



Australian Government

Australian Office of Financial Management

INFORMATION MEMORANDUM

TREASURY BONDS

DESCRIPTION

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

ISSUER

The Commonwealth of Australia.

1 March 2024

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1. IMPORTANT INFORMATION

Terms used in this Information Memorandum have the meaning given to them in section 12 (*Glossary of Terms*) below.

1.1. DESCRIPTION

Treasury Bonds are denominated in Australian Dollars with fixed coupon interest paid semi-annually in arrear. Treasury Bonds are redeemable at their Face Value on the Maturity Date. Any Series of Treasury Bonds may be issued as Green Treasury Bonds. See further section 1.12 below.

1.2. ISSUER

The issuer is the Commonwealth.

1.3. AUTHORITY TO ISSUE

Section 4 of the Inscribed Stock Act 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 Inscribed Stock Act and other Acts containing specific borrowing authority.

Treasury Bonds are issued in such amounts and in such a manner as the Treasurer directs. The Treasurer has authorised certain officers of the AOFM to exercise this power on the Treasurer's behalf.

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

In accordance with section 13AA of the Inscribed Stock Act principal money secured by any stock and interest on that principal (if any) shall be payable out of the Consolidated Revenue Fund of the Commonwealth, which is appropriated to the extent necessary for such payments.

1.4. FORM OF TREASURY BONDS

Treasury Bonds will be issued on 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 or by any other method deemed appropriate. Other methods of issue are referred to in section 5 (*Other Methods of Issue*) below.

Treasury Bonds shall be issued with a Face Value of \$1,000 provided that the minimum aggregate amount issued to any Person shall be \$1,000,000 and in multiples of \$1,000,000 thereafter. The Commonwealth expects that the Treasury Bonds will be lodged into and traded in the Austraclear System in accordance with the Austraclear System Regulations.

A Series of Treasury Bonds may be transacted outside of the Austraclear System where this has been agreed between the purchaser and the Commonwealth. Such Treasury Bonds are referred to in this Information Memorandum as Directly Held Treasury Bonds. Section 10 (*Directly Held Treasury Bonds*) contains

information relating specifically to any Directly Held Treasury Bonds. The Commonwealth does not expect that any Directly Held Treasury Bonds will be issued after the date of this Information Memorandum.

Treasury Bonds will be governed by the laws of the Australian Capital Territory.

1.5. REGISTRAR

The Registrar is Computershare Investor Services Pty Limited (ABN 48 078 279 277) ('CIS').

The Commonwealth reserves the right to appoint another Person as its Registrar and/or paying agent, or for the AOFM to perform those functions. In such circumstances, Bondholders will be given notice of any such change promptly after it takes effect.

1.6. CURRENCY OF INFORMATION

The information in this Information Memorandum is correct and complete as at the Effective Date. The distribution of this Information Memorandum or any offer or issue of Treasury Bonds after the Effective 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 relevant Person or entity, or that the information in this Information Memorandum is correct at any time after the Effective Date.

This Information Memorandum may be withdrawn, supplemented, modified or replaced (including by an Issue Supplement) by the Commonwealth at any time. Any Series of Treasury Bonds will be taken to be issued on the basis of the Information Memorandum that is in effect as at the date of issue of such Series of Treasury Bonds and those terms will continue to apply in relation to that Series of Treasury Bonds except to the extent that the Information Memorandum is subsequently amended in relation to that Series of Treasury Bonds as described in section 11.8 (*Modification of the Information Memorandum*).

1.7. 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.

1.8. INDEPENDENT INVESTMENT DECISIONS AND ADVICE

Neither the information contained in this Information Memorandum nor any other information supplied in connection any Treasury Bonds should be considered or relied on as a recommendation or a statement of opinion (or a report of either of those things) by the Issuer or any syndicate member (in connection with a syndicated issue of Treasury Bonds) that any recipient of this Information Memorandum or any other information supplied in connection with any Treasury Bonds should acquire, subscribe for, purchase or otherwise deal in any Treasury Bonds.

