



Australian Government

Australian Office of Financial Management

INFORMATION MEMORANDUM

TREASURY BONDS

DESCRIPTION

Treasury Bonds are denominated in Australian Dollars with a fixed coupon payable semi-annually in arrears. Treasury Bonds are redeemable at Face Value on maturity.

ISSUER

The Commonwealth of Australia.

4 February 2014

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1. DESCRIPTION DETAILS

1.1. DESCRIPTION

Treasury Bonds are denominated in Australian Dollars with a fixed coupon paid semi-annually in arrears. Treasury Bonds are redeemable at Face Value on the Maturity Date.

1.2. ISSUER

The issuer is the Commonwealth of Australia ('the Commonwealth').

1.3. AUTHORITY TO ISSUE

Section 4 of the *Commonwealth Inscribed Stock Act 1911* provides for the creation of Treasury Bonds for the raising of money by way of loan. Treasury Bonds are issued in accordance with section 3A of the *Commonwealth Inscribed Stock Act 1911* and other Acts containing specific borrowing authority, or the Financial Agreement between the Commonwealth and the Australian States.

Treasury Bonds are issued in such amounts, in such a manner and upon such terms and conditions as the Treasurer of the Commonwealth of Australia directs. The Treasurer has authorised officers of the Australian Office of Financial Management ('AOFM') to exercise this power on his behalf.

Treasury Bonds will be issued with the terms and conditions set out in this Information Memorandum. Subject to these terms and conditions, Treasury Bonds may be issued from time to time by tender, by syndicated offering, by official subscription, by conversion of an official investment, or by any other method deemed appropriate. Other methods of issue are referred to in section 5 below.

In accordance with section 13AA of the *Commonwealth Inscribed Stock Act 1911* principal money secured by any stock and interest on that principal (if any) shall be a charge on and payable out of the Consolidated Revenue Fund of the Commonwealth.

1.4. AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT

The AOFM is the Australian Government agency responsible for the management and administration of Treasury Bonds.

1.5. REGISTRAR

The Registrar is Computershare Investor Services Pty Limited ('CIS').

1.6. CHANGES IN REGISTRAR

The Commonwealth reserves the right to appoint another Person as its Registrar or paying agent, or for the AOFM to perform those functions. In such circumstances, Bondholders will be advised at the relevant time.

1.7. CURRENCY OF INFORMATION

The information in this Information Memorandum is correct and complete as at the date of the cover page (the 'Effective Date'). The distribution of this Information Memorandum or any offer or issue of Treasury Bonds after that date does not imply that there has been no change since that date in the affairs or financial condition of the Commonwealth or any other Person or entity or that the information is correct at any time after the Effective Date.

1.8. AUTHORISED MATERIAL

Only information contained in this Information Memorandum or as otherwise authorised in writing by the Commonwealth may be relied on as having been authorised by or on behalf of the Commonwealth.

1.9. LIMITED RESPONSIBILITY FOR INFORMATION

No syndicate member appointed in connection with a syndicated issue of Treasury Bonds is liable for any loss or damage of any kind whatsoever arising as a result of any information in this document, notwithstanding any negligence, default or lack of care by it or that such loss or damage was foreseeable, except to the extent that liability under the *Trade Practices Act*, the *Corporations Act 2001* or any other applicable statute or other law cannot be excluded.

The Issuer has prepared and has authorised the issue of this Information Memorandum and accepts responsibility for the information contained and incorporated by reference in it.

1.10. OFFSHORE ASSOCIATES

Treasury Bonds issued by the Commonwealth must not be purchased by an Offshore Associate of the Commonwealth other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Treasury Bonds or in the capacity of a clearing house, custodian, funds manager or responsible entity of an Australian registered scheme.

2. COUPON INTEREST

2.1. COUPON INTEREST PAYABLE ON FACE VALUE

Bondholders will receive Coupon Interest Payments on the respective Face Value of the Treasury Bonds at the applicable Coupon Interest Rate.

2.2. PAYMENT FREQUENCY, AMOUNT AND FIRST COUPON

Coupon Interest Payments are made semi-annually at half the annual amount in arrears on each Coupon Interest Payment Date up to and including the Maturity Date. Interest will cease to accrue on Treasury Bonds from the Maturity Date.

