



RITS

REGULATIONS

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These Regulations contain disclaimers of liability on the part of the Reserve Bank including, but not limited to, the disclaimers set out in Regulation 2.



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RITS**Administration****1 DEFINITIONS**

1.1 In these Regulations, unless the context otherwise requires:

Access Credentials means the combination of a User's access code for the System and the corresponding password, and, if requested by the System, the User's Certificate, Certificate Token and the corresponding password, that are required for the user to access the System.

Authorised Deposit-taking Institution ("ADI") has the meaning given under section 5 of the Banking Act 1959 (Cwlth).

AIF or Automated Information Facility means the service offered by the Reserve Bank in accordance with Regulation 24, pursuant to which Banks and OEHs may enter Commands and Enquiries into the System and through which the System will send advice and information to Banks and OEHs.

Approved Bank and Other Security means an instrument in an Approved Securities Settlement System that:

- (a) is of the kind specified in the Conditions of Operation as acceptable for the purpose of Reciprocal Purchase Transactions with the Reserve Bank in the Approved Securities Settlement System; and
- (b) satisfies any other criteria specified in the Conditions of Operation.

Approved Network means a network approved by the Reserve Bank from time to time as specified in the Conditions of Operation.

Approved Securities Settlement System means a settlement system for securities that is external to RITS (the System), which has been specified in the Conditions of Operation as a system approved by the Reserve Bank for the purposes of transactions with the Reserve Bank, including Reciprocal Purchase Transactions.

Approved Security means a security in an Approved Securities Settlement System that:

- (a) is of the kind specified in the Conditions of Operation as acceptable for the purpose of Reciprocal Purchase Transactions with the Reserve Bank in the Approved Securities Settlement System; and
- (b) satisfies any other criteria determined by the Reserve Bank from time to time.



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Approved Security Counterparty Code means the mnemonic, branch, code or other identifier of the Reserve Bank in an Approved Securities Settlement System specified in the Conditions of Operation for the settlement of Reciprocal Repurchase Transactions with the Reserve Bank in Approved Securities and Approved Bank and Other Securities.

APRA means the Australian Prudential Regulation Authority.

Austraclear means a system owned and operated by Austraclear Limited that facilitates, inter alia, settlement of transactions in debt securities.

Auto Offset means the process by which Transactions selected by the System are tested for Settlement together in accordance with Regulation 22 and as specified in the Conditions of Operation.

Bank means:

- (a) a body corporate that has an authority from APRA under section 9 of the Banking Act 1959 (Cwlth) to carry on banking business in Australia and, in addition, that either has a consent under section 66 of the Banking Act 1959 (Cwlth) to use the word “bank” in its name or would be entitled to obtain such a consent if it did use the word “bank” in its name;
- (b) a bank constituted under a law of a State or Territory of Australia; or
- (c) the Reserve Bank.

Batch means a group of obligations existing among Banks and OEHS that have been multilaterally netted externally to or within the System to determine the amounts owed by and to each Bank and OEH.

Batch Administrator means, for a Closed User Group, a Member who:

- (a) has been designated in the System by the Reserve Bank as the batch administrator for the Closed User Group;
- (b) has entered into an agreement with the Reserve Bank in form and substance acceptable to the Reserve Bank authorising it to enter Batches comprising Settlement Transactions on behalf of the Closed User Group; and
- (c) is authorised by the members of the Closed User Group to enter Batches comprising Settlement Transactions on behalf of the members of the Closed User Group.

Batch Settlement means the Settlement of (as a discrete group of Settlement Transactions) each Batch calculated by the System as a Multilateral Settlement Group or placed into the System by the Reserve Bank, members of a Closed User Group or a Batch Administrator from time to time.



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Cash Account means in respect of a Member (other than a Non-Transaction Member) or Participating Bank each account kept in the System by the Reserve Bank to record the Cash Element of Transactions of that Member or Participating Bank during the course of a Settlement Day.

Cash Element means that component of a Transaction which upon due performance will result in an entry in the Cash Accounts of the parties to the Transaction.

Central Party in relation to a Closed User Group, means the member of that Closed User Group designated in the System by the Reserve Bank as the central party for the purposes of that Closed User Group.

Certificate means a certificate issued and Digitally Signed by the Certification Authority, containing information identifying the Member and the User to whom the certificate relates, the User's Public Key, the validity period of the certificate and a serial number.

Certificate Token means a device on which a Certificate and the corresponding Private Key is stored.

Certification Authority means the entity that signs and issues Certificates in accordance with these Regulations, and is the Reserve Bank.

CHESS means the Clearing House Electronic Subregister System operated by the ASX Settlement and Transfer Corporation Limited (ACN 008 504 532) that is a licensed clearing and settlement facility under the Corporations Act.

CHESS Batch means a Batch placed into the System by members of a Closed User Group or the Batch Administrator of a Closed User Group to Settle transactions arising in CHESS.

Closed User Group means a group of Banks or OEHS, each acting through one or more nominated Cash Accounts established by the Reserve Bank to provide for the simultaneous Settlement of Batches comprising Settlement Transactions with only Cash Elements and Interbank Cash Elements. Any Closed User Group that is established by the Reserve Bank will be identified as such in the System.

Command means a message sent through the AIF or the System by a Member or Participating Bank, in accordance with the User Guides, to the System to effect an action (other than a Transaction) within the System. The nature and format of the Command functionality available is described in the User Guides and includes, without limitation, the power to change:

- (a) the Settlement Status of a Settlement Transaction; and
- (b) ESCA sub-limits or Cash Account limits or sub-limits.

Commonwealth Incribed Stock means Stock or Treasury Bonds as defined in section 3 of the Commonwealth Incribed Stock Act, 1911 (Cwlth).



Conditions of Operation means the conditions (current for the time being) that are issued by the Reserve Bank from time to time pursuant to Regulation 5.6 together with any addition, modification or amendment thereto pursuant to Regulation 5.6.

Constitutional Corporation means a foreign, trading or financial corporation formed within the limits of the Commonwealth.

CSI or Central Swift Interface means that component of the System that authenticates payments and instructions from the SWIFT PDS and routes those authenticated payments and instructions for processing.

Daily Cash Report means the report required to be made available by the Reserve Bank after the end of the Evening Settlement Session, for access by a Nominated Branch of a Participating Bank under Regulation 17.10.

Daily Settlement Session means the period of a Settlement Day as set down in the Conditions of Operation within which all Members (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) may record and Settle Settlement Transactions (as specified in the Conditions of Operation).

Digital Signature means a transformation of a message, using an asymmetric cryptosystem, such that the Relying Party, having the initial message and the signer's Public Key, can accurately determine whether the transformation was created using the Private Key that corresponds to the signer's Public Key and whether the message has been altered since the transformation was made. "Digital Signing", "Digitally Signed" and cognate expressions have a corresponding meaning.

Element means a Cash Element or an Interbank Cash Element.

Eligible Evening Transaction means a Transaction that is eligible to be Settled in the Evening Settlement Session, as specified in the Conditions of Operation.

Eligible Settlement File means a file as specified in the Conditions of Operation containing details of Settlement Transactions or related instructions input to the System by its Low Value Settlement Service.

Eligible Transfer File means a file as specified in the Conditions of Operation constituting a file transfer instruction input to the System by its Low Value Clearing Service.

Enquiries means the process by which a Member (other than a Non-Transaction Member unless the Non-Transaction Member is a Batch Administrator) or Participating Bank, through the AIF or the System, can obtain from the System certain information in respect of Transactions involving that Member or Participating Bank. The type, nature and format of the Enquiry functionality



available is described in the User Guides.

ESCA or Exchange Settlement Cash Account means an account kept in the System by the Reserve Bank for each Bank or OEH to record the Settlement of Interbank Cash Elements. The balance from time to time of each ESCA is displayed in the System.

Evening Agreed Bank or OEH means a Bank or OEH that has been accepted by the Reserve Bank to act as an Evening Agreed Bank or OEH in accordance with Regulation 22.7.

Evening Flagged Transaction means a Transaction that has received a flag pursuant to Regulation 22.9 indicating it will not be deleted from the System Queue in the Interim Session under Regulation 22.10.

Evening Settlement Session means the period of the Settlement Day as set down in the Conditions of Operation within which Banks and OEHs may record and Settle Eligible Evening Transactions (as specified in the Conditions of Operation).

Exchange Settlement Accounts means Nominated Accounts maintained by Banks and OEHs at the Reserve Bank externally to the System.

Exchange Settlement Funds means:

- (a) funds reflected in; and
- (b) obligations of the Reserve Bank as Participating Bank, arising from Settlement Transactions with an Interbank Cash Element, to be applied to, ESCAs and which will be posted each Settlement Day to Exchange Settlement Accounts.

Feeder System means a system, other than the System, which routes Settlement Transactions and other information to the System to be processed by the System. New Feeder Systems approved from time to time by the Reserve Bank in accordance with Regulation 13 to operate in the System are listed in the Conditions of Operation.

GST means:

- (a) the same as in the GST Law; and
- (b) any amount imposed as additional tax, interest, penalty, fine or other charge payable in respect of GST as defined in paragraph (a).

GST Exclusive Consideration means the consideration for any Taxable Supply.



GST Law means the same as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth).

GST Rate means the rate of GST under the GST Law.

Insolvency Event means the happening of any of these events:

- (a) an application is made to a court for an order or an order is made that a body corporate be wound up;
- (b) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of a body corporate, or one of them is appointed, whether or not under an order;
- (c) a body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (d) a body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so or is otherwise wound up or dissolved;
- (e) a body corporate is or states that it is unable to pay its debts when they fall due;
- (f) as a result of the operation of section 459F(1) of the Corporations Act, a body corporate is taken to have failed to comply with a statutory demand;
- (g) a body corporate is, or makes a statement from which it can be deduced by the mortgagee that the body corporate is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act or any corresponding legislation;
- (h) a body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (i) a person becomes an insolvent under administration as defined in section 9 of the Corporations Act or any corresponding legislation or action is taken which could result in that event; or
- (j) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Interbank Cash Element means that component of a Transaction which requires a payment to be made across ESCAs.

Interim Daily Cash Report means the report required to be made available by the Reserve Bank after the end of the Settlement Close Session, for access by a Nominated Branch of a Participating Bank under Regulation 17.9.



Interim Session means the period of the Settlement Day as set down in the Conditions of Operation within which:

- (a) Banks and OEHs may record but not Settle Eligible Evening Transactions (as specified in the Conditions of Operation); and
- (b) certain Transactions are deleted from the System Queue, in accordance with Regulation 22.10.

List of Authorised Signatories means a document in the form prescribed in the Conditions of Operation lodged with the Reserve Bank by a Member or Participating Bank pursuant to Regulation 6.2.

Low Value Clearing Service means the service offered by the Reserve Bank in accordance with Regulation 25, pursuant to which Members may send and receive Eligible Transfer Files.

Low Value Settlement Service means the service offered by the Reserve Bank in accordance with Regulation 9, pursuant to which Members (other than Non-Transaction Members) may send Eligible Settlement Files and through which the System will send responses and advices to Members.

Margin Ratio means the factor by which the Reference Price may be divided in relation to a Reciprocal Purchase Transaction (which may be an RBA Repo), the effect of which is to reduce the consideration. The Reserve Bank (in its absolute discretion) will determine whether a Margin Ratio will be applied.

Maximum Cash Limit means the maximum amount up to which a Member's Participating Bank has authorised the Reserve Bank to allow that Member's Cash Account to go into debit.

Member means any person acting in its capacity as a Member (including the Reserve Bank in its personal capacity) who:

- (a) has been accepted by the Reserve Bank under Regulation 3 as a Member of the System;
- (b) has entered into a Membership Agreement; and
- (c) whose membership has not been terminated in accordance with these Regulations and that Membership Agreement.

Membership Agreement means an agreement between a person accepted by the Reserve Bank under Regulation 3 as a Member of the System and the Reserve Bank, and in some cases a Participating Bank or Participating Banks, in a form approved by the Reserve Bank.



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Morning Settlement Session means the period of a Settlement Day as set down in the Conditions of Operation within which Banks and OEHS may record and Settle certain Settlement Transactions (as specified in the Conditions of Operation).

Multilateral Settlement Group means a group of Transactions involving two or more Members (other than Non-Transaction Members) nominated for Settlement using the Multilateral Settlement Method that are tested periodically by the System as a group as specified in the Conditions of Operation.

Multilateral Settlement Method means the process by which Transactions are selected in a Multilateral Settlement Group and tested for Settlement together in accordance with Regulation 22 and as specified in the Conditions of Operation.

Nine AM (9am) Settlement means the multilateral net settlement of Transactions, as specified in the Conditions of Operation, at approximately 9.00 am or such other time(s) that the Reserve Bank determine(s), on each Settlement Day.

Nominated Account means an account at a Nominated Branch opened by a Member (other than a Non-Transaction Member) and notified to the Reserve Bank by that Member pursuant to Regulation 18.2.

Nominated Branch means a branch of a Participating Bank nominated by that Participating Bank pursuant to Regulation 18.1.

Non-Transaction Member means a Member of the System who may not be a party to any Element of a Settlement Transaction in the System.

Other Exchange Settlement Account Holder (“OEH”) means a body corporate that is not a Bank that conducts an Exchange Settlement Account with the Reserve Bank.

Opening Balances means:

- (a) in respect of ESCAs, amounts that appear before the Settlement of Transactions commences in the Morning Settlement Session; and
- (b) in respect of Cash Accounts, zero.

Participating Bank means a Member which is a Bank or an OEH which participates as a banker in the System on behalf of a Member (other than a Non-Transaction Member) by issuing and receiving Payment Obligations arising from Settlement Transactions undertaken by the Member and has entered into a Membership Agreement with that Member and the Reserve Bank. The Reserve Bank may place conditions on a Participating Bank and may add to, vary or withdraw any conditions at any time by reasonable notice to the Participating Bank.



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Payment Obligation means in respect of a Settlement Transaction an irrevocable undertaking given by a Participating Bank to pay either:

- (a) the Cash Element; or
- (b) where an Interbank Cash Element is involved, the Interbank Cash Element.

Private Key means a mathematical key (kept secret by the holder) used to create Digital Signatures.

Public Key means a mathematical key that can be made publicly available and which is used to verify Digital Signatures created with its corresponding Private Key.

RBA Repo means a Reciprocal Purchase Transaction effected by a Bank or OEH in an Approved Securities Settlement System, in respect of Approved Securities or Approved Bank and Other Securities and regulated by the terms of the TBMA/ISMA Agreement as amended by Exhibit B.

RBA Term Deposit means a short-term deposit lodged in the RBA Term Deposit Facility.

RBA Term Deposit Facility means the facility provided by the Reserve Bank in accordance with Regulation 16, pursuant to which Members may, via a tender and allocation process, deposit funds with the Reserve Bank for a specified term and at a specified rate.

