



# DEFAULT, SUSPENSION, AND TERMINATION RULES AND PROCEDURES

Buna – The Regional Payment System

Arab Regional Payments Clearing and  
Settlement Organization

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المؤسسة الإقليمية لمقاصة وتسوية  
المدفوعات العربية



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## **1 SUSPENSION AND TERMINATION RULES**

### **1.1 SUSPENSION OF A PARTICIPANT**

- 1.1.1 A Participant may, as further described in the Procedures, be suspended:
- 1.1.1.1 upon any breach by the Participant of the System Documents;
  - 1.1.1.2 if the System Operator at its discretion considers that suspension is necessary to protect the interests of the System Operator or Participants (excluding the Participant concerned) and the safety and integrity of the System; or
  - 1.1.1.3 in the event of the deterioration in the financial stability of the Participant or any Force Majeure Event affecting the Participant.
- 1.1.2 In determining whether a Participant shall be suspended, the System Operator may consult with the Participant's home regulator and shall notify the Participant of any such consultation as soon as practicable.
- 1.1.3 A Participant that has been suspended, shall during the term of such suspension and thereafter, remain and continue to be:
- 1.1.3.1 subject to and bound by the System Documents and any other agreements between the System Operator and the Participant;
  - 1.1.3.2 obliged to pay all fees, assessments or other charges imposed by the System Operator;
  - 1.1.3.3 liable in accordance with the Rulebook for all other obligations in respect of Payment Messages and the obligation to transfer, deposit and maintain Prefund Amounts.
- 1.1.4 The System Operator will issue a Circular promptly following the suspension of a Participant. The System Operator may, in accordance with the Procedures, publish details of the reason for the suspension.
- 1.1.5 The System Operator shall be entitled at its discretion to revoke the suspension of any suspended Participant.

### **1.2 TERMINATION OF A PARTICIPANT**

- 1.2.1 The System Operator shall be entitled to terminate the membership of any Participant upon written notice to the Participant (which shall take effect no less than thirty Business Days after the date of service of the notice) and that Participant's home state regulator, as described in the Procedures, following:
- 1.2.1.1 any material and unremedied breach by the Participant of the System Documents;
  - 1.2.1.2 any suspension of the Participant pursuant to these Rules and the Procedures; or
  - 1.2.1.3 the occurrence of an Event of Default with respect to that Participant.

- 1.2.2 The System Operator shall notify the Participant in writing of its termination and proceed to immediately terminate the Participant's status in the System in accordance with the applicable termination procedures as described in the Procedures.
- 1.2.3 Nothing in this rule shall restrict the ability of the System Operator to collect such amounts or subsequently determine that additional amounts are owed by a terminated Participant to the System Operator under the System Documents, or due in respect of any indemnity described in the System Documents relating to events or circumstances arising or occurring at or prior to the Participant's termination date.
- 1.2.4 The System Operator may terminate the membership of all Participants in accordance with the Procedures, if at any time if the System Operator determines, in its reasonable discretion and in accordance with Applicable Law, that the voluntary liquidation of the System Operator is in the best interests of the System Operator and its Participants.

### **1.3 TERMINATION BY A PARTICIPANT**

- 1.3.1 A Participant may, in accordance with the terms of the Participation Agreement and as further described in the Procedures, terminate its status as a Participant by giving no less than thirty Business Days' written notice to the System Operator. Participant termination takes effect on the Participation Termination Date which is the later of the date specified in the notice of termination and the date on which all outstanding Payment Messages are Settled.
- 1.3.2 The System Operator will issue a Circular promptly following receipt of notice of termination by a Participant confirming the effective Participation Termination Date.

## 2 SUSPENSION AND TERMINATION PROCEDURES

### 2.1 PROCESS FOR SUSPENSION OF A PARTICIPANT BY THE SYSTEM OPERATOR

#### 2.1.1 *Suspension of a Participant by the System Operator*

2.1.1.1 As prescribed in Buna's Rules, the System Operator shall be entitled to suspend the membership of any Participant upon written notice by electronic mail to (i) the Participant, (ii) each FHI and (iii) the Participant's home state regulator, at any time and with immediate effect (or with effect at such time and date as the System Operator may specify) as a result of any of the following circumstances:

2.1.1.1.1 upon any breach by the Participant of the System Documents;

2.1.1.1.2 if the System Operator at its discretion considers that suspension is necessary to protect the interests of the System Operator or Participants (excluding the Participant concerned) or the safety and integrity of the System; or

2.1.1.1.3 in the event of the deterioration in the financial stability of the Participant or any Force Majeure Event affecting the Participant.

2.1.1.2 The Participant may be suspended from the System in relation to only one Participant Account and Eligible Currency or in relation to all Participant Accounts and Eligible Currencies it transacts in at the System Operator's discretion.