Each investor contemplating acquiring, subscribing for, purchasing or otherwise dealing in any Treasury Bonds should rely upon their own independent investigation of the Issuer and an investment in Treasury Bonds (including any associated risks) and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary.

No accounting, regulatory, investment, legal, tax or other professional advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Treasury Bonds or rights in respect of them and each investor is advised to consult its own professional adviser.

1.9. COMPLIANCE WITH LAWS

The distribution and use of this Information Memorandum, any supplement or other offering material, and the offer or sale of Treasury Bonds may be restricted by law or directive in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Treasury Bonds, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to any Treasury Bonds except if the offer or invitation, or distribution or publication, complies with all applicable laws and directives.

1.10. LIMITED RESPONSIBILITY FOR INFORMATION

No syndicate member appointed in connection with a syndicated issue of Treasury Bonds has separately verified the information in this Information Memorandum. No syndicate member 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 *Competition and Consumer Act 2010*, 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.

1.11. CONFLICTS OF INTEREST

Any syndicate member appointed in connection with a syndicated issue of Treasury Bonds or any of its affiliates may from time to time, be a Bondholder or have other interests with respect to Treasury Bonds and may also have interests relating to other arrangements with respect to Treasury Bonds (including, without limitation, the right to receive or the obligation to pay fees, brokerage, commissions or other benefits with respect to any Treasury Bonds).

1.12. GREEN TREASURY BONDS

The Treasury, together with the AOFM and other government agencies, have developed the Australian Government Green Bond Framework ('Framework') which outlines the process for the issuance of Green Treasury Bonds by the Commonwealth. A copy of the Framework is available on the AOFM's website at www.aofm.gov.au. The Framework will be periodically reviewed and any updates to the Framework will be published on that website.

For any Treasury Bonds issued as Green Treasury Bonds, an amount equal to the total net proceeds of the Green Treasury Bonds is intended to be allocated to finance or refinance, in whole or in part, expenditures that meet the eligibility criteria set out in the Framework.

The Framework has been developed in accordance with the International Capital Market Association ('ICMA') Green Bond Principles. The Framework outlines the Commonwealth's processes relating to use of proceeds of Green Treasury Bonds, project evaluation and selection, management of proceeds, reporting and external review. The Framework does not apply to any Treasury Bonds other than those issued as Green Treasury Bonds.

The Treasury may engage a third-party to provide a Second Party Opinion ('SPO') on the Framework. The engagement of any such party will be detailed in the relevant Terms and Conditions for an issue of Green Treasury Bonds. An SPO is not a recommendation to purchase, hold or sell any Green Treasury Bonds and does not address the suitability of Green Treasury Bonds for any particular investor. The provider of any SPO does not guarantee, or otherwise stand behind, any Green Treasury Bonds or the Framework generally. An SPO does not address the merits of any eligible green expenditures nor will it express any opinion as to the Commonwealth (including the credit worthiness of the Commonwealth or of any eligible green expenditures). An SPO may be withdrawn at any time.

The Commonwealth does not, and does not intend to, make any representation or give any assurance with respect to the Framework. Additionally, no representation or warranty is given, and the Commonwealth does not provide any guarantee or assurance as to the actual impact on climate change mitigation, climate change adaptation, improved environmental outcomes, or otherwise, of any Green Treasury Bonds or the proceeds invested in eligible green expenditures in accordance with the Framework.

The Framework does not form part of the contractual terms of any Green Treasury Bonds.