Reciprocal Purchase Transaction means two related transactions (that are not intended by the parties to create any form of security interest) entered into at the same time between one party (“Seller”) and another party (“Buyer”):

- (a) the first being the sale by the Seller to the Buyer of securities having agreed features; and
- (b) the second being the subsequent purchase by the Seller from the Buyer of securities having the same features.

Reference Price means the price per \$100 (hundred Australian dollars) face value that is set from time to time by the Reserve Bank for a specified series of Approved Securities or Approved Bank and Other Securities.

Registration Authority means the entity that verifies requests for issuance of a Certificate and instructs the Certification Authority to issue a Certificate, and is the Reserve Bank.

Relying Party means the entity that acts in reliance on a Certificate and the Digital Signature validated using that Certificate. The Reserve Bank is the only Relying Party for Certificates issued under these Regulations.

Reserve Bank means Reserve Bank of Australia, a body corporate established by



the Reserve Bank Act 1959 (Cwlth) acting in its capacity as operator and administrator of the System.

RTGS means real-time gross settlement.

Settlement means the due performance between the parties of all Elements of a Settlement Transaction and is complete when those Elements are simultaneously debited and credited to the relevant Cash Accounts and ESCAs (as the case may be). “Settle”, “Settled” and cognate expressions have a corresponding meaning.

Settlement Close Session means the period of a Settlement Day as set down in the Conditions of Operation within which Banks and OEHs may record and Settle certain Settlement Transactions (as specified in the Conditions of Operation).

Settlement Date means the date on which a Settlement Transaction recorded by the Reserve Bank in the System is due to be Settled.

Settlement Day in relation to the operations of the System means a day on which Banks generally are open for business in Sydney or Melbourne.

Settlement Status means, in relation to a Settlement Transaction, the status assigned to the Settlement Transaction by the paying Member and/or its Participating Bank. The paying Member and its Participating Bank may each assign to a Settlement Transaction the following statuses:

- (a) deferred;
- (b) active; or
- (c) priority.

A status may be changed by each of the paying Member and its Participating Bank by means of a Command.

Settlement Transaction means a Transaction which contains one or more Elements and is Settled in accordance with Regulation 21.

Signed Action means an instruction entered into the System via a terminal and that is Digitally Signed in accordance with Regulation 7.12.

Supervisory Agency means a person or body having the function, in Australia or in a foreign country, of supervising or regulating Constitutional Corporations.

Supply has the meaning given by the GST Law.

System means the facility known as the Reserve Bank Information and Transfer System established by the Reserve Bank for inter alia the recording of, and facilitation of, Transactions, including the CSI, the Low Value Clearing Service and the Low Value Settlement Service.

System Queue means the procedure within the System where all Settlement



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Transactions with a Cash Element undergo testing for Settlement and from which the Elements of those Settlement Transactions which can Settle are Settled. The operation of the System Queue is described in Regulation 22.

SWIFT means S.W.I.F.T., the Society for Worldwide Interbank Financial Telecommunication, limited liability cooperative society.

SWIFT PDS means the payment delivery system using SWIFT systems that is administered by the Australian Payments Clearing Association Limited through which Banks and OEHs may input, via the CSI, Transactions to be Settled in the System.

Targeted Bilateral Offset means the process by which Transactions selected by two Members (other than Non-Transaction Members) are tested for Settlement together in accordance with Regulation 22 and as specified in the Conditions of Operation.

Taxable Supply means any Supply made in the System by the Reserve Bank in respect of which the Reserve Bank is required to pay GST under the GST Law.

Tax Invoice means a tax invoice complying with the requirements of the GST Law.

TBMA/ISMA Agreement means the Global Master Repurchase Agreement (2000 Version) published by The Bond Market Association and the International Securities Market Association, excluding all annexes (including, without limitation, Annex I, Annex II, the Bills Annex, the Buy/Sell Back Annex, the Equities Annex and the Agency Annex).

Transaction means:

- (a) any dealing by or between Members (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) or a Member (other than a Non-Transaction Member) and its Participating Bank which has been reported to and recorded by the Reserve Bank in accordance with Regulation 8;
- (b) a dealing reported through a Feeder System; and
- (c) a dealing reported through the Low Value Settlement Service.

User means an individual in relation to whom a Member has requested the Reserve Bank to issue a Certificate.

User Guides means the user guides containing explanations as to the functionality of the System issued from time to time by the Reserve Bank.

- 1.2 All references to a time of day are references to that time in Sydney (unless otherwise indicated).



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- 1.3 In these Regulations unless the contrary intention appears:
- (a) a reference to these Regulations, the Conditions of Operation, an agreement or another instrument includes any variation or replacement of any of them from time to time;
 - (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (c) the singular includes the plural and vice versa (for defined terms and undefined terms);
 - (d) the word “person” includes a firm, a body corporate, an unincorporated association or an authority;
 - (e) a reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
 - (f) an agreement, representation or warranty:
 - (i) in favour of two or more persons is for the benefit of them jointly and severally; and
 - (ii) given by two or more persons is given by them jointly and severally;
 - (g) a reference to anything (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any two or more of them collectively and to each of them individually; and
 - (h) the words “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- 1.4 Headings are inserted for convenience and do not affect the interpretation of these Regulations.

(The next page is 2.1)



2 EFFECT OF REGULATIONS, DISCLAIMERS AND LIMITATION OF LIABILITY

- 2.1 The System has been established for the benefit of Members who, by and in consideration of becoming Members, acknowledge that they are bound to comply with these Regulations and to fulfil and perform every obligation and duty imposed on them by or pursuant to these Regulations. Each Member, Participating Bank, Bank and OEH acknowledges that, for the avoidance of doubt, the use by them (in any capacity) of the System constitutes acceptance of these Regulations.
- 2.2 The Participating Banks by and in consideration of becoming Participating Banks acknowledge that they are bound to comply with these Regulations and to fulfil and perform every obligation and duty imposed on them by or pursuant to these Regulations.
- 2.3 These Regulations constitute a valid, binding and enforceable contract between each and every Member, Participating Bank, Bank and OEH and the Reserve Bank.
- 2.4 Without limiting any other provision of these Regulations, the Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of:
- (a) any act or any failure or inability to act by any person other than the Reserve Bank, its officers, employees or agents (including without limitations any errors, omissions or delays, any breach of warranty or undertaking or representation, any breach of the Regulations, the Conditions of Operation or the terms of any other document relating to the System, any Insolvency Event, any failure to Settle any Transaction, any failure to transmit any instructions, information or document or any fraud or forgery);
 - (b) any act or any failure or refusal to act (including without limitation any decision or calculation made) by the Reserve Bank, its officers, employees or agents in good faith or in reliance on:
 - (i) any act, failure to act, conduct or consent of any other person;
 - (ii) any instructions, information or document provided to the Reserve Bank, its officers, employees or agents by any other person, including without limitation an instruction relating to establishing a User in the System or issuance of a Certificate; or



- (iii) any failure of the Reserve Bank, its officers, employees or agents to receive any instructions, information or document from any other person;
- (c) any fraud or forgery on the part of any officer, employee or agent of the Reserve Bank outside the scope of their employment with the Reserve Bank except to the extent to which the Reserve Bank would have been responsible at common law for such fraud or forgery;
- (d) the failure of the Reserve Bank, its officers, employees or agents to receive any instructions, information or document from any other person by the relevant due time or date for receipt by the Reserve Bank of such instructions, information or document or at all unless the failure has resulted from a negligent act or omission of the Reserve Bank, its officers, employees or agents;
- (e) the terms of (including without limitation any errors or omissions in) any instructions, information or document given to the Reserve Bank, its officers, employees or agents by any other person;
- (f) any:
 - (i) error or omission in;
 - (ii) failure by the Reserve Bank, its officers, employees or agents to identify and correct any error or omission in; or
 - (iii) amendment or correction by the Reserve Bank, its officers, employees or agents to,

any document, information, calculation or advice issued, displayed, announced, transferred or transmitted by or on behalf of the Reserve Bank other than any matter in subparagraphs (i) to (iii) above which results from a negligent act or omission of the Reserve Bank, its officers, employees or agents;
- (g) any technological failure of any sort (including without limitation failure of a Certificate Token or any communications, computer, software or electrical failure);
- (h) any unauthorised access to, or participation in, the System by any person other than an officer, employee or agent of the Reserve Bank;
- (i) the suspension or closure of the System by the Reserve Bank in accordance with the Regulations, the Conditions of Operation or the terms of any other document relating to the System; or
- (j) the adoption by any Member, Participating Bank, Bank or OEH (acting in any capacity) of the terms of any Exhibit to, or any other document



provided for in, the Regulations, the Conditions of Operation or any other document relating to the System and the observance and performance of any such Exhibit or other document in accordance with its terms.

- 2.5 The total aggregate limit of the Reserve Bank's liability under the Regulations, the Conditions of Operation or otherwise in respect of all claims made by Members, Participating Banks, Banks or OEHS in respect of or arising out of any one event will not exceed \$50 million (fifty million Australian dollars).

For the purposes of this Regulation all inter-related events which give rise to the Reserve Bank's liability under the Regulations, the Conditions of Operation or otherwise will be treated as one event.

In the event of any two or more Members, Participating Banks, Banks or OEHS suffering losses which exceed the total aggregate limit of \$50 million (fifty million Australian dollars), the liability of the Reserve Bank to each of those Members, Participating Banks, Banks or OEHS in accordance with this Regulation will be proportional to the total loss suffered by each of those Members, Participating Banks, Banks or OEHS respectively.

- 2.6 The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of the imposition by the Reserve Bank of any conditions on, the termination or suspension by the Reserve Bank of, or the resignation by a Member or Participating Bank of, membership of the System.
- 2.7 The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of:
- (a) the breach or incorrectness of any warranty given by any Member, Participating Bank, Bank or OEHS;
 - (b) the failure by a Member, Participating Bank, Bank or OEHS to meet an obligation under or in respect of a Transaction;
 - (c) the failure by a Member (or a User on behalf of a Member), Participating Bank, Bank or OEHS to comply with any requirements or discharge any obligations under these Regulations or the Conditions of Operation;
 - (d) any representation or warranty made or given by a Member, Participating Bank, Bank or OEHS which is incorrect, incomplete, or misleading;
 - (e) any fraud or forgery on the part of any person giving or purporting to give to the Reserve Bank any instructions;
 - (f) the terms of any instructions given by a Member or Participating Bank to the Reserve Bank or entered by a Member, Participating Bank, Bank or



OEH into the System;

- (g) a breach of the security of any Access Credentials, Private Key, Certificate or Certificate Token or of the confidentiality of any passwords, including without limitation those used in relation to Certificates, Certificate Tokens and the issuance of Certificates, other than a breach of security or confidentiality caused solely by the Reserve Bank, its officers, employees or agents;
 - (h) the Reserve Bank acting on any instructions received or purportedly received from a Member, Participating Bank, Bank or OEH including without limitation those relating to the issuance of Certificates;
 - (i) the inability of the Reserve Bank to act on any instructions received;
 - (j) any breach of the security of the connection between a Member, Participating Bank, Bank or OEH and the computers on which the System operates;
 - (k) any erroneous entry in a Cash Account, ESCA, Exchange Settlement Account or the reversal of any such entry (other than by the Reserve Bank);
 - (l) the suspension of the System, whether wholly or partly, in the circumstances contemplated by Regulation 5.7;
 - (m) any variation of the operational timetable in the circumstances contemplated by Regulation 5.7;
 - (n) the failure of any Feeder System; or
 - (o) the failure of any Approved Network.
- 2.8 The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of any addition, modification or amendment to the Regulations or the Conditions of Operation or the failure of the Reserve Bank to give or the failure of any Member or Participating Bank to receive notification of any addition, modification or amendment to the Regulations or the Conditions of Operation.
- 2.9 The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of the bona fide exercise of any discretion, right or power authorised, conferred upon or delegated to the Reserve Bank, its officers, employees or agents, by the Regulations or the Conditions of Operation or by any Member or Participating Bank or by any other person including any such powers as are incidental thereto.

(The next page is 3.1)

**3 MEMBERS**

- 3.1 Applications for membership shall be made in the form specified for that purpose in the Conditions of Operation and applicants shall comply with all the conditions of application as are specified in these Regulations and the Conditions of Operation and promptly supply such other information as the Reserve Bank may reasonably require.
- 3.2 All applications for membership received by the Reserve Bank shall be considered by the Reserve Bank which shall accept for membership an applicant who complies with the conditions for membership specified in these Regulations and the Conditions of Operation. The Reserve Bank may at any time impose conditions on the membership of any Member and the rights, privileges, liabilities and obligations of that Member under these Regulations shall be subject to any such conditions. The Reserve Bank may at any time add to, vary or withdraw any conditions on the membership of any Member without providing any reasons for such addition, variation or withdrawal and in such event shall notify the Member and the Member's Participating Bank (if any) accordingly. A person who has applied for membership but has not been informed by the Reserve Bank that his application has been accepted and who has not yet signed a Membership Agreement may withdraw his application at any time.
- 3.3 If an application for membership does not comply with these Regulations and the Conditions of Operation or is refused, the Reserve Bank shall notify the applicant accordingly. Any such applicant shall be entitled at any time to lodge a fresh application for membership in accordance with these Regulations and the Conditions of Operation.
- 3.4 An applicant accepted for membership shall be notified by the Reserve Bank and such notice may specify special conditions attached to such membership. Special conditions may be imposed subsequently at any time pursuant to Regulation 3.2.
- 3.5 A Member who is a Non-Transaction Member may not enter a Settlement Transaction into the System if it is a party to any Element of the Settlement Transaction.
- 3.6 A Member who is a Non-Transaction Member may not be a party to any Element of a Settlement Transaction in the System. However, a Non-Transaction Member who is a Batch Administrator may enter Settlement Transactions into the System for the Closed User Groups for which it is Batch Administrator.

Fees

- 3.7 Upon receipt of a notification described in Regulation 3.4, an applicant shall pay



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a nomination fee to the Reserve Bank, if so requested by the Reserve Bank. A Bank or OEH shall also pay a fee for joining RTGS, if so requested by the Reserve Bank. The amount of the nomination fee and RTGS joining fee shall be determined by the Reserve Bank from time to time.

