

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

## AGRICULTURAL COMMODITY SWAPS

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This Supplementary Product Disclosure Statement (SPDS) is dated 1 October 2021 and supplements the Agricultural Commodity Swaps Product Disclosure Statement dated 28 February 2011 (PDS). This SPDS is to be read together with the PDS and any other SPDS issued for the product the subject of the PDS.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, a company incorporated in Australia,

Australian Financial Services Licence 234527 is the issuer of this SPDS.

This SPDS updates complaints section 11.2.

### 11.2 Complaints

#### Who to contact if you have a complaint

If you would like to make a complaint or provide feedback, you can talk to staff at your local ANZ Branch or Business Centre or call our Contact Centre. We will do our best to help resolve any issue you may have.

Phone: Contact Centre 13 13 14

In Person: use 'Find ANZ' on anz.com to find your nearest Branch or Business Centre

If you are not satisfied with our response to your complaint, or do not want to talk to the customer service team, you can contact our Complaint Resolution Centre. Our specialists will work with you to resolve your complaint quickly and amicably.

Phone: 1800 805 154 (8am – 7pm AEST/AEDT weekdays excluding national public holidays)  
Email: [yourfeedback@anz.com](mailto:yourfeedback@anz.com)

Fax: 1800 269 030

Online: Visit [anz.com](http://anz.com)  
Select 'Complaints and compliments' under 'Find out more'  
Select 'Lodge your feedback online'

Mail: ANZ Complaint Resolution Centre  
Locked Bag 4050, South Melbourne, VIC 3205

If you are not satisfied with the resolution of your complaint offered by ANZ Complaint Resolution Centre you can have your complaint reviewed by the Australian Financial Complaints Authority (AFCA). AFCA is external to ANZ and offers free, fair, independent and accessible financial services dispute resolution. You can contact AFCA on:

Phone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Website: [www.afca.org.au](http://www.afca.org.au)

Mail: Australian Financial Complaints Authority  
GPO Box 3, Melbourne, VIC 3001

Time limits may apply to complain to AFCA. Please act promptly and consult the AFCA website to find out if or when the time limit relevant to your circumstance expires.

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

15 NOVEMBER 2018

This Supplementary Product Disclosure Statement (SPDS) is dated 15 November 2018 and supplements the Agricultural Commodity Swaps Product Disclosure Statement dated 28 February 2011 (PDS). This SPDS is to be read together with the PDS and any other SPDS issued for the product the subject of the PDS.

Australia and New Zealand Banking Group Limited  
ABN 11 005 357 522, Australian Financial Services Licence  
234527 is the issuer of this SPDS.

This SPDS updates complaints section 11.2 and the contact directory in section 13.

## 11.2 What if you have a complaint?

If you have a complaint about any of our products or services, ANZ has established complaint resolution procedures that aim to deal with and resolve your complaint within 10 working days.

For the fastest possible resolution to your complaint:

- Call ANZ on 1800 805 154
- Talk to staff at your local ANZ branch or business centre
- Talk to your ANZ contact or sent a letter to ANZ Customer Response Centre via

Mail: Locked Bag 4050, South Melbourne Victoria 3205

Email: [YourFeedback@anz.com](mailto:YourFeedback@anz.com)

Online: Visit [anz.com](http://anz.com)

Select 'Complaints and compliments' under 'Find out about'

Select 'Lodge an online compliment, suggestion or complaint'

If you are not satisfied with the resolution offered by our Complaint Resolution Centre, you can have your complaint reviewed by ANZ's Customer Advocate who provides a free, independent review of your complaint.

If you are not satisfied with the resolution offered by our Complaint Resolution Centre, you can have your complaint reviewed free of charge by:

ANZ's Customer Advocate, or

An external dispute resolution scheme.

## ANZ Customer Advocate

ANZ's Customer Advocate provides an impartial review to help you reach an outcome that is fair to both you and ANZ.

