



**RITS**

CONDITIONS OF OPERATION

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**RITS**

**CONDITIONS OF OPERATION**

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These Conditions of Operation are supplemental to and are to be read in conjunction with and subject to the Reserve Bank Information and Transfer System Regulations and any amendments to those Regulations and the disclaimers of liability contained in the Reserve Bank Information and Transfer System Regulations and any amendments to those Regulations.

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**GENERAL**

These Conditions of Operation (“the Conditions”) are supplemental to and are to be read in conjunction with and subject to the Reserve Bank Information and Transfer System Regulations and any amendments to those Regulations (“the Regulations”) and the disclaimers of liability contained in the Regulations.

The disclaimer of liability contained in Regulation 2.4 is hereby specifically incorporated into the Conditions.

Words or expressions used in these Conditions shall have the meanings assigned to them by the Regulations.

In addition Regulations 1.2-1.4 inclusive apply to these Conditions in the same manner (with any necessary adaptations) as they apply to the Regulations.

These Conditions are subject to the provisions of the Regulations and, in the event of any inconsistency between these Conditions and the Regulations, the Regulations shall prevail.

CARE: All references to a time of day are references to that time in Sydney.

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### 1. REGULATION 1 - DEFINITIONS

#### Regulation 1.1 - Definitions

##### Approved Network

The following networks have been approved:

- (i) COIN, the Community of Interest Network administered by the Australian Payments Clearing Association (APCA) in accordance with the applicable COIN Regulations and Operating Manual;
- (ii) SWIFT, using the FileAct Service and Closed User Groups established by the Reserve Bank; and
- (iii) any other transmission method agreed between the Reserve Bank and a Member.

##### Approved Securities

The following securities have been approved in each Approved Securities Settlement System for the purpose of Reciprocal Purchase Transactions with the Reserve Bank (including RBA Repos):

- Austraclear:
- (i) Commonwealth Inscribed Stock issued by the Commonwealth of Australia in any of the following forms:
    - Treasury Notes;
    - Treasury Bonds; or
    - Treasury Indexed Bonds issued as capital indexed bonds;
  - (ii) Australian dollar-denominated securities issued by the central borrowing authority of a State or Territory Government and lodged in Austraclear;
  - (iii) Australian dollar-denominated securities issued by a supra-national organisation or foreign government and lodged in Austraclear, where both the issuer and security satisfy the criteria determined by the Reserve Bank from time to time and published on the RBA website; and



- (iv) Australian dollar-denominated instruments lodged in Austraclear that are determined by the Reserve Bank from time to time as being acceptable based on the following criteria:
  - (i) issuer;
  - (ii) maturity;
  - (iii) security type;
  - (iv) credit support;
  - (v) credit rating; and
  - (vi) any other criteria determined by the Reserve Bank from time to time and published on the Reserve Bank website.

### **Approved Securities Counterparty Codes**

The following codes have been designated for each Approved Securities Settlement System:

Austraclear:

- (i) for Reciprocal Purchase Transactions with the Reserve Bank (other than RBA Repos) in respect of Approved Securities pursuant to Regulation 14 - RBAA20 and RBAA29;
- (ii) for Reciprocal Purchase Transactions that are US Dollar Term Repos or Chinese Yuan Term Repos or South Korean Won Term Repos or Indonesian Rupiah Term Repos in respect of securities pursuant to Regulation 14 - RBAA21;
- (iii) for RBA Repos that are not Term RBA Repos or Open RBA Repos in respect of Approved Securities pursuant to Regulation 15 - RBAA25;
- (iv) for RBA Repos that are Open RBA Repos in respect of Approved Securities contracted at the cash rate target pursuant to Regulation 15 – RBAA22;
- (v) for RBA Repos that are Term RBA Repos or Open RBA Repos in respect of Approved Securities contracted at a rate other than the cash rate target pursuant to Regulation 15 – RBAA23; and
- (vi) for other Transactions with the Reserve Bank in Approved Securities – RBAA20.

References to the “cash rate target” are to the target for the overnight cash rate published by the Reserve Bank from time to time.





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### **Approved Securities Settlement System**

The following system has been approved:

Austraclear

### **Austraclear Payments Settlement Cessation Time**

Austraclear Feeder System payments will be deleted from the System Queue at 6.30 pm in Australian Eastern Standard Time and 8.30 pm in Australian Eastern Daylight Time, or other such time as may be notified by the Reserve Bank on any given day.

### **Daily Settlement Session**

The Daily Settlement Session shall commence at approximately 9.15 am and shall cease at 4.30 pm or such other time as may be notified by the Reserve Bank on any given day. The System will be available to all Members (other than Non-Transaction Members unless the Non-Transaction Member is a Batch Administrator) for the recording and Settlement of all Transactions during this session.

### **Eligible Evening Transaction**

Eligible Evening Transactions are:

- (a) Evening Flagged Transactions;
- (b) Transactions between two Banks or OEHS that are entered into the System during the Interim Session or Evening Settlement Session;
- (c) Transactions between two Banks or OEHS that are recorded through the Austraclear Feeder System during the Interim Session or Evening Settlement Session;
- (d) Transactions between two Evening Agreed Banks or OEHS that are of message type MT202 and that are recorded through the SWIFT PDS Feeder System between the end of the Daily Settlement Session and 6.05 pm in Australia Eastern Standard Time or 8.05 pm in Australia Eastern Daylight Time or such other time as may be notified by the Reserve Bank on any given day (this period is referred to in the User Guides as the "SWIFT Final Settlement Session"); and
- (e) A Batch comprising Settlement Transactions where the Batch has been designated in the System as eligible to settle in the Evening Settlement Session.

