



GUIDELINES ON DISPUTE RESOLUTION BETWEEN PARTICIPANTS OF PAYNET'S SERVICES

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Version 2.1

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Revision History

Version No.	Date of Update	Summary of Change	Updated By
1.0	2 Sept 2009	Creation & approved version	MyClear
1.1	6 Aug 2012	<p>Clause 2.0 – Applicability</p> <ul style="list-style-type: none"> Rewording of the clause as this Guideline is applicable to all services of MyClear. <p>Clause 3.0 – Effective Date</p> <ul style="list-style-type: none"> Newly added clause to state the effective date of this Guideline <p>Numbering of clauses:</p> <ul style="list-style-type: none"> Due to insertion of Clause 3.0, all other clauses beginning from Clause 3.0 in Version 1.0 has been re-numbered. <p>Clause 4.1.3 (vi)</p> <ul style="list-style-type: none"> Added “where applicable” to the clause. <p>Clause 5.2</p> <ul style="list-style-type: none"> Deletion of “subsequently bilaterally agree to refer the matter to MyClear” and amendment to include time frame for the parties to resolve the dispute before referring the case to MyClear. <p>Clause 7.0</p> <ul style="list-style-type: none"> Added new clause to address Conflict of Interest. <p>Clause 8.1.1</p> <ul style="list-style-type: none"> Amendment on the prerequisite for submission for Arbitration to MyClear. <p>Clause 8.1.3</p> <ul style="list-style-type: none"> Deletion of “their respective management has agreed to refer the dispute to MyClear.” <p>Clause 8.4.1</p> <ul style="list-style-type: none"> Added new provision requiring the other party to provide relevant documents for the dispute case to MyClear and required to attend the hearing. <p>Clause 8.4.2</p> <ul style="list-style-type: none"> Amendment to the clause whereby MyClear will proceed to present the dispute for hearing after 14 working days of notice. 	MyClear

Version No.	Date of Update	Summary of Change	Updated By
		<p>Clause 8.6.3</p> <ul style="list-style-type: none"> Added a new clause to reflect that the Arbitration Panel will proceed with the hearing even only single party present. <p>Clause 8.8.3</p> <ul style="list-style-type: none"> Added a new clause to state that a similar Arbitration fee to be imposed to the party who did not present the dispute hearing. <p>Clause 8.8.5</p> <ul style="list-style-type: none"> Rewording of Clause to reflect that MyClear will debit the Arbitration fee upon completion of the dispute hearing. <p>Clause 8.8.6</p> <ul style="list-style-type: none"> Deletion of the Clause as it is no longer applicable. <p>Clause 8.9</p> <ul style="list-style-type: none"> Restructuring of the Clause by incorporating Clause 8.11 as sub-clause 8.9.3. 	
2.0	5 Dec 2014	<p>Revamped the guideline to include the following:</p> <ol style="list-style-type: none"> Included the purpose of the Independent Arbitration Panels in the Preamble. Provided new definitions. Introduced 2 separate Arbitration Panels ie. LVP and Retail Arbitration Panels; Expanded arbitration panel scope to include JomPAY Scheme; Simplified and improved clarity on the arbitration fee structure payable by both participants; Replaced Payment Systems Act with Financial Services Act and Personal Data Protection Act; Clarified on appointment of experts and payment of their fees; and Included Submission Checklists 	MyClear
2.1	14/11/2017	<p>General</p> <ul style="list-style-type: none"> Change of Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear) to Payments Network Malaysia Sdn Bhd (PayNet) To include all Retail Payment Services other than only JomPAY Scheme <p>Clause 4.1.5</p> <p>Amendment to the composition of Arbitration Panel for Retail Payment Services</p>	PayNet

Version No.	Date of Update	Summary of Change	Updated By
		Clause 5.5.3 To provide clarity on cases not subjected to Arbitration	
		Clause 8.6.1 To include the timeline for submission of Arbitration requests for Retail Payment Services	
		Clause 8.8.6 To include payment method for Participants who are non RENTAS member	

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PREAMBLE

GUIDELINES ON DISPUTE RESOLUTION BETWEEN PARTICIPANTS OF PAYNET'S SERVICES ("this Guideline") contains information on the process of conducting arbitration proceedings to hear disputes which could not be amicably resolved between Participants that subscribe to the Large Value Payment Services and Retail Payment Services provided by Payments Network Malaysia Sdn Bhd (formerly known as Malaysian Electronic Clearing Corporation Sdn Bhd), incorporated under the Companies Act 1965. The purpose of the Independent Arbitration Panels is to ensure that all disputes are settled in a fast, efficient and cost effective manner.