- 3.8 Each Member shall pay an annual subscription if so requested by the Reserve Bank, which shall be due and payable quarterly in arrears. Each Bank and OEH shall also pay an RTGS annual subscription if so requested by the Reserve Bank, which shall be due and payable quarterly in arrears. The Reserve Bank will notify Banks, OEHs and Members of the amounts due and the time for each payment.
- 3.9 Each Member shall pay to the Reserve Bank monthly in arrears fees in respect of its services and any materials provided in connection with its services. Fees shall be calculated in accordance with the Reserve Bank Schedule of Fees from time to time in effect. Such Schedule shall be promulgated by the Reserve Bank and a copy thereof shall be delivered to each Member. Members shall make payment to the Reserve Bank on or before the 18th of each month (or on the next Settlement Day if the 18th is not a Settlement Day). The Reserve Bank may apply penalties if payment is not received by the due date. In the event of the Reserve Bank desiring to make any alterations to the fees specified in such Schedule, then it may do so at its sole and absolute discretion, provided that no such alteration shall take effect until the commencement of the second month after the date on which the Reserve Bank shall have given a copy of the Schedule containing such alterations to the Members.
- 3.10 In addition to the fees payable by a Member under these Regulations and in respect of any Taxable Supply, a Member must also pay to the Reserve Bank an amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount. The Member must pay this additional amount at the same time and in the same manner as the relevant fees are payable.
- 3.11 The Reserve Bank must issue a Tax Invoice to each Member for the GST on Taxable Supplies and must include in the Tax Invoice all particulars required by the GST Law for the Member to be entitled to claim an input tax credit for the equivalent amount of GST payable to the Reserve Bank.

Agreements, Termination and Communication

- 3.12 Promptly after receipt of notification pursuant to Regulation 3.4, each applicant shall enter into a Membership Agreement and it shall not become a Member until the Membership Agreement has been duly executed and delivered by all parties to it.



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- 3.13 The Reserve Bank may at any time terminate or vary the terms of the membership of any Member without providing any reasons for such termination or variation, and in such event shall notify the Member and the Member's Participating Bank (if any) accordingly.
- 3.14 If a Member communicates with the Reserve Bank by telephone, in respect of a matter relating to or affecting Cash Accounts in the System, in accordance with the method set out in the Conditions of Operation, the keying in of entries by the Reserve Bank in accordance with telephone communications shall be treated for all purposes as if the entry had been made directly by the Member, but in any event shall only constitute confirmation of those telephone communications.
- 3.15 A Member (other than a Non-Transaction Member) must ensure that at all times while it remains a member of the System:
- (a) it has a Participating Bank; and
 - (b) its Participating Bank makes available to the Member the types of facilities which are required by these Regulations or the Conditions of Operation to enable the Member to perform its obligations under these Regulations and the Conditions of Operation and generally to participate in the System.
- 3.16 A Participating Bank must be a Member and shall enter into Transactions in the System either in its capacity as a Member or as a Participating Bank.

Binding

- 3.17 A Member shall be bound by and shall perform, observe and comply with all liabilities, duties and obligations imposed upon such Member by or pursuant to these Regulations, the Membership Agreement and the Conditions of Operation. Such Member shall be entitled to the benefit of the rights and privileges conferred upon it by or pursuant to the Regulations and Conditions of Operation and shall undertake the liabilities, duties and obligations imposed upon it thereby or pursuant thereto.
- 3.18 Members are responsible for the conduct of their Users in connection with the System and any act or omission of a User is taken to be an act or omission of the relevant Member. Each Member undertakes to ensure that all of its Users comply with all provisions of these Regulations and the Conditions of Operation applicable to Users. Any failure by a User to comply with any such provision constitutes a breach of the provision by the relevant Member.

(The next page is 4.1)



4 MEMBERSHIP - SUSPENSION, TERMINATION AND RESIGNATION

- 4.1 A Member shall notify the Reserve Bank immediately upon becoming aware of any Insolvency Event in respect of itself.
- 4.2 A Member shall not use the System (or a Feeder System) upon and after becoming aware of the occurrence of any Insolvency Event in respect of itself. No Transaction to which that Member is a party shall be Settled after the Reserve Bank becomes aware (whether by notification under Regulation 4.1 or otherwise) of an Insolvency Event in respect of that Member and suspends the Member from the System in accordance with Regulation 4.4, unless and until the Reserve Bank is satisfied that the occurrence of such Insolvency Event does not affect the obligations of that Member under these Regulations.
- 4.3 A Member may resign by giving to the Reserve Bank one month's notice in writing, or such shorter period of notice as the Reserve Bank may agree to accept.
- 4.4 In addition to the Reserve Bank's rights under Regulation 3.13, any Member who fails to comply with any provision of these Regulations or of the Conditions of Operation or who is guilty of any conduct regarded by the Reserve Bank to be contrary to the interests of the Members or the System, or in respect of whom an Insolvency Event has occurred may be suspended by the Reserve Bank for such period as the Reserve Bank considers appropriate under the circumstances. To give effect to the suspension the Reserve Bank will key entries into the System which will immediately:
- (a) prevent unsettled Settlement Transactions involving the suspended Member on the System Queue from Settling;
 - (b) effect the removal from the System Queue of all Settlement Transactions involving the suspended Member; and
 - (c) prevent new Transactions involving the Member from being entered into the System.

The Reserve Bank may also advise all Participating Banks and Members of the suspension.

- 4.5 Termination or resignation or suspension of membership pursuant to Regulations 3.12, 4.3 or 4.4 shall not in any way prejudice, lessen or affect the rights, duties, liabilities and obligations of a Member or a Participating Bank, whether under these Regulations, the Conditions of Operation or otherwise accrued and existing at the time of such termination or resignation or suspension or which may arise, accrue or crystallise thereafter out of or by reason of facts or



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circumstances occurring or in existence at or before such time.

- 4.6 (a) If a Member (who has appointed a Participating Bank) wishes to change its Participating Bank, the Member, the Member's present Participating Bank and the Member's proposed Participating Bank must give a written notice to the Reserve Bank:
- (i) stating that the Member's existing Participating Bank wishes to cease to act as Participating Bank for that Member and that the proposed Participating Bank wishes to begin to act as the Member's Participating Bank, and the last date upon which the Member's present Participating Bank will act as Participating Bank for the Member (which must be a day on which the System is operating);
 - (ii) giving particulars of all Nominated Accounts of the Member with its present Participating Bank; and
 - (iii) giving particulars of all proposed Nominated Accounts of the Member with its proposed Participating Bank together with the date upon which the new Participating Bank will commence to act in that capacity.
- (b) Upon receipt of such a notice, a Membership Agreement duly executed by the Member and its new Participating Bank and any other documentation required by the Reserve Bank, the Reserve Bank shall, after the close of the Evening Settlement Session on the date specified pursuant to Regulation 4.6(a)(i):
- (i) render inactive all the Nominated Accounts referred to in Regulation 4.6(a)(ii) and then confirm its action to the Member's present Participating Bank;
 - (ii) activate the Nominated Accounts referred to in Regulation 4.6(a)(iii) and then confirm its action to the Member's new Participating Bank; and
 - (iii) confirm to the Member its actions under Regulation 4.6(b)(i) and (ii).
- 4.7 (a) If a Participating Bank wishes to cease acting as the Participating Bank for a Member (and has good reasons for doing so without first obtaining the Member's consent) the Participating Bank must (on a day on which the System is operating) give a written notice to the Reserve Bank:
- (i) stating that the Participating Bank wishes to cease acting as Participating Bank for the Member named in the notice;
 - (ii) giving particulars of all Cash Accounts of that Member in the System for which that Bank is the Participating Bank; and



- (iii) stating the date on which the notice is to take effect (which may be the date upon which it is given).
 - (b) Upon receipt of such a notice, the Reserve Bank shall as soon as practicable (but in any event by the end of the day upon which such notice is stated to become effective):
 - (i) suspend the Member;
 - (ii) render inactive all the Cash Accounts specified in the notice; and
 - (iii) confirm to the Participating Bank (after it has done so) that it has so rendered those Cash Accounts inactive.
 - (c) The Participating Bank must forthwith inform the Member concerned of the giving of a notice under this Regulation 4.7 and the receipt of confirmation from the Reserve Bank under Regulation 4.7(b)(iii). The Reserve Bank may, but shall not be obliged to, give notice to the Member concerned of any action taken by any person under this Regulation 4.7. The Reserve Bank shall act upon any notice given by a Participating Bank under this Regulation 4.7 and shall not be liable to any person for so doing, and is not required to make any enquiries as to the Participating Bank's reasons for giving a notice under this Regulation 4.7.
- 4.8 A Participating Bank that wishes to cease acting as the Participating Bank for a Member is under no obligation to procure a replacement Participating Bank for that Member.
- 4.9 If a Member that is a Participating Bank is suspended by the Reserve Bank pursuant to Regulation 4.4 or Regulation 23.1 then the Reserve Bank may:
 - (a) suspend any Member for whom that Bank acts as Participating Bank (unless such Member has another participating Bank);
 - (b) render inactive all the Cash Accounts of that Member in the System for which that Bank is the Participating Bank; and
 - (c) notify all Members of the System of such suspension.

(The next page is 5.1)



5 RIGHTS AND OBLIGATIONS OF THE RESERVE BANK

5.1 The Reserve Bank is responsible for recording instructions entered by Members and Feeder Systems.

- (a) The Reserve Bank will, subject to these Regulations, accept and act on instructions received from Members from the RITS user interface if the User has supplied valid Access Credentials and the instruction is in the required format, affixed with a Digital Signature if the instruction is a Signed Action and duly given in accordance with the Conditions of Operation, to record and process dealings (of a kind specified in the Conditions of Operation).
- (b) The Reserve Bank will, subject to these Regulations, accept and act on instructions received from a Member (other than a Non-Transaction Member) via the Low Value Settlement Service in the required format and duly given in accordance with the Conditions of Operation, to record and process dealings (of a kind specified in the Conditions of Operation).
- (c) The Reserve Bank will, subject to these Regulations, accept and act on instructions received by the System from Batch Administrators in the required format and duly given in accordance with the Conditions of Operation, to record and process dealings (of a kind specified in the Conditions of Operation).
- (d) The Reserve Bank will, subject to these Regulations, accept and act on written instructions and telephone instructions if given or purporting to have been given, in the case of written instructions, by any person or persons named as being authorised in the List of Authorised Signatories of a Member or a Participating Bank and, in the case of telephone instructions, by any person giving a valid access code and password and possessing a valid Certificate, and in all such cases otherwise appearing to comply with the requirements of the Conditions of Operation. Written instructions may be given by letter or facsimile unless the Member has previously advised the Reserve Bank that written instructions may not be given by facsimile.
- (e) The Reserve Bank will, subject to these Regulations, accept and act on instructions received by the System from Feeder Systems in the required format and duly given in accordance with the Conditions of Operation, to record and process dealings (of a kind specified in the Conditions of Operation).
- (f) The Reserve Bank will, subject to these Regulations, accept and act on instructions received from a Member via the Low Value Clearing Service in



the required format and duly given in accordance with the Conditions of Operation.

- (g) The Reserve Bank will, subject to these Regulations, accept and act on instructions received by the System via the AIF in the required format and duly given in accordance with the Conditions of Operation, to carry out Commands and respond to Enquiries.

However, the Reserve Bank will not be required to further check the authenticity or source of messages received in accordance with Regulations 5.1(a) to (g) inclusive. The reporting party or parties recorded in the instruction, or the members of a Closed User Group recorded in an instruction from a Batch Administrator (as the case may be), authorise and will adopt and ratify all actions taken or not taken (as the case may be) by the Reserve Bank, its employees or agents in reliance upon those instructions. Without limiting the generality of the foregoing, the Reserve Bank will not be responsible in any way for the confidentiality of Members', Participating Banks', Banks' or OEHS' passwords, including without limitation those used in relation to Certificates and Certificate Tokens. Members, Participating Banks, Banks and OEHS will indemnify the Reserve Bank and keep it indemnified against any claim, demand, loss, howsoever arising whether direct or consequential (including but not limited to loss of profits), liability, expense or cost incurred by the Reserve Bank and arising in connection therewith.

- 5.2 The Reserve Bank will not act on any instructions received from any of a Member, a Participating Bank, a Bank or an OEH unless it is satisfied, although the Reserve Bank is under no obligation to take any steps to so satisfy itself, that (except only in any case to the extent that the Reserve Bank may at its reasonable discretion permit) all applicable provisions of these Regulations and of the Conditions of Operation have been complied with and all applicable provisions of law have been complied with by that Member, Participating Bank, Bank or OEH.
- 5.3 In the event that the Reserve Bank shall be unable to act on any instructions received for any other reason whatsoever, it will notify the reporting party concerned by facsimile or telephone or via the System as soon as possible after it shall become aware of such inability and the party shall on receipt of such notification take all such steps as may be open to it to rectify the situation so as to enable any instructions given by it to be acted upon.
- 5.4 Without prejudice to any other provision of these Regulations:
 - (a) Each Member, Participating Bank, Bank, and OEH irrevocably authorises the Reserve Bank to do all such acts on its behalf and to exercise all such powers under these Regulations as are specifically delegated to the Reserve Bank by these Regulations together with such powers as are reasonably



incidental thereto and the Reserve Bank may perform any of its duties under these Regulations by or through agents or employees.

- (b) Each Member, Participating Bank, Bank and OEH agrees to pay or reimburse the Reserve Bank on demand for any taxes, levies, imposts, deductions, charges, withholdings and duties imposed by any government or statutory authority (including, without limitation, stamp and transaction duties), together with any interest, penalties, fines and expenses in connection with them payable or determined to be payable in connection with any transaction effected by that Member, Participating Bank, Bank or OEH in relation to the System.
- 5.5 The Reserve Bank reserves the right to reverse any erroneous entry in a Cash Account or ESCA with effect retrospectively to the time at which the correct entry (or no entry) should have been made.
- 5.6 The Reserve Bank shall publish Conditions of Operation containing detailed instructions to Members, Participating Banks, Banks and OEHs for the conduct of activities and Transactions affecting the System. Members, Participating Banks, Banks, OEHs and the Reserve Bank shall observe the Conditions of Operation. The Reserve Bank may make additions, modifications or amendments to the Conditions of Operation without the consent of Members, Participating Banks, Banks and OEHs. Any such addition, modification or amendment will be notified by the Reserve Bank to each Member, Participating Bank, Bank and OEH and shall come into force one month after such notification unless an earlier or later date be fixed at the time by the Reserve Bank, and shall have no force or effect before the date of such coming into force. Notwithstanding Regulation 26.3, the Reserve Bank may notify additions, modifications or amendments through the System. The posting of any addition, modification or amendment on the System's notice board shall be deemed to be notice to every Member, Participating Bank, Bank and OEH and shall be deemed to have been served at the time when the addition, modification or amendment is posted on the System's notice board.
- 5.7 The Reserve Bank reserves the right to suspend the System wholly or partially or to vary the operational timetable by reason of any circumstances whatever beyond the Reserve Bank's reasonable control including without limitation partial or total failure, malfunction or overload of the System, industrial action or other emergency.
- 5.8 Without limitation, any indemnity contained in these Regulations shall extend to all liabilities, actions, proceedings, claims, demands, losses, costs and expenses whatsoever for or in respect of or in any way connected with or arising out of acts of the Reserve Bank which the Reserve Bank was not required to do but which were done by the Reserve Bank at its discretion acting in the interests of the



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System.