### **Eligible Settlement File**

Eligible files for acceptance by the System's Low Value Settlement Service include files containing instructions for Settlement submitted in accordance with the regulations and



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procedures of the Australian Paper Clearing System (APCS), Bulk Electronic Clearing System (BECS), and Consumer Electronic Clearing System (CECS), files resulting from Cashcard obligations, files arising from Australian Government banking requirements, and any other files approved from time to time by the Reserve Bank.

**Eligible Transfer File**

Eligible files for acceptance by the System's Low Value Clearing Service include those exchanged in accordance with the regulations and procedures of the Australian Paper Clearing System (APCS), Bulk Electronic Clearing System (BECS), and Consumer Electronic Clearing System (CECS), arising from Australian Government banking requirements, and any other files approved from time to time by the Reserve Bank.

**Evening Flagged Transaction**

A Transaction will be an Evening Flagged Transaction where it is: from the Low Value Settlement Service and the related Eligible Settlement File contains a value of "BECN" in the payment service field; or between two Evening Agreed Banks or OEHs and is:

- (a) entered into the System or recorded through the Austraclear Feeder System during the Morning Settlement Session, Daily Settlement Session or Settlement Close Session;
- (b) recorded through the SWIFT PDS Feeder System during the Morning Settlement Session or Daily Settlement Session; or
- (c) recorded through the SWIFT PDS Feeder System during the Settlement Close Session and is of message type MT202.

**Evening Settlement Session**

The Evening Settlement Session for a Settlement Day shall commence immediately after the end of the Interim Session and shall cease at 10.00 pm in Australian Eastern Standard Time and Australian Eastern Daylight Time or such other time as may be notified by the Reserve Bank on any given day. During this session, Banks and OEHs may record and Settle Transactions, and Batch Administrators may report Batch Transactions for Settlement, where those Transactions fall within paragraphs (b), (c), (d) or (e) of the definition of Eligible Evening Transaction in these Conditions of Operation, subject to the SWIFT Payments Settlement Cessation Time, the Austraclear Payments Settlement Cessation Time, the PEXA Batch Reservation Cessation Time and the PEXA Batch Settlement Cessation Time, as applicable. All Evening Flagged Transactions and Settlement Transactions that are part of PEXA Batches previously recorded in the System and on the System Queue at the end of the Settlement Close Session may be Settled during this session, subject to the SWIFT Payments Settlement Cessation Time, the Austraclear Payments Settlement Cessation Time and the PEXA Batch Settlement Cessation Time, as applicable.



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### Feeder Systems

Feeder Systems approved by the Reserve Bank pursuant to:

Regulation 10: SWIFT PDS

Regulation 11: Austraclear

Regulation 12: CHES

### Interim Session

The Interim Session for a Settlement Day shall commence immediately after the end of the Settlement Close Session and shall cease at approximately 5.20 pm or such other time as may be notified by the Reserve Bank on any given day. During this session:

- (a) Banks and OEHs may record but not Settle Transactions, and Batch Administrators may report Batch Transactions, where those Transactions fall within paragraphs (b), (c), (d) or (e) of the definition of Eligible Evening Transaction in these Conditions of Operation; and
- (b) Transactions that are not Evening Flagged Transactions and are not Settlement Transactions that are part of PEXA Batches are deleted from the System Queue.

### Morning Settlement Session

The Morning Settlement Session for a Settlement Day shall commence at approximately 7.30 am and shall cease at 8.45 am, or such other times as may be notified by the Reserve Bank on any given day. Banks and OEHs may record and Settle Transactions in the System and through the Austraclear Feeder System during this session. Batch Administrators may record Batch Transactions for Settlement during this session where the Batch has been designated in the System by the Reserve Bank as eligible to settle in the Morning Settlement Session. Transactions may be recorded, but not Settled, through the SWIFT PDS Feeder System during this session.

### Multilateral Settlement Group

Testing of Settlement Transactions in a Multilateral Settlement Group will occur during the periods specified by the Reserve Bank in the System for these settlements.

### Nine AM (9am) Settlement

The Nine AM (9am) Settlement comprises previous days' clearings of low value payments sent to the System for the following:

- APCA's Australian Paper Clearing System (APCS);
- APCA's Bulk Electronic Clearing System (BECS) unless settled prior;



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- APCA's Consumer Electronic Clearing System (CECS);
- Cashcard;
- Australian Government banking requirements;
- other files as approved by the Reserve Bank from time to time;

and clearing interest on the above calculated by the System.

### Participating Banks

The arrangements concerning Participating Banks are:

- (i) The Reserve Bank shall act as the Participating Bank for Banks and OEHS for Settlement Transactions involving Interbank Cash Elements.
- (ii) A Bank or OEH may act as its own Participating Bank for Transactions involving Cash Elements in the System.
- (iii) The Reserve Bank shall act as the Participating Bank for itself.

### PEXA Batch Reservation Cessation Time

The latest time at which the System will accept a PEXA Batch will be 6.05 pm in Australian Eastern Standard Time and 8.05 pm in Australian Eastern Daylight Time, or other such time as may be notified by the Reserve Bank on any given day.