Call: +61 3 8654 1000

Mail: ANZ Customer Advocate,  
Level 6/833 Collins Street, Docklands VIC 3008

Email: [customeradvocate@anz.com](mailto:customeradvocate@anz.com)

## Financial Services Dispute Resolution Schemes

If you are not satisfied with the steps taken by ANZ to resolve the complaint, or with the result of the ANZ's investigation, you may wish to contact the Australian Financial Complaints Authority (AFCA).

AFCA is the new external dispute resolution scheme for the financial services industry. From 1 November 2018, AFCA replaces the Financial Ombudsman Service (FOS), Credit and Investments Ombudsman (CIO) and the Superannuation Complaints Tribunal (SCT). ANZ is a member of AFCA.

You can contact AFCA through:

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

## Australian Securities and Investments Commission

The Australian Securities and Investments Commission's (ASIC) website also contains information relevant to complaining about companies and people and describes the types of complaints handled by ASIC.

To obtain further information, contact the ASIC info line:

Phone: 1300 300 630

Fax: +61 3 5177 3999

Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)

Online: [www.asic.gov.au](http://www.asic.gov.au)

## 13. DIRECTORY

### New South Wales

Level 6, 242 Pitt Street  
Sydney NSW 2000  
02 8037 0400

### Victoria

833 Collins Street  
(Core C – Level 2)  
Docklands VIC 3000  
03 9095 0005

### Queensland

Level 19, 111 Eagle Street  
Brisbane QLD 4000  
07 3947 5020

### South Australia

Level 21, 11 Waymouth Street  
Adelaide SA 5000  
08 7088 9194

### Western Australia

Level 6, 77 St Georges Terrace  
Perth WA 6000  
08 6298 2860

Amend the definitions in Section 12 of the PDS as follows:

*ANZ contact* is your ANZ relationship manager or your ANZ markets specialist.

*ANZ markets specialist* is an ANZ employee who is responsible for the structuring, pricing and distribution of financial products provided by ANZ's Markets division. Commodity swaps are transacted with an ANZ markets specialist\*.

# Product Disclosure Statement Update

## Agricultural Commodity Swaps

16 February 2018

This statement (**Statement**) is dated 16 February 2018 and supplements the Agricultural Commodity Swaps Product Disclosure Statement dated 28 February 2011 (**PDS**). This Statement is to be read together with the PDS and any other SPDSs issued for the product the subject of the PDS.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of this Statement.

The purpose of this Statement is to update the Financial Ombudsman's Service telephone number, and privacy and disclosure related sections in the PDS.

### A. New Financial Ombudsman's Service Telephone Number

Replace the Financial Ombudsman's Service Limited's telephone number in Section 11.2 (What if you have a complaint?) with: 1800 367 287.

### B. Replace Section 11.3 (Privacy and confidentiality) of the PDS with the below:

## 11.3 PRIVACY AND DISCLOSURE OF INFORMATION

### 11.3.1 General

This clause 11.3 (Privacy and Disclosure of Information) applies to you if you are:

- > an individual customer of ANZ ("customer"); or
- > a representative of a *customer* or an incorporated customer (for example, a company director, officer, employee, authorised representative or signatory) or some other kind of third party individual relevant to that customer (for example, an agent, guarantor or advisor) (each a "third party").

Sub-clauses 11.3.3 (Disclosure of information) and 11.3.4 (Information about others) also apply to you if you are an incorporated customer of ANZ.

### 11.3.2 Privacy

When you deal with ANZ, ANZ is likely to collect, use and disclose some of your *personal information*. ANZ explains below when and how ANZ may collect, use and disclose your *personal information*.