- 5.9 The System shall not generally operate on any day that is not a Settlement Day. However, the Reserve Bank reserves the right to declare that the System shall operate on any other day. The Reserve Bank will give all Members and Participating Banks reasonable notice prior to making a declaration under this Regulation.
- 5.10 The Reserve Bank shall arrange for the provision of backup and disaster recovery arrangements and facilities to support the operation of the System. The extent and nature of these arrangements and facilities shall be determined by the Reserve Bank and notified by it from time to time to Members and Participating Banks.
- 5.11 The Reserve Bank shall verify the operation of the System on a regular basis.

(The next page is 6.1)



6 RIGHTS AND OBLIGATIONS OF MEMBERS AND PARTICIPATING BANKS

- 6.1 Subject to these Regulations and the Conditions of Operation each Member and Participating Bank is entitled to such confidentiality of all dealings with the System as is consistent with the proper operation of the System in the manner contemplated by these Regulations. Accordingly, the Reserve Bank will not, except as required by law or in connection with any relevant judicial or administrative proceedings or as authorised by these Regulations or the Conditions of Operation, or except if requested in writing by a Supervisory Agency, or with the consent of the Member or Participating Bank concerned, divulge to any of its servants or agents not required to know for the performance of their duties in the Reserve Bank or to third parties not otherwise entitled to receive the same, any information concerning dealings of any Member or Participating Bank with the Reserve Bank or concerning dealings of any Member or Participating Bank with another Member or Participating Bank or concerning dealings of any Member with its Participating Bank. If the Reserve Bank be compelled by law or proposes in connection with any relevant judicial or administrative proceeding to divulge any such information, the Reserve Bank may in its absolute discretion (although it is under no obligation whatsoever to do so) prior to such divulgence inform the Member or Members or Participating Bank or Participating Banks concerned. The Reserve Bank will be under no obligation to take any steps to defend or resist any such compulsion or proceedings.
- 6.2 Each Member and each Participating Bank shall lodge with the Reserve Bank a List of Authorised Signatories containing at least two signatories and in the form prescribed by the Conditions of Operation, and may from time to time lodge a new List of Authorised Signatories which shall supplement, amend or replace (to the extent therein specified) all earlier Lists of Authorised Signatories. The persons named in a current List of Authorised Signatories shall be authorised by such Member or Participating Bank to bind such Member or Participating Bank for the purpose of these Regulations and the Conditions of Operation.

A List of Authorised Signatories lodged by a Member or Participating Bank under this Regulation may indicate that any signature so authorised may be a facsimile signature whether affixed by stamp or by other mechanical means. In that event, the Reserve Bank shall be entitled to rely on any such facsimile signature affixed to an original document as being duly authorised and the Member or Participating Bank shall indemnify the Reserve Bank and keep it indemnified against any claim, demand, loss, howsoever arising whether direct or consequential (including but not limited to loss of profits), liability, expense or



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cost for or in respect of or in any way connected with the reliance by the Reserve Bank on any such facsimile signature notwithstanding that such facsimile has been forged or otherwise placed on the document without authority.

6.3 Each Member must:

- (a) ensure that each of the Member's Users has a Certificate that correctly identifies the User;
- (b) perform such checks as the Member requires to verify the identity of the User in relation to whom a request for the issuance of a Certificate is to be sent to the Reserve Bank;
- (c) advise the Reserve Bank immediately if the Member becomes aware that any information in a request to the Reserve Bank for issuance of a Certificate was incorrect, or if any information in any Certificate issued to the Member's Users has changed or is incorrect;
- (d) advise the Reserve Bank immediately that the Member becomes aware that a Private Key that relates to a Certificate of any of the Member's Users has, or may have been, compromised and revoke, or request the Reserve Bank to revoke, that Certificate; and
- (e) revoke, or request the Reserve Bank to revoke, the Certificate of a User if the Member no longer requires that User to have access to RITS.

6.4 Each Member must ensure that each of the Member's Users:

- (a) enrolls for a Certificate in accordance with the procedures published by the Reserve Bank from time to time, including without limitation entry of correct personal details into the System when enrolling for a Certificate;
- (b) uses their Certificate only for the purposes of accessing RITS and entering Signed Actions into RITS;
- (c) safeguards their Access Credentials and Private Key and protects their Certificate against use by another person;
- (d) maintains the confidentiality of all access passwords and codes used in connection with the System, including without limitation those used in the process of issuance of a Certificate;
- (e) advises the Member immediately if there has been a compromise or potential compromise of the User's Certificate or Private Key; and
- (f) observes the procedures for issuance, use and revocation of Certificates published by the Reserve Bank from time to time.

(The next page is 7.1)



7 ACCESS TO RITS AND SECURITY

- 7.1 The Reserve Bank will perform the following actions as Registration Authority for Certificates when a Certificate is requested by a Member:
- (a) verify that a properly authorised instruction has been received from the Member to issue a Certificate to a User or prospective User;
 - (b) provide the Member and the User with passwords required for activation of the Certificate; and
 - (c) enter instructions into the System to request the Reserve Bank as Certification Authority to issue a Certificate to the User.
- 7.2 The Reserve Bank is not required to investigate or ascertain the authenticity of the information in the Member's request for issuance of a Certificate, apart from verifying that the request has been signed in accordance with the Member's List of Authorised Signatories.
- 7.3 The Reserve Bank will perform the following actions as Registration Authority for Certificates when revocation of a Certificate is requested by a Member:
- (a) verify that a properly authorised instruction has been received from the Member to revoke the Certificate of a User; and
 - (b) enter instructions into the System to request the Reserve Bank as Certification Authority to revoke the Certificate of the User.
- 7.4 The Reserve Bank as Registration Authority for Certificates may, at its discretion, revoke any Certificate whether or not it has received a request to do so.
- 7.5 On revocation of a Certificate:
- (a) the Certificate is no longer valid; and
 - (b) the underlying obligations between the Member and the Reserve Bank are unaffected, including the obligation to ensure the Private Key is protected while it remains on the Certificate Token.
- 7.6 The Reserve Bank will perform the following actions as Certification Authority for Certificates:
- (a) acting on instructions entered into the System by the Reserve Bank as Registration Authority, issue a Certificate to the nominated User; and
 - (b) acting on instructions entered into the System by the Reserve Bank as Registration Authority, revoke the Certificate of the nominated User.
- 7.7 The Reserve Bank will maintain a certificate revocation list that will be updated with each revoked Certificate.



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- 7.8 Each Member acknowledges that the Member is responsible for all Signed Actions of Users of the Member, including without limitation, actions in relation to the set up of Users and issuance of Certificates.
- 7.9 A User will only be accepted into the System if valid Access Credentials are presented when the User attempts to logon to the System.
- 7.10 A Certificate is valid if at the time it is presented:
- (a) the current time and date is after the valid from date and time in the Certificate;
 - (b) the current time and date is not after the valid to date and time in the Certificate;
 - (c) the Member has activated the Certificate in the System;
 - (d) the User presenting the Certificate is the same User recorded in the System as the owner of that Certificate;
 - (e) the Certificate was issued by the Reserve Bank and has not been revoked; and
 - (f) the Member identified in the Certificate is the Member to which the User belongs as recorded in the System.
- 7.11 An instruction for a Signed Action entered into the System will only be accepted if a valid Certificate is presented when the Signed Action is entered into the System.
- 7.12 When a User enters a Signed Action into the System, a Digital Signature is created from the details of the Signed Action and the User's Private Key and this Digital Signature is submitted to the System with the Signed Action. Details of the Signed Action and the Digital Signature will be stored by the Reserve Bank and retained for an appropriate period of time, in particular for the purpose of providing evidence of certification for the purposes of legal proceedings.

(The next page is 8.1)



RITS**Entry of Transactions****8 ENTRY OF TRANSACTIONS**

- 8.1 The System shall be available to Members (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) for the reporting of dealings on each Settlement Day during the hours as set out in Condition of Operation 1.
- 8.2 Members (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) shall, in the manner and with such particulars as are required by the Conditions of Operation, report to the Reserve Bank any dealing of a kind specified in the Conditions of Operation.
- 8.3 A dealing reported in terms of Regulation 8.2 may be a dealing of a kind specified in the Conditions of Operation for Settlement of a Cash Element and, where the Cash Element creates an Interbank Cash Element, an Interbank Cash Element at the time of recording by the Reserve Bank or at a future time.
- 8.4 Any dealing so reported must be reported for recording in the System by each of the parties to the dealing on the day on which the parties agreed to the dealing, or by a Batch Administrator. Failure of a party to a dealing or a Batch Administrator (as the case may be) to so report that dealing shall not of itself be sufficient to avoid the dealing between the parties, and nothing in this Regulation is intended to deprive parties of rights they would otherwise have against each other.
- 8.5 Any such dealing so reported shall be recorded by the Reserve Bank in the System subject to and in accordance with these Regulations and the Conditions of Operation. A Member (other than a Non-Transaction Member) and a Batch Administrator may at any time prior to the recording of a Transaction by the Reserve Bank amend or cancel details of the dealing reported for recording by that Member or Batch Administrator. Once recorded, such a dealing will constitute a Transaction. No Member or Batch Administrator may amend details of a Transaction recorded by the Reserve Bank in the System. Provided that it has not Settled, a recorded Transaction may be inactivated by the parties to the Transaction, and a Batch may be inactivated by the Batch Administrator, in accordance with the Conditions of Operation.
- 8.6 The recording of a Transaction in the System by the Reserve Bank shall be regarded only as confirmation of the Transaction between the parties to the Transaction and the time at which a binding contract was formed in relation to the Transaction shall be determined in accordance with general principles of contract law.



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(The next page is 9.1)



9 LOW VALUE SETTLEMENT SERVICE

- 9.1 The Low Value Settlement Service shall be available to Members (other than Non-Transaction Members) to send Eligible Settlement Files to the System via an Approved Network as specified in the Conditions of Operation. The System will send responses and advices to Members (other than Non-Transaction Members) as described in the User Guides.
- 9.2 For the purposes of this Regulation, a Member may appoint an agent, as notified to and approved by the Reserve Bank in accordance with Exhibit D of the Regulations, to send Eligible Settlement Files to, and accept responses and advices from, the System on behalf of the Member.

(The next page is 10.1)

**10 FEEDER SYSTEM - SWIFT PDS**

- 10.1 The Reserve Bank has admitted the SWIFT PDS to the System as a Feeder System and may terminate or suspend that admission at any time.
- 10.2 Whilst the SWIFT PDS is a Feeder System, Banks and OEHs who are members of the SWIFT PDS may, in accordance with the regulations and procedures for the SWIFT PDS, input the details of Settlement Transactions into the System for Settlement, and receive details of the Settlement of those Settlement Transactions from the System, through the SWIFT PDS.
- 10.3 A Bank or OEH that is a member of the SWIFT PDS may report details of a cash transfer that does not involve an Interbank Cash Element as a Transaction for testing on the System Queue but not for Settlement. For the avoidance of doubt, each Bank or OEH acknowledges that such a Transaction is not a Settlement Transaction.
- 10.4 A Settlement Transaction entered into the System via the SWIFT PDS may only be cancelled via the SWIFT PDS.
- 10.5 Each Member, Participating Bank, Bank and OEH acknowledges that the Reserve Bank will act upon all Settlement Transactions placed into the System via the SWIFT PDS in accordance with and subject to these Regulations including, without limitation, Regulation 5.
- 10.6 Each Bank and OEH that is a participating member of the High-Value Clearing System (CS4) confirms the authority and consent (contained in Regulation 15.1 of the High-Value Clearing System (CS4) Regulations) to the release by the Reserve Bank to the Australian Payments Clearing Association of the information referred to in that Regulation 15.1, on terms and conditions agreeable to the Reserve Bank.
- 10.7 All Settlement Transactions placed into the System via the SWIFT PDS by a Bank or OEH must be Settled only through that Bank's or OEH's Exchange Settlement Cash Account.

(The next page is 11.1)

**11 FEEDER SYSTEM - AUSTRACLEAR**

- 11.1 The Reserve Bank has admitted Austraclear to the System as a Feeder System and may terminate or suspend that admission at any time.
- 11.2 Whilst Austraclear is a Feeder System, where a transaction in Austraclear involves a funds transfer between Banks or OEHS, then that funds transfer will be reported via Austraclear on behalf of the Banks or OEHS that are parties to the funds transfer to the System Queue for Settlement as a Settlement Transaction with a Cash Element and an Interbank Cash Element. The System will advise Austraclear upon Settlement of each such Interbank Cash Element.
- 11.3 Whilst Austraclear is a Feeder System, then Austraclear may report the details of a funds transfer that does not involve an Interbank Cash Element as a Transaction for testing on the System Queue but not for Settlement. For the avoidance of doubt each Member, Participating Bank, Bank and OEH acknowledges that such a Transaction is not a Settlement Transaction.
- 11.4 A Settlement Transaction entered into the System via Austraclear may only be cancelled via Austraclear.
- 11.5 Each Member, Participating Bank, Bank and OEH acknowledges that the Reserve Bank will act upon all Settlement Transactions placed into the System by Austraclear in accordance with and subject to these Regulations, including without limitation, Regulation 5.

(The next page is 12.1)

**12 FEEDER SYSTEM - CHESS**

- 12.1 The Reserve Bank has admitted CHESS to the System as a Feeder System and may terminate or suspend that admission at any time.
- 12.2 Whilst CHESS is a Feeder System, where a transaction in CHESS is eligible for real-time gross settlement under the rules of that system and is selected for real-time gross settlement, then the funds transfer between Banks or OEHS will be reported via CHESS on behalf of the Banks or OEHS that are parties to the funds transfer to the System Queue for Settlement as a Settlement Transaction with a Cash Element and an Interbank Cash Element. The System will advise CHESS upon Settlement of each such Interbank Cash Element.
- 12.3 Whilst CHESS is a Feeder System, where a transaction in CHESS does not involve a funds transfer between Banks or OEHS, but the transaction is selected for testing on the RITS System Queue, then CHESS may report the details of the funds transfer that does not involve an Interbank Cash Element as a Transaction for testing on the System Queue but not for Settlement. For the avoidance of doubt each Member, Participating Bank, Bank and OEH acknowledges that such a Transaction is not a Settlement Transaction.
- 12.4 A Settlement Transaction entered into the System via CHESS may only be cancelled via CHESS.
- 12.5 Each Member, Participating Bank, Bank and OEH acknowledges that the Reserve Bank will act upon all Settlement Transactions placed into the System by CHESS in accordance with and subject to these Regulations, including without limitation, Regulation 5.

(The next page is 13.1)

**13 FEEDER SYSTEM - NEW SYSTEMS**

The Reserve Bank may from time to time, if it considers it desirable in the interests of the System, allow new Feeder Systems access to the System to facilitate settlement of transactions occurring in those Feeder Systems. The details of such Feeder Systems will be set out in the Conditions of Operation once they have been admitted to the System.