### PEXA Batch Settlement Cessation Time

PEXA Batch payments will be deleted from the System Queue, and any Exchange Settlement Funds that are then the subject of a Reservation in respect of that PEXA Batch will cease to be Reserved, at 6.30 pm in Australian Eastern Standard Time and 8.30 pm in Australian Eastern Daylight Time, or other such time as may be notified by the Reserve Bank on any given day.

### Settlement Close Session

The Settlement Close Session for a Settlement Day shall commence immediately after the end of the Daily Settlement Session and shall cease at 5.15 pm or such other time as may be notified by the Reserve Bank on any given day. Banks and OEHS may record and Settle Transactions in the System and through the Austraclear Feeder System during this session. Banks and OEHS can record and Settle Transactions through the SWIFT PDS Feeder System falling within paragraph (d) of the definition of Eligible Evening Transaction during this session. Batch Administrators may record Batch Transactions for Settlement during this session where the Batch has been designated in the System by the Reserve Bank as eligible to settle in the Settlement Close Session. All Settlement Transactions previously recorded in the



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System and on the System Queue may be Settled during this Session.

**SWIFT Payments Settlement Cessation Time**

SWIFT payments will be deleted from the System Queue at 6.30 pm in Australian Eastern Standard Time and 8.30 pm in Australian Eastern Daylight Time, or other such time as may be notified by the Reserve Bank on any given day.

(The next page is 3.1)

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### **3. REGULATION 3 - MEMBERS**

#### **(a) Regulation 3.1 - Membership forms and conditions of membership**

- (i) Applications for Membership of the System shall be in the form set out in Exhibit 3A for Members other than Non-Transaction Members and in Exhibit 3B for Non-Transaction Members.
- (ii) The conditions of application for Membership are:
  - (a) No firm or company or corporation shall be eligible for membership where in the case of a firm any of the partners, or where in the case of a company or corporation any director of the company or corporation has within a period of five years prior to application for membership been declared bankrupt or has been convicted of an offence referred to in section 206A of the Corporations Act or in any equivalent section of any legislation in force at that time in any Australian State or Territory, or in any country, relating to the regulation of the affairs of companies or the securities industry.
  - (b) For Members other than Non-Transaction Members, the applicant has contracted with a Participating Bank to meet Payment Obligations in respect of the Cash Elements and Interbank Cash Elements of Settlement Transactions which may be recorded and Settled in the System on behalf of the applicant.



- (c) An applicant shall provide such information as the Reserve Bank shall from time to time reasonably require and shall notify the Reserve Bank immediately it becomes aware of changes in the membership details set out in the application form. Such information may include evidence that it has the power to carry on business as a Member and, in the case of a firm, evidence that the relationship of the partners is satisfactorily defined and, in the case of a company or corporation, unless otherwise advised by the Reserve Bank, evidence that it has been incorporated or registered in and is carrying on business in the Commonwealth of Australia.
- (d) In determining whether to approve an applicant for admission to membership, the Reserve Bank shall be entitled inter alia to consider the business integrity, financial probity and operational capacity of the applicant.
- (e) The Reserve Bank is satisfied generally and in all other respects that the applicant is a fit and proper person for admission to membership.

**(b) Regulation 3.14 - Communicating by telephone**

Communications by telephone between Members and the Reserve Bank in respect of entries made by the Reserve Bank into the System on behalf of Members (Regulation 3.14) will be recorded and conducted by separate specially designated telephone numbers which are connected to recording equipment, and by no other means.

(The next page is 6.1)



## **6. REGULATION 6 - RIGHTS AND OBLIGATIONS OF MEMBERS AND PARTICIPATING BANKS**

### **Regulation 6.2 - Authorised Signatories**

Each Member and Participating Bank shall notify the Reserve Bank of its List of Authorised Signatories substantially in the form of Exhibit 6A.

(The next page is 7.1)

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**RITS****7. REGULATION 7 – ACCESS TO RITS AND SECURITY****Signed Actions**

When a User accesses the System with a Certificate, the following instructions must be Signed Actions:

- (i) enter, amend, delete or authorise a cash transfer;
- (ii) recall a cash transfer on the System Queue;
- (iii) change the cash account status, credit status or ESA status of a Transaction on the System Queue;
- (iv) change a default cash account status, credit status or ESA status;
- (v) change the settlement method of a Transaction received via the Low Value Settlement Service on the System Queue;
- (vi) change a default settlement method for Transactions received via the Low Value Settlement Service;
- (vii) select, confirm or delete transactions for Settlement using Targeted Bilateral Offset;
- (viii) enter, amend, delete or authorise a manual file settlement instruction;
- (ix) enter or authorise a manual file recall instruction;
- (x) change an ESA sub-limit;
- (xi) change a cash account limit;
- (xii) change a cash account sub-limit;
- (xiii) change a Member's selection of unsolicited advices or responses and advices for the Low Value Settlement Service;
- (xiv) change a User's own password;
- (xv) change User details, change User privileges, or reset User passwords;
- (xvi) activate a Certificate or revoke a Certificate;
- (xvii) enter or delete a Batch;
- (xviii) recall a Batch;
- (xix) select a Reservation Batch for Settlement by way of Batch Settlement; and
- (xx) authorise a Signed Action.

