



Australian Government

Australian Office of Financial Management

INFORMATION MEMORANDUM

TREASURY NOTES

DESCRIPTION

Treasury Notes are a short-term discount security denominated in Australian Dollars and redeemable at Face Value on maturity.

ISSUER

The Commonwealth of Australia.

4 February 2014

CONTENTS

1.	Description Details.....	4
1.1.	Description	4
1.2.	Issuer	4
1.3.	Authority to Issue	4
1.4.	Australian Office of Financial Management.....	4
1.5.	Registrar	4
1.6.	Changes in Registrar	5
1.7.	Currency of Information.....	5
1.8.	Authorised Material.....	5
1.9.	Limited Responsibility for Information	5
2.	Fees and Taxation	6
2.1.	Fees.....	6
2.2.	Stamp Duty.....	6
2.3.	Taxation.....	6
3.	Tender Bidding Procedure	7
3.1.	Announcement of periodic tenders	7
3.2.	Eligibility to Tender	7
3.3.	Tender Basis and Bid Format.....	7
3.4.	Size of Bids	7
3.5.	Commission.....	7
3.6.	Bid Submission and Modification.....	8
3.7.	Tender Cancellation or Postponement	8
3.8.	Underissuance	8
3.9.	Allotment of Tender Stock.....	9
4.	Other Methods of Issue.....	10
4.1.	Official Subscription	10

4.2.	Other Issuance Methods	10
5.	Settlement Following Issue.....	11
5.1.	Settlement Price.....	11
5.2.	Settlement Following Tender	11
5.3.	Form of Notes.....	11
6.	Registration And Transfer.....	12
6.1.	Registration of Notes.....	12
6.2.	Statement of Holdings	12
6.3.	Notices of Transaction	12
6.4.	Register.....	12
6.5.	Transfer of Notes Within the Austraclear System	13
6.6.	Transfer of Notes Outside the Austraclear System	13
7.	Repayment at Maturity	15
7.1.	Repayment.....	15
7.2.	Repayment Instructions.....	15
8.	Other	16
8.1.	Fungibility	16
8.2.	Purchase and Cancellation	16
8.3.	Corporations Act 2001	16
8.4.	Trustees	16
8.5.	Stock Exchange Quotation.....	16
8.6.	Use of Information Memorandum.....	16
8.7.	Privacy.....	17
8.8.	Modification of the Information Memorandum	17
9.	Glossary of Terms.....	18
10.	Directory	20

1. DESCRIPTION DETAILS

1.1. DESCRIPTION

Treasury Notes are a short-term discount security denominated in Australian Dollars and redeemable at Face Value on maturity.

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 Notes for the raising of money by way of loan. Treasury Notes 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 Notes 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 Notes will be issued with the terms and conditions set out in this Information Memorandum. Subject to these terms and conditions, Treasury Notes may be issued from time to time by tender, by official subscription, by conversion of an official investment, or by any other method deemed appropriate.

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 Notes.

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, Noteholders 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 Notes 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

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.

2. FEES AND TAXATION

2.1. FEES

Face Value repayments will be made free of any fees, charges, deductions or levy, except to the extent required by law.

2.2. STAMP DUTY

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

2.3. TAXATION

Taxation may affect returns to investors.

Neither the issuer nor the Registrar is able to provide taxation advice to current or potential Noteholders. 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 Noteholders may differ depending on their particular circumstances.

Any increase in the value of Treasury Notes between the date on which the Treasury Notes are purchased or otherwise acquired by a Person (whether as the original Noteholder or not) and the date on which the Treasury Notes are disposed of or redeemed will be assessable income for the purposes of the *Income Tax Assessment Act 1936* and will be liable to income tax under the laws of the Commonwealth.

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

3. TENDER BIDDING PROCEDURE

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

3.1. ANNOUNCEMENT OF PERIODIC TENDERS

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

- each series of Treasury Notes for which bids will be invited;
- the amount to be offered of each series;
- the closing time and date for bids; and
- the settlement arrangements.

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

3.2. ELIGIBILITY TO TENDER

Bids for Treasury Notes 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.

3.3. TENDER BASIS AND BID FORMAT

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

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

The Yield bid may be expressed to a maximum of two decimal places (e.g. 3%, 3.0% or 3.00%). Any additional decimal places will not be accepted.

3.4. SIZE OF BIDS

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

3.5. COMMISSION

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

3.6. BID SUBMISSION AND MODIFICATION

Bids for Treasury Notes 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.

3.7. 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.

3.8. 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 Notes in an Invitation to Tender has not been taken up.

3.9. 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 Notes allotted to each bidder 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.

4. OTHER METHODS OF ISSUE

4.1. OFFICIAL SUBSCRIPTION

The Reserve Bank of Australia and certain other official bodies may, from time to time, apply for Treasury Notes.

Amounts to be taken up in this manner will be indicated in the Invitation to Tender and will be additional to the amount offered to the public. Allotments will be at the weighted average issue Yield(s) announced for the relevant tender.

4.2. OTHER ISSUANCE METHODS

The Commonwealth reserves the right to issue Treasury Notes in any manner deemed appropriate.