1.0 INTRODUCTION

This Guideline outlines the procedures and scope of the Independent Arbitration Panels in resolving disputes between the Participants of Large Value Payment Services and Retail Payment Services provided by PayNet.

2.0 APPLICABILITY

2.1 This Guideline is applicable to all Participants subscribing for Large Value Payment Services and Retail Payment Services provided by PayNet.

3.0 EFFECTIVE DATE

3.1 This Guideline will take effect on 2nd January 2018.

3.2 With the introduction of this Guideline, the Guidelines on Dispute Resolution between Participants of Payments and Securities Services Version 2.0 provided by PayNet issued on 5 December 2014 will be superseded.

4.0 INTERPRETATION

4.1 The following terms used in this Guideline shall have the following meanings:

4.1.1 "Biller" / "Seller" / "Merchant" as defined in the Operational Procedures of the respective Retail Payment Services

4.1.2 "Large Value Payment Services" or "LVP" refers to the following:

- (i) Real-Time Electronic Transfer of Funds and Securities System (RENTAS);
- (ii) National Electronic Cheque Information Clearing System (eSPICK);
- (iii) Fully Automated System for Issuing/Tendering (FAST); and
- (iv) Any other services as may be introduced by PayNet and categorised as Large Value Payment Services from time to time.

4.1.3 "LVP Arbitration Panel" refers to an independent panel established by PayNet to address disputes between Participants of Large Value Payments Services provided by PayNet, which comprises five (5) members as follows:

- (i) One (1) from PayNet, who will act as the Chairperson;
- (ii) One (1) from Bank Negara Malaysia (BNM);
- (iii) Two (2) representing the Association of Banks in Malaysia (ABM); and
- (iv) One (1) representing the Association of Islamic Banking Institution Malaysia (AIBIM).

- 4.1.4 "LVP Rules" refers to rules, procedures and operating manuals as issued by PayNet from time to time pertaining to Large Value Payment Services.
- 4.1.5 "Retail Arbitration Panel" refers to an independent panel established by PayNet to address disputes between Participants of Retail Payment Services provided by PayNet, which comprises five (5) members as follows:
- (i) One (1) from PayNet, who will act as the Chairperson;
 - (ii) One (1) from Bank Negara Malaysia;
 - (iii) Three (3) representing the Association of Banks in Malaysia (ABM); and/or the Association of Islamic Banking Institution Malaysia (AIBIM).
- 4.1.6 "Retail Payment Services" or "RPS" refers to the following:
- (i) Interbank GIRO (IBG);
 - (ii) MyDebit;
 - (iii) Direct Debit
 - (iv) FPX
 - (v) JomPAY; and
 - (vi) Any other services as may be introduced by PayNet and categorised as Retail Payment Services from time to time.
- 4.1.7 "Retail Rules" refers to rules, operating procedures and guidelines as issued by PayNet from time to time pertaining to Retail Payment Services.
- 4.1.8 "Rules" refers to LVP Rules and Retail Rules collectively.
- 4.1.9 "Submission for Arbitration" means the document(s) submitted by a Participant involved in a dispute to PayNet for Arbitration, which includes the following information:
- (i) The names and contact details of all Participants involved;
 - (ii) A statement of the issue in dispute and an indication of the amount involved (if any);
 - (iii) A statement of the facts surrounding the dispute;
 - (iv) Relief or remedy sought;
 - (v) Any documentary supporting evidence;
 - (vi) Any other information or arguments which may be considered relevant;
 - (vii) A statement of the other Participant agreeing to refer the dispute to PayNet (where applicable); and
 - (viii) Checklist for Submission (Please refer to **Appendices 1(a) and 1(b)**).