If:

- the Treasury fails to allocate the proceeds of Green Treasury Bonds in the manner described in the Framework or the terms and conditions of any Green Treasury Bonds or fails to comply with the Framework or related matters;
- any Green Treasury Bonds cease to satisfy the ICMA Green Bond Principles;
- the Commonwealth undertakes non eligible projects outside of the Framework;
- the Commonwealth, Treasury or the AOFM fails to notify investors that any Green Treasury Bonds have ceased to be labelled as 'green';
- eligible green expenditures do not have the desired impact; or
- any relevant Second Party Opinion is withdrawn,

then no event of default or any other breach will occur in relation to the Green Treasury Bonds and neither Bondholders nor the Commonwealth have any right to require the Green Treasury Bonds to be repaid early, for proceeds of any Green Treasury Bonds financing any project to be withdrawn, or for any other amendments to be made to the terms and conditions of the Green Treasury Bonds in connection with any such event. However, if any of these events occur, they do not relieve the Commonwealth from its obligation to make any payments required in accordance with the terms and conditions of the Green Treasury Bonds.

If any Green Treasury Bonds cease to comply with the Framework, the ICMA Green Bond Principles or the Commonwealth receives actual notice that a Second Party Opinion in respect of the Framework or any Green Treasury Bonds has been withdrawn, the AOFM will give notice to Bondholders by publication on its website at www.aofm.gov.au and via an Australian Securities Exchange notice system. Any failure to give any such notice will not constitute an event of default or any other breach under the terms and conditions of any relevant Green Treasury Bonds.

2. COUPON INTEREST

2.1. COUPON INTEREST PAYABLE ON FACE VALUE

A Bondholder will receive Coupon Interest Payments on the Face Value of the Treasury Bonds it holds at the applicable Coupon Interest Rate.

2.2. PAYMENT FREQUENCY, AMOUNT AND FIRST COUPON INTEREST PAYMENT

Coupon Interest Payments are made semi-annually in arrears on each Coupon Interest Payment Date up to and including the Maturity Date in a fixed amount equal to half the aggregate annual amount of coupon interest payable. Interest will cease to accrue on Treasury Bonds on 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 and/or the Issue Supplement.

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 who acquire Treasury Bonds during the Ex-Interest Period are not entitled to the next Coupon Interest Payment.

Examples of how the Record Date and Ex-Interest Period will operate in practice are available on the AOFM's website at www.aofm.gov.au.

2.4. MODE OF COUPON INTEREST PAYMENT

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

See section 10 (*Directly Held Treasury Bonds*) for information about payment of coupon interest on any Treasury Bonds that are not held through the Austraclear System.

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

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

3. FEES AND TAXATION

3.1. FEES

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

3.2. AUSTRALIAN TAXATION

The following is a summary of the Australian withholding tax treatment under the *Income Tax Assessment Acts of 1936 and 1997* and the *Taxation Administration Act 1953*, at the Effective Date, of Interest Payments by the Commonwealth on the Treasury Bonds and certain other Australian tax matters.

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. The summary is not exhaustive and, in particular, does not deal with the position of certain classes of Bondholders (including, without limitation, dealers in securities, custodians or other third parties who hold Treasury Bonds on behalf of any person).

Each Bondholder should seek professional tax advice in relation to their particular circumstances.

3.2.1. INTEREST WITHHOLDING TAX

Interest withholding tax applies to Coupon Interest Payments made to a Bondholder who is:

- an Australian Resident for income taxation purposes who derives the Coupon Interest Payments in carrying on business at or through a permanent establishment outside Australia; or
- a non-resident for income taxation purposes who does not derive the Coupon Interest Payments in carrying on business at or through a permanent establishment in Australia,

unless an exemption applies.

Coupon Interest Payments on Treasury Bonds are eligible for exemption from 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'.

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.

In addition, Australia has signed a number of double tax treaties with foreign jurisdictions which effectively prevent interest withholding tax from applying to certain recipients.

3.2.2. ABN/TFN WITHHOLDING TAX

Bondholders are not required to advise the Commonwealth 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 Commonwealth is required by law to withhold an amount from a Coupon Interest Payment equal to the top marginal rate of income tax plus the Medicare Levy, currently at the rate of 47%. Assuming the requirements of section 128F of the *Income Tax Assessment Act 1936* are satisfied with respect to the Treasury Bonds, then this requirement should not apply to payments to a Bondholder who is not an Australian Resident and who does not derive the payment in carrying on business at or through a permanent establishment in Australia.