(The next page is 14.1)



RITS**Transactions with the RBA****14 RECIPROCAL PURCHASE TRANSACTIONS**

- 14.1 Each Member agrees that any Reciprocal Purchase Transaction that it enters into with the Reserve Bank in respect of Approved Securities or Approved Bank and Other Securities and which is not an RBA Repo (as to which see Regulation 15) is governed by the terms of the TBMA/ISMA Agreement as amended by the terms set out in Exhibit A.

Each such Reciprocal Purchase Transaction will be evidenced in the Approved Security Counterparty Code specified in the Conditions of Operation for this purpose.

- 14.2 Unless otherwise agreed by the RBA, a Member may only enter into a Reciprocal Purchase Transaction of Approved Bank and Other Securities with the Reserve Bank if the Member or any related party is not also the issuer, acceptor or supporter of the Approved Bank and Other Security the subject of the Reciprocal Purchase Transaction.

(The next page is 15.1)



RITS**15 RBA REPO**

- 15.1 A Bank or OEH may enter into an RBA Repo of Approved Securities with the Reserve Bank, subject to any particular conditions imposed on its Membership in accordance with Regulation 3.2. Settlement of the consideration for an RBA Repo is across the ESCA of that Bank or OEH.
- 15.2 A Bank or OEH may enter into an RBA Repo of Approved Bank and Other Securities with the Reserve Bank, provided the Bank or OEH and all of its related entities are not also the issuer or acceptor of the Approved Bank and Other Security the subject of the RBA Repo.
- 15.3 Each Bank and each OEH agrees that any RBA Repo that it enters into with the Reserve Bank is governed by the terms of the TBMA/ISMA Agreement as amended by the terms set out in Exhibit B.

Each such RBA Repo will be evidenced in the Approved Security Counterparty Code specified in the Conditions of Operation for this purpose.

- 15.4 RBA Repos must be reversed on the same day that they are entered into, unless the Reserve Bank has agreed that the term may be extended to overnight. If a Bank or OEH wishes that an RBA Repo be extended overnight, the Bank or OEH must comply with the relevant provisions of Exhibit B.

(The next page is 16.1)



16 RBA TERM DEPOSITS

- 16.1 Members that are ADIs or Banks or OEHS may bid for the lodgement of RBA Term Deposits which are offered by periodic tender.
- 16.2 Each participant in a tender for RBA Term Deposits agrees that participation in the tender process constitutes acceptance of this Regulation 16 and the terms and conditions set out in Exhibit C and that these Regulations apply in respect of RBA Term Deposits.
- 16.3 Each such RBA Term Deposit is to be undertaken in accordance with the Conditions of Operation.

(The next page is 17.1)



RITS**Payments****17 CASH ACCOUNT**

17.1 The Reserve Bank may open and maintain in the System for each:

- (a) Bank and OEH, an Austraclear Cash Account for the recording of Cash Elements originating in Austraclear;
- (b) Bank and OEH, a SWIFT Cash Account for the recording of Cash Elements originating in the SWIFT PDS;
- (c) Bank and OEH, a CHESSE Cash Account for the recording of Cash Elements originating in the CHESSE Feeder System;
- (d) Bank and OEH, a Cash Account for each new Feeder System added in accordance with Regulation 13 for the recording of Cash Elements originating in that Feeder System;
- (e) Bank and OEH, a Cash Account for the recording of Cash Elements originating in Eligible Settlement Files;
- (f) Bank and OEH, RITS Cash Accounts for the recording of Cash Elements originating in the System; and
- (g) member of a Closed User Group, a Closed User Group Cash Account for recording of Cash Elements originating in that Closed User Group,

(each a “**Cash Account**”)

and shall debit and credit the respective Cash Account with the Cash Elements as they are duly performed.

Every Cash Element Settled in the System will be reflected in the Cash Accounts of the parties to the Transaction.



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- 17.2 A Member's Participating Bank may, by keying an entry into the System, set a Maximum Cash Limit on the Member's Cash Account. The Maximum Cash Limit shall determine how far (if at all) the Cash Account may fall into debit. When making such an entry, the Participating Bank will be prompted to indicate whether the Maximum Cash Limit is "secured" or "unsecured". The designation of the Maximum Cash Limit as "secured" or "unsecured" has no meaning or consequence at law (that is, since Commonwealth Government Securities have ceased to be lodged in the System, there is never any security, such as a mortgage, provided in the System). The only consequence of designation of the Maximum Cash Limit as "secured" or "unsecured" is with respect to the procedure for Settlement of Transactions in the relevant Cash Account. If a Participating Bank indicates that the Maximum Cash Limit is secured, any Transactions that would debit that Cash Account will be assigned a deferred Settlement Status. In such an event, the Participating Bank would need to manually change the Settlement Status. If a Participating Bank indicates that the Maximum Cash Limit is unsecured, then these procedures will not apply.
- 17.3 A Member's Participating Bank is not obliged to set a Maximum Cash Limit for a Member's Cash Account. If no Maximum Cash Limit is set then there is no limit on the Cash Account.
- 17.4 Subject to Regulation 17.5 a Member (other than a Non-Transaction Member) may, by keying an entry into the System, set a sub-limit (which may be either a credit or debit sub-limit) on its Cash Account, and may amend that sub-limit at any time. The sub-limit will reserve a tranche of funds to be used for the Settlement of Transactions given a special priority status by the Member. Transactions without a special priority status will not settle if they would bring a Cash Account balance below a sub-limit, or further below a sub-limit.
- 17.5 At no time may a debit sub-limit set by a Member on its Cash Account exceed the Maximum Cash Limit set by the Member's Participating Bank. If as a result of the Member's Participating Bank changing the Maximum Cash Limit in accordance with Regulation 17.7, a sub-limit does exceed the Maximum Cash Limit, once the new Maximum Cash Limit has taken effect in accordance with Regulation 17.7 the System will automatically reset the sub-limit to be equal to the Maximum Cash Limit.
- 17.6 Except as provided for in Regulation 17.7 a Settlement Transaction will not be Settled by the System if, as a result of the Cash Element being debited to the relevant Cash Account of the Member, the Maximum Cash Limit would be exceeded.
- 17.7 A Member's Participating Bank may, by keying an entry into the System, change a Maximum Cash Limit. Any change to such a limit made by a Participating Bank shall not affect in any way the liability of the Participating Bank in respect



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of any Payment Obligations undertaken by the Participating Bank up to the time the limit was changed. Where a Participating Bank reduces a Member's Maximum Cash Limit and the existing debit balance of the Cash Account exceeds the new limit, the Settlement of a Cash Element of a Settlement Transaction will not proceed if Settlement would result in an increase in the debit balance of the Member's Cash Account.

- 17.8 Upon notification to the Reserve Bank by a Member (other than a Non-Transaction Member) and confirmation by its Participating Bank of the deposit of cash into the System or the withdrawal of cash from the System, the Reserve Bank shall:
- (a) in the case of a deposit of cash, credit the Member's Cash Account; and
 - (b) in the case of a withdrawal of cash, debit the Member's Cash Account up to the Maximum Cash Limit.

Daily Cash Report

- 17.9 Fifteen minutes, or as soon as practicable, after the end of the Settlement Close Session on each Settlement Day, the Reserve Bank shall make available for access by each Nominated Branch, an Interim Daily Cash Report containing (in respect of each Member who maintains a Nominated Account) the total net amount of Cash Elements recorded in that Cash Account prior to the end of the Settlement Close Session on that Settlement Day by the System.
- 17.10 Fifteen minutes, or as soon as practicable, after the end of the Evening Settlement Session on each Settlement Day, the Reserve Bank shall make available for access by each Nominated Branch, a Daily Cash Report containing (in respect of each Member who maintains a Nominated Account) the total net amount of Cash Elements recorded in that Cash Account on that Settlement Day by the System.
- 17.11 After receipt of the Interim Daily Cash Report or the Daily Cash Report, each Participating Bank will post amounts in Cash Accounts to the relevant Members' Nominated Accounts. At the beginning of each Settlement Day, the opening balance of every Cash Account in the System will be zero.

Exchange Settlement Cash Accounts

- 17.12 The Reserve Bank will open and maintain in the System for each Bank and OEH an ESCA and will debit and credit Interbank Cash Elements to ESCAs as they are Settled in the System. Each Bank and OEH acknowledges that the ESCA statement displayed at any time in the System during the Morning Settlement Session, Daily Settlement Session, Settlement Close Session, Interim Session or Evening Settlement Session in respect of its ESCA constitutes a deemed record of balances at that time in its Exchange Settlement Account. The Reserve Bank will



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adjust balances in Exchange Settlement Accounts to reflect balances in ESCAs following the close of each Settlement Day. The acknowledgement contained in this Regulation 17.12 does not affect the right of any person to question the correctness or accuracy of amounts so recorded, but any questioning shall not affect the operation of the System. Disputes as to amounts recorded in Exchange Settlement Accounts shall be resolved between the parties as a separate matter.

(The next page is 18.1)

**18 NOMINATED BRANCH AND NOMINATED ACCOUNT**

- 18.1 Each Participating Bank shall nominate in writing a branch of that Bank as the branch of that Bank to be the Nominated Branch for the purpose of these Regulations. A Participating Bank may give the Reserve Bank notice of change of any such nomination, which shall take effect five Settlement Days after receipt by the Reserve Bank of such notice.
- 18.2 Each Member (other than a Non-Transaction Member) shall contract with its Participating Bank for that Participating Bank to:
- (a) make payments pursuant to Payment Obligations of that Participating Bank arising as a result of Settlement Transactions recorded and Settled in the System by the Reserve Bank on behalf of that Member and in respect of which the Member's Cash Account has been debited;
 - (b) to perform such functions as otherwise may from time to time be required of Participating Banks by these Regulations and the Conditions of Operation; and
 - (c) to open and maintain a RITS Nominated Account with at least one Nominated Branch.

Each Member shall give notice to the Reserve Bank of such particulars of that Nominated Account or Nominated Accounts as are required by the Conditions of Operation. A Member may give the Reserve Bank notice of change of any such particulars. A Member whose Participating Bank is the Reserve Bank must nevertheless contract with the Reserve Bank in accordance with this Regulation 18.2.

- 18.3 The terms of the contract entered into pursuant to Regulation 18.2 shall be as agreed between the relevant Participating Bank and the relevant Member. The Reserve Bank shall not have any responsibility in respect of such contract and shall not be concerned to ascertain the validity of or the terms of such contract or whether or not the terms thereof are complied with by the relevant Member except to the extent that the Reserve Bank is the Participating Bank under any such contract.
- 18.4 Banks and OEHS shall maintain a Nominated Account with the Reserve Bank and use such account for all transactions to be undertaken in Exchange Settlement Funds.

(The next page is 19.1)

**19 PAYMENT OBLIGATIONS**

- 19.1 Each Participating Bank irrevocably and severally undertakes that, subject to and in accordance with these Regulations and the Conditions of Operation, where a Member is liable on Settlement to pay to another Member an amount equal to the Cash Element of a Settlement Transaction, the Participating Bank of the paying Member will, either:
- (a) where both Members have the same Participating Bank, credit the Cash Element to the receiving Member; or
 - (b) where an Interbank Cash Element is involved, pay the Interbank Cash Element to the Participating Bank of the receiving Member,
- and the liability of the paying Member to the receiving Member will thereby be discharged.
- 19.2 The amount payable by one Participating Bank to any Member or other Participating Bank, pursuant to Regulation 19.1, shall be the gross amount of the Cash Element or Interbank Cash Element as the case may be.
- 19.3 All Payment Obligations arising on any Settlement Date shall be Settled through the transfer of the Cash Element across Cash Accounts and, if an Interbank Cash Element is involved, also the transfer of the Interbank Cash Element across ESCAs.

(The next page is 20.1)



20 SETTLEMENT

Debiting and Crediting of Exchange Settlement Cash Accounts

- 20.1 Each Bank and OEH authorises the Reserve Bank to debit or credit as applicable its ESCA with the amount of Interbank Cash Elements due to or by the Bank or OEH as they are Settled in the System.
- 20.2 Each Bank and OEH authorises the Reserve Bank to debit or credit at any time its Exchange Settlement Account to reflect the balance at that time contained in the ESCA of that Bank or OEH. Each Bank and OEH further authorises the Reserve Bank to debit or credit its Exchange Settlement Account for amounts due to or from that Bank or OEH arising outside the System but to be applied across such accounts.
- 20.3 In the event that the operation of the System is suspended by the Reserve Bank in accordance with Regulation 5.7, the Reserve Bank may, after informing Members and Participating Banks, Settle Interbank Cash Elements agreed between Participating Banks and reported to the Reserve Bank by both Participating Banks directly across Exchange Settlement Accounts. Each Bank or OEH authorises the debiting and crediting of its Exchange Settlement Account by the Reserve Bank in this circumstance.

Debiting and Crediting of Cash Accounts

- 20.4 Each Member (other than a Non-Transaction Member) authorises the Reserve Bank to debit or credit as applicable Cash Elements to each of its Cash Accounts.

(The next page is 21.1)

**21 SETTLEMENT OF TRANSACTIONS**

- 21.1 Subject to Regulation 17.6, any Member which is a party to a Settlement Transaction may on the Settlement Date, with the consent of its Participating Bank, provide the Reserve Bank with instructions (by ensuring that the Settlement Status of the Settlement Transaction is active or priority) to Settle a Settlement Transaction which has previously been recorded in the System in accordance with the Regulations and Conditions of Operation.
- 21.2 Upon the recording in the System by the Reserve Bank of a Settlement Transaction in accordance with these Regulations, or of instructions to Settle by each Member which is a party to a Settlement Transaction in accordance with Regulation 21.1, then the Cash Element will be placed on the System Queue to be Settled by the System.
- 21.3 For the purposes of Regulation 21.1, instructions to Settle a Settlement Transaction previously recorded in the System must, to be effective, be received by the Reserve Bank and recorded in the System by such time as is specified in the Conditions of Operation.
- 21.4 Each Settlement Transaction with only a Cash Element and Interbank Cash Element and which is recorded in the System as part of a Batch (including the CHES Batch) will be Settled in the Batch Settlement for that Batch in the manner specified in the Conditions of Operation.
- 21.5 Settlement Transactions selected and confirmed for Settlement using Targeted Bilateral Offset will only be tested for Settlement together in the manner specified in the Conditions of Operation.
- 21.6 Settlement Transactions selected for Settlement using the Multilateral Settlement Method will only be tested for Settlement as part of a Multilateral Settlement Group in the manner specified in the Conditions of Operation.
- 21.7 If any party to a Settlement Transaction which has previously been recorded in the System fails to provide the Reserve Bank with instructions to Settle that Settlement Transaction, the Reserve Bank shall not be liable to any person in any way or for any reason in respect of the failure of the Settlement Transaction to Settle.
- 21.8 Upon the satisfactory completion of Settlement testing of the Elements of a Settlement Transaction, then the Elements of that Settlement Transaction will be Settled. Once all the Elements of the Settlement Transaction have been Settled, then that Settlement Transaction is complete.
- 21.9 Notwithstanding any other provision of these Regulations, a Transaction sent for testing to the System Queue in accordance with either Regulation 10.3,



Regulation 11.3 or Regulation 12.3 is not Settled once testing has occurred. All Members, Banks and OEHS acknowledge that such a Transaction may be void under section 437D or section 468 of the Corporations Act, and does not constitute an “exempt disposition” for the purposes of section 468(2) of the Corporations Act or an “exempt payment” for the purposes of section 437D(3) of the Corporations Act.