5.0 SCOPE OF THE ARBITRATION PANELS

- 5.1 The Arbitration Panels shall preside over disputes between the Participants of services provided by PayNet in relation to the interpretation or compliance with the Rules.
- 5.2 The LVP Arbitration Panel will decide on disputes between Participants over the interpretation or compliance with the Rules pertaining to Large Value Payment Services. Similarly, the Retail Arbitration Panel will decide on disputes between Participants over the interpretation or compliance with the Rules pertaining to Retail Payment Services.
- 5.3 The dispute may only be referred to PayNet for Arbitration when the Participants involved fail to resolve the dispute amicably. Participants shall attempt to resolve such dispute within 60 days from the date of the incident failing which the aggrieved Participant may refer the dispute to PayNet for Arbitration.
- 5.4 The Arbitration Panels will decide on the appropriate remedies or such other actions as it deems necessary.
- 5.5 The following disputes shall not be submitted for Arbitration by PayNet:
 - 5.5.1 Disputes between the Participants and their service providers or customers;
 - 5.5.2 Disputes between the Participants and Billers/Sellers/Merchant; and/or
 - 5.5.3 Disputes which are under police investigations, legal proceedings or hearings in any Court of Law where the supporting material/s are being kept/withheld as evidence and is not available to be presented during arbitration hearing.

6.0 NON-LIABILITY OF THE ARBITRATION PANELS AND INVITED EXPERTS

- 6.1 The members of the Arbitration Panels or experts appointed by the Arbitration Panels shall have no liability whatsoever, whether for acts or omissions or with respect to any other matter, arising from the dispute.

7.0 MANAGING CONFLICT OF INTEREST

- 7.1 Members of the Arbitration Panels shall not participate in resolving any dispute case involving their respective institution.
- 7.2 PayNet shall not participate in the Arbitration process for cases involving participating institutions that share common directors with PayNet.
- 7.3 An arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to the arbitrators' impartiality or independence. In such cases, the Chairperson of the Arbitration Panel shall decide on the challenge.

8.0 PROCEDURES AND FEES

8.1 Subject to the requirement for the Arbitration process to be fair and efficient, and that all relevant information be properly considered, the following Arbitration procedures are to be adhered to:

8.1.1 Initiation

To initiate Arbitration proceedings, a Participant involved in a dispute shall submit a written request to the Group Chief Executive Officer of PayNet together with its Submission for Arbitration. A Participant can make the Submission for Arbitration to PayNet even though the other Participant(s) in the dispute did not agree to refer the matter to PayNet.

8.1.2 Legible Form

The Submission for Arbitration and the copies of any supporting documents shall be clear and in legible form.

8.1.3 Chronology of Events

The Participants involved in the dispute shall provide a chronology of events of their attempt to resolve the dispute amicably among themselves. This is to ensure that the Participants concerned have exhausted all avenues to resolve the dispute.

8.1.4 Disclosure of Information

- (i) The Participants involved in the dispute are required to obtain written permission from their respective customer affected by the disputes as required under applicable laws of Malaysia to allow PayNet to disclose the customer's information to the members of the Arbitration Panels or experts appointed to facilitate the Arbitration process; and
- (ii) The Participants involved in the dispute are required to provide written permission as required under applicable laws of Malaysia to allow PayNet to disclose their information to the members of the Arbitration Panels or experts appointed to facilitate the Arbitration process.

8.2 Copy to the Other Participant

The Participant requesting for Arbitration shall inform and provide a copy of the Submission for Arbitration to the other Participant(s) of the dispute within two (2) working days of submitting the request for Arbitration to PayNet.

8.3 Notice to the Other Participant

Upon receiving the Submission for Arbitration, PayNet shall give a written notice to the other Participant involved in the dispute that a Submission for Arbitration has been received.

8.4 Response

8.4.1 The other Participant(s) named in the Submission for Arbitration shall provide a written response, outlining the information it has in respect of the matters set out in the Submission for Arbitration or supporting documents (if any) to PayNet

and a copy thereof to the Participant initiating the Arbitration no later than fourteen (14) working days after the date of the notice. All Participants involved in the dispute, regardless whether they were agreeable to refer the matter for Arbitration, are obliged to:

- i) submit or provide to PayNet such relevant documents or evidence as may be necessary for a determination of the dispute case; and
- ii) attend the hearing conducted by PayNet.

8.4.2 In the event that there is no response from the other Participant(s) in the dispute after fourteen (14) working days from the date of the notice provided pursuant to **Clause 8.4.1**, PayNet will proceed to present the dispute case for hearing as per **Clause 8.6** and inform both Participants in the dispute accordingly.