#### Collection and use of your personal information by ANZ

If you are considering acquiring, or have acquired a product or service from ANZ, or you are a *third party*, ANZ may collect and use your *personal information*:

- > to provide you with information about a product or service;
- > to consider and process your request for a product or service;
- > to provide a product or service to you;
- > to tell you about other products or services;
- > to assist in arrangements with other organizations in relation to the promotion and provision of a product or service;
- > to manage products and services and

perform administrative and operational tasks;

- > to consider any concerns or complaints raised by you against ANZ and/or to manage any legal action involving ANZ;
- > to identify, prevent or investigate any actual or suspected fraud, unlawful activity or misconduct;
- > to identify you or establish your tax status under any Australian or foreign legislation, regulation or treaty or pursuant to an agreement with any tax authority; and
- > as required by relevant laws, regulations, codes of practice and external payment systems.

#### Absence of relevant personal information

If you do not provide some or all of the *personal information* requested, ANZ may be unable to provide you or a customer with a product or service.

#### ANZ's Privacy Policy

ANZ's Privacy Policy (available at [anz.com/privacy](http://anz.com/privacy)) contains information about:

- > any laws that require or authorise ANZ to collect certain *personal information* and why those laws require ANZ to such *personal information*;
- > the circumstances in which ANZ may collect *personal information* from other sources (including from a third party); and
- > how an individual may:
  - access their *personal information* and seek correction of their *personal information*;
  - instruct ANZ that the individual does not want to receive information about other products and services; and
  - raise concerns that ANZ may have breached the *Privacy Act 1988 (Cth)* or related code, and how ANZ will deal with these matters.

### 11.3.3 Disclosure of information

By entering into a *flexible forward* or by acquiring or continuing to hold the product or service from ANZ, or if otherwise providing information to ANZ, you agree that ANZ may disclose your information (including *personal information* and information relating to a *flexible forward* or any associated transactions, products or services) to:

- > any related entity of ANZ which may use the information to: (a) carry out ANZ's functions and activities; (b) promote its own transactions, products and services, unless you advise otherwise; (c) assess your application for transactions, products or services; (d) manage your transaction, product or service; (e) perform administrative and operational tasks (including debt recovery); or (f) comply with laws, regulatory requirements and prudential standards;
- > an organisation that is in an arrangement with ANZ to jointly offer products or services and/or has an alliance with ANZ to share information for marketing purposes (and any of its outsourced service providers or agents);
- > any agent, contractor or service provider ANZ engages to carry out or assist its functions and activities;
- > an organisation that assists ANZ to identify, prevent or investigate fraud, unlawful activity or misconduct;
- > regulatory bodies, government agencies, law enforcement bodies and courts;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions;
- > other credit providers;
- > insurers (including mortgage insurers) and reinsurers;

- > any person who introduces you to ANZ;
- > your referees(s), employer or representative (including any authorised agent, executor, administrator or trustee in bankruptcy, legal representative or anyone else acting for you in connection with your product or service);
- > joint account holders;
- > any provider of a guarantee, security or other credit support for your obligations to ANZ;
- > other parties ANZ is authorised or required by law or court/tribunal order to disclose information to;
- > any professional advisors of ANZ who are under a duty of confidentiality to keep such information confidential; and
- > any credit reporting bodies (for more information about credit reporting in relation to personal information, including the name and contact details of credit reporting bodies and the circumstances in which ANZ may disclose *personal information* to them, refer to [anz.com/privacy](http://anz.com/privacy)).

In making the disclosures described above, ANZ may disclose information to recipients (including service providers and related entities of ANZ) (a) located outside Australia and/or (b) not established in or not carrying on business in Australia.

Details regarding the location of such recipients may be found at [anz.com/privacy](http://anz.com/privacy).

### 11.3.4 Information about others

If you give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, you must show that person a copy of this clause 11.3 (Privacy and Disclosure of Information) so that they understand the manner in which their *personal information* may be used or disclosed.

**Amend the definitions in Section 12 of the PDS as follows:**

- > delete the definition of ***confidential information***
- > replace the definition of ***personal information*** with the following:

***personal information*** means information or an opinion about an identified individual, or an individual who is reasonably identifiable.

