



INVESTOR INFORMATION STATEMENT

EXCHANGE-TRADED  
TREASURY INDEXED  
BONDS



Australian Government



INVESTOR INFORMATION STATEMENT

EXCHANGE-TRADED  
TREASURY INDEXED  
BONDS

DATE: 4 FEBRUARY 2014



# TABLE OF CONTENTS

## SECTION 1

INTRODUCTION

4

## SECTION 2

BENEFITS AND RISKS OF INVESTING IN *EXCHANGE-TRADED TREASURY INDEXED BONDS*

8

## SECTION 3

TERMS AND CONDITIONS

10

## SECTION 4

IMPORTANT NOTICES

16

GLOSSARY

18

## SECTION 1

# INTRODUCTION

### What are *Exchange-traded Treasury Indexed Bonds (eTIBs)*?

*Exchange-traded Treasury Indexed Bonds (eTIBs)* offer a convenient and readily accessible way to invest in Treasury Indexed Bonds.

Treasury Indexed Bonds are capital-indexed bonds issued by the Australian Government. The capital value of the investment is adjusted by reference to movement in the Consumer Price Index (CPI). Treasury Indexed Bonds make Coupon Interest Payments every three months at a fixed Coupon Interest Rate applied to the adjusted capital value (referred to as the Nominal Value) of the bond. On the Maturity Date, the last Coupon Interest Payment and the Nominal Value of the bond (the value as adjusted for movement in the CPI over the life of the bond) is paid to the bond holder. The Australian Government is liable to make these payments.

Institutional and other large investors choose to own Treasury Indexed Bonds because they provide protection for both income and capital against inflation (as measured by an increase in the CPI) and are liquid (easy to buy and sell).

Treasury Indexed Bonds are not traded on an exchange and are typically traded in large parcels, putting them beyond the reach of many investors. *eTIBs* have the appeal and convenience of being electronically traded and settled through the Australian Securities Exchange (ASX) in small or large parcels.

- An *eTIB* Holder has beneficial ownership of Treasury Indexed Bonds in the form of CHESSE Depositary Interests (CDIs)<sup>1</sup>. This means obtaining all the economic benefits (including coupon and principal payments) attached to legal ownership of the Treasury Indexed Bonds over which the CDIs have been issued.
- A one unit holding of an *eTIB* provides beneficial ownership of \$100 Face Value (the principal or par value amount of the bond, unadjusted for changes in the CPI) of the Treasury Indexed Bond over which it has been issued.

A list of the *eTIBs* currently available to investors can be viewed on the Australian Government Bonds Website ([www.australiangovernmentbonds.gov.au](http://www.australiangovernmentbonds.gov.au)).

See Section 2 for further details of the benefits of holding *eTIBs*.

### Can I lose money from investing in *eTIBs*?

If you purchase *eTIBs* for a price greater than the Nominal Value, sell *eTIBs* prior to their Maturity Date or there is a decline in the CPI it is possible for capital losses to be realised.

Prices of *eTIBs* will fluctuate. The Australian Government does not guarantee the investment performance of *eTIBs* and will not compensate investors for investment losses.

---

<sup>1</sup> A CDI is a financial product quoted on the ASX that confers a beneficial interest in the security or financial product to which it relates. Further information about CDIs can be obtained on the ASX website at [www.asx.com.au/documents/settlement/CHESSE\\_Depositary\\_Interests.pdf](http://www.asx.com.au/documents/settlement/CHESSE_Depositary_Interests.pdf).

## How will my Coupon Interest Payments be made?

Coupon Interest Payments are made every three months. If the Coupon Interest Payment Date is not a Business Day, the payment will be made on the next Business Day.

The Australian Government's preferred method of payment to all investors is by direct credit into an Australian dollar bank account with a financial institution in Australia. Australian, United States, Great Britain, New Zealand and Canadian resident investors must nominate a valid Australian bank account, otherwise payments will be withheld until such time as a valid account is provided. Payments to investors that reside outside the above-mentioned jurisdictions will be made by paper cheque where a valid account has not been provided. Investors are required to supply their payment instructions no later than the Record Date in order to receive their payment.