3.2.3. GARNISHEE DIRECTIONS BY THE COMMISSIONER OF TAXATION

The Commissioner of Taxation may give a direction requiring a third party to deduct from any payment to a Bondholder any amount in respect of Australian tax payable by the Bondholder. If the Commonwealth is served with a valid direction, then the Commonwealth will comply with that direction and make any deduction required by that direction.

3.2.4. NO ADDITIONAL AMOUNTS PAYABLE

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. U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT

Under sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ('FATCA'), a 30% withholding ('FATCA withholding') may be required if (i)(A) an investor does not provide information sufficient for any non-U.S. financial institution ('FFI') through which payments on the Treasury Bonds are made to determine the Bondholder's status under FATCA, or (B) an FFI to or through which payments on the Treasury Bonds are made is a "non-participating FFI"; and (ii) the Treasury Bonds are treated as debt for U.S. federal income tax purposes and the payment is made in respect of Treasury Bonds issued or modified after the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register, or the Treasury Bonds are treated as equity for U.S. federal income tax purposes or do not have a fixed term, whenever issued.

FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

Reporting Australian Financial Institutions (‘RAFI’) under the Australia–U.S. FATCA Intergovernmental Agreement dated 28 April 2014 (‘Australian IGA’) must comply with specific due diligence procedures. In general, these procedures seek to identify account holders and provide the Australian Taxation Office (‘ATO’) with information on financial accounts held by U.S. persons and recalcitrant account holders. The ATO is required to provide such information to the U.S. Internal Revenue Service. Consequently, Bondholders may be requested to provide certain information and certifications to any financial institutions through which payments on the Treasury Bonds are made. A RAFI that complies with its obligations under the Australian IGA will not be subject to FATCA withholding on amounts it receives, and will not be required to deduct FATCA withholding from payments it makes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Treasury Bonds as a result of FATCA, no additional amounts will be paid by the Commonwealth to Bondholders as a result of the deduction or withholding.

3.4. OECD COMMON REPORTING STANDARD

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (‘CRS’) requires certain financial institutions to report information regarding certain accounts (which may include the Treasury Bonds) to their local tax authority and follow related due diligence procedures. Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the *Taxation Administration Act 1953* to give effect to the CRS.

4. TENDER PROCEDURES

The following is a summary of the key details of the procedures for Treasury Bonds issued or repurchased via a tender. Further information on these procedures is available in the AOFM Tender System Conditions of Operation, available at www.aofm.gov.au. The procedures described below do not limit the Commonwealth's right to issue or repurchase Treasury Bonds by any other method.

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 or offers will be invited;
- the amount to be offered or repurchased of each Series;
- the closing time and date for bids or offers; and
- the settlement date.

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

4.2. ELIGIBILITY TO TENDER

Bids or offers for Treasury Bonds at competitive tenders conducted 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 OR OFFER FORMAT

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

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

The Yield bid or offered may be expressed to a maximum of four decimal places (e.g. 3%, 3.0%, 3.00%, 3.000% or 3.0000%). Yield bids or offers must be a whole multiple of 0.0025% (e.g. 3.0000%, 3.0025% or 3.0050%). Yields submitted that are not a whole multiple of 0.0025% will not be accepted.

4.4. SIZE OF BIDS OR OFFERS

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

4.5. COMMISSION

No commission will be paid on Treasury Bonds issued or repurchased by tender.

4.6. BID OR OFFER SUBMISSION AND MODIFICATION

Bids or offers for Treasury Bonds may be submitted by either:

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

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

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

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

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

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

4.7. TENDER CANCELLATION OR POSTPONEMENT

The Commonwealth reserves the right to cancel or postpone 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. UNDER-ISSUANCE/UNDER-ACCEPTANCE

The Commonwealth reserves the right to accept bids or offers for the full amount of an Invitation to Tender or any part thereof and to reject any bid or offer 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 AT TENDERS FOR THE ISSUE OF TREASURY BONDS

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 in aggregate 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 in aggregate 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.