AGRICULTURAL  
COMMODITY SWAPS  
PRODUCT DISCLOSURE STATEMENT

# IMPORTANT INFORMATION

## ISSUER

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of the *commodity swaps* offered in this Product Disclosure Statement (PDS) dated 28 February 2011.

References to “ANZ”, “us”, “our” or “we” throughout this PDS are references to Australia and New Zealand Banking Group Limited. References to “you” or “your” throughout this PDS means the person entering into a *commodity swap*.

## PURPOSE OF THIS PDS

This PDS is an important document. Its purpose is to provide you with key information about *commodity swaps*.

ANZ is providing you with this PDS so that you receive key information about *commodity swaps* to help you understand their risks, benefits and costs, and to assist you in making an informed decision about entering into *commodity swaps*.

*Commodity swaps* are sophisticated financial products. These products may be unsuitable for you if you are unfamiliar with financial markets and the way that these types of products work.

Please read this PDS in full before deciding to enter into a *commodity swap*. If you decide to enter into a *commodity swap*, you should keep this and any other documentation relating to the *commodity swap* for future reference.

## GENERAL INFORMATION ONLY

The information in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. This PDS does not constitute advice and is not a recommendation or opinion that *commodity swaps* are appropriate for you.

Before entering into a *commodity swap*, you should give consideration to your objectives, financial situation and needs, and be satisfied that they will be met if you enter into a *commodity swap*. We recommend that you consult your independent professional adviser about the suitability of *commodity swaps* for you.

## AUSTRALIAN DISTRIBUTION ONLY

The *commodity swaps* to which this PDS relates are available to persons receiving the PDS (electronically or otherwise) in Australia, who are Australian residents.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore, persons into whose possession those documents come should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate these laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

## UPDATED INFORMATION

The information in this PDS is subject to change. Where new information arises that is materially adverse to the information in this PDS, ANZ will issue a new PDS or issue a supplementary PDS setting out the new information.

Where new information arises that is not materially adverse to the information in this PDS, you will be able to find the updated information on our website [anz.com](http://anz.com) or you can contact us using the details in the directory in Section 13 or call your ANZ contact. A paper copy of the updated information is available free on request.

## EXAMPLES IN THIS PDS

The examples are for illustrative purposes only. You should note that the actual rates and prices will vary depending on the terms of the *commodity swap* and the factors listed in Section 3.1 of this PDS.

## DEFINITIONS

To assist you in understanding this PDS, we have included definitions in Section 12. The meaning of some italicised words used in this PDS are set out in that section.

## CONTACT ANZ

If there is anything in this PDS that you do not understand or if you have any questions you can contact us using the details in the directory in Section 13 or call your ANZ contact. You can also go to our website at [anz.com](http://anz.com).