9am Settlement

21.10 On each Settlement Day, at approximately 9.00 am or such other time that the Reserve Bank determines, the Reserve Bank shall test for settlement a Multilateral Settlement Group and debit or credit as applicable ESCAs with the net amount due by or to each Bank or OEH in respect of the settlement of Transactions in the Multilateral Settlement Group.

21.11 The settlement of Settlement Transactions in that Multilateral Settlement Group to ESCAs shall be taken to be the due completion of the 9am Settlement on that day. The completion of the 9am Settlement does not affect the right of any person to question the correctness or accuracy of amounts so applied, but any such questioning shall not (unless the Reserve Bank determines otherwise) affect the operation of Regulation 21.10. Disputes as to settlement obligations shall be resolved between the parties as a separate matter.

If completion of the 9am Settlement would result in a Bank or OEH’s ESCA not being in credit, the Bank or OEH may be suspended by the Reserve Bank in terms of Regulation 23.1 and the Reserve Bank may apply the failure to settle rules in Regulation 23.

(The next page is 22.1)

**22 SYSTEM QUEUE OPERATION**

- 22.1 All Settlement Transactions that have a Cash Element will be sent by the System to the System Queue for Settlement testing and, once such tests have been satisfied, will be Settled by the System. Each Member (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) acknowledges that Settlement Transactions and Elements on the System Queue may be tested and Settled in any order.
- 22.2 The operation of the Settlement testing procedures on the System Queue is determined from time to time by the Reserve Bank having regard to the proper functioning of the System. Each Member (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) and Participating Bank acknowledges that the Reserve Bank may change the method of System Queue operation at any time. The Reserve Bank will give reasonable notice to each Member and Participating Bank of substantial changes to System Queue operation.
- 22.3 Notwithstanding clause 22.2, the Cash Element of a Settlement Transaction on the System Queue will not be Settled by the System unless:
- (a) the Settlement Transaction has a status assigned to it of “active” or “priority”;
 - (b) it will not breach the paying Member’s Maximum Cash Limit (for priority status Settlement Transactions) or sub-limit (for active status Settlement Transactions) except in accordance with Regulation 22.3(g), as the case may be;
 - (c) if an Interbank Cash Element is involved, the transfer of such Element will not breach the paying Member’s Participating Bank’s ESCA limit (for priority status Settlement Transactions) or ESCA sub-limit (for active status Settlement Transactions) except in accordance with Regulation 22.3(g), as the case may be;
 - (d) if the Settlement Transaction is selected and confirmed for Settlement using Targeted Bilateral Offset, all Settlement Transactions so selected and confirmed simultaneously satisfy (a), (b) and (c);
 - (e) if the Settlement Transaction is selected using Auto Offset, all Settlement Transactions so selected simultaneously satisfy (a), (b) and (c);
 - (f) if the Settlement Transaction is part of a Batch, all Settlement Transactions in the Batch simultaneously satisfy (a), (b) and (c); and
 - (g) if the Settlement Transaction is part of a Multilateral Settlement Group, all



Settlement Transactions in that Multilateral Settlement Group simultaneously satisfy (a), (b) and (c), unless the Reserve Bank has advised that sub-limit testing for Settlement Transactions in a Multilateral Settlement Group is bypassed in which case the Settlement Transaction will not be settled by the System unless:

- (i) it has a status assigned to it of “active” or “priority”;
- (ii) it will not breach the Paying Member’s Maximum Cash Limit regardless of whether the Transaction has an active or priority status; and
- (iii) the transfer of the Interbank Cash Element will not breach the paying Member’s Participating Bank’s ESCA limit regardless of whether the Transaction has an active or priority status, and

all Settlement Transactions in that Multilateral Settlement Group simultaneously satisfy (i), (ii) and (iii).

- 22.4 Upon a Transaction satisfying the System Queue tests, including but not limited to those listed in Regulation 22.3 and described in the Conditions of Operation, it will be Settled by the System.
- 22.5 With the exception of a Multilateral Settlement Group, the System Queue will search for, and apply, a Command relating to a Settlement Transaction at the commencement of testing of that Settlement Transaction for Settlement. If a Command has not been executed by the System at the time that testing of a Settlement Transaction is started by the System Queue, it will not be applied by the System unless the Transaction does not Settle and remains on the System Queue awaiting retesting. The Reserve Bank is not responsible for any failure (including, without limitation, in the circumstances set out in the Conditions of Operation) to apply a Command to a Settlement Transaction once Settlement testing has commenced, regardless of the time at which that Command was sent to the System.
- 22.6 If the operation of the System is suspended by the Reserve Bank in accordance with Regulation 5.7, then prior to the System recommencing operation all Settlement Transactions placed into the System via a Feeder System prior to the suspension that are on the System Queue but not Settled may, at the discretion of the Reserve Bank, be deleted from the System Queue in which case they will not be Settled by the System.
- 22.7 Banks and OEHs may, by keying an entry into the System, submit a request to become an Evening Agreed Bank or OEH. If the Reserve Bank agrees to this request, it will make a matching entry in the System. The request will not take effect until after the matching entry by the Reserve Bank.



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- 22.8 Evening Agreed Banks and OEHs may, by keying an entry into the System, submit a request to no longer be an Evening Agreed Bank or OEH. If the Reserve Bank agrees to this request, it will make a matching entry in the System. The request will not take effect until after the matching entry by the Reserve Bank.
- 22.9 When a Transaction is sent to the System Queue for Settlement testing during the Morning Settlement Session, Daily Settlement Session or Settlement Close Session, the System Queue will check the Transaction to determine whether it is eligible to become an Evening Flagged Transaction in accordance with the criteria set out in the Conditions of Operation. If the Transaction is eligible to become an Evening Flagged Transaction, a flag will be added to that Transaction by the System Queue.
- 22.10 During the Interim Session, Settlement testing is paused and Transactions that are not Evening Flagged Transactions are deleted from the System Queue. Evening Flagged Transactions remain on the System Queue for Settlement testing in the Evening Settlement Session. Other Eligible Evening Transactions may be recorded during the Interim Session for Settlement in the Evening Settlement Session.

(The next page is 23.1)

**23 BANK FAILURE TO SETTLE**

- 23.1 Where, in the opinion of the Reserve Bank, it is unable to exercise the authority granted to it by a Participating Bank in terms of Regulation 20.1 to debit or credit the Participating Bank's ESCA because the Participating Bank is unable to meet its Settlement obligations through its ESCA, the Reserve Bank may suspend the Participating Bank for such period as the Reserve Bank considers appropriate.
- 23.2 Where a Participating Bank is suspended in terms of Regulation 21.11 or Regulation 23.1 the Reserve Bank shall give to the Participating Bank notice of the suspension and the reasons for the suspension. Every Member shall be given notice of the suspension by the Reserve Bank.
- 23.3 As soon as possible after the end of the Settlement Close Session and the end of the Evening Settlement Session, the Reserve Bank shall provide Nominated Branches, except Nominated Branches of the suspended Participating Bank, with an Interim Daily Cash Report and a Daily Cash Report, respectively.
- 23.4 Where a Participating Bank is suspended in terms of Regulation 21.11 or Regulation 23.1 due to its inability to meet 9am Settlement Payment Obligations, the Reserve Bank shall constitute a new Multilateral Settlement Group for 9am Settlement that excludes Payment Obligations of the suspended Participating Bank.

(The next page is 24.1)



RITS**Other****24 AUTOMATED INFORMATION FACILITY**

Members may, via the Automated Information Facility (“AIF”) and in accordance with the procedures contained from time to time in User Guides, send Commands and Enquiries to the System and receive responses from the System to those Commands and Enquiries. The System will from time to time send messages and advices to Members via the AIF as described in the User Guides.

(The next page is 25.1)



25 LOW VALUE CLEARING SERVICE

- 25.1 The Low Value Clearing Service shall be available to Members to send Eligible Transfer Files to the System, and receive Eligible Transfer Files from the System, via an Approved Network as specified in the Conditions of Operation.
- 25.2 For the purposes of this Regulation, a Member may appoint an agent, as notified to and approved by the Reserve Bank in accordance with Exhibit D of the Regulations, to send Eligible Transfer Files to, and accept Eligible Transfer Files from, the System on behalf of the Member.

(The next page is 26.1)

**26 MISCELLANEOUS**

- 26.1 Nothing in these Regulations shall be construed so as to negate or exclude any right of set-off which may otherwise arise.
- 26.2 These Regulations are subject to addition, modification or amendment at any time by the Reserve Bank without the consent of Members or Participating Banks. Any such addition, modification or amendment will be notified by the Reserve Bank to each Member and each Participating Bank and shall come into force one month after service of such notification unless an earlier or later date be fixed at the time by the Reserve Bank and shall have no force or effect before the date of such coming into force. The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of any addition, modification or amendment to the Regulations or the accidental failure of the Reserve Bank to give notification to any Member or Participating Bank or the failure of any Member or Participating Bank to receive notification of any addition, modification or amendment to the Regulations.
- 26.3 Except where otherwise expressly provided in these Regulations:
- (a) every notice under these Regulations shall be given or made by letter or by facsimile and, in the case of a Member or a Participating Bank, shall be signed by a person who appears on the List of Authorised Signatories lodged by that Member or Participating Bank pursuant to Regulation 6.2 and in accordance with the signing requirements of the List of Authorised Signatories;
 - (b) every notice by the Reserve Bank by letter shall be either:
 - (i) sent to the address of a Member or, in the case of a notice to a Participating Bank as the Participating Bank of a particular Member, the address of the Participating Bank shown in the relevant Membership Agreement or such other address as shall be notified to the Reserve Bank from time to time, and shall be deemed to be served on the second Settlement Day after the letter correctly addressed and stamped is put in the post; or
 - (ii) delivered by courier or by hand to the address of a Member or, in the case of a notice to a Participating Bank as the Participating Bank of a particular Member, the address of the Participating Bank shown in the relevant Membership Agreement or such other address as shall be notified to the Reserve Bank from time to time, and shall be deemed to be served at the time of delivery;



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- (c) every notice by the Reserve Bank by facsimile shall be sent to the facsimile number of a Member or Participating Bank shown in the relevant Membership Application or such other facsimile number as shall be notified to the Reserve Bank from time to time, and shall be deemed to be served when the facsimile is despatched;
 - (d) Notwithstanding the other provisions of this Regulation 26, the Reserve Bank may from time to time determine that a Member or Participating Bank must establish a facility for electronic communications, such as email; may determine the types of notices which may be served by email (in which event delivery of notices by email is deemed to comply with the requirements of Regulation 26.2 regarding notification); and ancillary matters relating to effective communications and service of documents. Posting of these determinations on the System's notice board shall be deemed to be notice to every Member or Participating Bank and shall be deemed to have been served at the time when the determination is posted on the System's notice board; and
 - (e) where these Regulations require the giving by the Reserve Bank of a notice to all Members and/or all Participating Banks then the omission to give a copy to or the non-receipt of a copy of such notice by any Member or Participating Bank shall not affect the validity of such notice or the effectiveness of such notice.
- 26.4 Neither the Reserve Bank nor another person shall by reason of these Regulations, the Conditions of Operation, any Membership Agreement or another document relating to the System have a fiduciary relationship with, or be trustee for a Member, a Participating Bank or another person unless expressly agreed.
- 26.5 The Reserve Bank is entitled to deal with each Member as principal and not as trustee, as agent or as acting in any other capacity. The Reserve Bank is not bound or compelled in any way to recognise any equitable, contingent, future, partial or other interest in any rights or entitlements in respect of any Member (even when the Reserve Bank has notice of any such interest) except the absolute right of the Member to those rights and entitlements. The liability of a Member under the Regulations and Conditions of Operation will be in all cases that of principal, and not as agent or trustee, regardless of any dealings, understandings or agreements that the Member may have with any person other than the Reserve Bank, or any right, title or interest of such person.
- 26.6 If the Reserve Bank is required (whether by law or otherwise) to withhold or deduct any amount from a payment made or to be made by the Reserve Bank under or in connection with the System so that the payee would not actually receive for its own benefit on the date of payment the full amount to be paid by the Reserve Bank, then:



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- (a) the Reserve Bank must make the withholdings or deductions; and
- (b) the payee shall not in any circumstances have any right to recover from the Reserve Bank the amount of any such withholdings or deductions.

The Reserve Bank will not be liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of the withholding or deduction of any amounts by the Reserve Bank.

- 26.7 If a payment becomes due for payment on a day which is not a Settlement Day, then the date for payment is the next Settlement Day.
- 26.8 The Reserve Bank shall be entitled to assume the correctness of any representation or warranty made by a Member and shall not be required to conduct independent enquiries or to conduct searches of public registers to confirm the correctness of any representation or warranty.
- 26.9 The Reserve Bank shall not be taken to have notice of any matter, by reason only of:
- (a) the fact that notice of that matter exists on the records of the Australian Securities and Investments Commission which are open to the public or any other publicly available records; or
 - (b) the fact that actual notice of the matter has been given to or received by the Reserve Bank,
- unless details of the matter have been entered in the System.
- 26.10 These Regulations are governed by and shall be construed in accordance with the law in force in New South Wales.
- 26.11 Each Member and Participating Bank:
- (a) irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them; and
 - (b) waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.



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EXHIBIT A

RECIPROCAL PURCHASE AGREEMENT

Note: Reciprocal Purchase Transactions have not been settled in RITS since the move of CGS from RITS to Austraclear in February 2002.



EXHIBIT A
TBMA/ISMA MASTER REPURCHASE AGREEMENT
SUPPLEMENTAL TERMS AND CONDITIONS.

The TBMA/ISMA Agreement is amended by adding to it the following Annex I:

Annex I

Interpretation

1. In this Annex:

“Agency Annex” means the supplemental terms and conditions for Agency Transactions to the TBMA/ISMA Global Master Repurchase Agreement (2000 Version) published by The Bond Market Association and the International Securities Market Association.

“Regulations” means the Regulations, as amended from time to time, promulgated by the Reserve Bank of Australia governing participation in the Reserve Bank Information and Transfer System.

Paragraph references are to paragraphs in the TBMA/ISMA Agreement, unless otherwise stated.

A term which has a defined meaning in the TBMA/ISMA Agreement, the Agency Annex or in the Regulations has that meaning when used in this Annex.

