

Australian Government

Australian Office of Financial Management

AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT TENDER SYSTEM

CONDITIONS OF OPERATION

SYSTEM DESCRIPTION

The Australian Office of Financial Management Tender System (Tender System) is the system used by the Australian Office of Financial Management (AOFM) to conduct tenders for issuance and repurchases of Commonwealth Inscribed Stock. The Tender System is accessed via the Yieldbroker DEBTS System.

Bids to purchase or offers to sell Commonwealth Inscribed Stock via the Tender System may only be submitted by parties that are registered with the AOFM (Registered Bidders) and who are Participants in the Yieldbroker DEBTS System.

THE CONDITIONS OF OPERATION

These Conditions of Operation set out the rights and obligations of the AOFM and Registered Bidders in relation to the Tender System and important details concerning operation of the system. This compilation of the Conditions of Operation is effective from 19 August 2016 and remains in force until any subsequent modification or amendment of the Conditions of Operation comes into force.

The Conditions of Operation are intended to form part of the contract between the AOFM and Registered Bidders. Rather than each party signing the Conditions of Operation and any variations, each Registered Bidder signs a Registered Bidder Agreement with the AOFM, and the Registered Bidder Agreement incorporates these Conditions of Operation.

The Conditions of Operation should be read in conjunction with the Information Memoranda for Commonwealth Inscribed Stock, the Registered Bidder Agreement, any other relevant notices or information published by the AOFM, and agreements between Registered Bidders and Yieldbroker. However, in the event of any inconsistency between any of these documents, these Conditions of Operation will take precedence to the extent of the inconsistency, and next in precedence will be the Registered Bidder Agreement.

No officer, employee or agent of the AOFM has any authority to make representations or give warranties which are inconsistent with or differ from the information contained in these Conditions of Operation.

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1. DEFINITIONS

The following definitions apply to these Conditions of Operation:

Australian Office of Financial Management or AOFM	The Commonwealth of Australia acting through and represented by the Australian Office of Financial Management (AOFM).
Trader	Any natural person: (a) who is an Authorised User (as defined in the Yieldbroker Operating Rules) in the Yieldbroker DEBTS System; (b) whom a Registered Bidder has notified the AOFM as being authorised to lodge bids or offers in the Tender System on behalf of the Registered Bidder; and (c) whose authorisation has not been withdrawn by the Registered Bidder (and the AOFM notified).
Business Day	A day not being a Saturday or Sunday on which banks are open for general banking business in Sydney.
Commonwealth	The Commonwealth of Australia.
Commonwealth Inscribed Stock	Stock as defined in section 3 of the *Commonwealth Inscribed Stock Act 1911* (Cwlth).
Corporations Act	The *Corporations Act 2001* (Cwlth).
Information Memorandum	An offering document in respect of Commonwealth Inscribed Stock issued by the AOFM.
Participant	A person who is allowed to directly participate in the Yieldbroker DEBTS System in accordance with the Yieldbroker Operating Rules.
Registered Bidder	Any person who: (a) has been accepted by the AOFM under section 3 of these Conditions of Operation as a Registered Bidder; (b) has entered into a Registered Bidder

	Agreement; and (c) whose Registration has not been terminated in accordance with these Conditions of Operation or that Registered Bidder Agreement.
Registered Bidder Agreement	An agreement between a person accepted by the AOFM under section 3 of these Conditions of Operation as a Registered Bidder and the AOFM.
Reserve Bank of Australia	The body corporate established by the *Reserve Bank Act 1959* (Cwlth).
Settlement System	The system nominated by AOFM to Registered Bidders for the settlement of transactions in Commonwealth Inscribed Stock, and is currently the Austraclear System owned and operated by Austraclear Limited.
Tender System	The facility known as the AOFM Tender System operated by the AOFM to conduct tenders for issuance and repurchases of Commonwealth Inscribed Stock.
Yieldbroker	Yieldbroker Pty Limited (ABN 26 092 250 345).
Yieldbroker DEBTS System	The trading system of that name owned and operated by Yieldbroker.

2. EFFECT OF CONDITIONS OF OPERATION

2.1. PARTIES BOUND BY CONDITIONS OF OPERATION

Both parties acknowledge that they are bound to comply with these Conditions of Operation and to fulfil and perform every obligation and duty imposed on them by or pursuant to these Conditions of Operation. Each Registered Bidder acknowledges that the use by them (in any capacity) of the Tender System constitutes acceptance of these Conditions of Operation.