(The next page is 8.1)

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## **8. REGULATION 8 - ENTRY OF TRANSACTIONS**

### **Regulations 8.2, 8.3; 8.4; 8.6 - Procedures for recording Transactions**

Dealings shall be reported by Members and Batch Administrators and recorded as follows:

- (a) Recording for Settlement
  - (i) Banks or OEHs who are participants in a Closed User Group may report for recording in the System Settlement Transactions with only Interbank Cash Elements and Cash Elements by keying matching entries into the System on the basis that all such Transactions reported for Settlement at the same time and on the same date are to be simultaneously Settled as a Batch in a manner approved by the Reserve Bank.
  - (ii) A Batch Administrator for a Closed User Group may report for recording in the System a Batch (which is not a Reservation Batch) comprising of Settlement Transactions to which the members of that Closed User Group are parties by keying entries into the System or by sending details of the Settlement Transactions to the System in a manner approved by the Reserve Bank.
  - (iii) A Batch Administrator for a Closed User Group of a Reservation Batch may report for recording in the System Settlement Transactions that are part of the Reservation Batch to which the members of that Closed User Group are parties by sending details of the Reservation Batch to the System in a manner approved by the Reserve Bank. The Batch Administrator may subsequently submit a request to the System for Settlement of the Reservation Batch by keying entries into the System or by sending a request to the System in a manner approved by the Reserve Bank.
  - (iv) Cash Transfer - Members (other than Non-Transaction Members) may report for recording in the System Settlement Transactions for Settlement of the Cash Element by keying matching entries into the System.
- (b) Amendment of Transactions
  - (i) A Member (other than a Non-Transaction Member) or Participating Bank may amend details of a dealing reported to the Reserve Bank for recording in the System until such time as the System matches the entries and the Transaction is recorded. Once the Reserve Bank has recorded the Transaction in the System, no changes to details of the Transaction may be made. Members may, by changing the Settlement Status, inactivate a recorded Transaction that has not Settled.
  - (ii) A Batch Administrator may amend details of a dealing reported to the Reserve Bank for recording in the System until such time as the Batch is committed to the System and the Transaction is recorded. Once the Batch has been committed and the Reserve Bank has recorded the Transaction in the System, no changes to



details of the Transaction may be made. A Batch Administrator may recall a Batch that has not Settled.

- (iii) A Batch Administrator of a Reservation Batch may recall a Reservation Batch for which Reservation had been made but for which it has not submitted a request to the System for Settlement, and the System will cease to Reserve Exchange Settlement Funds in respect of that Reservation Batch. A Batch Administrator of a Reservation Batch may not recall a Reservation Batch once the System has accepted a request from the Batch Administrator for Settlement of the Reservation Batch.

(The next page is 9.1)

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## **9. REGULATION 9 – LOW VALUE SETTLEMENT SERVICE**

### **(a) Regulation 9.1 – Sending Eligible Settlement Files**

Eligible Settlement Files may be sent to the System at any time (except when it is unavailable due to maintenance or unscheduled outages) during the hours specified in the User Guides, including hours when the System is not open for the Settlement of Transactions.

### **(b) Regulation 9.2 – Member appoints an agent(s)**

A Member may only appoint an agent(s) for the purposes of the Low Value Settlement Service by submitting to the Reserve Bank a duly executed Appointment of Agent Form substantially in the form set out in Exhibit 9A in respect of that agent.

(The next page is 10.1)

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**10. REGULATION 10 - FEEDER SYSTEM - SWIFT PDS**

All Transactions through the SWIFT PDS Feeder System may be recorded in the Morning Settlement Session and Daily Settlement Session and may be Settled in the Daily Settlement Session and Settlement Close Session. SWIFT PDS payments between two Evening Agreed Banks or OEHS may also be Settled during the Evening Settlement Session, subject to the SWIFT Payments Settlement Cessation Time.

In addition, SWIFT PDS payments between two Evening Agreed Banks or OEHS that are of message type MT202 may be recorded during the session referred to in the User Guides as the "SWIFT Final Settlement Session" (this session commences at the end of the Daily Settlement Session and closes at 6.05 pm in Australian Eastern Standard Time and 8.05 pm in Australian Eastern Daylight Time), subject to the following paragraph, and may be Settled during the Settlement Close Session and Evening Settlement Session, subject to the SWIFT Payments Settlement Cessation Time.

SWIFT PDS payments of message type MT202 where the paying and receiving SWIFT PDS members are both Evening Agreed Banks or OEHS will not be recorded by the System for Settlement on that day if they are received:

- (a) at SWIFT, after the close of the session referred to in the User Guides as the "SWIFT Final Settlement Session" (this session commences at the end of the Daily Settlement Session and closes at 6.05 pm in Australian Eastern Standard Time and 8.05 pm in Australian Eastern Daylight Time) or such other time as may be notified by the Reserve Bank on any given day; or
- (b) at the System, later than 5 minutes after the time referred to in (a), or such other time as may be notified by the Reserve Bank on any given day.

Other SWIFT PDS payments will not be recorded by the System for Settlement on that day if they are received:

- (a) at SWIFT, after the close of the Daily Settlement Session or such other time as may be notified by the Reserve Bank on any given day; or
- (b) at the System, later than 5 minutes after the close of the Daily Settlement Session, or such other time as may be notified by the Reserve Bank on any given day.

(The next page is 11.1)

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## 11. REGULATION 11 - FEEDER SYSTEM - AUSTRACLEAR

Transactions between Banks or OEHs may be recorded through the Austraclear Feeder System and Settled during the Morning Settlement Session, Daily Settlement Session, Settlement Close Session and Evening Settlement Session (subject to the Austraclear Payments Settlement Cessation Time), and may be recorded, but not Settled, during the Interim Session.