2. The following elections shall apply:

- (a) Paragraph 1(d). Agency Transactions may be effected under this Agreement and, accordingly, the Agency Annex shall apply.
- (b) Paragraph 2(d). The Base Currency shall be Australian Dollars.
- (c) Paragraph 2(cc). The pricing source for calculation of Market Value shall be the relevant page of Bloomberg or Reuters, or any other pricing source as reasonably agreed between the parties.
- (d) Paragraph 4(f). Interest rate on Cash Margin to be the Cash Rate. Simple interest to be accumulated daily and payable as agreed between the parties or, failing agreement, monthly.
- (e) Paragraph 4(g). Delivery period for Margin Transfer to be the same Business Day that the demand for the Margin Transfer is made.
- (f) Paragraph 6(j). Paragraph 6(j) shall apply and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(j) shall be those set out in sub-paragraphs (i) to (x) inclusive of paragraph 10(a) of the Agreement.



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- (g) Paragraph 10(a)(ii). Paragraph 10(a)(ii) shall apply.
- 3. The TBMA/ISMA Agreement is amended as follows:
 - (a) Paragraph 1(a). Delete “, acting through a Designated Office,”.
 - (b) Paragraph 2(a)(vi). Insert “or equivalent Australian legislation” after “1986”.
 - (c) Paragraph 2(e)(iv). Replace paragraph 2(e)(iv) with:

“in relation to any obligation to make a payment not falling within (i) or (ii) above, a day on which Banks generally are open for business in Sydney or Melbourne;”.
 - (d) Paragraph 2(fa). Insert a new paragraph 2(fa) as follows:

““Cash Rate”, the daily reference rate for unsecured overnight interbank cash as published on the Reuters Monitoring System page RBA36, or if no quotation is available from Reuters Monitoring System page RBA36, the most recently published cash rate target available from Reuters Monitoring System page RBA27.”
 - (e) Paragraph 2(p). Delete the definition of “Designated Office”.
 - (f) Paragraph 2(s). Insert “except to the extent that such proceeds are Distributions deemed to be Income;” after “, the expression shall mean a sum of money equivalent to the proceeds of the redemption”.
 - (g) Paragraph 2(w). Replace “but excluding” with “including”.
 - (h) Paragraph 2(y). Delete the definition of “LIBOR”.
 - (i) Paragraph 2(ii). Replace “on a 360 day basis or a 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction” with “on a 365 day basis”.
 - (j) Paragraph 2(rr). Replace with:

““Spot Rate”, where an amount in one currency is to be converted into a second currency on any date, the spot rate of exchange quoted in the Australian inter-bank market, as agreed between the parties, for the sale of such second currency against a purchase of such first currency.”
 - (k) Paragraph 3(b). Replace paragraph 3(b) with:

“Upon agreeing to enter into a Transaction under this Agreement, both Buyer and Seller must enter the relevant details of the Transaction into the Approved Securities Settlement System. The matching of such entries within the Approved Securities Settlement System constitutes confirmation of the Transaction (“Confirmation”).



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The entries in the Approved Securities Settlement System must set out⁺:

- Purchased Securities (series identification information)
- Buyer (participant/counterparty/side)
- Seller (participant/counterparty/side)
- Purchase Date (first transaction date)
- Repurchase Date* (second transaction date)#
- Face Value of the Purchased Securities (face value)
- Pricing Rate (cash rate)#
- Purchase Price (consideration)^
- Repurchase Price* (unwind consideration)#

⁺terms in parentheses “()” refer to data entry fields in the Approved Securities Settlement System.

* a blank entry in this field signifies that the Transaction is terminable on demand.

#if a separate set of matching entries is used for each leg of a Transaction, then the Repurchase Date, Repurchase Price and Pricing Rate need not be specified in either leg (being implicit from the second set of matching entries). The confirmation for each set of matching entries together form the “Confirmation” for the Transaction.

^a Margin Ratio may be applied.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.”

- (l) Paragraph 3(e). Insert “A demand for Termination must be given no later than 11.00 am AEST/AEDT on a Business Day if Termination is to occur on that Business Day.” at the end of the paragraph.
- (m) Paragraph 4(c). Replace:
 - (i) “any amount payable to the first party under paragraph 5 but unpaid” with “any amount which will become payable to the first party under paragraph 5 from the time at which the calculation is made until the end of that day or which is payable to the first party under paragraph 5 but unpaid”; and
 - (ii) “any amount payable to the other party under paragraph 5 but unpaid” with “any amount which will become payable to the other party under paragraph 5 from the time at which the calculation is made until the end of



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that day or which is payable to the other party under paragraph 5 but unpaid”.

- (n) Paragraph 6(h). Replace “shall be combined in a single calculation of a net sum” with “may be combined, if agreed between the parties, in a single calculation of a net sum”.
 - (o) Paragraph 6(i). Replace “shall be combined in a single calculation of a net quantity of Securities” with “may be combined, if agreed by the parties, in a single calculation of a net quantity of Securities”.
 - (p) Paragraph 9(i). Insert a new paragraph 9(i) as follows:

“the paying and collecting arrangements applied in relation to any Securities prior to their transfer from that party to the other under this Agreement will not have resulted in the payment of any Income in respect of such Securities to the party transferring such Securities under deduction or withholding for or on account of Australian tax.”.
 - (q) Paragraph 10(f). Replace “LIBOR” with “the Cash Rate”.
 - (r) Paragraph 12. Replace “LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention” with “the Cash Rate on a 365 day basis”.
 - (s) Paragraph 14(a)(iii). Replace “set out in Annex I hereto” with “applicable to notices which are given to that party under the Regulations”.
 - (t) Paragraph 17. Replace with:

“The Agreement is governed by the law in force in New South Wales.

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them. Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.”
 - (u) Paragraph 19. Replace “England” with “New South Wales”.
 - (v) Paragraph 21. Insert “or equivalent Australian legislation” after “1999”.
4. The Agency Annex and the Addendum to Agency Annex for multiple principal transactions are amended as follows:
- (a) First paragraph of the Agency Annex. Delete “This Annex constitutes an Annex to the TBMA/ISMA Global Master Repurchase Agreement dated _____ between and (the “Agreement”).”
 - (b) Paragraph 1(d) of the Agency Annex. Delete the square brackets and the asterisk and insert “one” after “on behalf of more than”.



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- (c) Paragraph 2(a)(i) of the Agency Annex. Delete the words “and in the Confirmation”.
- (d) Paragraph 4(b) of the Agency Annex. Replace the first paragraph of paragraph 4(b) with:

“Each Principal for whom the Agent has entered into an Agency Transaction shall be taken to be party to a separate agreement with the other party and all Agency Transactions between that Principal and the other party shall be Transactions under that separate agreement. The separate agreement shall be in all respects identical with the Agreement as supplemented by the provisions of this Annex other than this paragraph, but with the following additions and modifications -”
- (e) Paragraph 4(b)(ii) of the Agency Annex. Replace paragraph 4(b)(ii) with:

“if the Principal is neither incorporated nor has established a registered office in Australia, the Principal shall for the purposes of paragraph 17 of the Agreement as so applicable be deemed to have appointed as its agent to receive on its behalf service of process in the Courts of New South Wales the Agent.”
- (f) Paragraph 5(c) of the Agency Annex. Replace paragraph 5(c) with the following:

“The Agent represents and warrants to the other party that:

 - (i) at the time of entering into an Agency Transaction, it is duly authorised to enter into the Transaction on behalf of the Principal and to perform on behalf of the Principal all the Principal’s obligations in relation to that Transaction;
 - (ii) at the time of entering into an Agency Transaction, the Principal has the power and is duly authorised to enter into the Transaction and to perform its obligations in relation to the Transaction and it will not breach any agreement, deed or statute in doing so;
 - (iii) if the Principal enters the Transaction in the capacity of a trustee or responsible entity of a trust or managed investment scheme (within the meaning of the Corporations Act 2001 (Cwlth)), the Principal is not in breach of trust and the Principal has the right to be indemnified out of the assets of the trust or managed investment scheme for all obligations it incurs in relation to the Transaction;
 - (iv) all notifications and information provided to the other party under paragraph 2(a) are complete and accurate in all material respects; and
 - (v) the Agent has been authorised to give the representations that it gives on behalf of the Principal.”
- (g) Paragraph 3(a) of the Addendum to Agency Annex for multiple principal transactions. Replace the second paragraph with:



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“it enters into that Transaction on behalf of one or more Principals and it discloses to the other party the identity of each such Principal (whether by name or by reference to a code or identifier which the parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Transaction;”.

- (h) Paragraph 4 of the Addendum to Agency Annex for multiple principal transactions. Replace paragraph 4 with:

“4. Deemed individual Transactions

Each Agency Transaction entered into on behalf of more than one Principal shall be deemed to be a separate transaction entered into between the other party and each such Principal with respect to the appropriate proportion of the Purchased Securities. Each separate Transaction will be taken to be a separate ‘Agency Transaction’ for the purposes of paragraphs 4 and 5 of the Agency Annex.”

- (i) Paragraph 6(a) of the Addendum to Agency Annex for multiple principal transactions. Delete the square brackets.
- (j) Paragraph 7(a) of the Addendum to Agency Annex for multiple principal transactions. Replace paragraph 7(a) with:
- (a) The Agent warrants to the other party that all statements provided to the other party under paragraph 6(e) above are complete and accurate in all material respects.”

US Dollar Term Repos

“**US Dollar Term Repo**” means a Transaction in respect of which the Purchase Price is denominated in United States Dollars.

5. (a) Paragraph 2(ii). After the reference to “on a 365 day basis” inserted in paragraph 2(ii) pursuant to paragraph 3(i) of this Exhibit A, insert “in respect of a Transaction other than a US Dollar Term Repo and on a 360 day basis in respect of a US Dollar Term Repo”.
- (b) Paragraph 2(ww). Before the semi-colon at the end of the paragraph, insert “. However, in respect of a US Dollar Term Repo, the Transaction Exposure will be nil following the date on which Seller pays Buyer the Repurchase Price.”
- (c) Paragraph 3(b). At the end of paragraph 3(b) (as that paragraph is amended by paragraph 3(k) of this Exhibit A), insert the following:

“However, upon agreeing to enter into a US Dollar Term Repo under this Agreement, the Seller must also provide via an agreed means a notice of confirmation that sets out:

- Buyer (participant/counterparty/side)



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- Seller (participant/counterparty/side)
- Purchase Date (first transaction date)
- Repurchase Date (second transaction date)
- Pricing Rate (accepted rate for US Dollar Term Repos)
- Purchase Price (consideration in USD)^
- Repurchase Price (unwind consideration in USD)
- Purchased Securities (series identification information)
- Face Value of the Purchased Securities (face value in AUD)

^a Margin Ratio may be applied.

The terms of the above confirmation (“**Other Confirmation**”) and the Austraclear Confirmation relating to a US Dollar Term Repo (together, the “**Confirmation**” for the US Dollar Term Repo) shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that US Dollar Term Repo, unless objection is made with respect to the Confirmation promptly after receipt thereof.

In the event of any conflict between the terms of the:

- (i) Other Confirmation and the Austraclear Confirmation, the Other Confirmation shall prevail in respect of those terms only; and
 - (ii) Confirmation and this Agreement, the Confirmation shall prevail in respect of that US Dollar Term Repo and those terms only.”
- (d) Paragraph 3(c). At the end of the paragraph, insert “However, in respect of a US Dollar Term Repo, on the Purchase Date (Sydney time) for the US Dollar Term Repo, Seller shall transfer the Purchased Securities to Buyer or its agent. Provided Buyer has received the Purchased Securities from Seller on the Purchase Date (Sydney time), Buyer shall pay Seller the Purchase Price on the Purchase Date (New York time).”
- (e) Paragraph 3(f). At the end of the paragraph, insert “However, in respect of a US Dollar Term Repo, on the Repurchase Date (New York time), Seller shall pay to Buyer the Repurchase Price (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5). On the Business Day following the Repurchase Date (Sydney time) and provided Buyer has received the Repurchase Price from the Seller, Buyer shall transfer to Seller or its agent Equivalent Securities, or such other Securities as agreed between the parties.”
- (f) Paragraph 6(c). After the reference to “Transaction”, insert “other than a US Dollar Term Repo”.
- (g) Paragraph 10(a)(ii). After the reference to “Repurchase Date”, insert “in respect of a Transaction other than a US Dollar Term Repo, and the Business Day after the Repurchase Date in respect of a US Dollar Term Repo”.



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- (h) Paragraph 10(h). After the reference to “applicable Repurchase Date”, insert “in respect of a Transaction other than a US Dollar Term Repo, and the Business Day after the applicable Repurchase Date in respect of a US Dollar Term Repo”.

Agreed securities clearance system

6. Austraclear is an agreed securities clearance system for the purpose of paragraph 6(a)(iii).

Inconsistency

7. If there is any inconsistency between the terms of this Annex and the terms of the TBMA/ISMA Agreement or the Agency Annex, then the terms of this Annex prevail.



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EXHIBIT B

RBA REPO AGREEMENT

Note: RBA Repos have not been settled in RITS since the move of CGS from RITS to Austraclear in February 2002.



EXHIBIT B

TBMA/ISMA MASTER REPURCHASE AGREEMENT

SUPPLEMENTAL TERMS AND CONDITIONS WHERE INTRA-DAY RECIPROCAL PURCHASE TRANSACTIONS ARE TO BE EFFECTED BY WAY OF THE RBA REPO FACILITIES IN AN APPROVED SECURITIES SETTLEMENT SYSTEM.

The TBMA/ISMA Agreement is amended by adding to it Annex I set out in Exhibit A of these Regulations, as supplemented by the following provisions:

1. Interpretation
 - (a) Paragraph references in this Exhibit are to paragraphs in the TBMA/ISMA Agreement, unless otherwise stated.
 - (b) A term which has a defined meaning in the TBMA/ISMA Agreement, the Agency Annex or in the Regulations has that meaning when used in this Exhibit.
2. The TBMA/ISMA Agreement is amended as follows:-
 - (a) Paragraph 3(a). Replace paragraph 3(a) with:

“An RBA Repo may be entered into orally, in writing or by entry into the Approved Securities Settlement System by the Seller where appropriate.”
 - (b) Paragraph 3(b). Replace paragraph 3(b) with:

“Upon agreeing to enter into an RBA Repo under this Agreement, both Buyer (the Reserve Bank of Australia) and Seller must enter the relevant details of the Transaction into the Approved Securities Settlement System. The Reserve Bank’s entry may be automatically generated by the Approved Securities Settlement System. The matching of such entries within the Approved Securities Settlement System constitutes confirmation of the Transaction (“Confirmation”).

The entries in the Approved Securities Settlement System must set out⁺:

- Purchased Securities (series identification information)
- Face Value of the Purchased Securities (face value/volume)
- Buyer (participant/counterparty/side)
- Seller (participant/counterparty/side)
- Purchase Date (settlement date/creation date)
- Purchase Price (payment amount/consideration)[^]

⁺terms in parentheses “()” refer to data entry field labels in the Approved Securities Settlement System.

[^]a Margin Ratio may be applied.