4.10. ACCEPTANCE OF OFFERS AT TENDERS FOR THE REPURCHASE OF TREASURY BONDS

Acceptance of offers will be made in descending order of Yield offered, that is, from the highest Yield offered to the lowest Yield accepted. Repurchases will be made at the Yields offered.

At the lowest Yield accepted, the amount of Treasury Bonds repurchased from each offer will, in the first instance, be calculated proportionately to the amount of offers at that Yield and rounded down to the nearest \$1,000,000 in aggregate Face Value. If following this the total amount repurchased is lower than the total amount available for repurchase, offers at the lowest accepted Yield will be rounded up to the nearest \$1,000,000 in aggregate 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 available for repurchase is reached. No offeror will sell an amount greater than the amount offered.

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

Notice of acceptance or rejection of an offer or any part thereof will be made available to each offeror as soon as possible after acceptance.

4.11. ACCEPTANCE OF OFFERS AT TENDERS FOR THE REPURCHASE OF MULTIPLE TREASURY BOND SERIES

A Reference Yield will be set for each Series of Treasury Bonds for which offers are invited. The Reference Yield will be set with reference to prevailing secondary market yields. For each offer, the Offer Spread will be calculated as the difference between the Yield offered and the Reference Yield.

Acceptance of offers will be made in descending order of Offer Spreads (across the Series offered), that is, from the highest spread offered to the lowest spread accepted. Repurchases will be made at the Yields offered.

At the lowest Offer Spread accepted, the amount of Treasury Bonds repurchased from each offer will, in the first instance, be calculated proportionately to the amount of offers at that Offer Spread and rounded down to the nearest \$1,000,000 in aggregate Face Value. If following this the total amount repurchased is lower than the total amount available for repurchase, offers at the lowest accepted Offer Spread will be rounded up to the nearest \$1,000,000 in aggregate 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 available for repurchase is reached. No offeror will sell an amount greater than the amount offered.

The Commonwealth may set the maximum volume of a particular Series to be repurchased. In this case offers will be accepted in the manner described above until that maximum is reached (if it is reached), from which point offers for that Series of Treasury Bonds would not be accepted. Offers for other Series would be accepted in the manner described above for the remainder of the amount available for repurchase.

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

Notice of acceptance or rejection of an offer or any part thereof will be made available to each offeror as soon as possible after acceptance.

4.12. OTHER REPURCHASE METHODS

The Commonwealth reserves the right to repurchase Treasury Bonds in any manner deemed appropriate, including, but not limited to the repurchase procedures described above.

5. OTHER METHODS OF ISSUE

5.1. OFFICIAL SUBSCRIPTION

The RBA and certain other agencies, entities or bodies of the Commonwealth may, from time to time, purchase 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. Where Treasury Bonds are issued under syndication arrangements there will be no Invitation to Tender in respect of those Bonds and the details of those Treasury Bonds will be as set out in an Issue Supplement. In the event of any inconsistency between the terms of this Information Memorandum and an Issue Supplement for Treasury Bonds issued under a syndication arrangement, this Information Memorandum will be taken to be varied in accordance with, and on the terms of the Issue Supplement, in respect of those Treasury Bonds.

6. SETTLEMENT FOLLOWING ISSUE OR REPURCHASE

6.1. SETTLEMENT PRICE

6.1.1. BASIC FORMULA

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

$$\text{SETTLEMENT PRICE PER \$100 FACE VALUE} = v^{f/d} (c + ga_n + 100v^n)$$

Where:

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

i = the annual percentage Yield (expressed as above under 'Tender Basis and Bid or Offer Format') divided by 200 (for example, where the Treasury Bonds are to be allotted or repurchased at a Yield of 1.53% per annum, $i = \frac{1.53}{200} = 0.00765$);

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);