Other Transactions through the Austraclear Feeder System may be recorded but not Settled in the Morning Settlement Session, may be recorded and Settled in the Daily Settlement Session and may be Settled during the Settlement Close Session.

(The next page is 12.1)

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## **12. REGULATION 12 - FEEDER SYSTEM - CHESS**

Transactions may be recorded through the CHESS Feeder System during the Daily Settlement Session and may be Settled during the Daily Settlement Session and the Settlement Close Session.

(The next page is 14.1)

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## 14. REGULATION 14 – RECIPROCAL PURCHASE TRANSACTIONS

### Regulation 14 – Reserve Bank code for Reciprocal Purchase Transactions in Approved Securities Settlement Systems

The following Reserve Bank code is specified for settlement in Approved Securities Settlement Systems of Reciprocal Purchase Transactions with the Reserve Bank (other than RBA Repos) in respect of Approved Securities:

Austraclear: RBAA20  
RBAA29

The following Reserve Bank code is specified for transfer of securities for US Dollar Term Repos with the Reserve Bank:

Austraclear: RBAA21

The following Reserve Bank code is specified for transfer of securities for Chinese Yuan Term Repos with the Reserve Bank:

Austraclear: RBAA21

The following Reserve Bank code is specified for transfer of securities for South Korean Won Term Repos with the Reserve Bank:

Austraclear: RBAA21

The following Reserve Bank code is specified for transfer of securities for Indonesian Rupiah Term Repos with the Reserve Bank:

Austraclear: RBAA21

(The next page is 15.1)

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## 15. REGULATION 15 – RBA REPO

### Regulation 15 – Reserve Bank code for RBA Repos in Approved Securities Settlement Systems

The following Reserve Bank code is specified for settlement in Approved Securities Settlement Systems of RBA Repos that are Open RBA Repos in respect of Approved Securities contracted at the cash rate target:

Austraclear: RBAA22

The following Reserve Bank code is specified for settlement in Approved Securities Settlement Systems of RBA Repos that are Term RBA Repos or Open RBA Repos in respect of Approved Securities contracted at a rate other than the cash rate target:

Austraclear: RBAA23

The following Reserve Bank code is specified for settlement in Approved Securities Settlement Systems of RBA Repos that are not Term RBA Repos or Open RBA Repos in respect of Approved Securities:

Austraclear: RBAA25

References to the “cash rate target” are to the target for the overnight cash rate published by the Reserve Bank from time to time.

(The next page is 16.1)

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## 16. REGULATION 16 - RBA TERM DEPOSITS

### Regulation 16 – Reserve Bank code for RBA Term Deposits

The following Reserve Bank code is specified for Settlement of RBA Term Deposits with the Reserve Bank:

RBAATD

(The next page is 18.1)

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## **18. REGULATION 18 - NOMINATED BRANCH AND NOMINATED ACCOUNT**

### **Regulation 18.2 - Particulars to be provided of Nominated Account(s)**

- (a) The particulars required to be given of a Nominated Account or Accounts are:
  - (i) the name of the Participating Bank;
  - (ii) the name of the Nominated Branch of that Bank;
  - (iii) the name of the Nominated Account; and
  - (iv) the number of the Nominated Account.
- (b) A Member who has more than one Nominated Account and who reports a Settlement Transaction with a Cash Element must, at the time of keying in particulars of that Transaction, designate the Nominated Account through which the Cash Element is to be cleared.

(The next page is 21.1)

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## **21. REGULATION 21 - SETTLEMENT OF TRANSACTIONS**

### **Regulation 21.1 - Input of Eligible Settlement Files**

Settlement instructions contained in an Eligible Settlement File sent to the System by a receiving (payee) Bank or OEH will be assigned a deferred Settlement Status.

### **Regulation 21.4 - Settlement of Transactions recorded in a Batch**

- (a) A Bank or OEH who is the Central Party in a Closed User Group may report Settlement Transactions with only Cash Elements and Interbank Cash Elements to the Reserve Bank for recording in the System by entering the required details into the System. If required by the System, a Bank or OEH who is a participant in the Closed User Group and the other party to such a Transaction will key a matching entry into the System to record the Transaction. Each such Transaction is to be Settled in a manner approved by the Reserve Bank simultaneously with all other such Transactions entered by the Central Party (and confirmed by Banks and OEHs who are participants in the Closed User Group, if required by the System) for Settlement at the same time and on the same date. Settlement of each such Transaction entered and confirmed for Settlement at the same time and on the same date in accordance with this Condition 21 is deemed to occur simultaneously with Settlement of each other such Transaction entered and confirmed for Settlement at the same time and on the same date in accordance with this Condition 21.
- (b) A Member who is the Batch Administrator for a Closed User Group may report Settlement Transactions to which the members of that Closed User Group are parties with only Cash Elements and Interbank Cash Elements to the Reserve Bank for recording in the System by entering the required details into the System. Each such Transaction is to be Settled in a manner approved by the Reserve Bank simultaneously with all other such Transactions entered by the Batch Administrator for Settlement at the same time and on the same date. Settlement of each such Transaction submitted for Settlement at the same time and on the same date in accordance with this Condition 21 is deemed to occur simultaneously with Settlement of each other such Transaction submitted for Settlement at the same time and on the same date in accordance with this Condition 21.