The Confirmation relating to a Transaction shall, together with this Agreement,



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constitute prima facie evidence of the terms agreed between the Buyer and the Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.”

- (c) Paragraph 3(d). Insert after the first paragraph “If an RBA Repo is not unwound on the Purchase Date, Seller must contact Buyer (the Reserve Bank) to request an extension of the Repurchase Date to the following Business Day. If an RBA Repo is not unwound on the Purchase Date and Seller does not request an extension orally or in writing, Seller will be taken to have requested such an extension of the Repurchase Date. If Buyer (the Reserve Bank) agrees to an extension, the Pricing Rate will be increased to a rate specified by Buyer (the Reserve Bank) in its discretion and the other terms of the RBA Repo may be varied by Buyer (the Reserve Bank) as it determines in its discretion. If Buyer (the Reserve Bank) does not agree to an extension, then Buyer (the Reserve Bank) may amend the terms of the RBA Repo as it determines in its discretion or take any other action it determines appropriate.

Confirmation of the extension of an intraday RBA Repo to an overnight RBA Repo occurs on Termination of the Transaction.”

- (d) Delete paragraph 8 of TBMA/ISMA Agreement but retain original numbering.



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EXHIBIT C

RBA TERM DEPOSIT AGREEMENT



RITS**EXHIBIT C****RBA TERM DEPOSIT AGREEMENT**

The Reserve Bank of Australia provides the RBA Term Deposit Facility on the following terms and conditions:

Interpretation

1. In this Agreement:

“Cash Rate Target” means the policy interest rate announced and published from time to time by the Reserve Bank.

“Margin” means the difference between the Cash Rate Target and the interest rate on an RBA Term Deposit.

“Regulations” means the Regulations, as amended from time to time, promulgated by the Reserve Bank of Australia governing participation in RITS.

“Reserve Bank Information and Transfer System” or **“RITS”** means the facility established by the Reserve Bank for the recording of, and facilitation of, Transactions.

“RITS Cash Transfer” means the transfer of funds between Exchange Settlement Cash Accounts undertaken using specified functionality in RITS.

Lodging an RBA Term Deposit

2. RBA Term Deposits are offered by the Reserve Bank on a tender basis. The Reserve Bank will determine the details of its RBA Term Deposit offer at its sole discretion and will publish its intentions at such time as advised by the Reserve Bank from time to time.

3. Announcement of tender:

(a) The Reserve Bank will announce details of tenders for RBA Term Deposits from time to time that will indicate:

(i) the maturity date;

(ii) the maximum amount available;

(iii) the settlement date;

(iv) the time window for submitting approaches; and

(v) any other information deemed relevant by the Reserve Bank.

4. Eligible Counterparties:



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- (a) Any Member of RITS that is an Authorised Deposit-taking Institution or a Bank or an OEH is eligible to bid at a tender unless precluded by particular conditions on its RITS Membership.
 - (b) Bidders at tender must have pre-registered with the Reserve Bank. Where a bidder has not previously pre-registered, they must pre-register at least one day prior to the tender.
5. Tender bidding:
- (a) Bids are to be expressed as a Margin to the Cash Rate Target, in whole basis points, which can be negative or positive or zero.
 - (b) Bids are to be of the minimum size and increment as advised by the Reserve Bank from time to time.
 - (c) The maximum aggregate bid from any participant is the tender amount.
6. Allocation:
- (a) Bids are accepted at the discretion of the Reserve Bank in ascending order of Margin bid, that is, from the lowest Margin bid (the most negative) to the highest Margin bid.
 - (b) The minimum size of an RBA Term Deposit will be as advised by the Reserve Bank from time to time.
 - (c) The Reserve Bank retains the right not to fill a tender.

Interest Payable on a Term Deposit

7. Interest payable:
- (a) Successful bids will be paid a rate of interest equal to the weighted average Cash Rate Target over the term of the deposit plus the Margin of that bid.
 - (b) Interest is paid at maturity and is calculated as per the following formula:

$$V = P * \left(1 + \frac{(R + M) * D}{365} \right)$$

where:

V = proceeds at maturity

P = principal*

R = weighted average of the Cash Rate Target, expressed as a decimal (e.g. a rate of 7.25% means R = 0.0725)

M = Margin to the Cash Rate Target, expressed as a decimal (e.g. a margin of 5 basis points under the Cash Rate Target means M = -0.0005)



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D = term of deposit in days

* Principal at maturity is affected by the breaking of an RBA Term Deposit in accordance with paragraph 14.

Settlement

8. Term Deposits are to be Settled on the Settlement Day after which a bid is accepted via RITS Cash Transfer unless otherwise agreed by the Reserve Bank. Settlement should occur during the Daily Settlement Session unless otherwise agreed by the Reserve Bank.
9. On the day of maturity, the proceeds (including any interest owing) will be paid to the counterparty's Exchange Settlement Account or the Exchange Settlement Account of their nominee by RITS Cash Transfer or by other means agreed by the Reserve Bank.

Breaking a Term Deposit

10. An RBA Term Deposit may be redeemed prior to reaching its maturity date at any time during the Morning Settlement Session or Daily Settlement Session. Requests for early redemption in the Morning Settlement Session must be made at least 30 minutes prior to the close of the Morning Settlement Session. The early redemption of RBA Term Deposits after the close of the Daily Settlement Session will be at the discretion of the Reserve Bank.
11. The minimum amount of an RBA Term Deposit allowable for early redemption will be as advised by the Reserve Bank from time to time. Where the residual following an early redemption is less than the minimum size of an RBA Term Deposit, the entire RBA Term Deposit must be redeemed.
12. An RBA Term Deposit may be partially redeemed only once. Any subsequent requests for redemption of the remaining RBA

Term Deposit must be for the full amount. An RBA Term Deposit that has been redeemed may not be re-lodged for the remaining maturity.

13. The proceeds paid on the redeemed portion of an RBA Term Deposit will be adjusted in accordance with the following formula:

$$AV = CP * \left(1 + \frac{(RE + M) * DE}{365} \right) - \left(\frac{Z * CP}{365} \right)$$

where:

AV = adjusted value of proceeds for the called amount of the RBA Term Deposit

CP = value of principal called



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- RE = weighted average of the Cash Rate Target over the elapsed term of the RBA Term Deposit, expressed as a decimal (e.g. a rate of 7.25% means $R = 0.0725$)
- M = Margin to the Cash Rate Target, expressed as a decimal (e.g. a margin of 5 basis points under the Cash Rate Target means $M = -0.0005$)
- DE = elapsed term of RBA Term Deposit in days
- Z = interest rate adjustment set by the Reserve Bank for calling of RBA Term Deposits, expressed as a decimal (initially, this adjustment will be set at 25 basis points, e.g. $Z = 0.0025$)
14. Where an RBA Term Deposit is partially called, the remaining principal accrues interest from its original lodgement date according to the formula in paragraph 7 applying to RBA Term Deposits, as modified to reflect the reduction in value of the principal.



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EXHIBIT D

**TERMS OF USE – AGENCY ARRANGEMENT FOR
LOW VALUE CLEARING SERVICE AND/OR LOW
VALUE SETTLEMENT SERVICE**



RITS**EXHIBIT D****TERMS OF USE – Agency Arrangement for Low Value Clearing Service and/or Low Value Settlement Service**

Use of the Low Value Clearing Service and/or Low Value Settlement Service pursuant to an Agency Arrangement is subject to these Terms of Use:

The Member authorises the Reserve Bank to deal with the Agent as provided for in this Terms of Use, in respect of the Low Value Clearing Service and/or Low Value Settlement Service. Such authorisation must be given in the manner specified in the Conditions of Operation.

1. DEFINITIONS:

These meanings apply unless the contrary intention appears:

Act means any actual or alleged act, error, statement, misstatement, misleading statement, omission, neglect, conduct or breach of duty made, committed, omitted or attempted by the Reserve Bank (either alone or jointly with one or more other persons) relating to, involving, arising out of or in any way connected to the Reserve Bank dealing with an Agent in accordance with clause 2 (“Authority”).

Agency Arrangement means an arrangement between the Member and its Agent in respect of the:

- (a) delivery of Eligible Transfer Files of the Member to the Reserve Bank by the Agent;
- (b) receipt by the Agent of Eligible Transfer Files of the Member from the Reserve Bank;
- (c) delivery of Eligible Settlement Files of the Member to the Reserve Bank by the Agent; and/or
- (d) receipt by the Agent of responses and advices relating to the Member’s Eligible Settlement Files from the Reserve Bank.

Agent means in respect of a Member, a person specified as such in an Appointment of Agent Form and in respect of whom the Reserve Bank has not received notice of the revocation of the Agent in accordance with clause 2.7 (“Termination or variation”).

Appointment of Agent Form means in respect of an Agent, a document substantially in the form set out in Exhibit 9A/25A of the Conditions of Operation, duly executed by the Member that appointed the Agent.

Costs include costs, charges and expenses, including those incurred in connection with advisers.

Liability includes all liabilities, losses, damages, monetary obligations, non-criminal penalties, charges, and Costs of any kind (whether actual, contingent or prospective)



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irrespective of when the Act resulting in or giving rise to the Liability arose or occurred.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them.

2. AUTHORITY:**2.1 Authority to deal with Agent**

Where the Member has given a properly authorised instruction to do so, the Member authorises the Reserve Bank to:

- (a) accept the Member's Eligible Transfer Files delivered to the Reserve Bank by its Agent;
- (b) send the Member's Eligible Transfer Files to its Agent;
- (c) accept the Member's Eligible Settlement Files delivered to the Reserve Bank by its Agent;
- (d) send the Member's responses and advices relating to Eligible Settlement Files to the Agent; and
- (e) communicate with an Agent in relation to any of the above,

in each case, in respect of the Low Value Clearing Service and/or Low Value Settlement Service (as specified in the Appointment of Agent Form for that Agent).

2.2 Reserve Bank may deal with Agent as principal

The Member acknowledges that the Reserve Bank may do anything that it is authorised to do pursuant to clause 2.1 ("Authority to deal with Agent") in the same manner as if the Agent was the Member, and as if the Member had:

- (a) sent to the Reserve Bank the Member's Eligible Transfer Files and/or Eligible Settlement Files, where the Member has given a properly authorised instruction to this effect; and
- (b) received the Member's Eligible Transfer File; and
- (c) received the Member's responses and advices relating to Eligible Settlement Files from the Reserve Bank; and
- (d) communicated with the Reserve Bank in relation to any of the above.

2.3 Ratification

The Member agrees to ratify and confirm anything done by an Agent upon which the Reserve Bank is entitled by clause 2.1 ("Authority to deal with Agent") to rely, including anything done between the revocation by any means of an Agency Arrangement and such revocation



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being notified to the Reserve Bank.

2.4 Reserve Bank need not enquire

The Member agrees that the Reserve Bank has no obligation, either initially or on a continuing basis, to:

- (a) enquire as to whether or not an Agent is acting within the scope of its authority under an Agency Arrangement; or
- (b) keep itself informed about the performance by an Agent of the Agent's obligations under an Agency Arrangement; or
- (c) enquire as to whether an Agency Arrangement under which an Agent acts or purports to act has been revoked or varied, except as advised to the Reserve Bank under clause 2.7.

2.5 Reserve Bank may rely

The Member declares that the Reserve Bank acting in good faith may accept any communication between the Agent and the Reserve Bank as conclusive evidence that the applicable Agency Arrangement has not been revoked.

2.6 Acknowledgment

The Member acknowledges that the Reserve Bank need not deal with a person who is not an Agent.

2.7 Termination or variation

The Member agrees that:

- (a) its authorisation for its Agent to act on its behalf shall remain in force until it revokes and/or varies its authorisation in writing to the Reserve Bank; and
- (b) it will notify the Reserve Bank if the Agent's authorisation is revoked or the scope of the authorisation is varied.

3. RELEASE:**3.1 Release**

The Member unconditionally releases the Reserve Bank from all Liability to the Member whensoever and howsoever arising in respect of the Reserve Bank dealing with an Agent in accordance with clause 2 ("Authority").

3.2 Exoneration

Neither the Reserve Bank nor any of its directors, officers, employees, agents or attorneys is responsible or liable to the Member:

- (a) because an Agent does not perform its obligations under an Agency Arrangement; or
- (b) because of any actual or alleged act, error, statement, misstatement, misleading



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statement, omission, neglect, conduct or breach of duty made, committed, omitted or attempted by an Agent (either alone or jointly with one or more other persons) relating to, involving, arising out of or in any way connected to the provision of the Member's Eligible Transfer Files and/or Eligible Settlement Files and/or properly authorised instructions by an Agent to the Reserve Bank, or any other dealing between an Agent and the Reserve Bank.

Without limiting this clause 3, the Reserve Bank is not responsible or liable to the Member for anything done or not done in connection with the Member's Eligible Transfer Files and/or Eligible Settlement Files and/or properly authorised instructions by an Agent or its directors, officers, employees, agents, attorneys or related entities.

4. INDEMNITY:**4.1 Indemnity**

The Member unconditionally and irrevocably indemnifies the Reserve Bank against any Liability incurred in connection with or in any way arising from the Reserve Bank dealing with an Agent in accordance with clause 2 ("Authority").

4.2 Payment of third party losses

The Member agrees to pay an amount equal to any liability or loss and any Costs of the kind referred to in clause 4.1 ("Indemnity") suffered or incurred by any employee, officer, agent or contractor of the Reserve Bank.

4.3 Payment of indemnified amounts

- (a) The Member agrees to pay amounts due under this indemnity on demand from the Reserve Bank.
- (b) Without limitation to clause 4.3(a), if the Reserve Bank incurs a Liability for any amount which is due and payable for which the Reserve Bank is entitled to be indemnified under this Terms of Use, the Member must pay that amount at the direction of the Reserve Bank to discharge that Liability within 30 days of the date on which the Reserve Bank provides evidence that:
 - (i) the Reserve Bank has incurred a Liability for the amount;
 - (ii) the amount is due and payable; and
 - (iii) the Reserve Bank is entitled to be indemnified under this Terms of Use for the amount.
- (c) The Member agrees to make payments under this clause 4:
 - (i) in Australian dollars in immediately available funds; and
 - (ii) in full without set-off or counterclaim and without any deduction in respect of Taxes unless prohibited by law; and



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- (iii) to the Reserve Bank by payment into the account nominated by the Reserve Bank, or by payment as the Reserve Bank otherwise directs.

The Member satisfies a payment obligation only when the Reserve Bank or the person to whom it has directed payment receives the amount.

4.4 Evidence of indemnified amounts

The Reserve Bank may give the Member a certificate about an amount payable under this clause 4. The certificate is sufficient evidence of the amount unless it is proved to be incorrect.

4.5 Continuing obligation

The indemnity contained in this Terms of Use is a continuing obligation, independent of the Member's other obligations under this Terms of Use. It is not necessary for the Reserve Bank to incur expense or make payment before enforcing a right of indemnity under this Terms of Use.