8.4.3 In the event the Participant is unable to attend the hearing or if it is the initiating Participant who will like to withdraw the case, the said Participant shall endeavour to send a formal notice in writing to PayNet's Group Chief Executive Officer at least five (5) working days before the scheduled hearing date to inform of the cancellation or withdrawal.

8.5 Premature Closure of Cases

8.5.1 PayNet has the right to prematurely close any dispute cases in the event where the Participant(s) failed to provide sufficient information or documents required by PayNet within the stipulated time period given.

8.5.2 PayNet will not entertain any appeal to re-open cases that have been prematurely closed under **Clause 8.5.1**. The Participants involved in the dispute may resort to other means of resolving the dispute, including seeking legal recourse.

8.6 Hearing

8.6.1 At the beginning of each calendar year, PayNet will notify Participants of all the Arbitration Hearing dates for that year. For any case to be considered, initiating Participants are required to submit complete documents to PayNet at least three (3) weeks for Large Value Services and at least six (6) weeks for Retail Payment Services prior to the date of scheduled Hearing. Should Participants submit the documents late, the hearing for the said case will be held at the next scheduled date.

8.6.2 PayNet will inform the Participants the date and time to appear for the hearing within one (1) week after PayNet receives a response from the other Participant and are satisfied that all relevant documents are in order to allow the hearing to take place.

8.6.3 The Participants involved in the dispute may be called to appear before the Arbitration Panel, if the need arises.

8.6.4 In the event that only a single Participant is present during the hearing, the Arbitration Panels will proceed with the hearing and make an appropriate recommendation and/or decision based on the available documents or evidence

provided by both Participants to the Panels. The other Participant who was not present during the hearing will be informed about the decision made by the Panels and will have to bear the cost of the Arbitration Hearing subject to the decision of the Arbitration Panel.

8.7 Conflict and Assistance

8.7.1 Where the Arbitration Panels is unable to sufficiently reconcile any conflicting information provided by the Participants, the Arbitration Panels may require further evidence from the Participants involved.

8.7.2 The Arbitration Panels may also engage external experts if the dispute involves technical issues and the relevant fees may be added on to the cost of the Arbitration in engaging such services.

8.8 Cost of Arbitration

8.8.1 The initiating Participant shall pay a non-refundable registration fee of RM500 for each case submitted for arbitration.

8.8.2 Upon completion of the hearing of the case in dispute by the Arbitration Panel, the fees chargeable per case shall be as follows:

Initiating Participant - RM3,500

Other Participant(s) - RM1,000.

8.8.3 Should the case require an expert's opinion, the expert's fees will be shared equally among the Participants.

8.8.4 The Arbitration fees will be imposed on the Participants involved in a dispute even if a Participant did not agree to refer the dispute for Arbitration or did not attend the Arbitration hearing.

8.8.5 PayNet will debit the Arbitration fees from the settlement account of the Participants maintained with Bank Negara Malaysia via RENTAS upon completion of the Arbitration hearing.

8.8.6 For the initiating Participants who do not subscribe to RENTAS, they are required to electronically transfer the registration fee and arbitration fee via IBG to PayNet's account at least seven (7) business days prior to the Arbitration Hearing. For the counterparty Participants who do not subscribe to RENTAS, they are required to electronically transfer the Arbitration fees via IBG to PayNet's account within seven (7) business days after to the Arbitration Hearing.

8.8.7 All fees and charges payable in accordance with this Guideline are exclusive of government tax.

8.9 Finality and Confidentiality of Decision

- 8.9.1 The decision made by the Arbitration Panels shall be final and binding. No appeal on the decision will be considered.
- 8.9.2 The decision shall be conveyed to the Participants no later than fourteen (14) working days after the Arbitration Panel's hearing date. The decision of Arbitration Panel and all matters related to the Arbitration hearing is to be kept strictly confidential and is not to be disclosed to any other parties, i.e. customers, service providers, etc.
- 8.9.3 Notwithstanding **Clause 8.9.1**, the decision of the Arbitration Panels does not preclude the Participants to seek legal rights or remedy under the Malaysian law.

8.10 **Record and Filing of Decision**

The decisions of the Arbitration Panels may serve as a precedent to be considered in future disputes and the resulting decisions shall be recorded and filed accordingly.