## How can I trade *eTIBs*?

*eTIBs* can be traded on the ASX in the same way as listed shares.

Investors should contact their financial adviser or broker to buy or sell *eTIBs*. Brokerage charges may be incurred.

## What about tax?

Assessable income derived by way of interest or capital gain will be liable to tax according to the provisions of the laws of the Commonwealth and the Australian States.

Coupon Interest Payments on *eTIBs* are exempt from non-resident interest withholding tax.

If an investor does not provide details of their Tax File Number (TFN) or Australian Business Number (ABN) to the Registrar, tax may be deducted from Coupon Interest Payments. You will have an opportunity to provide your TFN or ABN when you invest in *eTIBs*.

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

## How are Treasury Indexed Bonds tied to inflation?

The Face Value and Nominal Value both start at \$100 around the time a Treasury Indexed Bond is first issued, but whilst the Face Value remains fixed, the Nominal Value is adjusted by changes in the CPI. With inflation (a rise in the CPI), the Nominal Value increases. With deflation (a decline in the CPI), the Nominal Value decreases.

Changes in the CPI affect both the size of Coupon Interest Payments made every three months and the amount paid to the holder of a Treasury Indexed Bond when the bond matures. Treasury Indexed Bonds make Coupon Interest Payments at a fixed rate. Because the fixed rate is applied to the Nominal Value, Coupon Interest Payments can vary in amount from one period to the next. If inflation occurs, the Coupon Interest Payment increases. In the event of deflation, the Coupon Interest Payment decreases.



There is a floor on Coupon Interest Payments which may protect holders of a Treasury Indexed Bonds in an environment of deflation: no Coupon Interest Payment will be based on a capital value of less than \$100. If the Nominal Value falls below \$100, the Coupon Interest Payment will be paid on \$100. In the event that the floor is utilised, succeeding Coupon Interest Payments and/or the maturity payment will be reduced by the difference between the Coupon Interest Payment amount which was made and the payment which would have been made in the absence of the floor.

At the maturity of a Treasury Indexed Bond, the holder receives the Nominal Value or the Face Value amount, whichever is greater. This provision also limits the exposure of the bond holder to deflation.

## What is the Coupon Interest Rate and how is this different from the real yield?

The Coupon Interest Rate on a Treasury Indexed Bond is set when the bond is first issued by the Australian Government, and remains fixed for the life of the bond. For example, a Treasury Indexed Bond with a 4% Coupon Interest Rate will pay investors 1% of the Nominal Value every three months. These instalments are called Coupon Interest Payments.

In contrast, the real yield to maturity is the rate of return on a Treasury Indexed Bond *above the rate of inflation* (expressed as an annual rate) if purchased at the current market price and held until the Maturity Date. (The calculation of the real yield assumes all Coupon Interest Payments are reinvested at the same real rate.) The yield will vary through time with changes in the price and remaining term to maturity of the bond.

## How are eTIB holdings recorded?

All eTIBs must be held in your CHESS Account of your sponsoring broker. Your CHESS Account has a Holder ID Number (HIN). It is not possible to hold eTIBs as an issuer sponsored holding. Whenever you buy or sell an eTIB during any month period, you will receive a CHESS Holding Statement indicating the holding balance for that particular eTIB. You will also receive a CHESS Holding Statement following the maturity of any eTIB which was held.

## Who should I contact about my eTIB holdings?

In the first instance you should contact your financial adviser or broker.

Computershare Investor Services Pty Limited (ACN 078 279 277) has been engaged to maintain the Register of eTIB Holders and provide services to investors in relation to their holdings.

The Registrar can be contacted at:

### Telephone

+61 3 9415 4026  
1800 674 428 (within Australia)

### Email

[austgovtbonds@computershare.com.au](mailto:austgovtbonds@computershare.com.au)

### Mail

Australian Government Bond Registrar  
Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
AUSTRALIA



## Where can I find information about the Australian Government's finances, budget projections and economic forecasts for the Australian economy?

The website [www.budget.gov.au](http://www.budget.gov.au) has current and past Australian Government Budget Papers, and updates to the economic and fiscal outlook.