2.1.1.3 The System Operator may at its discretion provide the Participant with a notice (a "Warning Notice") instead of suspending the Participant if any of the events set out in section 2.1.1.1 occur. The Warning Notice shall require the Participant to take steps to remediate such events within a time period determined by the System Operator and notified to the Participant in the Warning Notice. This shall not prejudice in any way the right of the System Operator to suspend the Participant with immediate effect at any time in accordance with Section 2.1.

2.1.1.4 The System Operator shall have full discretion as to the length of the Suspension period. If the reasons for the suspension of the Participant are not resolved within six (6) months to the satisfaction of the System Operator, the System Operator may terminate the Participant's membership of the System in accordance with Section 2.3.1.

#### 2.1.2 *Suspension Procedures; Suspension Amounts*

2.1.2.1 The System Operator shall issue a Participant notice of suspension and proceed to suspend the Participant's membership of the System for the Participant Accounts and Eligible Currencies specified in the notice of suspension, effective at the time and date specified in the notice of suspension.

2.1.2.2 A Circular shall be sent by electronic mail to all Participants, Fund Holding Institutions and the Participant's home state regulator, giving written notice from the System Operator of the suspension, the reason for the suspension (where the System Operator considers it to be in the best interests of the System and its Participants) and the date and the time it is effective from. The Circular shall also be posted by the System Operator on its website.

2.1.2.3 During the Suspension Period, such Participant shall be suspended from participation in the System for the Eligible Currencies specified, and the System Operator shall determine such Participant's Suspension Amount which includes any outstanding fees, assessments or other charges imposed by the System Operator, in accordance with Buna Pricing Schedule.

### **2.1.3 Limitation of Instructions**

2.1.3.1 Following delivery of the Participant's notice of suspension, such Participant shall submit no additional, and rescind any outstanding, Future Value-dated Orders which specify a Settlement Date after the Suspension Period begins.

2.1.3.2 Following the effective time and date of the Participant's notice of suspension, such Participant shall submit no additional Instructions to the System Operator.

2.1.3.3 Following the effective time and date of the suspension of the Participant, the System Operator shall remove from the System any Payment Messages previously submitted for Processing by the suspended Participant which have not yet entered the Settlement Session, including all outstanding Future Value-dated Orders submitted by the Participant.

2.1.3.4 All pre-funded amounts held in relation to the suspended Participant's Participant Account(s) in an FHI Account will be transferred back to the suspended Participant at the end of the Operating Window.

2.1.3.5 Participants which have submitted Future Value-dated Orders to a suspended Participant as Receiving Participant shall be notified by the System Operator to rescind such Payment Messages. The System Operator may also remove any Payment Messages to the suspended Receiving Participant previously submitted for Processing which have not yet entered a Settlement Session if the Submitting Participant does not rescind them.

### **2.1.4 End of a Participant's Suspension**

2.1.4.1 The System Operator has full discretion on when a Participant's suspension shall be ended, The System Operator shall issue a Participant's notice of reinstatement and shall send the written notice by electronic mail (i) to each Participant (ii) to each Fund Holding Institution and (iii) the Participant's home state regulator no later than seven (7) Business Days prior to the end of the Suspension Period informing them of the time and date when the Participant's suspension shall end. The notice of reinstatement shall also be posted by the System Operator on its website.

2.1.4.2 The notice of reinstatement shall revoke the notice of suspension and shall reinstate the Participant's rights to use the System, starting at the time specified in the notice of reinstatement.

### 2.1.5 **Appeals**

2.1.5.1 A Participant may appeal the System Operator's decision to suspend the Participant in accordance with **Section 3.1**. Unless the final decision made under the appeals process is to lift the Participant's suspension, the appeals process shall not impact the System Operator's right to maintain the suspension of the Participant or to determine the length of the suspension.

## 2.2 **PROCESS FOR SUSPENSION OF PARTICIPATION BY A PARTICIPANT**

### 2.2.1 **Self-Suspension of a Participant**

2.2.1.1 The System Operator shall suspend the Participant Account of any Participant following written notice from the Participant that they wish their Account to be suspended. The Participant must provide the System Operator with one- month notice prior to the date they wish the suspension to be effective from. The System Operator may waive, in its sole discretion, this notice requirement and consent to an earlier suspension. If possible, the Participant must specify the desired duration of their suspension.

2.2.1.2 The Participant may request suspension from the System in relation to only one Participant Account and Eligible Currency or in relation to all Participant Accounts and Eligible Currencies it transacts in.

### 2.2.2 **Suspension Procedures; Suspension Amounts**

2.2.2.1 The System Operator shall issue a Participant notice of suspension and proceed to suspend the Participant's membership in the System for the Eligible Currencies and Participant Accounts specified, effective at the time and date requested by the Participant.

