

[15.09] **Australian Addendum No. 9 - Reciprocal Purchase Agreements**

**Care! Commencing 1 January 2002 AFMA no longer recommends using this Addendum. See [15.04A].**

**SEPTEMBER 1992**  
**AUSTRALIAN ADDENDUM No. 9 -**  
**RECIPROCAL PURCHASE AGREEMENTS**

**ADDENDUM TO SCHEDULE TO MASTER AGREEMENT OF**  
**INTERNATIONAL SWAP DEALERS ASSOCIATION, INC.**

(1) **Application**

By incorporating this Addendum in their ISDA Master Agreement, the parties agree that every REPO between them entered into after that time is a Transaction governed by the terms of this Addendum and the ISDA Master Agreement in which it is incorporated.

This applies whether or not the parties:

- (a) refer to the ISDA Master Agreement or this Addendum; or
- (b) state that a REPO is governed by the terms of any other master agreement

when entering into or confirming the REPO.

If a REPO is a Transaction governed by the terms of this Addendum and the ISDA Master Agreement in which it is incorporated, then the terms of any other master agreement do not apply to it even if the parties state that the REPO is governed by the terms of any other master agreement when entering into or confirming the REPO.

(2) **Definitions**

In this Addendum and in any Confirmation:

**"Agreed Features"** means the agreed features of securities the subject of the REPO.

**"Business Day"** means a day (not being a Saturday or a Sunday) when:

- (a) banks are open for business in the city where the Reciprocal Purchase Price is payable; and
- (b) the Reserve Bank of Australia is conducting a clearing exchange in that city.

**"Contract Rate"** for a day means the rate to be applied to the First Purchase Price for that day in the manner described in the definition of "Reciprocal Purchase Price".

**"First Purchase Date"** unless otherwise agreed means the Trade Date.

**"First Purchase Price"** means the purchase price paid for securities under the First Transaction on the First Purchase Date.

**"First Transaction"** means the agreement referred to in the definition of "Reciprocal Purchase Agreement" under which the Reciprocal Buyer sells securities having the Agreed Features to the Reciprocal Seller.

**"Reciprocal Buyer"** means the entity which agrees to buy on the Reciprocal Purchase Date securities having the Agreed Features.

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**"Reciprocal Purchase Agreement"** or **"REPO"** means two related transactions entered into at the same time between the Reciprocal Buyer and the Reciprocal Seller:

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

**"Reciprocal Purchase Date"** means the date on which the Second Transaction is to be completed determined in accordance with paragraph (4).

**"Reciprocal Purchase Price"** means an amount agreed or, in the absence of agreement:

- (a) the First Purchase Price; plus
- (b) for each day from and including the First Purchase Date to but excluding the Reciprocal Purchase Date an amount equal to

$$\text{First Purchase Price} \quad \times \quad \frac{1}{365} \quad \times \quad \frac{CR}{100}$$

where CR = a rate per annum being the Contract Rate (expressed as a number and not a percentage) agreed for that day.

**"Reciprocal Seller"** means the entity which agrees to sell on the Reciprocal Purchase Date securities having the Agreed Features.

**"Second Transaction"** means the agreement referred to in the definition of "Reciprocal Purchase Agreement" under which the Reciprocal Buyer buys securities having the Agreed Features from the Reciprocal Seller.

**"Supplementary Confirmation"** means documents or other confirming evidence exchanged between the parties confirming a variation to the REPO.

**"Trade Date"** means the date on which the REPO is entered into.

**"Variation Date"** means a day on which a variation to the REPO takes effect.

### (3) Nature of a REPO

The Reciprocal Buyer acknowledges that following payment of the First Purchase Price it retains no interest in the securities transferred to the Reciprocal Seller under the First

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Transaction and the Reciprocal Seller is free to deal with those securities as it sees fit. This applies even if the Reciprocal Buyer may become entitled to a payment under paragraph (8) in respect of those securities. If an entitlement arises, it represents additional consideration for the purchase of the securities sold under the First Transaction.

Both parties acknowledge that a REPO is not to be construed as giving rise to a loan by one party to the other or creating a security interest in any securities. Both parties agree to transfer legal and beneficial title to securities under First Transactions and Second Transactions free of any security interest.

**(4) Reciprocal Purchase Date**

(a) The Reciprocal Purchase Date is the Business Day either:

(i) notified by one party to the other; or

(ii) agreed between the parties.

(b) If the Reciprocal Purchase Date is to be notified by one party to the other:

(i) the notification may be oral;

(ii) the notification must be given not later than 11.00 am (local time in the place for notification) on a Business Day if settlement is required on that Business Day; and

(iii) if both parties notify a Reciprocal Purchase Date, the date specified by the Reciprocal Buyer prevails.

**(5) Varying the Contract Rate**

The Contract Rate agreed on the Trade Date applies for the Trade Date and each following day until otherwise agreed. The Contract Rate agreed on a Variation Date applies for that Variation Date and each following day until otherwise agreed.

**(6) Settlement**

(a) On the First Purchase Date:

(i) the Reciprocal Buyer must deliver to the Reciprocal Seller signed transfers for securities having the Agreed Features or otherwise transfer securities having the Agreed Features to the Reciprocal Seller by a method acceptable to the Reciprocal Seller; and

(ii) the Reciprocal Seller must pay the First Purchase Price to the Reciprocal Buyer.

(b) On the Reciprocal Purchase Date:

(i) the Reciprocal Seller must deliver to the Reciprocal Buyer signed transfers for securities having the Agreed Features or otherwise transfer securities having the

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Agreed Features to the Reciprocal Buyer by a method acceptable to the Reciprocal Buyer; and

(ii) the Reciprocal Buyer must pay the Reciprocal Purchase Price to the Reciprocal Seller.

**(7) Payments**

Payments must be made in Australian dollars. They must be made on the due date by bank cheque before 4.00 pm (local time in the place for payment) or through Austraclear or RITS, unless otherwise agreed.

**(8) Adjustments**

If the date when books are closed for determining entitlement to the next coupon or other income distribution for securities having the Agreed Features occurs after securities having the Agreed Features are bought by the Reciprocal Seller under the First Transaction and before securities having the Agreed Features are transferred to the Reciprocal Buyer on the Reciprocal Purchase Date, then the Reciprocal Seller must pay to the Reciprocal Buyer an amount equal to the coupon or other income distribution on the day the coupon or other income distribution is paid by the issuer of securities having the Agreed Features.

**(9) Confirmations**

The parties acknowledge that REPOs governed by the terms of this Addendum and the ISDA Master Agreement in which it is incorporated and variations to REPOs may be confirmed by various methods including, without limitation, the following:

- Electronic clearing house system (if available)
- Telephone
- Letter
- Telex
- Reuters direct dealing system
- Telerate trading service
- Facsimile

A confirmation of a REPO or a confirmation of a variation to a REPO produced by any of these methods in accordance with market conventions constitutes a Confirmation or Supplementary Confirmation for the purpose of this Agreement. Each such Confirmation or Supplementary Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement in which this Addendum is incorporated.

The definitions and provisions contained in this Addendum are incorporated into each such Confirmation and Supplementary Confirmation. If there is an inconsistency between this Addendum and any such Confirmation or Supplementary Confirmation, the Confirmation or Supplementary Confirmation will govern.