Monthly financial statements for the Australian Government are available at [www.finance.gov.au/publications/commonwealth-monthly-financial-statements/](http://www.finance.gov.au/publications/commonwealth-monthly-financial-statements/).

Annual consolidated financial statements for the Australian Government are available at [www.finance.gov.au/publications/commonwealth-consolidated-financial-statements/](http://www.finance.gov.au/publications/commonwealth-consolidated-financial-statements/).

## Where can I find further information about *eTIBs*?

Further information about *eTIBs* is available on the Australian Government Bonds Website ([www.australiangovernmentbonds.gov.au](http://www.australiangovernmentbonds.gov.au)).

## Where can I find further information about the CPI?

Further information about the CPI is available on the Australian Bureau of Statistics (ABS) website ([www.abs.gov.au](http://www.abs.gov.au)).

## SECTION 2

# BENEFITS AND RISKS OF INVESTING IN EXCHANGE-TRADED TREASURY INDEXED BONDS

Before investing in *eTIBs*, a prospective investor should consider whether they are a suitable investment for them. This should include consideration of benefits and risks.

## Benefits of investing in *eTIBs*

Some of the benefits associated with investing in *eTIBs* are:

|                        |  |
|------------------------|--|
| Secure, regular income | Quarterly Coupon Interest Payments made by the Australian Government.  |
| Inflation protection   | <i>eTIBs</i> provide protection against inflation (as measured by an increase in the CPI) as both Coupon Interest Payments and the Nominal Value payable at maturity increase in line with changes in the CPI. |
| Liquid investment      | <i>eTIBs</i> can be sold any time the ASX market is open. This means that if you need access to cash you can seek to sell your <i>eTIBs</i> on the ASX at the market price.                                    |
| Diversification        | <i>eTIBs</i> provide an opportunity to diversify an investment portfolio.  |

## Risks of investing in *eTIBs*

There are risks associated with investing in *eTIBs*. Below is a summary of some risks which prospective investors should consider when deciding whether to invest in *eTIBs*. It is not an exhaustive list and risks will vary between investors.

|                         |   |
|-------------------------|---|
| Changes in market price | The market price of <i>eTIBs</i> will vary over time in response to a variety of influences, particularly in response to changes in the general level of interest rates. In general, if interest rates increase the price of an <i>eTIB</i> is likely to fall. Conversely, if interest rates fall the price of an <i>eTIB</i> is likely to increase. If <i>eTIBs</i> are purchased for a price greater than the Nominal Value of the underlying Treasury Indexed Bond, sold prior to their Maturity Date or there is a decline in the CPI it is possible for capital losses to be realised. |
| Deflation               | If there is deflation (a decline in the CPI) the size of Coupon Interest Payments and the Nominal Value payable at the time of maturity can decline. There is a limit to the exposure to deflation due to the floor on Coupon Interest Payments and as the Nominal Value payable at maturity cannot be less than the Face Value amount of the Treasury Indexed Bond.  |

Conversion  
by Australian  
Government

The Australian Government may at any time, subject to a minimum period of three months' notice, convert holdings of *eTIBs* to the underlying Treasury Indexed Bonds directly registered in the Commonwealth Stock Register. If this occurred investors would continue to receive the same Coupon Interest Payments and maturity amounts they were entitled to with the *eTIBs* but would not be able to sell their investment in Treasury Indexed Bonds on the ASX.

For example, the Australian Government could decide to convert holdings of *eTIBs* to the underlying Treasury Indexed Bonds if the agreement between the Australian Government and ASX for the trading of Australian Government Bonds on the ASX is terminated.

## SECTION 3

# TERMS AND CONDITIONS

This section contains the terms and conditions of *eTIBs*.

Before investing, potential investors should review and become familiar with the following:

- the terms and conditions applying to the *eTIBs*. These terms and conditions and a summary of the material terms of the underlying Treasury Indexed Bonds are set out below. Full terms and conditions of the underlying Treasury Indexed Bonds are contained in the Information Memorandum available at the Australian Government Bonds Website ([www.australiangovernmentbonds.gov.au](http://www.australiangovernmentbonds.gov.au));
- the key commercial terms (for example the Coupon Interest Rate, Coupon Interest Payment Dates and Maturity Date) for the specific series of Treasury Indexed Bonds underlying the *eTIBs* they are planning to invest in, which are detailed in the Term Sheet for the Treasury Indexed Bonds available on the Australian Government Bonds Website.

