referred to in the contractual documentation. Such submission of the forms shall not give the applicant any rights before it has been formally admitted as a SWIFT India Customer and notified as such by SWIFT India.
4. An applicant must provide evidence of its compliance with the defined eligibility criteria. The lack of evidence is a base for the Company not to proceed with the



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validation of the application and not to commence the admission process. Following documents, at a minimum, will need to be submitted by the organisation.

For a Supervised Financial Institution:

- certificate of incorporation,
- operating license issued by the financial market regulator,
- PAN card,
- Memorandum and Articles of Association or other Charter / Incorporation documents,
- list of authorised signatures,
- identity proof of the two designated Security Officers.

For a Corporate:

- certificate of incorporation,
- PAN card,
- Memorandum and Articles of Association or other Charter / Incorporation documents
- latest Annual Report,
- list of authorised signatures,
- identity proof of the two designated Security Officers.

For an Other SWIFT India Customer:

- certificate of incorporation,
- PAN card,
- Memorandum and Articles of Association or other Charter / Incorporation documents
- latest Annual Report,
- list of authorised signatures.
- identity proof of the two designated Security Officers.

Copies of the original documents with English translation shall be made available in pdf format to SWIFT India.

SWIFT India may request the applicant or existing *SWIFT India Customer* to furnish any additional material such as corporate and financial documentation at its discretion to ensure the *SWIFT India Customer's* (continued) compliance with the conditions for admission.

5. Upon satisfactory validation of the application SWIFT India will confirm in writing to the applicant its admission as a SWIFT India Customer.
6. Within a reasonable time frame, but never exceeding 3 months, SWIFT India Customer confirms in writing its readiness to actively use SWIFT India services. Failing to do so without any valid reasons gives ground to loss of SWIFT India Customer status and termination as a SWIFT India Customer.
7. SWIFT makes periodically the list of newly accepted SWIFT India Customers available to the Board of Directors.



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8. In the case where SWIFT India rejects an application to become a SWIFT India Customer, it will notify the applicant about such rejection and what motivated the decision.

3.4 Loss of Customer Status and Termination Process

SWIFT India Customer status is lost in the events as described in this section.

1. Termination by the SWIFT INDIA Customer

Loss of customer status shall take place automatically upon termination of all SWIFT India services and products. The SWIFT India Customer may terminate all the product and services it has subscribed to provided it has given the termination notice(s) according to the relevant service description and SWIFT India General Terms and Conditions.

2. Termination by SWIFT India

A SWIFT India Customer may be terminated if SWIFT India establishes in its reasonable opinion that the SWIFT India Customer:

- a. does not observe the Corporate Rules or any undertaking towards the Company,
- b. makes any arrangement or composition with or concerning its creditors,
- c. is subject to regulations impacting its customer status in the Company,
- d. commits any act of negligence which may be prejudicial to the interests of the Company,
- e. ceases to fulfil the eligibility criteria and conditions for admission set forth in these Corporate Rules
- f. has not actively been using SWIFT India services without any valid reason
- g. in case the SWIFT India Customer has terminated the use of services and products in accordance with the SWIFT India General Terms and Conditions – Termination

SWIFT India shall notify in writing its decision to terminate a SWIFT India Customer with the exact termination date and disconnection date from SWIFT India services and the reasons underlying its decision.

Except in the case of 2.g. above, the SWIFT India Customer has the right to appeal against an expulsion decision within thirty days of the notification of such decision in accordance with the arbitration rules of the Indian Council of Arbitration. The appeal does not trigger the upholding of the effect of termination.

SWIFT India Customer shall not be permitted to make use of SWIFT India's services and products upon loss of its SWIFT India Customer status.



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3. Bankruptcy - Loss of Operating Licence

- a. A *SWIFT India Customer* which is declared bankrupt and/or for a supervised financial institution which operating licence is revoked, is required to inform SWIFT India immediately. Loss of operating licence is equivalent to non-compliance of eligibility criteria and results in loss of *SWIFT India Customer* status.
- b. SWIFT India may seek clarity about the *SWIFT India Customer's* eligibility from the competent regulator, local authorities, or from any means including commercial database. The *SWIFT India Customer* shall not be permitted to make continued use of SWIFT India's services and products as from 2 weeks upon the Company being informed of the situation, unless otherwise instructed by a competent supervisory authority. In which case the conditions specified in section "Liquidation or Similar Situation" below shall apply.
- c. When being made aware, the Company will notify the *SWIFT India Customer* of its non-compliance with the eligibility criteria and hence its loss of status as a *SWIFT India Customer* and the termination date of its customer status. As from the latter date, the *SWIFT India Customer* will not be able to use SWIFT India service and products.

4. Liquidation or similar situation

In the event of liquidation or similar situation, the *SWIFT India Customer* is allowed to make continued usage of SWIFT India services if all of the following conditions are fulfilled:

- a. The *SWIFT India Customer* and/or liquidator send a formal request to SWIFT India and justify its continued need for SWIFT India services and products.
- b. In case of a supervised financial institution, the financial regulator confirms its continued supervision of the *SWIFT India Customer*.
- c. The *SWIFT India Customer* or liquidator guarantees payment of SWIFT India invoices during the liquidation process.

The *SWIFT India Customer* or liquidator and SWIFT India will mutually agree on the termination date as a *SWIFT India Customer* and disconnection date from the Company's messaging services.

5. SWIFT makes periodically the list of SWIFT India Customers that lost their customer status, available to the Board of Directors.

3.5 Mergers or other Corporate Restructuring

In case of mergers or other corporate restructuring involving *SWIFT India Customers*, the parties must transmit any relevant information as soon as available.



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In case of merger or other corporate restructuring where a new legal entity is created, the new entity is considered as a new applicant *SWIFT India Customer* and must follow the admission process of a new *SWIFT India Customer*.

The admission process is completed upon confirmation by SWIFT to the applicant of its acceptance as a *SWIFT India Customer*.

3.6 Business Identification Code (“BIC”)

The BIC is an established international standard (ISO 9362). It provides an identifier for institutions within the financial services industry to facilitate automated processing of telecommunication messages in banking and related financial transaction environments. SWIFT S.C.R.L. is the designated ISO Registration Authority for the BIC. SWIFT S.C.R.L. publishes BICs in the directory products.

Each organisation that becomes a *SWIFT India Customer* will have allocated a unique BIC that identifies the organisation for use with SWIFT India’s domestic financial messaging service.

For more information about BIC, see the *BIC Policy* on www.swift.com.

4 MISCELLANEOUS

4.1 Entrance Fee

An organisation accepted as *SWIFT India Customer* shall pay an entrance fee as determined by the Board of Directors.

4.2 Modifications to the Corporate Rules

Any modifications to the rules set forth in these Corporate Rules are subject to the approval of the Board of Directors. The SWIFT India management shall inform the *SWIFT India Customer* of any modification to the rules in this document, which shall be binding upon all *SWIFT India Customers*.

4.3 Dispute over the Corporate Rules

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of these *Corporate Rules* or the validity or the breach thereof shall be settled by arbitration by one arbitrator in accordance with the Rules of Arbitration of the Indian Council of Arbitration and the award made in pursuance thereof shall be final and binding on the parties. SWIFT India shall appoint the sole arbitrator. Such proceedings shall be conducted in Mumbai and in the English language.



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