(The next page is 22.1)

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## 22. REGULATION 22 - SYSTEM QUEUE OPERATION

### (a) Regulation 22.4 - Settlement of Transactions – Auto Offset

If a Settlement Transaction with an Interbank Cash Element has been on the System Queue with a Settlement Status of “active” or “priority” for a period of time (currently one minute but may be varied at the discretion of the Reserve Bank), and the Settlement Transaction is not part of a Batch, is not selected and confirmed for Settlement using Targeted Bilateral Offset and is not selected for Settlement using the Multilateral Settlement Method, the Auto Offset functionality may be activated to enable that Settlement Transaction to Settle.

If the Auto Offset functionality is activated, the System will search the System Queue for Settlement Transactions with Interbank Cash Elements placed into the System by the receiving Bank or OEH sufficient to provide the paying Bank or OEH sufficient funds to Settle the queued payment. In order for Settlement to occur using Auto Offset, each Settlement Transaction must satisfy all the tests performed on it by the System Queue.

The System will select one or more payments with Interbank Cash Elements being paid from the receiving Bank or OEH to the paying Bank or OEH to allow the paying Bank or OEH sufficient ESCA funds to Settle the initial Settlement Transaction.

All payments then selected for Auto Offset will be Settled in full across the relevant Cash Accounts and ESCAs simultaneously.

The payments are posted in full to the respective Cash Accounts and ESCAs and are not subject to bilateral netting.

### (b) Regulation 22.4 - Settlement of Transactions – Targeted Bilateral Offset

Settlement Transactions selected and confirmed for Settlement using Targeted Bilateral Offset will only be tested for Settlement together.

When testing Settlement Transactions using Targeted Bilateral Offset, the System will test whether, if all of the Settlement Transactions selected and confirmed were Settled simultaneously, all Settlement tests would pass.

If the Settlement Transactions are no longer selected and confirmed for Settlement using Targeted Bilateral Offset, those Settlement Transactions will not continue to be tested for simultaneous Settlement.

Settlement Transactions that pass testing using Targeted Bilateral Offset will be Settled in full across the relevant Cash Accounts and ESCAs simultaneously.

The payments are posted in full to the respective Cash Accounts and ESCAs and are not subject to bilateral netting.



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**RITS****(c) Regulation 22.4 - Settlement of Transactions – Multilateral Settlement Group**

If a Settlement Transaction that originated in an Eligible Settlement File is selected for Settlement using the Multilateral Settlement Method, it will only be tested for settlement as part of a Multilateral Settlement Group.

The System will periodically, at intervals determined by the Reserve Bank, search the System Queue for Settlement Transactions that are selected for Settlement using the Multilateral Settlement Method and that have a Settlement Status of “active” or “priority”. Settlement Transactions which meet this criteria will be included in a Multilateral Settlement Group for testing by the System Queue.

The System will calculate the aggregated Cash Elements and Interbank Cash Elements from the Settlement Transactions in the Multilateral Settlement Group and will test if there are sufficient funds available for each receiving and paying Bank or OEH to Settle all Transactions in the Multilateral Settlement Group.

If the Settlement Transactions in the Multilateral Settlement Group pass all System Queue tests, all payments in the group will be Settled in full across the relevant Cash Accounts and ESCAs simultaneously.

The payments are posted in full to the respective Cash Accounts and ESCAs and are not subject to bilateral or multilateral netting.

**(d) Regulation 22.5 – Application of Commands to Settlement Transactions**

The System records, among other things, the time at which Commands are received by the System and the time at which testing of Transactions on the System Queue commences. Commands will be acted upon by the System only after they have been posted to the execution file. Such posting occurs at a finite time after the Command has been received by the System.

It is therefore conceivable that the System could commence testing a Transaction for Settlement after a Command to alter the Settlement Status of that Transaction or to recall that Transaction has been received by the System but before the process of posting the Command to the execution file has been completed.

By the use of the System, the Reserve Bank, Banks, OEHs and other Members acknowledge that the events set out above may occur and expressly acknowledge that the Reserve Bank is not liable for any loss to any person howsoever arising whether direct or consequential (including but not limited to loss of profits) or damages to persons or property arising out of the fact that the System cannot act on a Command until that Command has been executed.



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**RITS****(e) Regulation 22.7 – Reservations**

Settlement of Reservation Batches can only occur when Exchange Settlement Funds have previously been Reserved for that purpose.

When a Reservation Batch is reported to the System by a Batch Administrator, the System attempts to make Reservations. All members of the Closed User Group with a paying position in the Reservation Batch must have sufficient Exchange Settlement Funds in their ESCA for the Reservation to be successful. For each such member of the Closed User Group, the System will check if the amount of Exchange Settlement Funds in their ESCA, excluding any already Reserved Funds, is greater than or equal to the amount of the paying position of the relevant member of the Closed User Group. If the Reservation is successful, the System Queue will mark those amounts of Exchange Settlement Funds as Reserved Funds in the ESCA of each of those members of the Closed User Group.

(The next page is 25.1)



## **25. REGULATION 25 – LOW VALUE CLEARING SERVICE**

### **(a) Regulation 25.1 – Sending and receiving Eligible Transfer Files**

Eligible Transfer Files may be sent to the System at any time during the hours specified in the User Guides.

### **(b) Regulation 25.2 – Member appoints an agent(s)**

A Member may only appoint an agent(s) for the purposes of the Low Value Clearing Service by submitting to the Reserve Bank a duly executed Appointment of Agent Form, substantially in the form set out in Exhibit 25A in respect of that agent.