To the extent that any term or condition contained in this Investor Information Statement is inconsistent with the terms and conditions applying to any underlying Treasury Indexed Bonds which are the subject of *eTIBs*, the terms and conditions of this Investor Information Statement shall be taken to modify the terms and conditions applying to those Treasury Indexed Bonds.

|                            |   |
|----------------------------|---|
| Security Type              | A CHESS Depository Interest. A one unit holding of an <i>eTIB</i> provides beneficial ownership of \$100 Face Value of the Treasury Indexed Bond over which it has been issued.   |
| Depository Nominee         | CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) has been appointed the Depository Nominee and holds title to the Treasury Indexed Bonds over which <i>eTIBs</i> have been issued through the Austraclear System.   |
| Registrar                  | Computershare Investor Services Pty Limited (ACN 078 279 277)   |
| Currency                   | Australian dollars  |
| Minimum investment amount  | One unit. Holdings of <i>eTIBs</i> may only be in whole units.  |
| Consumer Price Index (CPI) | <p>The CPI to be used for the purpose of this Information Statement shall be the 'Weighted Average of Eight Capital Cities: All-Groups Index' as maintained and published quarterly by the ABS.</p> <p>If, for any reason, the CPI is not published for any quarter for which it is relevant for the purposes of this Information Statement, or if publication is delayed until after the date on which a Coupon Interest Payment is determined, the CPI published for the previous quarter will apply in the interim. On subsequent publication of the actual CPI figure for that quarter by the ABS, adjustment to the Nominal Value and/or Coupon Interest Payment will be made.</p> |

|  |  |
|--|--|
| <p>Consumer Price Index (CPI)<br/><i>(continued)</i></p>                     | <p>If the ABS were to cease to publish the CPI and were to publish another index which it stated to be in replacement of the CPI, then that index would be used for the purposes of this Information Statement.</p> <p>If the ABS were to cease to publish the CPI without publishing a replacement index, or if any change were to be made to the coverage, periodicity, or basic calculation of the CPI which, in the opinion of the Treasurer, constituted a change in the CPI which would be materially detrimental to the interests of holders of Treasury Indexed Bonds, the AOFM would publish a notice in the Commonwealth Gazette as soon as practicable following the announcement of the change informing holders of Treasury Indexed Bonds and offering them the right to redeem their Treasury Indexed Bonds at market-related prices. Repayment to holders of Treasury Indexed Bonds who exercised such a right would be on a date specified by the AOFM no later than six months from the date of publication of the last CPI figure made prior to such a change as is referred to earlier in this paragraph. In these circumstances, a notice setting out the administrative arrangements for redemption and payment would be sent to stockholders at their registered address at the appropriate time. In the event that stockholders chose not to redeem their holdings under this provision, the quarterly adjustments to the Nominal Value and Coupon Interest Payments applying to stock not redeemed would be calculated according to an index to be announced by the Treasurer which, for the purposes of this Information Statement, would be deemed to be a replacement for the CPI.</p> <p>If the reference base of the CPI is changed after Treasury Indexed Bonds are issued, the index which shall be used in the calculation of the Nominal Value at the interest payment date following the release of the rebased index shall be the CPI numbers expressed on the old base. The CPI numbers expressed on the new base shall be used for calculations of subsequent p values.</p> <p>If a relevant CPI number is revised after a particular Coupon Interest Payment is made, a subsequent adjustment will be made to the Nominal Value and/or Coupon Interest Payment to take account of any discrepancy.</p> |
| <p>Coupon Interest Rate, Coupon Interest Payment Dates and Maturity Date</p> | <p>The Coupon Interest Rate, Coupon Interest Payment Dates and Maturity Date are those applicable to the specific series of Treasury Indexed Bonds over which the <i>eTIB</i> has been issued.</p> <p>Term Sheets containing these details for each specific series of Treasury Indexed Bonds can be downloaded at the Australian Government Bonds Website (<a href="http://www.australiangovernmentbonds.gov.au">www.australiangovernmentbonds.gov.au</a>).</p>   |
| <p>Coupon Interest Payments</p>  | <p>Treasury Indexed Bonds make Coupon Interest Payments on their Nominal Value at a fixed Coupon Interest Rate.</p> <p>Coupon Interest Payments are made on Treasury Indexed Bonds quarterly at a quarter of the annual amount in arrears on each Coupon Interest Payment Date up to and including the Maturity Date. Coupon interest will cease to accrue on Treasury Indexed Bonds from the Maturity Date.</p>   |