The date and amount of the first Coupon Interest Payment on a Treasury Bond will be specified in the Invitation to Tender.

The first Coupon Interest Payment will be for a full semi-annual period.

2.3. COUPON INTEREST ENTITLEMENT AND EX-INTEREST PERIOD

Bondholders Registered at the close of business on the Record Date will be entitled to the next Coupon Interest Payment. Bondholders that acquire Treasury Bonds which settle during the Ex-Interest Period are not entitled to the next Coupon Interest Payment.

Example 1: The 6.25% 15 April 2015 Treasury Bond makes a Coupon Interest Payment on Tuesday 15 April 2014. The Record Date for this Coupon Interest Payment is Monday 7 April 2014.

Example 2: The 4.75% 15 June 2016 Treasury Bond makes a Coupon Interest Payment on Monday 16 June 2014. The Record Date for this Coupon Interest Payment is Friday 6 June 2014 (ten days prior to the Coupon Interest Payment Date, since the date eight days prior to the Coupon Interest Payment Date falls on a weekend).

2.4. MODE OF COUPON INTEREST PAYMENT

Where Treasury Bonds are held directly in the Register, the Registrar will make Coupon Interest Payments in Australian Dollars by cheque or direct credit to an Australian Dollar denominated bank account with an Australian financial institution. The Registrar will accept instructions from Bondholders in regards to Coupon Interest Payments. To ensure timely payment, Bondholders should notify the Registrar of their payment instructions and any change of address.

Where Treasury Bonds are lodged in the Austraclear System, Coupon Interest Payments will be made in the manner described in the Austraclear System Regulations.

If the Coupon Interest Payment Date is not a Business Day, payment will be made on the next Business Day without payment of additional interest.

Coupon Interest Payments will be rounded to the nearest cent (0.5 cent being rounded up).

3. FEES AND TAXATION

3.1. FEES

Coupon Interest Payments and repayment of Face Value at maturity will be made free of any fees, charges, deductions or levy of the Australian Government, except to the extent required by law.

3.2. STAMP DUTY

Issues and transfers of Treasury Bonds will be free of stamp duty imposed by the Commonwealth and the Australian States and Territories.

3.3. TAXATION

Taxation may affect returns to investors.

Neither the issuer nor the Registrar is able to provide taxation advice to current or potential Bondholders. The information contained in this section is of a general nature only and is not to be treated as binding on the Australian Taxation Office. Tax outcomes for Bondholders may differ depending on their particular circumstances.

The issuer and Registrar will be entitled to rely upon information given by a Bondholder as to that Bondholder's residency when making any necessary deductions or withholdings from interest payable to the Bondholder for Tax including PAYG withholding tax for Australian Residents and PAYG withholding tax for non-residents.

The Registrar will assume a Bondholder (and any other Person who beneficially derives interest under the Treasury Bonds jointly with a Bondholder) is either an Australian Resident for income taxation purposes or carries on business in Australia for income taxation purposes unless the Bondholder advises the Registrar otherwise. However, the Registrar will be required to withhold an amount from Coupon Interest Payments where the Bondholder has not advised the Registrar of its residency status and:

- the recipient of the Coupon Interest Payment has a foreign address according to any records in its possession or records kept on its behalf about the transaction to which information relates; or
- the Registrar is authorised to make the Coupon Interest Payment at a place outside Australia.

3.3.1. PAYG WITHHOLDING FOR AUSTRALIAN RESIDENTS

Australian Residents for income taxation purposes can be individuals, companies, partnerships, trusts or superannuation funds that are able to satisfy the residency test applicable to the entity as provided by the Tax laws.

Australian Resident Bondholders are not required to advise the Registrar of their Tax File Number (TFN) or Australian Business Number (ABN). However, if the Bondholder does not provide a TFN or ABN and does not claim an exemption from providing a TFN or ABN, then the Registrar is required by law to withhold an amount of interest equal to the top marginal rate of Tax plus the Medicare levy.

3.3.2. PAYG WITHHOLDING FOR NON-RESIDENTS

Non-residents can be individuals, companies, partnerships, trusts or superannuation funds that are not able to satisfy the residency test applicable to the entity as provided by the Tax laws. Non-residents may be liable for Australian Tax on all assessable income earned in Australia.