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EXHIBIT 3A - (Regulation 3.1)

MEMBERSHIP APPLICATION

TO: Senior Manager
(RITS Memberships)
Payments Settlements Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Name of Applicant .....
Place of Incorporation .....
Australian Company Number / Australian Registered Body Number.....
Australian Business Number (ABN).....
Registered Office Address/ Principal Place of Business/ Head Office.....
Postcode.....
Telephone Number.....
Fax Number.....
Participating Bank (Exchange Settlement Cash Account) Reserve Bank of Australia
Participating Bank (Cash Accounts other than Exchange Settlement Cash Account)
Principal Contact Name.....
Principal Contact Telephone .....

The abovenamed firm/ company/ body corporate, ("the applicant") hereby applies for membership of the Reserve Bank Information and Transfer System and agrees that if such application be accepted then subject to and in consideration of such acceptance:

- 1. The applicant will observe and comply with the Reserve Bank Information and Transfer System Regulations ("the Regulations") and the Reserve Bank Information and Transfer System Conditions of Operation ("the Conditions of Operation") (of which the applicant hereby acknowledges receipt of a copy of those currently in force) from time to time in force.
2. The applicant will observe and comply with the requirements and directions of the Reserve Bank, SWIFT, Austraclear Limited as provider of certain network services for the Reserve Bank and as operator of Austraclear, Australian Payments Clearing Association Limited as provider of the SWIFT PDS and administrator of the COIN, ASX Settlement Pty Limited as operator of CHESSE, the Batch Administrator for any Closed User Group of which the applicant is a member, and any other relevant statutory authority in force from time to time relating to the provision of the Reserve Bank Information and Transfer System to the applicant. The applicant will supply and maintain suitable computer equipment and will be responsible for security over access to the equipment and its connection to the Reserve Bank Information and Transfer System by means approved by the Reserve Bank from time to time and its continuing compatibility with the Reserve Bank Information and Transfer System and its approved means of connection.
3. The rights and obligations contained herein shall extend not only to the Reserve Bank but also to the extent provided in the Regulations and the Conditions of Operation, to each of every other Member and each Participating Bank of the Reserve Bank Information and Transfer System who has agreed to observe and comply with the Regulations and the Conditions of Operation.



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- 4. The applicant will promptly enter into a RITS Membership Agreement and Participating Bank Facilities Agreement with the Reserve Bank upon acceptance of this application and acknowledges that the applicant shall not be entitled to be a party to any Transactions until such RITS Membership Agreement and Participating Bank Facilities Agreement are duly executed and delivered in accordance with Regulation 3.12.
- 5. The applicant confirms that it will not enter into the Regulations, Conditions of Operation, RITS Membership Agreement or Participating Bank Facilities Agreement as trustee.

Note: Must be signed in accordance with Signing Instructions for RITS Membership Legal Documents provided by the Reserve Bank from time to time.

Dated this ..... day of .....

Signature

Signature

Name and Title of Signatory

Name and Title of Signatory

Alternative for execution of Membership Application under power of attorney.

FOR AND ON BEHALF OF

.....

By (Print Name).....

Signature of Attorney

Attorney appointed by power of attorney dated [ ] and who by executing this notice states that the attorney has received no notice of revocation of the power of attorney.

Signature of Witness

Name of Witness



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EXHIBIT 3B - (Regulation 3.1)

MEMBERSHIP APPLICATION – NON-TRANSACTION MEMBER

TO: Senior Manager
(RITS Memberships)
Payments Settlements Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Name of Applicant .....
Place of Incorporation .....
Australian Company Number / Australian Registered Body Number.....
Australian Business Number (ABN).....
Registered Office Address/ Principal Place of Business/ Head Office.....
Postcode.....
Telephone Number.....
Fax Number.....

Principal Contact Name .....
Principal Contact Telephone .....

The abovenamed firm/ company/ body corporate, ("the applicant") hereby applies for membership of the Reserve Bank Information and Transfer System and agrees that if such application be accepted then subject to and in consideration of such acceptance:

- 1. The applicant will observe and comply with the Reserve Bank Information and Transfer System Regulations ("the Regulations") and the Reserve Bank Information and Transfer System Conditions of Operation ("the Conditions of Operation") (of which the applicant hereby acknowledges receipt of a copy of those currently in force) from time to time in force.
2. The applicant will observe and comply with the requirements and directions of the Reserve Bank, Austraclear Limited as provider of certain network services to the Reserve Bank, Australian Payments Clearing Association Limited as administrator of the COIN, and any other relevant statutory authority in force from time to time relating to the provision of the Reserve Bank Information and Transfer System to the applicant. If required for entry of Batches, the applicant will supply and maintain suitable computer equipment and will be responsible for security over access to the equipment and its connection to the Reserve Bank Information and Transfer System by means approved by the Reserve Bank from time to time and its continuing compatibility with the Reserve Bank Information and Transfer System and its approved means of connection.
3. The rights and obligations contained herein shall extend not only to the Reserve Bank but also to the extent provided in the Regulations and the Conditions of Operation, to each of every other Member and each Participating Bank of the Reserve Bank Information and Transfer System who has agreed to observe and comply with the Regulations and the Conditions of Operation.
4. The applicant will promptly enter into a RITS Membership Agreement with the Reserve Bank upon





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acceptance of this application and acknowledges that the applicant shall not be entitled to use the Reserve Bank Information and Transfer System until such RITS Membership Agreement is duly executed and delivered in accordance with Regulation 3.12.

- 5. The applicant confirms that it will not enter into the Regulations, Conditions of Operation or RITS Membership Agreement as trustee.