Coupon Interest Payments for Treasury Indexed Bonds are calculated on the basis of the following formula:

$$g \times \frac{K_t}{100}$$

where  $g$  and  $K_t$  are as follows:

$g$  = the fixed quarterly Coupon Interest Rate payable (equal to the annual Coupon Interest Rate divided by 4).

$K_t$  = Nominal Value of the principal at the next Coupon Interest Payment Date (whether or not there is a Coupon Interest Payment due).

$$K_t = K_{t-1} \left[ 1 + \frac{\rho}{100} \right] \text{ where}$$

$K_{t-1}$  = Nominal Value of the principal at the previous Coupon Interest Payment Date.

$K_{t-1}$  is equal to \$100 (the Face Value of the bond) at the date one quarter before the date on which the first Coupon Interest Payment is payable on the Treasury Indexed Bond.

$K_t$  and  $K_{t-1}$  are rounded to two decimal places.

$\rho$  = half the semi-annual change in the CPI ending in the quarter which is two quarters prior to that in which the next Coupon Interest Payment falls (for example, if the next interest payment is in November,  $\rho$  is based on the movement in the CPI over the two quarters ended in the June quarter preceding).

$$\rho = \frac{100}{2} \left[ \frac{CPI_t}{CPI_{t-2}} - 1 \right] \text{ rounded to two decimal places, where}$$

$CPI_t$  is the CPI for the second quarter of the relevant two quarter period, and

$CPI_{t-2}$  is the CPI for the quarter immediately prior to the relevant two quarter period.

Example: With the level of the CPI at the beginning and end of the relevant two quarter period 110 and 112 respectively (average quarterly change 0.91%) and a fixed annual Coupon Interest Rate of 4.00%, the next Coupon Interest Payment would be calculated as follows:

$$1.00 \times \frac{100.91}{100} = \$1.01 \quad \text{where: } 100.91 = K_t = 100 \left[ 1 + \frac{0.91}{100} \right]$$

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

Coupon Interest  
Payments

(continued)

|  |  |
|--|--|
| <p>Coupon Interest Payments<br/>(continued)</p>                    | <p>If the average percentage change in the CPI for any relevant two quarter period is negative, the Nominal Value of the principal will be adjusted downwards and the Coupon Interest Payment will be paid on this reduced amount. However, no quarterly Coupon Interest Payment will be based on a capital value of less than \$100. If the Nominal Value falls below \$100, the Coupon Interest Payment will be made on \$100, i.e. an amount of</p> $g \times \left[ \frac{100}{100} \right] = g.$ <p>If the Nominal Value of the principal does fall below \$100 and coupon/s are calculated as above, succeeding Coupon Interest Payments and/or the maturity payment will be reduced by the difference between the Coupon Interest Payment amount which was paid (i.e. <math>g</math>) and the payment which would otherwise have been made except for this provision</p> $\text{(i.e. } g \times \left[ \frac{K_t}{100} \right] \text{)}.$ <p>The first Coupon Interest Payment will be for a full quarterly period.</p> <p>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.</p> <p>Coupon Interest Payments will be rounded to the nearest cent (0.5 cent being rounded up).</p> |
| <p>Coupon Interest Entitlement and Ex-interest Settlement Date</p> | <p><i>eTIB</i> Holders registered at the Record Date (the close of business eight calendar days prior to the Coupon Interest Payment Date) will be entitled to the next Coupon Interest Payment. If this day is not a Business Day, the preceding Business Day is the Record Date.</p> <p>The ex-interest settlement period for <i>eTIBs</i> is the period after the Record Date up to and including the next Coupon Interest Payment Date. Transactions settled during the ex-interest settlement period are not entitled to the next Coupon Interest Payment.</p> <p><u>Example 1:</u> The 1.25% 21 February 2022 Treasury Indexed Bond makes a Coupon Interest Payment on Friday, 21 November 2014. The Record Date for this Coupon Interest Payment is Thursday, 13 November 2014.</p> <p><u>Example 2:</u> The 3.00% 20 September 2025 Treasury Indexed Bond makes a Coupon Interest Payment on Monday, 22 December 2014. The Record Date for this Coupon Interest Payment is Friday, 12 December 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).</p>  |
| <p>Repayment at Maturity</p>                                       | <p>Treasury Indexed Bonds are not repayable prior to their Maturity Date. In all cases, the final redemption value shall be no less than \$100 Face Value, irrespective of the movements in the CPI over the life of the bond.</p>   |