A non-resident Bondholder should notify the Registrar of its residency status. The Registrar is required by law to withhold Tax on Coupon Interest Payments made to non-residents except in instances where an exemption applies.

Coupon Interest Payments on Treasury Bonds are eligible for exemption from non-resident interest withholding tax provided the Treasury Bonds satisfy the 'public offer test' under section 128F of the *Income Tax Assessment Act 1936*. Unless otherwise announced at the time of issue, the Commonwealth will seek to issue Treasury Bonds in a manner that satisfies the 'public offer test'.

For the avoidance of doubt, in the event that any payment made by the Commonwealth in respect of Treasury Bonds is made subject to deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of any nature, no additional amounts shall be payable by the Commonwealth in respect of such deduction or withholding.

3.3.3. CAPITAL GAINS TAX FOR AUSTRALIAN RESIDENTS AND NON-RESIDENTS

In some cases Australian Residents and non-residents may be liable for capital gains tax on any gains on the sale of Treasury Bonds. In general, capital gains are taxed at the Bondholder's rate of Tax. Australian Residents and non-residents are taxed at different rates.

3.3.4. SPECIAL TIMING RULES FOR CERTAIN DISCOUNTS ON SECURITIES

If Treasury Bonds are issued or purchased at a discount to their Face Value the Tax laws may operate to require Australian Resident Bondholders to bring to account as income the discount over the term the Treasury Bond is held by the Bondholder.

3.3.5. TAXATION OF FINANCIAL ARRANGEMENTS

Bondholders may be subject to taxation of financial arrangements (TOFA) rules. The applicability of the TOFA rules and the basis of any application will depend on a number of factors, including the type and size of the entity, the features of the particular bond and the making of various elections.

The TOFA rules can operate to require an Australian Resident Bondholder to bring to account for income tax purposes the gain on the bond over the period that it is held. Both an Australian Resident and non-resident Bondholder may make a taxable balancing adjustment upon ceasing to have the bond.

Individuals who are Bondholders may be subject to the TOFA rules in respect of bonds that are issued at a discount to their Face Value. Individuals can also make an election that the TOFA rules apply to their financial arrangements.

The TOFA rules apply to income years commencing on or after 1 July 2009 on an elective basis, and income years commencing on or after 1 July 2010 on a mandatory basis.

3.3.6. FURTHER INFORMATION

For more information regarding taxation matters, please contact the Australian Taxation Office or a tax adviser.

4. TENDER BIDDING PROCEDURE

The following is a summary of the key details of bidding procedures for Treasury Bonds issued via a tender. Further information on bidding procedures is available in the AOFM Tender System Conditions of Operation, available at www.aofm.gov.au.

4.1. ANNOUNCEMENT OF PERIODIC TENDERS

Invitations to Tender will be made from time to time. Each invitation will include details of:

- each series of Treasury Bonds for which bids will be invited;
- the amount to be offered of each series;
- the date and amount of the first Coupon Interest Payment;
- the closing time and date for bids; and
- the settlement arrangements.

All Invitations to Tender and all tenders of Treasury Bonds shall be made in terms of and pursuant to this Information Memorandum.

4.2. ELIGIBILITY TO TENDER

Bids for Treasury Bonds offered for sale by competitive tender via the AOFM Tender System may only be submitted by parties that are registered with the AOFM. Details of the registration process are contained in the AOFM Tender System Conditions of Operation.

4.3. TENDER BASIS AND BID FORMAT

Bids for Treasury Bonds must be submitted in accordance with the AOFM Tender System Conditions of Operation.

Bids for Treasury Bonds will be received on a competitive tender basis.

The Yield bid may be expressed to a maximum of three decimal places (e.g. 3%, 3.0%, 3.00% or 3.000%). Yield bids must be a whole multiple of 0.005% (e.g. 3.000%, 3.005% or 3.010%). Yields submitted that are not a whole multiple of 0.005% will not be accepted.

4.4. SIZE OF BIDS

Each bid for Treasury Bonds must be for a minimum parcel of \$1,000,000 Face Value and in multiples of \$1,000,000 thereafter.