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## 1. KEY FEATURES

TOPIC	HIGHLIGHTS	MORE INFORMATION																				
<b>WHO IS THE ISSUER?</b>	Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527	Section 9																				
<b>WHAT ARE WE OFFERING?</b>	A <i>commodity swap</i> is an agreement between you and ANZ to swap a <i>floating price</i> for an agreed <i>fixed price</i> for a notional amount of an underlying commodity on an agreed future date	Section 2																				
<b>WHAT ARE THE SIGNIFICANT BENEFITS?</b>	Entering into a <i>commodity swap</i> provides protection against adverse <i>commodity price</i> movements.	Section 4																				
<b>WHAT ARE THE SIGNIFICANT DISADVANTAGES AND RISKS?</b>	<ul style="list-style-type: none"> <li>&gt; Entering into a <i>commodity swap</i> fixes the <i>fixed price</i> and you are unable to benefit from any favourable <i>commodity reference price</i> movements.</li> <li>&gt; A <i>commodity swap</i> may not eliminate basis risk</li> <li>&gt; Other risks are explained in Section 5, including market risk, credit risk and operational risk.</li> </ul>	Sections 4 and 5																				
<b>WHAT IS THE TERM?</b>	3 <i>business days</i> to 2 years. Longer <i>terms</i> may be available on request.	Section 2																				
<b>WHAT COMMODITIES ARE AVAILABLE AND WHAT ARE THE MINIMUM TRANSACTION AMOUNTS?</b>	<table border="1"> <thead> <tr> <th>Commodity</th> <th>Minimum transaction amount</th> </tr> </thead> <tbody> <tr> <td>Domestic Wheat</td> <td>20 metric tonnes</td> </tr> <tr> <td>Global Wheat</td> <td>136 metric tonnes</td> </tr> <tr> <td>Cotton</td> <td>100 bales</td> </tr> <tr> <td>Sugar</td> <td>50.8 metric tonnes</td> </tr> <tr> <td>Canola</td> <td>20 metric tonnes</td> </tr> <tr> <td>Corn</td> <td>127 metric tonnes</td> </tr> <tr> <td>Soybeans</td> <td>136 metric tonnes</td> </tr> <tr> <td>Soybean meal</td> <td>90.7 metric tonnes</td> </tr> <tr> <td>Soybean oil</td> <td>30 metric tonnes.</td> </tr> </tbody> </table>	Commodity	Minimum transaction amount	Domestic Wheat	20 metric tonnes	Global Wheat	136 metric tonnes	Cotton	100 bales	Sugar	50.8 metric tonnes	Canola	20 metric tonnes	Corn	127 metric tonnes	Soybeans	136 metric tonnes	Soybean meal	90.7 metric tonnes	Soybean oil	30 metric tonnes.	Section 2
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Soybean oil	30 metric tonnes.																					
<b>WHAT IS THE CURRENCY?</b>	<i>Commodity swaps</i> are offered in either Australian Dollars ( <b>AUD</b> ) or US Dollars ( <b>USD</b> ), except for canola which is offered in either AUD or Canadian Dollars ( <b>CAD</b> )	Section 3.2																				
<b>WHAT DO I HAVE TO PAY?</b>	The <i>fixed price</i> quoted to you includes a “margin” added by ANZ. You may also be required to pay the <i>cash settlement amount</i> on the <i>settlement date</i> .	Section 6																				
<b>HOW IS IT SETTLED?</b>	<i>Commodity swaps</i> are settled on the agreed <i>settlement date</i> . On the <i>settlement date</i> the <i>cash settlement amount</i> is exchanged. No physical delivery of the underlying commodity is permitted.	Section 3.3																				
<b>CAN I EXTEND THE TERM?</b>	Variation to the agreed <i>term</i> and <i>commodity pricing date</i> is not permitted.	Section 3.4																				
<b>CAN I TERMINATE EARLY?</b>	If we agree, you can terminate early but an amount may be payable by or to you depending on the value of the transaction upon termination.  You may also be liable for any losses and costs ANZ may incur as a result of termination.	Section 3.5																				
<b>HOW DO I ENTER INTO A COMMODITY SWAP?</b>	Entry into a <i>commodity swap</i> is subject to ANZ’s credit approval.  If you want to enter into a <i>commodity swap</i> , you will need to tell ANZ the commodity, the <i>transaction amount</i> , the currency, the <i>term</i> and whether you will be the <i>buyer</i> or <i>seller</i> of a <i>commodity swap</i> .  Please contact us for a <i>commodity swap</i> .	Section 8																				
<b>TAX</b>	The tax consequences of investing in a <i>commodity swap</i> will depend upon your specific circumstances. You should seek your own independent tax advice before you enter into a <i>commodity swap</i> .	Section 10																				
<b>COMPLAINTS</b>	Complaint resolution procedures are provided.	Section 11.2																				
<b>NO COOLING OFF</b>	There is no cooling off period once you have entered into a <i>commodity swap</i> .	Section 5																				

## 2. WHAT IS A COMMODITY SWAP?

A *commodity swap* is an agreement between you and ANZ to swap a *floating price* for an agreed *fixed price* for a notional amount of an underlying commodity on an agreed future date.