|                                |  |
|--------------------------------|--|
| Title and Transfer             | Subject to the ASX Settlement Operating Rules. All transfers including off-market transfers must be processed through an ASX Settlement Participant.   |
| Fees                           | Coupon Interest Payments and repayments at maturity will be made free of any fees, charges, deductions or levy of the Australian Government, except to the extent required by law.   |
| Stamp Duty                     | Transfers of <i>eTIBs</i> through CHESS will be free of stamp duty imposed by the Commonwealth and the Australian States and Territories.  |
| Taxation                       | <p>Assessable income derived by way of interest or capital gain in connection with <i>eTIBs</i> will be liable to tax according to the provisions of the laws of the Commonwealth and the Australian States.</p> <p>The actual taxation consequences of acquiring, holding and disposing of <i>eTIBs</i> will vary depending on the particular circumstances of the holder. Therefore a prospective holder of <i>eTIBs</i> is encouraged to consult a professional tax adviser in relation to their specific circumstances.</p> <p><i>eTIB</i> Holders are not required to advise the Registrar of their Tax File Number (TFN) or ABN. However, if the holder does not provide a TFN or ABN and does not claim an exemption from providing a TFN or ABN, the Registrar is required by law to withhold an amount from Coupon Interest Payments equal to the top marginal rate of income tax plus the Medicare levy.</p> <p>Coupon Interest Payments on <i>eTIBs</i> are eligible for exemption from non-resident interest withholding tax provided the Treasury Indexed Bonds over which the <i>eTIBs</i> have been issued satisfy the 'public offer test' under section 128F of the <i>Income Tax Assessment Act 1936</i>. Unless otherwise announced at the time of issue, the Commonwealth will seek to issue Treasury Indexed Bonds in a manner that satisfies the 'public offer test'.</p> |
| Conversion and Exchange Change | <p>Only designated market makers appointed by the ASX, or the Australian Government may apply for Treasury Indexed Bonds lodged in the Austraclear System to be converted to <i>eTIBs</i> and for <i>eTIBs</i> to be converted to Treasury Indexed Bonds in the Austraclear System.</p> <p>The Australian Government may at any time:</p> <ol style="list-style-type: none"> <li>a. convert holdings of <i>eTIBs</i> to the underlying Treasury Indexed Bonds directly registered in the Commonwealth Stock Register and make any arrangements it considers appropriate to make or allow that conversion to occur (Conversion); and</li> <li>b. make arrangements to allow for interests in Treasury Indexed Bonds equivalent to <i>eTIBs</i> to be traded on an exchange other than ASX in addition to or in place of ASX (Exchange Change).</li> </ol> <p>A Conversion or Exchange Change will take place on a date set by the Australian Government. The date will be at least three months after notice of the Conversion or Exchange Change is sent to <i>eTIB</i> Holders.</p>   |

