



Authority to carry on banking business

Banking Act 1959

I, Mark Adams, a delegate of APRA, under subsection 9(3) of the *Banking Act 1959* (the Act), GRANT volt bank limited ABN 67 622 375 722 (the ADI) authority to carry on banking business in Australia.

Under paragraph 9AA(1)(a) of the Act, I IMPOSE on this Authority the conditions specified in the attached Schedule.

This Authority commences on 7 May 2018.

Dated: 7 May 2018

[signed]

Mark Adams
Executive General Manager
Specialised Institutions Division

Interpretation

In this Notice

APRA means the Australian Prudential Regulation Authority

ADI is short for authorised deposit-taking institution and has the meaning given in subsection 5(1) of the Act.

banking business has the meaning given in subsection 5(1) of the Act.

Note 1 Under subsection 9AA(1) of the Act, APRA may at any time, by notice in writing given to an ADI, impose conditions or additional conditions or vary or revoke conditions imposed on its Authority to carry on banking business. The conditions must relate to prudential matters.

Note 2 Under subsection 9AB(1) of the Act, an ADI is guilty of an offence if it does or fails to do an act and doing or failing to do that act results in a contravention of a condition of the ADI's Authority, and there is no determination in force under section 11 of the Act that subsection 9AB(1) does not apply to the ADI. The maximum penalty is 300 penalty units. Under subsection 9AB(2) of the Act, where an individual commits an offence against subsection 9AB(1) of the Act because of Part 2.4 of the *Criminal Code*, or commits an offence under Part 2.4 of the *Criminal Code* in relation to an offence against subsection 9AB(1) of the Act, the individual is punishable on conviction by a fine not exceeding 60 penalty units. Under subsection 9AB(3) of the Act, an offence against section 9AB of the Act is an offence of strict liability.

Note 3 The circumstances in which APRA may revoke an ADI's Authority are set out in section 9A of the Act.

Note 4 Under subsection 9(3) of the Act, notice of this Authority must be provided to the ADI. Under subsection 9(4) of the Act, APRA must publish notice of this Authority in the *Gazette* and may cause notice of the Authority to be published in any other way it considers appropriate.

Note 5 Under subsection 9AA(6) of the Act, a decision to impose conditions on this Authority is a decision to which Part VI of the Act applies. If a person whose interests are affected is dissatisfied with that decision, the person may seek reconsideration of the decision by APRA in accordance with section 51B(1) of the Act. The request for reconsideration must be in writing, must state the reasons for the request, and must be given to APRA within 21 days after the decision first comes to the person's notice or within such further period as APRA allows. If dissatisfied with APRA's reconsidered decision confirming or varying the first decision, the person may, subject to the *Administrative Appeals Act 1975*, apply to the Administrative Appeals Tribunal for review of the reconsidered decision.

The address where written notice may be given to APRA is Level 12, 1 Martin Place, Sydney NSW 2000.

Schedule – the conditions imposed on the Authority

Unless otherwise approved in writing by APRA, the ADI must:

1. only accept deposits where:
 - (a) the aggregate balance of all protected accounts held with the ADI does not exceed \$2 million; and
 - (b) the aggregate balance of all protected accounts held by each account-holder with the ADI (calculated using a single customer view) does not exceed \$250,000.
2. maintain, at all times, Common Equity Tier 1 Capital equal to the greater of:
 - (a) \$3 million plus the resolution reserve, which is \$1 million unless otherwise determined by APRA; or
 - (b) 20 per cent of adjusted assets of the ADI.
3. hold, at all times, liquid assets equal to the greater of:
 - (a) 20 per cent of total liabilities; or
 - (b) the aggregate balance of all protected accounts held with the ADI plus an amount equal to the resolution reserve;
4. limit the value of assets held on its balance sheet to \$100 million, unless otherwise approved in writing by APRA;
5. comply with the conditions on the prudential standard determination and the reporting standard exemption. Should the ADI breach these requirements, it must promptly enact its exit plan, unless otherwise agreed to in writing by APRA;
6. carry out all actions outlined in its exit plan if it reaches the trigger thresholds in that plan;
7. only offer products included in its business plan for the restricted phase as submitted to APRA in its ADI application, and must seek prior approval from APRA should it wish to offer any additional products;
8. meet the full prudential requirements within a maximum period of two years from the commencement of this authority. Should the ADI be unable to do so, APRA may seek to revoke this authority;
9. disclose to its customers and potential customers that it is operating on a restricted licence in all its dealings;
10. not carry on banking business in any country other than Australia;
11. not use any derivative without approval from APRA; and
12. remain a 100 per cent subsidiary of volt Corporation.

Interpretation

In this Schedule

adjusted assets is the sum of all assets, within the meaning given in the Australian Accounting Standards, minus an amount equal to the value of regulatory adjustments required to be made under *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

Common Equity Tier 1 Capital has the meaning given in *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

derivative has the meaning given in *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives*.

liabilities for the purpose of this authority, liabilities are defined as total on-balance sheet liabilities and irrevocable commitments, except where approved for a prudential purpose by APRA.

liquid assets are those that meet the requirements of attachment B of *Prudential Standard APS 210 Liquidity*

protected account has the meaning given in the Act.

prudential standard determination means a determination under subsection 11(1) of the Act that section 11AG of the Act does not apply to the ADI and volt Corporation.

full prudential requirements means the prudential requirements that will apply to the ADI and the Authorised NOHC after the prudential standard determination and reporting standard exemption are no longer in force. This includes requirements imposed by the Act, prudential standards made under the Act, reporting standards made under the *Financial Sector (Collection of Data) Act 2001*, conditions on the ADI's authority and any other requirements imposed by APRA in writing.

resolution reserve means the reserve to cover potential APRA costs of resolving the ADI which may, as a last resort, include administration of the Financial Claims Scheme if activated by the Australian Government.

reporting standard exemption means a notice under subsection 16(1) of the *Financial Sector (Collection of Data) Act 2001* exempting the ADI and Volt Corporation from the requirement to comply with requirements in one or more applicable reporting standards.

single customer view has the meaning given in *Prudential Standard APS 910 Financial Claims Scheme*.

volt Corporation means volt Corporation Limited ABN 60 622 084 959.