2.2.2.2 A Circular shall be sent by electronic mail to (i) all Participants, (ii) to each Fund Holding Institutions and (iii) the Participant's home state regulator, giving written notice from the System Operator of the suspension, the reason for the suspension (where the System Operator considers it to be in the best interests of the System and its Participants to share the reason for suspending the Participant), the time and date it is effective from and, where applicable, the length of the suspension. The Circular shall also be posted by the System Operator on its website.

2.2.2.3 During the Suspension Period, such Participant shall be suspended from participation in the System for the Participant Accounts and Eligible Currencies specified, and the System Operator shall determine such Participant's Suspension Amount which includes any outstanding fees, assessments or other charges imposed by the System Operator in accordance with the Buna Pricing Schedule.

### 2.2.3 **Limitation of Instructions**

- 2.2.3.1 Following delivery of Participant's notice of suspension, such Participant shall submit no additional Payment Messages to the System Operator for Settlement that specify a Settlement Date during the Suspension Period.
- 2.2.3.2 All previously submitted Payment Messages with a Settlement Date during the Suspension Period that were submitted for Processing shall be removed by such Participant from the System by rescinding such Payment Messages prior to their suspension becoming effective; provided, however, that such Payment Sessions have not yet entered a Settlement Session and that if such Payment Messages are not rescinded by the Participant, the System Operator will remove such Payment Messages from the System.
- 2.2.3.3 Participants who have submitted Future Value-dated Orders to a suspended Participant shall be notified by the System Operator to rescind such Payment Messages. The System Operator may also remove any Payment Messages to the suspended Participant previously submitted for Processing which have not yet entered a Settlement Session if the Submitting Participant does not.

#### **2.2.4 End of a Participant's Suspension**

- 2.2.4.1 Where possible, the Participant shall notify the System Operator of what date they wish their suspension to end on at the same time as they notify the System Operator that they wish their membership to be suspended. If that is not possible, they shall provide the System Operator with at least thirty (30) Business Days' notice of when they wish the suspension to be lifted. The System Operator shall exercise its reasonable discretion as to whether to agree to lift the suspension on that date or whether to specify a different date on the Participant before reinstating their rights to use the System in respect of the relevant Eligible Currencies and Participant Accounts.
- 2.2.4.2 The System Operator shall issue a Participant's notice of reinstatement and shall send the written notice (i) to each Participant (ii) to each Fund Holding Institution and (iii) the Participant's home state regulator no later than seven (7) Business Days prior to the end of the Suspension period informing them of the time and date when the Participant's suspension ends. The notice of reinstatement shall also be posted by the System Operator on its website.
- 2.2.4.3 The notice of reinstatement shall revoke the notice of suspension and shall reinstate the Participant's rights to use the System in relation to the Eligible Currencies and Participant Accounts specified in the notice starting from the time and date specified in the notice of reinstatement.

### **2.3 PARTICIPATION TERMINATION PROCESS**

#### **2.3.1 Termination of a Participant**



2.3.1.1 As prescribed in Buna's Rules, the System Operator shall be entitled to terminate the membership of any Participant upon written notice to the Participant (which shall take effect no less than thirty (30) Business Days after the date of service of the notice) and that Participant's home state regulator following:

2.3.1.1.1 Any material and unremedied breach by the Participant of the System Documents;

2.3.1.1.2 Any suspension of the Participant by the System Operator pursuant to the Rules and these Procedures; or

2.3.1.1.3 The occurrence of an Event of Default with respect to that Participant.

### 2.3.2 **Termination by a Participant**

2.3.2.1 A Participant may voluntarily terminate its participation in the System upon not less than thirty (30) Business Days' written notice to the System Operator, in respect of one Eligible Currency and Participant Account or all of its Eligible Participant Accounts and Eligible Currencies. The notice shall specify the Participation Termination Date on which the Participant desires its termination to be effective in respect of that Eligible Currency and Participant Account. The System Operator may waive, in its sole discretion, this notice requirement and consent to an earlier termination.

2.3.2.2 Unless otherwise agreed by the System Operator, Participant termination takes effect on the Participation Termination Date which is the later of the date specified in the notice of termination and the date on which all outstanding Payment Messages are Settled.

### 2.3.3 **Termination Procedures; Termination Amounts**

2.3.3.1 Upon issuance or receipt of a Participant's notice of termination, as applicable, the System Operator shall determine the expected Termination Time and proceed to terminate the Participant's membership in the System in respect of the Participant Accounts and Eligible Currencies specified in the notice of termination in accordance with the termination procedures as the System Operator may reasonably establish from time to time. Written notice from the System Operator of the termination specifying the expected Termination Time and the reason for the termination (where the System Operator considers it to be in the best interests of the System and its Participants to share the reason for terminating the Participant) will be promptly sent to (i) each Participant (ii) to each Fund Holding Institution and (iii) the Participant's home state regulator no later than seven (7) Business Days prior to the final Termination Time. Notice of the termination will also be placed on the System Operator's website at [www.buna.co](http://www.buna.co).