|  |  |
|--|--|
| <p>Conversion and Exchange Change<br/><i>(continued)</i></p> | <p>Each <i>eTIB</i> Holder, for valuable consideration, irrevocably appoints each of AOFM and its officers (each an Authorised Person) severally to be the attorney of the <i>eTIB</i> Holder and the agent of the <i>eTIB</i> Holder with power in the name and on behalf of the <i>eTIB</i> Holder to sign all documents and transfers, give all instructions to any person and do any other thing as may in the Authorised Person's opinion be necessary or desirable to be done in order to effect a Conversion or Exchange Change, and may delegate its power and authority to any other person appointed by it in writing.</p>   |
| <p>Early repayment and purchase by Australian Government</p> | <p>The Australian Government does not have the right to repay <i>eTIBs</i> or Treasury Indexed Bonds over which <i>eTIBs</i> have been issued before the Maturity Date of the Treasury Indexed Bonds. However, the Australian Government may at any time offer to purchase <i>eTIBs</i> from holders. Any <i>eTIBs</i> purchased by the Australian Government may be held, resold or cancelled.</p>  |
| <p>Payments</p>  | <p>Coupon Interest Payments and repayment of the Nominal Value at maturity in respect of Treasury Indexed Bonds the subject of <i>eTIBs</i> will be made by or on behalf of the Australian Government to <i>eTIB</i> Holders.</p> <p>The Australian Government's preferred method of payment to all investors is by direct credit into an Australian dollar bank account with a financial institution in Australia. Australian, United States, Great Britain, New Zealand and Canadian resident investors must nominate a valid Australian bank account, otherwise payments will be withheld until such time as a valid account is provided. Payments to investors that reside outside the above-mentioned jurisdictions will be made by paper cheque where a valid account has not been provided. Investors are required to supply their payment instructions no later than the Record Date in order to receive their payment.</p> <p>If any date for payment is not a Business Day, payment will be postponed to the first following Business Day. No additional interest is payable in respect of any delay in payment.</p> |
| <p>Governing law</p>   | <p><i>eTIBs</i> are subject to the law in force in New South Wales. Treasury Indexed Bonds over which <i>eTIBs</i> have been issued are subject to the law in force in the Australian Capital Territory.</p>   |
| <p>Modifications and notices</p>                             | <p>The terms of <i>eTIBs</i> and the underlying Treasury Indexed Bonds may be modified without the consent of <i>eTIB</i> Holders as described in section 4.</p> <p>Notices by the Australian Government in respect of <i>eTIBs</i> may be given by being sent in the post, published in a newspaper or by such other means as the Australian Government decides.</p>  |

## SECTION 4

# IMPORTANT NOTICES

## Investor Information Statement

This document is an information statement for the purposes of Division 5C of Part 7.9 of the *Corporations Act 2001*.

A financial adviser or other regulated person (as defined in section 1011B of the *Corporations Act 2001*) who provides financial product advice (as that term is defined in the *Corporations Act 2001*) that consists of, or includes, a recommendation that a person (the client) acquire an *eTIB* must provide a copy of the current information statement for that *eTIB* and the Term Sheet for the relevant Treasury Indexed Bond to the client before, or at the time of giving the advice. The current version of this document and Term Sheets for Treasury Indexed Bonds can be obtained at [www.australiangovernmentbonds.gov.au](http://www.australiangovernmentbonds.gov.au).

## Currency of information

The information in this Investor Information Statement is correct as at the date of the cover page. The distribution of this Investor Information Statement or any offer or issue of *eTIBs* after that date does not imply that there has been no change since that date in the affairs or financial conditions of the Australian Government or any other person or entity or that the information is correct any time after that date.

## Privacy

The Australian Office of Financial Management and the Registrar collect and hold personal information about *eTIB* Holders for the purposes of administering *eTIBs*. Holders may request access to any personal information held about them by contacting the Registrar and may also request correction of any personal information held about them.

## Use of Investor Information Statement

This Investor Information Statement is intended for use only in connection with the offer of *eTIBs* in Australia and must not be sent to any person outside Australia in any jurisdiction in circumstances in which the offer of *eTIBs* or use of this Investor Information Statement would be unlawful.

## Modification of Investor Information Statement

The Australian Government may without the consent of *eTIB* Holders or holders of the underlying Treasury Indexed Bonds modify any of the conditions or provisions of the Investor Information Statement or Information Memorandum in respect of the underlying Treasury Indexed Bonds 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 Australian Government materially prejudicial to the interests of *eTIB* Holders or holders of the underlying Treasury Indexed Bonds.