2.2. CHANGES TO THE CONDITIONS OF OPERATION

The AOFM may make additions, modifications or amendments to these Conditions of Operation without the consent of Registered Bidders. Any such addition, modification or amendment will be

notified by the AOFM to each Registered Bidder and shall come into force one month after such notification unless an earlier or later date be fixed at the time by the AOFM, and shall have no force or effect before the date of such coming into force. If a date earlier than one month after notification is fixed, it may not be less than ten business days after such notification unless the affected Registered Bidders agree to a lesser period.

A Registered Bidder utilising the Tender System on or after the time for the modified Conditions of Operation coming into effect shall be conclusive proof of the Registered Bidder's acceptance of the modified Conditions of Operation. However, a Registered Bidder may exercise its right to resign as a Registered Bidder under clause 4.1 at any time upon notification that the AOFM intends to make a modification or amendment to the Conditions of Operation.

3. REGISTERED BIDDERS – REGISTRATION PROCESS

3.1. REGISTRATION APPLICATIONS

Applications to become a Registered Bidder shall be made in the form specified for that purpose in the Appendix of the Conditions of Operation and all applicants shall comply with all the conditions of application as are specified in the Conditions of Operation and promptly supply such specified or additional information as the AOFM may reasonably require.

3.2. CONDITIONS OF APPLICATION

An applicant to become a Registered Bidder must be a Participant in the Yieldbroker DEBTS System.

An applicant shall provide such information as the AOFM shall from time to time reasonably require and shall notify the AOFM immediately it becomes aware of changes in the Registration details set out in its application form.

In determining whether to approve an applicant for admission to become a Registered Bidder, the AOFM shall be entitled to consider the business integrity, financial probity and operational capacity of the applicant.

3.3. ACCEPTANCE AND SPECIAL CONDITIONS

An applicant accepted as a Registered Bidder shall be notified by the AOFM and any such notice may specify special conditions attached to the registration.

3.4. REGISTRATION FEES

There are no up-front or ongoing fees associated with becoming a Registered Bidder. However, access to the Tender System is via Yieldbroker DEBTS System and Registered Bidders are responsible for the payment of any fees and other costs associated with their use of the Yieldbroker DEBTS System.

3.5. REGISTERED BIDDER AGREEMENT

Promptly after being notified by the AOFM of a successful Registered Bidder application, each applicant shall enter into a Registered Bidder Agreement.

The AOFM may at any time with one business day's notice terminate any Registered Bidder Agreement without providing any reasons, and in such event shall notify the Registered Bidder accordingly.

3.6. INFORMATION REQUESTS

Without limiting the AOFM's rights under clause 3.2, the AOFM may from time to time require a Registered Bidder to provide such information as the AOFM considers appropriate regarding sale, purchase and other transactions carried out for or on behalf of that Registered Bidder in respect of Commonwealth Inscribed Stock. A Registered Bidder must respond to a request under this clause 3.6 within five business days of receipt of notice from the AOFM. A Registered Bidder will be taken to represent and warrant to the AOFM that any information provided in response to a request under this clause 3.6 is complete and accurate. The AOFM may require a Registered Bidder to provide such confirmation as it requires as to the accuracy and completeness of such information from the Registered Bidder's internal compliance department, auditors or equivalent.

3.7. STATUS

By utilising the Tender System, a Registered Bidder is taken to represent and warrant to the AOFM that it is a 'professional investor' within the meaning of the Corporations Act.

4. REGISTERED BIDDERS – RESIGNATION AND SUSPENSION

4.1. RESIGNATION

A Registered Bidder may resign as a Registered Bidder by giving notice in writing to the AOFM.

4.2. SUSPENSION

In addition to the AOFM's rights under clause 3.5, any Registered Bidder who fails to comply with any provision of the Conditions of Operation in a material way or who has acted (or the AOFM reasonably anticipates is likely to act) in a manner regarded by the AOFM as contrary to the interests of the effective tendering of Commonwealth Inscribed Stock may be suspended by the AOFM for such period as the AOFM considers appropriate under the circumstances. To give effect to the suspension, the AOFM will block the Registered Bidder's access to the Tender System thus preventing the suspended Registered Bidder from lodging new bids or offers, and the AOFM will also remove any bids or offers by the Registered Bidder in respect of tenders for which the closing time has not passed.

4.3. NO REDUCTION IN RESPONSIBILITIES

Termination, resignation or suspension shall not in any way prejudice, lessen or affect the rights, duties, liabilities and obligations of a Registered Bidder or AOFM whether under the Conditions of Operation or otherwise accrued and existing at the time of such termination or cessation or suspension or which arise, accrue or crystallise thereafter out of or by reason of facts or circumstances occurring or in existence at or before such time.