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

$$a_n = v + v^2 + \dots + v^n = \frac{1-v^n}{i}. \text{ Except if } i = 0 \text{ then } a_n = n$$

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

6.1.2. NEAR-MATURING BONDS

Following the issue or repurchase of near-maturing Treasury Bonds (between the Record Date for the second last Coupon Interest Payment and the Record Date for the final Coupon Interest Payment) the settlement price per \$100 Face Value shall be calculated (unrounded) on the basis of the following formula:

$$\text{SETTLEMENT PRICE PER \$100 FACE VALUE} = \frac{100+g}{1+\left(\frac{f}{365}\right)i}$$

Where:

i = the annual percentage Yield (expressed as above under 'Tender Basis and Bid or Offer Format') divided by 100 (for example, where the Treasury Bonds are to be allotted or repurchased at a Yield of 1.53% per annum, $i = \frac{1.53}{100} = 0.0153$);

f = the number of days from the Settlement Date to the Maturity Date;
and

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

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 second Business Day following the tender.

If a bidder fails to make due payment of any amount payable to the Commonwealth in respect of any allotment pursuant to a bid, the Commonwealth may cancel the allotment of Treasury Bonds to that bidder.

If an offeror fails to deliver to the Commonwealth any Treasury Bonds that are to be repurchased in accordance with the terms of an accepted offer, the Commonwealth may cancel that repurchase from that Bondholder.

7. REGISTRATION AND TRANSFER

7.1. THE 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.

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 (after consultation with the Commonwealth).

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

7.2. REGISTER IS CONCLUSIVE

Entry of the name of a Person in the Register in respect of a Treasury Bond (including Austraclear Ltd, as discussed below in section 7.3 (*Lodgement of Bonds within the Austraclear System*)) constitutes the obtaining or passing of title and is conclusive evidence that the Person so entered is the Registered owner of such Treasury Bond, subject to rectification for fraud or manifest or proven error, and all rights and entitlements vest absolutely in that Person. No notice of any trust in respect of any Treasury Bonds will be entered in the Register or receivable by the Registrar. In accordance with Division 2 of the Inscribed Stock Act, each Person so Registered is to be regarded as the absolute 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.

7.3. LODGEMENT OF BONDS WITHIN THE AUSTRACLEAR SYSTEM

It is expected that Treasury Bonds will be lodged into the Austraclear System. Where Treasury Bonds are lodged in the Austraclear System, Austraclear Ltd (ABN 94 002 060 773) as the operator of the Austraclear System will be the sole Registered holder of those Treasury Bonds.

The rights of a Person who holds an interest in a Treasury Bond which is lodged in the Austraclear System are subject at all times to the Austraclear System Regulations. For so long as Treasury Bonds remain in the Austraclear System (a) title to such Treasury Bonds and (b) all matters relating to payments on, and

redemption of, such Treasury Bonds will be determined or made in a manner that is in accordance with the Austraclear System Regulations.

The Commonwealth is not responsible for the operation of the Austraclear System.

7.4. TRANSFER OF BONDS WITHIN THE AUSTRACLEAR SYSTEM

Interests in Treasury Bonds which are lodged in the Austraclear System may be transferred to other Persons in parcels that are a multiple of their \$1,000 Face Value.

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

7.5. OTHER CLEARING SYSTEMS

Where Treasury Bonds are lodged in the Austraclear System, interests in those Treasury Bonds may also be traded on the settlement systems operated by Euroclear Bank SA/NV and/or Clearstream Banking, S.A. The rights of a holder of interests in a Treasury Bond held through such clearing systems are subject to the respective rules and regulations for accountholders of those clearing systems and the Austraclear System Regulations.

8. REDEMPTION ON THE MATURITY DATE

Treasury Bonds are not redeemable prior to the Maturity Date.

Redemption 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 redeemable at their Face Value on the Maturity Date in the manner described in the Austraclear System Regulations.

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

9. SECONDARY MARKET FOR TREASURY BONDS

Treasury Bonds may be traded in the secondary market.