4.5. COMMISSION

No commission will be paid on Treasury Bonds sold by tender.

4.6. BID SUBMISSION AND MODIFICATION

Bids for Treasury Bonds may be submitted by either:

- transmitting and committing a bid via the AOFM Tender System;
or
- any other method specified in the AOFM Tender System
Conditions of Operation.

Bids submitted via the AOFM Tender System are subject to the conditions outlined in the AOFM Tender System Conditions of Operation.

A bid which has been committed within the AOFM Tender System may be altered or revoked by the bidder prior to elapse of the time announced for closure of the tender according to the clock in the AOFM Tender System.

A bid which has been committed within the AOFM Tender System cannot be altered or revoked by the bidder after the time announced for closure of the tender has elapsed according to the clock in the AOFM Tender System.

A bid cannot be committed within the AOFM Tender System after the time announced for closure of the tender has elapsed according to the clock in the AOFM Tender System.

The AOFM may alter or revoke a bid it considers to have been submitted in error, at any time.

4.7. TENDER CANCELLATION OR POSTPONEMENT

The Commonwealth reserves the right to cancel or postpone the timing of a tender by reason of any circumstance including a circumstance beyond the control of the AOFM and, without limitation, partial or total failure, malfunction or overload of the AOFM Tender System, industrial action or other emergency.

4.8. UNDERISSUANCE

The Commonwealth reserves the right to accept bids for the full amount of an Invitation to Tender or any part thereof and to reject any bid or part thereof on any grounds whatsoever, notwithstanding that the full

amount of Treasury Bonds in an Invitation to Tender has not been taken up.

4.9. ALLOTMENT OF TENDER STOCK

Acceptance of bids will be made in ascending order of Yield bid, that is, from the lowest Yield bid to the highest Yield accepted. Allotments will be made at the Yields bid.

At the highest Yield accepted, the amount of Treasury Bonds allotted to each bid will, in the first instance, be calculated proportionately to the amount of bids at that Yield and rounded down to the nearest \$1,000,000 (Face Value). If following this the total amount allotted is lower than the total amount offered, bids at the highest accepted Yield will be rounded up to the nearest \$1,000,000 (Face Value), firstly in order of the amount by which they were initially rounded down (largest amount first) and then in the time order in which they were committed in the AOFM Tender System (earliest first), until the total amount offered is reached. No bidder will be allotted an amount greater than the amount bid.

The Commonwealth reserves the right to accept any bid for the full amount of a tender or any part thereof and to reject any bid or part thereof.

Notice of acceptance or rejection of a bid or any part thereof will be made available to each bidder as soon as possible after allotment.

5. OTHER METHODS OF ISSUE

5.1. OFFICIAL SUBSCRIPTION

The Reserve Bank of Australia (RBA) and certain other official bodies may, from time to time, apply for Treasury Bonds.

Amounts to be taken up in this way at the time of a tender will be indicated in the Invitation to Tender and will be additional to the amount offered for public tender. Such allotments will be at the weighted average issue Yield(s) announced for the relevant tender.

5.2. OTHER ISSUANCE METHODS

The Commonwealth reserves the right to issue Treasury Bonds in any manner deemed appropriate. This includes, but is not limited to, the Commonwealth appointing a syndicate of financial institutions from time to time for the placement of Treasury Bonds on conditions that may be agreed at such time. The Commonwealth may pay fees to syndicate members as may be agreed at the time.

6. SETTLEMENT FOLLOWING ISSUE

6.1. SETTLEMENT PRICE

Following the issue of Treasury Bonds the settlement price per \$100 Face Value, extended to the third decimal place, shall be calculated on the basis of the following formula:

$$\text{SETTLEMENT PRICE PER \$100 FACE VALUE} = v^{f/d} \left(c + ga_{\overline{n}|i} + 100v^n \right)$$

Where:

$$v = \frac{1}{(1+i)} ;$$

i = the annual percentage Yield (expressed as above under 'Tender Basis and Bid Format') divided by 200 (for example, where the Treasury Bonds are to be allotted at a Yield of 5.72% per annum, $i = 5.72 / 200 = 0.0286$);

f = the number of days from the Settlement Date to the next Coupon Interest Payment Date;

d = the number of days in the half-year ending on the next Coupon Interest Payment Date;

c = the amount of coupon interest (if any) per \$100 Face Value at the next Coupon Interest Payment Date;

g = the fixed half-yearly Coupon Interest Rate payable (equal to the annual fixed rate divided by 2);

$$a_{\overline{n}|i} = v + v^2 + \dots + v^n = \frac{(1-v^n)}{i} ; \text{ and}$$

n = the term in half years from the next Coupon Interest Payment Date to maturity.