Note: Must be signed in accordance with Signing Instructions for RITS Membership Legal Documents provided by the Reserve Bank from time to time.

Dated this ..... day of .....

Signature

Signature

Name and Title of Signatory

Name and Title of Signatory

Alternative for execution of Membership Application under power of attorney.

FOR AND ON BEHALF OF

By (Print Name).....

Signature of Attorney

Attorney appointed by power of attorney dated [ ] and who by executing this notice states that the attorney has received no notice of revocation of the power of attorney.

Signature of Witness

Name of Witness



RITS

EXHIBIT 6A - (Regulation 6.2)

LIST OF AUTHORISED SIGNATORIES

In accordance with the requirements in the RITS Regulations and Conditions of Operation, this authority shall continue in full force until the Reserve Bank receives notification in writing from the Member that supplements and/or amends this authority by a Partial Update OR revokes and replaces this authority by a Full Replacement.

Terms used in this form are explained in the Guidance Notes.

Note: This form prevails where there is an inconsistency between this form and the attached list.

1. Member: .....

2. Contact Name: ..... Email: .....

Phone: ..... Fax: .....

3. Type of Notification:

Full Replacement (go to 4)

Partial Update (go to 7)

4. Method of Signing:

Any two Authorised Signatories to sign

Any one Authorised Signatory to sign

Other (please specify).....

5. Are signatures allowed to be facsimile signatures?

Yes

No

6. Are instructions provided by facsimile acceptable?

Yes

No

7. Power of Authorised Signatories:

The abovementioned Member HEREBY AUTHORISES the persons listed in the attachment as Authorised Signatories (together with a specimen of his or her signature) to sign in the name and on behalf of the Member for:

All RITS Purposes

or

CLS Contingency only

or

LVCS File Re-Send only

or

Other (please specify).....

Where applicable, the abovementioned Member HEREBY WITHDRAWS THE AUTHORITY of persons listed separately in the attachment as ceasing to be Authorised Signatories to sign in the name and on behalf of the Member.



**RITS**

8. Date authorisation takes effect:

Day                      Month                      Year

9. Authorised\* by:

Signature:..... Signature:.....

Print Name:..... Print Name:.....

Authorising                      Authorising  
Capacity:..... Capacity:.....

\*Must be signed by two existing RITS Authorised Signatories or in accordance with Signing Instructions for RITS Membership Legal Documents provided by the Reserve Bank from time to time.

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## RITS

### Guidance Notes to Exhibit 6A

Exhibit 6A is to be interpreted in accordance with the following:

#### All RITS Purposes:

- to enter into any arrangements with the Reserve Bank required for the Member's participation in the System, including without limitation arrangements related to the use of the Low Value Clearing Service and the Low Value Settlement Service;
- to give, sign or execute any authority, direction, notice, document, instrument or thing whatsoever required to be given, signed or executed by the Member relating to the Member's Cash Account;
- to have access to any record, printout or account maintained by RITS relating to the Member; and
- to provide information by facsimile in the case of a CLS contingency as specified in the 'AUD Payment Contingency Procedures'.

**CLS Contingency:** a CLS contingency involves invocation of the CLS Contingency Procedures. Where these procedures are invoked, Authorised Signatories will be required to provide information by facsimile as specified in the 'AUD Payment Contingency Procedures'.

**LVCS File Re-Send:** an Eligible Transfer File previously successfully exchanged via the Low Value Clearing Service that needs to be re-sent to the File Recipient by the Low Value Clearing Service must be authorised by the sending and receiving Members on the form as advised by the Reserve Bank.

**Facsimile Signatures:** a signature that has been affixed by stamp or other mechanical means.

**Authorised Signatories:** all persons presently authorised to sign in the name and on behalf of the Member in accordance with Regulation 6.2.

**Partial Update:** a List of Authorised Signatories received in writing by the Reserve Bank which adds and/or removes Authorised Signatories with the effect of supplementing and/or amending all earlier Lists of Authorised Signatories.

**Full Replacement:** a List of Authorised Signatories received in writing by the Reserve Bank which contains a list of all Authorised Signatories. The effect of a Full Replacement is to revoke and replace all earlier Lists of Authorised Signatories.

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EXHIBIT 9A/25A - (Regulation 9.2 / Regulation 25.2)

LOW VALUE SERVICES – APPOINTMENT OF AGENT FORM

TO: Senior Manager
(RITS Memberships)
Payments Settlements Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

1. Member Details

Company Name .....
Australian Business Number (ABN).....

2. Agent Details

Company Name .....
Australian Business Number (ABN).....

3. Low Value Clearing Service

Payment Service(s) (Please Circle) APCS / BECS / CECS / Other (Please specify)
.....

4. Low Value Settlement Service

Payment Service(s) (Please Circle) APCS / BECS / CECS / Cashcard / Other (Please specify)
.....

5. Date authorisation takes effect:

Day Month Year

The above named Member authorises the above named Agent to act on its behalf in respect of Eligible Transfer Files sent and received using the Low Value Clearing Service, and/or Eligible Settlement Files sent and responses and advices received using the Low Value Settlement Service.

This authority shall continue in full force until the Reserve Bank receives notification in writing from the Member that replaces this authority.

6. Authorised\* by:

Signature:..... Signature:.....
Print Name:..... Print Name:.....
Authorising Capacity: ..... Authorising Capacity: .....
Date:..... Date.....

\*Must be signed in accordance with Signing Instructions for RITS Membership Legal Documents provided by the Reserve Bank from time to time.