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 Treasury Bond pricing formulae on the AOFM's website at www.aofm.gov.au.

Bondholders should only conduct trading in accordance with applicable laws and regulations of all relevant jurisdictions.

10. DIRECTLY HELD TREASURY BONDS

10.1. REGISTRATION

Directly Held Treasury Bonds may be held by individual Persons, or two or more Persons as joint tenants with right of survivorship. Organisations or trusts that are not incorporated should complete their application for issue or transfer documentation (as applicable) in the full name(s) of the trustee(s) and unincorporated associations must comply with the additional conditions prescribed under section 22B of the Incribed Stock Act (and currently set out in section 11 of the *Commonwealth Incribed Stock Regulation 2015*).

Entry of the name of a Person in the Register in respect of a Directly Held Treasury Bond constitutes the obtaining or passing of title and is conclusive evidence that the Person so entered is the Registered owner of such Treasury Bond, subject to rectification for fraud or manifest or proven error, and all rights and entitlements vest absolutely in that Person. No notice of any trust in respect of any Directly Held Treasury Bonds will be entered in the Register or receivable by the Registrar. In accordance with Division 2 of the Incribed Stock Act, each Bondholder is to be regarded as the absolute 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.

10.2. COUPON INTEREST PAYMENTS

The Registrar will make Coupon Interest Payments on Directly Held Treasury Bonds 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 with respect to Coupon Interest Payments. To ensure timely payment, Bondholders should notify the Registrar of their payment instructions and any change of address.

10.3. REPAYMENT INSTRUCTIONS

The Registrar will effect the repayment of the Face Value of maturing Directly Held 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 Registrar 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.

10.4. TRANSFER

Directly Held Treasury Bonds may be transferred to other Persons in parcels that are a multiple of their \$1,000 Face Value.

A Bondholder may effect the transfer of Directly Held Treasury Bonds through the lodgement of a completed Transfer and Acceptance Form (in a form available from the Registrar on request) 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 Directly Held Treasury Bonds to which the form of transfer relates.

When the right to any Directly Held 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.

10.5. STATEMENT OF HOLDINGS

On application by any Bondholder in respect of any Directly Held Treasury Bonds, 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.

11. OTHER

11.1. FUNGIBILITY

The Commonwealth may, from time to time, issue Treasury Bonds which are intended to be fungible with any outstanding Series of Treasury Bonds, and whether by Invitation to Tender or otherwise. Any such new issuance shall be issued on the same terms and conditions (including as to Maturity Date and Coupon Interest Rate) as the outstanding Series.

11.2. PURCHASE AND CANCELLATION

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

11.3. CORPORATIONS ACT 2001

Treasury Bonds are not securities for the purposes of Chapter 6D of the *Corporations Act 2001* and consequently no Prospectus is required to be prepared under Part 6D.2 in respect of the issue and sale of Treasury Bonds. In addition, 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*.

11.4. TRUSTEES

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

11.5. ASX QUOTATION

The Commonwealth intends to apply for the quotation of Treasury Bonds on the ASX promptly after issue.

11.6. 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.

11.7. PRIVACY

The AOFM, the Registrar and any paying agent appointed by the AOFM in respect of the Treasury Bonds 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 13) or the relevant paying agent whose details will be notified to Bondholders at the time of their appointment. Bondholders may also request correction of any personal information held about them.

11.8. MODIFICATION OF THE INFORMATION MEMORANDUM

The Commonwealth may withdraw, modify or supplement this Information Memorandum at any time. Except as set out below, any modification of this Information Memorandum will not alter the terms of Treasury Bonds that have been issued before that modification ('Existing Bonds'). Where a modification is to apply to Existing Bonds, the modification must, in the Commonwealth's opinion, satisfy one or more of the following conditions:

- a) the modification is of a formal, minor or technical nature or is made to correct a manifest error;
- b) the modification is made to comply with mandatory provisions of law; or
- c) such modification is not in the opinion of the Commonwealth materially prejudicial to the interests of holders of Existing Bonds.