The settlement amount will be rounded to the nearest cent (0.5 cent being rounded up).

6.2. SETTLEMENT FOLLOWING TENDER

Unless otherwise specified in the Invitation to Tender, settlement in the Austraclear System is to take place before the End of Day (as defined in the Austraclear System Regulations) on the third Business Day following the tender.

Failure to make due payment of any amount payable in respect of any allotment pursuant to a bid will render the allotment liable to cancellation.

6.3. FORM OF BONDS

Treasury Bonds will be issued as stock only, in accordance with the *Commonwealth Inscribed Stock Act 1911* and shall be lodged, with a minimum Face Value of \$1,000,000 and in multiples of \$1,000,000 thereafter, in the Austraclear System in the name of the applicant in accordance with the Austraclear System Regulations.

7. REGISTRATION AND TRANSFER

7.1. REGISTRATION OF BONDS

Treasury Bonds may be held by individual Persons, or two or more Persons as joint tenants with right of survivorship. Organisations or trusts which are not incorporated should complete their application in the full name(s) of the trustee(s). No notice of any trust in respect of any Treasury Bonds will be entered in the Register or receivable by the Registrar. Each Bondholder is to be regarded as the absolute beneficial owner of the Treasury Bonds Registered in its name and the Commonwealth and the Registrar shall not be affected by any trust or other equity affecting any Treasury Bond, whether or not it is aware of the same.

If two or more Persons apply to be Registered as Bondholders as tenants in common, the Registrar may, after receiving an application from either Person and notifying the other Person(s) of its intention to do so, divide the Treasury Bonds into the share for which each Person is expressed to be entitled and register each Person as the holder of the Treasury Bonds representing the Person's share. If the Treasury Bonds cannot be divided into shares where the Face Value amount is a multiple of \$1,000 the Registrar may refuse to accept the application.

7.2. STATEMENT OF HOLDINGS

On application by any Bondholder, the Registrar will issue to the Bondholder a statement of holdings certifying that the Bondholder is the Registered holder of the Face Value amount of the Treasury Bonds referred to therein.

7.3. NOTICES OF TRANSACTION

Notices of transaction for Treasury Bonds will be issued by the Registrar to the transferee following the registration of a transfer or issue of Treasury Bonds. These notices do not constitute a statement of holdings, but merely advise the registration of the Treasury Bonds.

A notice will be issued by the Registrar to the transferor following the registration of a transfer of Treasury Bonds.

7.4. REGISTER

The issue of Treasury Bonds will be effected and evidenced by particulars of the Treasury Bonds being entered into the Register by the Registrar.

In the case of Registered Stock, the Registrar shall enter into the Register the following particulars:

- name and address of the Bondholder;
- Face Value of the Treasury Bonds held;
- Coupon Interest Rate payable on the Treasury Bonds;
- Coupon Interest Payment Dates of the Treasury Bonds;
- Maturity Date of the Treasury Bonds;
- such other particulars as may, from time to time, be required by the Commonwealth; and
- such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register.

7.5. TRANSFER OF BONDS WITHIN THE AUSTRACLEAR SYSTEM

Subsequent to the issue of Treasury Bonds, the bonds may be transferred to other Persons in parcels that are a multiple of \$1,000 Face Value.

A Bondholder may effect the transfer of Treasury Bonds through the Austraclear System in accordance with the Austraclear System.

7.6. TRANSFER OF BONDS OUTSIDE THE AUSTRACLEAR SYSTEM

Subsequent to the issue of Treasury Bonds, the bonds may be transferred to other Persons in parcels that are a multiple of \$1,000 Face Value.

A Bondholder may effect the transfer of Treasury Bonds through the lodgement of a completed Transfer and Acceptance Form with the Registrar.