5. REGISTERED BIDDERS – RIGHTS AND OBLIGATIONS

5.1. SOURCE OF DUTIES AND OBLIGATIONS

A Registered Bidder shall be bound by and must perform, observe and comply with all liabilities, duties and obligations imposed upon such a Registered Bidder by or pursuant to the Conditions of Operation and the Registered Bidder Agreement.

5.2. YIELDBROKER DEBTS SYSTEM

Each Registered Bidder must be a Participant in the Yieldbroker DEBTS System and a party to the agreement that governs access to Yieldbroker's market and use of the Yieldbroker DEBTS System. Without limitation to the AOFM's rights under these Conditions of Operation, each Registered Bidder acknowledges that a failure by it to maintain a current access agreement with Yieldbroker will be sufficient grounds for the AOFM to exercise its rights under clauses 4.2 (Suspension) or 3.5 (Termination) or both.

5.3. TRADERS

Each Registered Bidder shall establish with the AOFM a list of Traders (List) by applying to the relevant group(s) within the Yieldbroker DEBTS System and may from time to time apply to add or remove Traders from the List. The persons named in a current List shall be the only persons authorised by such a Registered Bidder to lodge bids or offers in the Tender System for the Registered Bidder.

Subject to these Conditions of Operation and the Information Memoranda for Commonwealth Inscribed Stock, a bid or offer lodged in the Tender System by a person named in a current List will be regarded as a valid bid or offer by the Registered Bidder in question.

It is the responsibility of the Registered Bidder to ensure that the List is current and up-to-date, and each Registered Bidder represents to the AOFM that each person on its List is the agent of, or is otherwise authorised to act on behalf of, the Registered Bidder.

5.4. CONFIDENTIALITY

The AOFM will not, except:

(a) as required by law;

(b) in connection with any relevant judicial or administrative proceedings;

(c) in response to a request from the responsible Minister or a House or Committee of the Commonwealth Parliament;

(d) to AOFM's personnel solely in order to comply with obligations, or to exercise rights, under these Conditions of Operation;

(e) to AOFM's internal management personnel, solely to enable effective management or auditing of the Tender System;

(f) to the Reserve Bank of Australia, in accordance with the AOFM's Business Continuity Plan;

(g) as otherwise authorised by these Conditions of Operation; or

(h) with the consent of the Registered Bidder concerned;

divulge to third parties not otherwise entitled to receive the same, any information concerning a Registered Bidder's use of the Tender System.

If the AOFM is compelled by law or proposes in connection with any relevant judicial or administrative proceeding to divulge any such information, the AOFM must prior to such divulgence inform the Registered Bidder concerned. The AOFM will be under no obligation to take any steps to defend or resist any such compulsion or proceedings.

6. TENDER BIDS AND OFFERS

6.1. ESTABLISHMENT OF TENDER DETAILS

The AOFM will conduct tenders for issuance and repurchases of Commonwealth Inscribed Stock. The AOFM will enter into the Tender System details of each tender.

6.2. ELIGIBILITY TO BID OR OFFER

Registered Bidders that are not currently suspended under clause 4.2 may submit bids or offers in the Tender System for

Commonwealth Inscribed Stock that is offered for sale or repurchase by tender.

6.3. BID OR OFFER ENTRY

A bid or offer made under clause 6.2 will be governed by, and must comply in all respects with, the terms and conditions of the applicable Information Memorandum and the details contained in the official announcement of the tender, including without limitation conditions relating to yield, minimum face value of the bid or offer and multiples thereof, and tender closure.

A bid or offer that has been committed within the Tender System may be altered or revoked prior to the time announced for the closure of the tender according to the clock in the Tender System.

A bid or offer that has been committed within the Tender System cannot be altered or revoked after the time announced for the closure of the tender according to the clock in the Tender System.

A Registered Bidder may not commit a bid or offer in the Tender System after the time announced for the closure of the tender according to the clock in the Tender System.

6.4. BID OR OFFER ENTRY BY AOFM ON BEHALF OF REGISTERED BIDDERS

In certain circumstances, including but not limited to Tender System application failure, a Registered Bidder may request the AOFM to enter bids or offers in the Tender System on behalf of the Registered Bidder. Any such request will be actioned at the AOFM's discretion and the AOFM makes no guarantee that the request will be acted upon free of errors or prior to the close of the tender. The Registered Bidder bears the consequences of any such requests.