2.3.3.2 As of the Termination Time, the applicable Participant Account(s) shall be terminated, and the System Operator shall determine such Participant's Termination Amount which includes any outstanding fees, assessments or other charges imposed by the System Operator in accordance with the Buna Pricing Schedule in relation to that Participant Account. The System Operator shall be entitled to make any necessary adjustments to the terminating Participant Account(s) as a result of the exercise of the System Operator's rights of set off and nothing in this clause shall restrict the ability of the System Operator to collect such amounts or subsequently determine that additional amounts are owed by a terminated Participant to the System Operator under the System Documents, or due in respect of any indemnity described in these Rules relating to events or circumstances arising or occurring at or prior to the Participant's termination date.

#### **2.3.4 Limitation of Instructions**

2.3.4.1 Following delivery of Participant's notice of termination, such Participant shall submit no additional Payment Messages to the System Operator for Settlement, in respect of the Participant Account(s) specified in the notice of termination, which specify a Settlement Date that is after its expected Termination Time.

2.3.4.2 All previously submitted Payment Messages that are being Processed and which specify a Settlement Date that is after its expected Termination Time shall be removed by such Participant from the System by rescinding such Payment Messages; provided, however, that the Payment Messages have not yet entered a Settlement Session and that if such Payment Messages are not rescinded by the Participant, the System Operator will remove such Payment Messages from the System.

2.3.4.3 Participants which have submitted Future Value-dated Orders to a Participant which is the subject of a notice of termination with a Settlement Date after the Termination Time shall be notified by the System Operator to rescind such Payment Messages. The System Operator may also remove any such Future Value-dated Orders to the terminating Participant previously submitted for Processing which have not yet entered a Settlement Session if the Submitting Participant does not.

#### **2.3.5 Appeals**

2.3.5.1 A Participant may appeal the System Operator's decision to terminate the Participant in accordance with Section 3.13.1. Unless the final decision under the appeals process requires the System Operator to withdraw their decision to terminate the Participant's Participant Accounts or membership of the System, the appeals process shall not impact the System Operator's rights to terminate the Participant or to determine the terms of that termination.

2.3.5.2 A Participant which has appealed a decision by the System Operator to terminate or suspend any of their Participant Accounts or their membership of the System may not be terminated until final conclusion of the appeals process set out in Section 3.1.

## **2.4 LIQUIDATION OF THE SYSTEM OPERATOR AND TERMINATION OF ALL PARTICIPANTS**

- 2.4.1 In accordance with Buna's Rules, the System Operator may terminate the membership of all Participants by providing three (3) months' written notice to all Participants and FHIs of the voluntary liquidation of the System.
- 2.4.2 The System Operator shall take all relevant measures to ensure that all Payment Messages have Settled prior to the date of termination. The System Operator may make any necessary adjustments to a Participant's Accounts under its rights of set-off to ensure that all fees and charges due to the System Operator in accordance with the Buna Pricing Schedule are settled before termination.

## 3 DISPUTE MECHANISM

### 3.1 APPEALS PROCESS

#### 3.1.1 *Decisions in respect of which an appeal may be lodged*

3.1.1.1 A Participant may make an appeal to an Appeals Committee under this section against any of the following decisions made by the System Operator:

3.1.1.1.1 a decision by the System Operator to suspend the membership of that Participant pursuant to Section 2.1.1; and

3.1.1.1.2 a decision by the System Operator to terminate the membership of that Participant pursuant to Section 2.3.1.

3.1.1.1.3 In addition, a Participant may appeal against any of the following decisions made by the System Operator:

- a. decision by the System Operator pursuant to suspend an Eligible Currency; and
- b. decision by the System Operator that a currency is no longer an Eligible Currency.

## 4 DEFINITIONS

In these Rules and the Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

### **Event of Default**

If any of the following events occur with respect to any Participant, such event shall, if so declared by the System Operator constitute an Event of Default:

- a) any breach by Participant of these Rules, the Procedures, the Participation Agreement or any other agreement with the System Operator;
- b) the Participant being unable or likely to be unable to meet its obligations under these Rules or in respect of any Payment Message;
- c) An Insolvency Event in respect of that Participant or any of its Affiliates;
- d) any material action being taken against that Participant (including, without limitation, any declaration of default, material adverse notice or finding, material fine, suspension, expulsion or withdrawal of, revocation of or failure to renew any permission, license or authorization) by any Governmental Authority or regulatory authority; or
- e) breach by that Participant of any Applicable Law relevant to its business as a Participant.