On production to the Registrar of a duly executed Transfer and Acceptance Form and any such other evidence as the Registrar may require to prove the authority of the Persons signing the same to sign on behalf of the transferor, the Registrar will enter in the Register the name of the transferee as the Registered holder of the Treasury Bonds to which the form of transfer relates.

When the right to any Treasury Bond is acquired by any Person in any manner other than by a form of transfer, the Registrar, on application by

or on behalf of the Person entitled, and on being satisfied that the Person is entitled to be Registered as the Bondholder, will enter the Person in the Register as the holder of the Treasury Bonds.

Upon registration of a form of transfer or other assignment on the Register, the transferee will be recognised as entitled to the Treasury Bonds.

No transfer will be Registered by the Registrar during the final Ex-Interest Period prior to the Maturity Date.

8. REPAYMENT AT MATURITY

8.1. REPAYMENT

Treasury Bonds are not repayable prior to the Maturity Date.

Repayment of Treasury Bonds is made from the Consolidated Revenue Fund of the Commonwealth under standing appropriations.

Where Treasury Bonds are lodged in the Austraclear System the Treasury Bonds will be repaid at Face Value on maturity in the manner described in the Austraclear System Regulations.

8.2. REPAYMENT INSTRUCTIONS

In the case of stock lodged in the Register, the Registrar will effect the repayment of the Face Value of maturing Treasury Bonds by cheque or direct credit to an Australian Dollar denominated bank account with a financial institution registered in Australia, and in accordance with the Coupon Interest Payment instruction held by the Registrar.

Instructions as to the repayment of the Face Value of maturing Treasury Bonds may be lodged with the Registry no later than close of business on the Record Date for the final Coupon Interest Payment. Where no instructions have been provided in time, payments of proceeds will be effected by cheque payable to the Bondholder and posted to the address recorded in the Register.

9. SECONDARY MARKET FOR TREASURY BONDS

After issue Treasury Bonds may be traded in the secondary market.

The Australian Financial Markets Association (AFMA) has published conventions that apply to trading in the over-the-counter market of long-dated debt securities such as Treasury Bonds. These details can be viewed at AFMA's website at www.afma.com.au.

Treasury Bonds are traded in the secondary market on a Yield basis with the price per \$100 Face Value calculated using the RBA's Treasury Bond pricing formulae. These formulae can be viewed at the RBA's website at www.rba.gov.au.

10. OTHER

10.1. FUNGIBILITY

The Commonwealth shall be at liberty from time to time to issue Treasury Bonds fungible, respectively, with any outstanding series of Treasury Bonds whether by Invitation to Tender or otherwise. Any such new issuance will have the same Maturity Date and Coupon Interest Rate.

10.2. PURCHASE AND CANCELLATION

The Commonwealth or agents of the Commonwealth may at any time offer to purchase, beneficially, Treasury Bonds from any Person. Any Treasury Bonds so purchased may be lent, retained, sold or cancelled at the discretion of the Commonwealth.

10.3. CORPORATIONS ACT 2001

The issue and sale of Treasury Bonds does not require the production of a Product Disclosure Statement in accordance with section 1010A of the *Corporations Act 2001*.

10.4. TRUSTEES

Treasury Bonds are authorised investments under trustee legislation applying in Australia.

10.5. STOCK EXCHANGE QUOTATION

It is intended to apply for the quotation of Treasury Bonds on the Australian Securities Exchange as soon as possible after issue.

10.6. USE OF INFORMATION MEMORANDUM

This Information Memorandum is intended for use only in connection with the offer of Treasury Bonds in Australia and must not be sent to any Person outside Australia in any jurisdiction in circumstances in which the offer of Treasury Bonds or use of this Information Memorandum would be unlawful.

10.7. PRIVACY

The AOFM and Registrar collect and hold personal information about Bondholders for the purposes of administering Treasury Bonds. Bondholders may request access to any personal information held about them by contacting the Registrar (see contact details in section 12). Bondholders may also request correction of any personal information held about them.