Any such amendment takes effect on the publication of the amendment on the AOFM website, or such later date as the Commonwealth may specify in the amendment.

12. GLOSSARY OF TERMS

The following definitions apply to this Information Memorandum:

AFMA	The Australian Financial Markets Association.
AOFM	The Australian Office of Financial Management.
AOFM Tender System	The system used by the AOFM to conduct tenders for issuance and repurchases 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'.
ASX	The Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691).
Austraclear System	The system for the clearance and settlement of debt securities operated by Austraclear Ltd.
Austraclear System Regulations	The rules and regulations issued by Austraclear Ltd from time to time governing the operation of the Austraclear System.
Australian Office of Financial Management or AOFM	The Commonwealth of Australia acting through and represented by the Australian Office of Financial Management.
Australian Resident	A Person that satisfies 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 generally open for 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, as set out in the applicable Issue Supplement and/or the Register, and includes the Maturity Date.

Coupon Interest Rate	The interest rate payable in respect of a Treasury Bond, expressed as a percentage per annum as set out in the applicable Issue Supplement and/or the Register.
Directly Held Treasury Bonds	Treasury Bonds that are not held in the Austraclear System.
Dollars or \$	The lawful currency of Australia.
Effective Date	The date of this Information Memorandum.
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.
Green Treasury Bond	A Treasury Bond meeting the criteria set out in section 1.12.
Information Memorandum	This Information Memorandum as may be supplemented, modified or replaced including by an Issue Supplement.
Inscribed Stock Act	The <i>Commonwealth Inscribed Stock Act 1911</i> .
Invitation to Tender	An invitation issued by the Commonwealth pursuant to this Information Memorandum specifying the details of the Treasury Bonds to be offered or repurchased by way of tender.
Issue Supplement	In respect of Treasury Bonds issued through syndication arrangements, the supplement specifying issue details in relation to the relevant Treasury Bonds.
Issuer	The Commonwealth of Australia
Maturity Date	The date, as specified in the Invitation to Tender or Issue Supplement on which the Treasury Bonds are to be repaid.
Offer Spread	The difference between the Yield offered and the Reference Yield for an offer at a tender for the repurchase of multiple Treasury Bond Series.
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).
RBA	The Reserve Bank of Australia.
Record Date	Close of business on the eighth day before the relevant Coupon Interest Payment Date, being a day on which banks are generally open for business in Sydney or Melbourne. If on this date the banks are closed for business in both Sydney and Melbourne then the Record Date will fall on the closest preceding date on which the banks are generally open for business in Sydney or Melbourne.
Reference Yield	The yield with which offers at tenders to repurchase multiple Treasury Bond Series are compared to calculate the Offer Spread. The Reference Yield will be set for each Series of Treasury Bonds for which offers are invited with reference to prevailing secondary market yields.
Register	The register of holdings of Treasury Bonds maintained by the Registrar and 'Registered' has a corresponding meaning.
Registrar	Computershare Investor Services Pty Limited (ABN 48 078 279 277) 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.
Series	A series of Treasury Bonds which may be issued in multiple tranches but which have identical terms and conditions, except that the issue date and the first Coupon Interest Payment Date may be different in respect of different tranches of a Series.
Settlement Date	The value date for transfer of ownership as notified in the Invitation to Tender or otherwise the date on which a Treasury Bond is settled.
Tax	Any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Treasurer	The Treasurer of the Commonwealth.

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.

13. DIRECTORY

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

Mail

Head of Funding and Liquidity
Australian Office of Financial Management
Treasury Building
Newlands Street
PARKES ACT 2600

Telephone

+61 2 6263 1135

Email

enquiries@aofm.gov.au

For settlements information contact:

Mail

Settlements Manager
Australian Office of Financial Management
Treasury Building
Newlands Street
PARKES ACT 2600

Telephone

+61 2 6263 1147

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