6.5. COMMITTED BIDS OR OFFERS

A committed bid or offer that has not been revoked prior to tender closure will constitute an irrevocable promise by the Registered Bidder making the bid or offer to accept (for bids) or sell (for offers) Commonwealth Inscribed Stock in the amount bid for or offered (or any lesser amount that may be allotted in accordance with the terms of the applicable Information Memorandum) and subject to the bid or offer terms specified in the applicable Information Memorandum.

Without limiting the generality of any other provision in these Conditions of Operation relating to the rights and obligations of the AOFM, it is the responsibility of each Registered Bidder to

ensure that bids and offers are recorded in the Tender System accurately and are committed prior to tender closure.

7. SETTLEMENT ARRANGEMENTS

7.1. SETTLEMENT SYSTEM

A Registered Bidder shall settle a successful bid or offer for Commonwealth Inscribed Stock as set out in the applicable Information Memorandum and in accordance with the rules governing the Settlement System.

7.2. SETTLEMENT AGENT

The AOFM is the settlement agent in respect of the issuance of Commonwealth Inscribed Stock and the payment of any coupon interest and repayments of face value upon maturity.

7.3. PROVISION OF ACCOUNT DETAILS

Registered Bidders shall nominate in writing to the AOFM the account(s) the Registered Bidder expects to use in respect of any settlement activity.

8. AOFM LIABILITY

8.1. LIMITATION OF LIABILITY

Save where the AOFM, its officers, employees or agents, is negligent or fraudulent, the AOFM will not be liable for any loss to any Registered Bidder howsoever arising whether direct or consequential (including but not limited to loss of profits) or damage to persons or property arising out of:

General

(a) any act or any failure or refusal to act (including without limitation any decision or calculation made) by the AOFM, its officers, employees or agents in good faith;

Conditions of Operation

(b) any addition, modification or amendment to these Conditions of Operation;

(c) the imposition by the AOFM of any conditions on, the termination or suspension of, or the resignation of a Registered Bidder;

Conduct of tender

(d) any technological failure of any sort (including without limitation any communications, computer, software or electrical failure);

(e) any breach of the security of the connection between a Registered Bidder and the computers on which the Tender System operates, or a breach of the confidentiality of any passwords or access codes;

(f) any unauthorised access to, or participation in, the Tender System by any person other than an officer, employee or agent of the AOFM;

(g) the suspension or closure of the Tender System by the AOFM;

Bidding, offering and settlement

(h) the terms of (including without limitation any errors or omissions in), or the AOFM's inability to act upon, any instructions, information or document given to the AOFM, its officers, employees or agents or entered into the Tender System by any Registered Bidder;

(i) the failure of the AOFM, 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 AOFM of such instructions, information or document;

(j) the breach by any person other than the AOFM of any of the terms and conditions of the tender including the applicable Information Memorandum;

(k) the failure by a Registered Bidder to record and commit bids or offers in the Tender System accurately, prior to tender closure; or

(l) any technological failure of any sort (including without limitation any communications, computer, software or electrical failure) or inability to act in relation to the Settlement System.

8.2. LIABILITY CAP

Except where the AOFM, its officers, employees or agents, is negligent or fraudulent and subject to clause 8.1, the total aggregate limit of the AOFM's liability under the Conditions of Operation, the Registered Bidder Agreements, or otherwise in respect of all claims made by Registered Bidders in respect of or arising out of any one event will not exceed $500,000 (five hundred thousand Australian dollars).

For the purposes of these Conditions of Operation all inter-related events which give rise to the AOFM's liability under the Conditions of Operation or otherwise will be treated as one event.

In the event of any two or more Registered Bidders suffering losses which exceed the total aggregate limit of $500,000 (five hundred thousand Australian dollars), the liability of the AOFM to each of those Registered Bidders in accordance with these Conditions of Operation will be proportional to the total loss suffered by all of those Registered Bidders and in total will not exceed the liability cap.

9. MISCELLANEOUS

9.1. TENDER SYSTEM SUSPENSION

The AOFM reserves the right to suspend the Tender System wholly or partially or to vary an operational timetable by reason of any circumstances whatever beyond the AOFM's reasonable control including without limitation partial or total failure, malfunction or overload of the Tender System, industrial action or other emergency.