---

## Authorised material

Only information in this Investor Information Statement or as otherwise authorised in writing by the Australian Government may be relied on as having been authorised by or on behalf of the Australian Government.

## No investment advice

This Investor Information Statement does not provide financial product or investment advice and does not take into account any particular needs of an individual investor. A prospective investor in *eTIBs* should read all the information in this Investor Information Statement carefully and consider the risks that could affect the performance of *eTIBs* before deciding whether to invest in *eTIBs*.

*eTIBs* are a type of fixed income product and a prospective investor who does not understand the concepts and risks discussed in this Investor Information Statement should consult a licensed financial adviser or other professional adviser.

## Defined words and expressions

Some words and expressions in this Investor Information Statement are capitalised as they have defined meanings. The glossary on pages 18 and 19 of this Investor Information Statement contains the definitions of capitalised words and expressions.

---

# GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

“**ABN**” means Australian Business Number.

“**ABS**” means Australian Bureau of Statistics.

“**ASX**” means ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.

“**ASX Settlement**” means ASX Settlement Pty Limited (ABN 49 008 504 532).

“**ASX Settlement Operating Rules**” means the operating rules of ASX Settlement.

“**Austraclear System**” means the system for the clearance and settlement of debt securities operated by Austraclear Limited (an ASX subsidiary).

“**Australian Government Bonds Website**” means the website located at [www.australiangovernmentbonds.gov.au](http://www.australiangovernmentbonds.gov.au).

“**Australian Office of Financial Management (or AOFM)**” means the Australian Government agency with responsibility for management and administration of Australian Government debt.

“**Business Day**” means a day not being a Saturday or Sunday on which banks are open for general banking business in Sydney.

“**CHESS**” means the Clearing House Electronic Subregister System operated by ASX Settlement and another ASX subsidiary.

“**CDI**” means a CHESS Depository Interest issued under the ASX Settlement Rules.

“**Commonwealth**” means Commonwealth of Australia.

“**Coupon Interest Payments**” means, for Treasury Indexed Bonds, the payments paid or due to be paid on the Coupon Interest Payment Date.

“**Coupon Interest Payment Date**” means a date, as specified on the Australian Government Bonds Website, on which a Coupon Interest Payment is due to be made in respect of a specific series of Treasury Indexed Bonds and includes the Maturity Date.

“**Coupon Interest Rate**” means the interest rate (expressed as a percentage per annum), as specified on the Australian Government Bonds Website, payable in respect of a specific series of Treasury Indexed Bonds.

“**Depository Nominee**” means the entity appointed under the ASX Settlement Operating Rules to hold beneficial title to Treasury Indexed Bonds that are, or are to be, held in the form of *eTIBs*. CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) has been appointed the Depository Nominee for *eTIBs*.

“**Dollars**” and “**\$**” means the lawful currency of Australia.

---

**“eTIB”** means *Exchange-traded Treasury Indexed Bond* or a CDI issued over Treasury Indexed Bonds.

**“eTIB Holder”** means in respect of any *eTIB*, the person whose name from time to time is entered into the Register as the holder of that *eTIB*.

**“Face Value”** means the principal, capital value or par value of a Treasury Indexed Bond, unadjusted for changes in the CPI.

**“Maturity Date”** means the date on which a Treasury Indexed Bond is to be repaid.

**“Nominal Value”** means the CPI-adjusted capital value of a Treasury Indexed Bond on which Coupon Interest Payments are calculated.

**“Record Date”** means the 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”** means the *eTIB* registry and “registered” has a corresponding meaning.

**“Registrar”** means Computershare Investor Services Pty Limited (ACN 078 279 277) or such other person appointed by the Commonwealth to maintain a register in respect of *eTIBs* and perform such payment and other duties specified in that agreement.

**“Term Sheet”** means an information statement, which can be obtained at the Australian Government Bonds Website, which contains details of the Coupon Interest Rate, Coupon Interest Payment Dates, Maturity Date and other information for a specific series of Treasury Indexed Bonds.