10.8. MODIFICATION OF THE INFORMATION MEMORANDUM

The Commonwealth may without the consent of Bondholders modify any of the conditions or provisions of the Information Memorandum which:

- a) in its opinion is of a formal, minor or technical nature or is made to correct a manifest error; or
- b) which:
 - i. is made to comply with mandatory provisions of law; or
 - ii. any other modification

provided that (in each of i. and ii.) such modification is not in the opinion of the Commonwealth materially prejudicial to the interests of Bondholders.

11. GLOSSARY OF TERMS

The following definitions apply to this Information Memorandum:

AOFM Tender System	The system used by the AOFM to conduct tenders for the issue of Commonwealth Inscribed Stock.
AOFM Tender System Conditions of Operation	The conditions from time to time existing and published on the AOFM website entitled 'Australian Office of Financial Management Tender System – Conditions of Operation'.
Austraclear System	The system for the clearance and settlement of debt securities operated by Austraclear Limited.
Australian Office of Financial Management or AOFM	The Commonwealth of Australia acting through and represented by the Australian Office of Financial Management (AOFM).
Australian Resident	A Person able to satisfy an Australian residency test as defined in Australian tax law.
Bondholder	In respect of any Treasury Bond, the Person whose name from time to time is entered into the Register as the holder of that Treasury Bond.
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.
Coupon Interest Payment	The amount paid or due to be paid on the Coupon Interest Payment Date.
Coupon Interest Payment Dates	The dates in each year on which a Coupon Interest Payment is payable on a Treasury Bond and includes the Maturity Date.
Coupon Interest Rate	The interest rate payable in respect of a Treasury Bond, expressed as a percentage per annum.
Dollars or \$	The lawful currency of Australia.

Ex-Interest Period	The period after the Record Date up to and including the next Coupon Interest Payment Date. Treasury Bonds settled during this period will not be entitled to that Coupon Interest Payment.
Face Value	The principal, nominal or par value amount of a Treasury Bond on which Coupon Interest Payments are calculated.
Invitation to Tender	An invitation issued by the Commonwealth pursuant to this Information Memorandum specifying the details of the Treasury Bonds to be offered by way of tender.
Maturity Date	The date, as specified in the Invitation to Tender on which the Treasury Bonds are to be repaid.
Offshore Associate	An Offshore Associate of the Commonwealth means an associate (as defined in section 128F of the <i>Income Tax Assessment Act 1936</i>) that is either a non-resident of Australia that does not acquire the Treasury Bonds in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Treasury Bonds in carrying on a business at or through a permanent establishment outside of Australia.
Person	Includes an individual, firm, company, corporation or unincorporated body of persons or any state or government or any agency thereof (in each case, whether or not having separate legal personality).
Record Date	Close of business on the eighth day before the relevant Coupon Interest Payment Date or Maturity Date or, if this is not a Business Day, the preceding Business Day.
Register	The register of holdings of Treasury Bonds maintained by the Registrar and 'Registered' has a corresponding meaning.
Registrar	Computershare Investor Services Pty Limited (ACN 078 279 277) or such other Person appointed by the Commonwealth to maintain a Register in respect of Treasury Bonds and perform such payment and other duties specified in that agreement.

Settlement Date	The value date for transfer of ownership as notified in the Invitation to Tender.
Tax	Any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Yield	The rate of return on a bond (expressed as an annual percentage) for a given purchase price, assuming the bond is held until the Maturity Date. The calculation of the Yield assumes all Coupon Interest Payments are reinvested at the same rate of return.

12. DIRECTORY

For issuer information, bidding and tender information and to register as a bidder contact:

Mail

Head of Treasury Services
Australian Office of Financial Management
Treasury Building
Langton Crescent
PARKES ACT 2600

Telephone

+61 2 6263 1141

Email

enquiries@aofm.gov.au

For settlements information contact:

Mail

Settlements Manager
Australian Office of Financial Management
Treasury Building
Langton Crescent
PARKES ACT 2600

Telephone

+61 2 6263 1159

Email

settlements@aofm.gov.au

For the Registrar contact:

Mail

Computershare Investor Services Pty Limited
GPO Box 2237
MELBOURNE VIC 3001

Telephone

+61 3 9415 4390
1800 674 996 (inside Australia)

Email

cgs@computershare.com.au

For Austraclear contact:

Telephone

1300 362 257

Email

cad@asx.com.au