9.2. NOTICES

Except where otherwise expressly provided in these Conditions of Operation:

(a) every notice under these Conditions of Operation and a Registered Bidder Agreement shall be given or made by letter or by facsimile;

(b) every notice by letter shall be either:

(i) sent to the address shown in the relevant Registered Bidder Agreement or such other address as notified from time to time, and shall be deemed to be served on the sixth Business Day

after the letter correctly addressed and stamped is put in the post; or

(ii) delivered by courier or by hand to the address shown in the relevant Registered Bidder Agreement or such other address as shall be notified from time to time, and shall be deemed to be served at the time of delivery;

(c) every notice by facsimile shall be sent to the facsimile number shown in the relevant Registered Bidder Application or such other facsimile number as shall be notified from time to time, and shall be deemed to be served when the sender receives confirmation that an error-free transmission has occurred; and

(d) where these Conditions of Operation require the giving by the AOFM of a notice to all Registered Bidders then the omission to give a copy to or the non-receipt of a copy of such notice by any Registered Bidder shall not affect the validity of such notice or the effectiveness of such notice to the other Registered Bidders.

9.3. JURISDICTION

These Conditions of Operation are governed by and shall be construed in accordance with the law in force in the Australian Capital Territory.

Each Registered Bidder:

(a) irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Australian Capital Territory 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.

APPENDIX – REGISTERED BIDDER APPLICATION

To: Chief Executive Officer
via: Governance and Strategic Planning Unit
Australian Office of Financial
Management Treasury Building
Level 3, Newlands Street
PARKES ACT 2600

Name of Applicant
[Legal Entity Name]

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 and Title

Principal Contact Telephone

The above named firm/ company/ body corporate, ('the applicant') hereby applies to become a Registered Bidder in relation to the Australian Office of Financial Management Tender System ('Tender 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 Australian Office of Financial Management Tender System Conditions of Operation ('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 promptly enter into a Registered Bidder Agreement with the AOFM upon acceptance of this application and acknowledges that the applicant shall not be entitled to participate in any tenders until such Registered Bidder Agreement is duly executed and delivered.

Dated this **[Day]** day of **[Month, Year]**

.....	.....
Signature	Signature
.....	.....
Name and Title of Signatory	Name and Title of Signatory

Alternative for execution of Registered Bidder Application under power of attorney.

FOR AND ON BEHALF OF

[Legal Entity Name]

.....

By

.....	.....
Name of Attorney	Signature of Attorney

Attorney appointed by power of attorney dated **[Date of POA]** 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

SIGNING INSTRUCTIONS AND SUPPORTING DOCUMENTATION

The application may be signed in the following manner:

(a) Pursuant to a resolution

By two directors or a director and the secretary of a company or corporation, pursuant to a resolution passed at a meeting of directors.

Supporting documentation requirement

In this case a copy of the resolution certified by a director or the secretary should be attached.

OR

(b) Common Seal

By a company or a corporation by two directors or a director and the secretary of that company or corporation under its common seal.

Supporting documentation requirement

In this case a copy of the Memorandum and Articles of Association or the statute or other constituent document pursuant to which it was established certified by a director or the secretary should be enclosed for noting.

OR

(c) Power of Attorney

By a firm or company or corporation under power of attorney. In this case the attorney should state that no notice of revocation of the power of attorney under which the application is being signed has been received.

Supporting documentation requirement

The original power of attorney or a copy certified by a director or the secretary should be enclosed for noting.

OR

(d) Section 127 of the Corporations Act

By a company or corporation by two directors or a director and the secretary of that company or corporation in accordance with section 127 of the Corporations Act.

Supporting documentation requirement

In this case, a copy of company search of the company or corporation showing that the people who sign the application are current directors or a director and the secretary of the company or corporation, which is dated the same date as the

application, and is certified by a director or the secretary should be enclosed for noting.

Power of Attorney drawn outside Australia

In the event that the Registered Bidder Application is executed by Power of Attorney drawn outside Australia or is otherwise not executed in accordance with the AOFM's normal requirements, further supporting evidence will be required.

If the documents are executed by Power of Attorney drawn in a country other than Australia, a condition of the AOFM accepting the documents will be that the applicant provide, at its own expense and for the benefit of the AOFM, a legal opinion in writing from a firm of reputable attorneys, who are independent of the applicant and currently practising in the country where the Power was drawn, and that would be clearly acceptable to the AOFM. Such legal opinion must be addressed to the Australian Office of Financial Management, Treasury Building, Langton Crescent, Parkes ACT 2600 and must include statements to the effect that the Power of Attorney was validly sealed in the country concerned, that the Power of Attorney is effective under the laws of that country to confer upon the attorneys named therein all powers and authorities set out in the Power and that the applicant obtained all corporate, governmental and other approvals necessary in that country for the Power to be valid, binding and effective. A copy of the Power certified by those providing the legal opinion must also be included.

Supporting documentation for other documents

The signing requirements noted above also apply to the Registered Bidder Agreement. Supporting documentation need only be supplied once if the same signing method is used for each document.

At the AOFM's discretion, it may choose to accept supporting documentation in a form different to that noted above.