The *fixed price* is agreed at the time the *commodity swap* is entered into and the *floating price* is determined at the agreed future date, which is called the *commodity pricing date*.

A *commodity swap* allows you to lock in a known price for a commodity in advance of a future sale or purchase of the physical commodity.

If you want to enter into a *commodity swap*, you will need to tell ANZ the commodity, the *transaction amount*, the currency, the *term* and whether you will be the *fixed price payer* or the *floating price payer*. ANZ will then quote you the applicable *fixed price*.

The table below describes the role of the *fixed price payer* and the *floating price payer* to help you to understand whether you are the *fixed price payer* or the *floating price payer*. Please also see the examples in Section 7.

On the *settlement date* the *cash settlement amount* is exchanged, which is the difference between the *fixed price* and the *floating price* on the *commodity pricing date*. Only one party makes a payment on the *settlement date*. See Section 3.3 for further information on settlement of *commodity swaps*.

### WHAT IS THE TERM?

The *term* of the *commodity swap* is the time between the *trade date*, which is the date on which you enter into a *commodity swap*, and the *commodity pricing date*. The *term* of a *commodity swap* may be between 3 *business days* to 2 years after the *trade date*. Longer *terms* may be available on request.

### WHAT ARE COMMODITY SWAPS USED FOR?

*Commodity swaps* are used by participants in physical commodity markets, such as producers and consumers, to reduce or *hedge* exposure to adverse *commodity price* movements over periods of time by locking in a known price in advance of a future sale or purchase of the underlying commodity. By locking in a known price in advance, exposure to movements of the *commodity price* is reduced during the *term* of the *commodity swap*.

*Commodity swaps* may be useful for:

- > a producer of agricultural commodities, such as a wheat grower;
- > consumers of agricultural commodities, such as a wheat miller; and
- > other clients who have exposure to *commodity price* movements.

For example:

- > a grower may use a *commodity swap* to *hedge* the wheat price from the point of sowing a wheat crop until delivery into a pool or sale to a merchant in order to protect against falling wheat prices ahead of delivery/sale; and
- > a miller may use a *commodity swap* to *hedge* the wheat price over the period during which it accumulates wheat for making flour to protect against rising wheat prices ahead of milling.

TERM	DESCRIPTION	PRICE PAID	EXAMPLE
<b>FIXED PRICE PAYER</b>	<i>Buyer of commodity swap</i>	Pays the <i>fixed price</i>	Buyer of a commodity seeking protection against a rise in a <i>commodity price</i> at the <i>commodity pricing date</i> , eg a wheat miller or a feedlot
<b>FLOATING PRICE PAYER</b>	<i>Seller of commodity swap</i>	Pays the <i>floating price</i>	Seller of a commodity seeking protection against a fall in the <i>commodity price</i> at the <i>commodity pricing date</i> eg a wheat grower

## WHAT ARE THE MINIMUM TRANSACTION AMOUNTS?

The minimum *transaction amounts* for *commodity swaps* are as follows:

COMMODITY	MINIMUM TRANSACTION AMOUNT		CONVERSION FACTOR*
Domestic Wheat	20 metric tonnes	20 metric tonnes	N/A
Global Wheat	5,000 bushels	136 metric tonnes	36.74371 bu: 1 mt
Cotton	50,000 lbs	100 bales	500: 1 bale
Sugar	112,000 lbs	50.8 metric tonnes	2204.622: 1 mt
Canola	20 metric tonnes	20 metric tonnes	1: 1 mt
Corn	5,000 bushels	127 metric tonnes	39.36825: 1 mt
Soybean Meal	100 short tons	90.7 metric tonnes	1.102311: 1 mt
Soybean Oil	60,000 lbs	30 metric tonnes	2204.622: 1 mt
Soybeans	5,000 bushels	136 metric tonnes	36.74371: 1 mt

\* In order to convert to metric tonnes/bales, the minimum *transaction amount* is divided by the conversion factor

## 3. HOW DOES A COMMODITY SWAP WORK?

### 3.1 HOW ARE THE FIXED AND FLOATING PRICES DETERMINED?

#### FIXED PRICE

The *fixed price* is determined by ANZ at the outset of the *commodity swap* and it is the price quoted to you.