5. SETTLEMENT FOLLOWING ISSUE

5.1. SETTLEMENT PRICE

Following the issue of Treasury Notes the settlement price per \$100 Face Value shall be calculated on the basis of the following formula:

$$\text{SETTLEMENT PRICE PER } \$100 \text{ FACE VALUE} = \frac{3650000}{ni + 36500}$$

Where:

n = days to maturity; and

i = the Yield bid (for example, where Treasury Notes are to be allotted at a Yield of 2.72% per annum, $i = 2.72$).

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

5.2. 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 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.

5.3. FORM OF NOTES

Treasury Notes 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.

6. REGISTRATION AND TRANSFER

6.1. REGISTRATION OF NOTES

Treasury Notes 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 Notes will be entered in the Register or receivable by the Registrar. Each Noteholder is to be regarded as the absolute beneficial owner of the Treasury Notes Registered in its name and the Commonwealth and the Registrar shall not be affected by any trust or other equity affecting any Treasury Note, whether or not it is aware of the same.

If two or more Persons apply to be Registered as Noteholders 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 Notes into the share for which each Person is expressed to be entitled and register each Person as the holder of the Treasury Notes representing the Person's share. If the Treasury Notes cannot be divided into shares where the Face Value amount is a multiple of \$5,000 the Registrar may refuse to accept the application.

6.2. STATEMENT OF HOLDINGS

In the case of stock Registered directly in the Register, on application by any Noteholder, the Registrar will issue to the Noteholder a statement of holdings certifying that the Noteholder is the Registered holder of the Face Value amount of the Treasury Notes referred to therein.

6.3. NOTICES OF TRANSACTION

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

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

6.4. REGISTER

The issue of Treasury Notes will be effected and evidenced by particulars of the Treasury Notes 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 Noteholder;
- Face Value of the Treasury Notes held;
- Maturity Date of the Treasury Notes;
- 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.

6.5. TRANSFER OF NOTES WITHIN THE AUSTRACLEAR SYSTEM

Subsequent to the issue of Treasury Notes at tender, Treasury Notes may be transferred to other Persons in parcels that are a multiple of \$5,000 Face Value.

A Noteholder may effect the transfer of Treasury Notes through the Austraclear System in accordance with the Austraclear System Regulations.

6.6. TRANSFER OF NOTES OUTSIDE THE AUSTRACLEAR SYSTEM

Subsequent to the issue of Treasury Notes at tender, Treasury Notes may be transferred to other Persons in parcels that are a multiple of \$5,000 Face Value.

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

Any transfer of stock outside the Austraclear System must be submitted no later than four Business Days before the Maturity Date.

Example 1: A Treasury Note maturing on Friday 24 January 2014 can be transferred up until the close of business on Monday 20 January 2014. Transfers submitted on Tuesday 21 January 2014 and thereafter will not take effect.

Example 2: A Treasury Note maturing on Friday 31 January 2014 can be transferred up until the close of business on Friday 24 January 2014 because Monday 27 January 2014 is a public holiday.

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 Notes to which the form of transfer relates.

When the right to any Treasury Note 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 Noteholder, will enter the Person in the Register as the holder of the Treasury Notes.

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

7. REPAYMENT AT MATURITY

7.1. REPAYMENT

Treasury Notes are not repayable prior to the Maturity Date.

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

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

7.2. REPAYMENT INSTRUCTIONS

In the case of stock lodged in the Register, the Registrar will effect the repayment of the Face Value of maturing Treasury Notes by cheque or direct credit to an Australian Dollar denominated bank account with a financial institution registered in Australia. **Instructions as to the repayment of the Face Value of maturing Treasury Notes may be lodged with the Registrar no later than three Business Days prior to the Maturity Date.** Where no instructions have been provided in time, payments of proceeds will be effected by cheque payable to the Noteholder and posted to the address recorded in the Register.

8. OTHER

8.1. FUNGIBILITY

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

8.2. PURCHASE AND CANCELLATION

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

8.3. CORPORATIONS ACT 2001

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

8.4. TRUSTEES

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

8.5. STOCK EXCHANGE QUOTATION

It is not intended to apply for the quotation of Treasury Notes on the Australian Securities Exchange.

8.6. USE OF INFORMATION MEMORANDUM

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

8.7. PRIVACY

The AOFM and Registrar collect and hold personal information about Noteholders for the purposes of administering Treasury Notes. Noteholders may request access to any personal information held about them by contacting the Registrar (see contact details in section 10). Noteholders may also request correction of any personal information held about them.

8.8. MODIFICATION OF THE INFORMATION MEMORANDUM

The Commonwealth may without the consent of Noteholders 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 Noteholders.

9. 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).
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.
Dollars or \$	The lawful currency of Australia.
Face Value	The principal, nominal or par value amount of a Treasury Note.
Invitation to Tender	An invitation issued by the Commonwealth pursuant to this Information Memorandum specifying the details of the Treasury Notes to be offered by way of tender.
Maturity Date	The date, as specified in the Invitation to Tender on which the Treasury Notes are to be repaid.
Noteholder	In respect of any Treasury Note, the Person whose name from time to time is entered into the Register as the holder of that Treasury Note.
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).

Register	The register of holdings of Treasury Notes 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 Notes and perform such payment and other duties specified in that agreement.
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 Treasury Note (expressed as an annual percentage) for a given purchase price, assuming the Treasury Note is held until the Maturity Date.

10. 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