APPENDICES

Appendix 1(a): Submission Checklist for Initiating Party



Payments Network Malaysia Sdn Bhd (0167493-0)
Formerly known as Malaysia Electronic Clearing Corporation Sdn Bhd

Arbitration Checklist for Initiating Party

Details for Arbitration

Services	
Counterparty Bank	
Statement of the Issue or Dispute	
Indication of amount involved (if any)	
Relief or remedy sought	
Any other information or arguments which may be considered relevant	

Checklist

#	Details	Yes	No
1.	We have taken adequate steps to discuss with the counterparty involved to resolve the dispute	<input type="checkbox"/>	<input type="checkbox"/>
2.	Outline of steps taken/Chronology of Events (Appendix 1)	<input type="checkbox"/>	<input type="checkbox"/>
3.	We attached herewith our customer's consent allowing PayNet to disclose their information or records to the other party, PayNet's Arbitration Panel & Invited Experts (Appendix 2)	<input type="checkbox"/>	<input type="checkbox"/>
4.	We have obtained the following: i) Management's approval to refer the dispute to PayNet for resolution ii) Management's acceptance on the finality of the decision made by PayNet's Arbitration Panel	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
5.	Agreement with the counterparty to refer the dispute to PayNet Liaison Person at : Counterparty Designation & Tel No :	<input type="checkbox"/>	<input type="checkbox"/>
6.	Additional document/ supporting evidence (if applicable) (Appendix 3) Please state:	<input type="checkbox"/>	<input type="checkbox"/>



Payments Network Malaysia Sdn Bhd (836143-0)
Formerly known as Malaysia Electronic Clearing Corporation Sdn Bhd

Arbitration Checklist for Initiating Party

Declaration

We hereby agree to the following:	Yes
a) Consent to disclose our information or records to the other party, PayNet Arbitration Panel and invited experts and to inform the panel's decision to the other party;	<input type="checkbox"/>
b) Provide, on a timely basis, additional information and supporting documents that PayNet may require;	<input type="checkbox"/>
c) Allow PayNet to debit our RENTAS account directly for all fees or charges pertaining to the arbitration; and	<input type="checkbox"/>
d) Extend our full cooperation to PayNet and its Arbitration Panel.	<input type="checkbox"/>

We hereby confirm that the above information is correct:

Authorised Signatory :

Name :

Designation :

Tel No :

Fax No :

Email address :

Authorised Signatory :

Name :

Designation :

Tel No :

Fax No :

Email address :

Official Stamp :

Appendix 1(b): Submission Checklist for Counterparty



Payments Network Malaysia Sdn Bhd (0108743-D)
Peneraju Insurans Elektronik Malaysia (Electronic Clearing Corporation Sdn Bhd)

Arbitration Checklist for Counter Party

PayNet has received a request for arbitration involving your organisation.

Details are as follows:

Services	
Initiating Party	
Statement of the Issue or Dispute	
Indication of amount involved (if any)	
Relief or remedy sought	

Checklist

#	Description	Yes	No
1.	We have been in discussion with the initiating party on the above dispute case: Liaison Person at : Initiating Party Designation & Tel No. :	<input type="checkbox"/>	<input type="checkbox"/>
2.	We have agreed with the initiating party to refer the dispute to PayNet	<input type="checkbox"/>	<input type="checkbox"/>
3.	Any other information or arguments which may be considered relevant (Appendix 1)	<input type="checkbox"/>	<input type="checkbox"/>



Arbitration Checklist for Counter Party

Declaration

We hereby agree to the following:	Yes
a) Consent to disclose our information or records to the other party, PayNet Arbitration Panel and invited experts and to inform the panel's decision to the other party;	<input type="checkbox"/>
b) Provide, on a timely basis, additional information and supporting documents that PayNet may require;	<input type="checkbox"/>
c) Allow PayNet to debit our RENTAS account directly for all fees or charges pertaining to the arbitration; and	<input type="checkbox"/>
d) Extend our full cooperation to PayNet and its Arbitration Panel.	<input type="checkbox"/>

We hereby confirm that the above information is correct:

Authorized Signatory :

Name :

Designation :

Tel No :

Fax No :

Email address :

Authorized Signatory :

Name :

Designation :

Tel No :

Fax No :

Email address :

Official Stamp :