ANZ determines the *fixed price* with reference to a number of factors, including:

- > current *commodity reference price*;
- > currency the *commodity swap* is dealt in;
- > *term* of the *commodity swap*;
- > *transaction amount* of the commodity;
- > volatility of the commodity;
- > current interest rates;
- > ANZ's internal fixed and variable costs; and
- > ANZ's risk/profit margin

The degree of influence that each factor has in the determination of the *fixed price* varies from time to time, in accordance with economic conditions, including the commodity futures market, currency and interest rate movements.

When quoting a *fixed price*, ANZ will base that *fixed price* on either the prevailing ANZ *bid price* or *offer price* depending on whether ANZ is the *fixed price payer (buyer)* or the *floating price payer (seller)* of the *commodity swap*.

Where ANZ is the *fixed price payer*, the *fixed price* quoted by ANZ will be based on ANZ's *bid price*. Where ANZ is the *floating price payer*, the *fixed price* quoted by ANZ will be based on ANZ's *offer price*.

#### FLOATING PRICE

The *floating price* is determined by ANZ on the *commodity pricing date*, which is the agreed date at the end of the *term*. It is determined with reference to an independent, published price, which is called the *commodity reference price*.

In a *commodity swap*, the *commodity reference price* is derived from the price of a *futures contract* for the underlying commodity on a particular *exchange*.

For example:

- > for wheat, the relevant *commodity reference price* will usually be based on the price of a wheat *futures contract* on either the Australian Securities Exchange, Chicago or Kansas Boards of Trade.
- > for cotton, the relevant *commodity reference price* will usually be based on the price of a cotton *futures contract* on the New York Board of Trade Cotton No 2.

For further details of the *exchanges* that ANZ currently uses for each commodity, and the currencies and units of measurement in which they are expressed, see the table at Appendix A.

### 3.2 WHAT ARE THE CURRENCY CONSIDERATIONS?

*Commodity reference prices* are quoted on the relevant exchange in either AUD, USD or CAD (depending on the commodity). If the *fixed price* of your *commodity swap* is in AUD, it is necessary to convert any USD or CAD *commodity reference price* to AUD for the purpose of determining the *cash settlement amount* payable on the *settlement date* using a *currency reference rate*.

The *currency reference rates* ANZ uses to make conversions to AUD and the *currency pricing dates* are:

CURRENCY CONVERTED	CURRENCY REFERENCE RATE	CURRENCY PRICING DATE
USD to AUD	AUD/USD Hedge Settlement Rate ( <b>HSRA</b> ) as published by Reuters	Taken on the <i>business day</i> immediately following the <i>commodity pricing date</i>
CAD to AUD	AUD/CAD rate as published by the Bank of Canada	Taken on the same day as the <i>commodity pricing date</i>

### 3.3 HOW ARE COMMODITY SWAPS SETTLED ON THE SETTLEMENT DATE?

In theory, a *commodity swap* is settled by the parties exchanging payments calculated with reference to the *fixed price* and the *floating price*.

In reality, a *commodity swap* is settled by the payment by one party of the *cash settlement amount*. The *cash settlement amount* is an amount based on the difference between the *fixed price* and the *floating price* and the *transaction amount* of the underlying commodity on the *commodity pricing date*.

The table below sets out who has the obligation to pay the *cash settlement amount* on the *settlement date* depending on:

- > the relative *fixed price* and *floating price* on the *commodity pricing date*; and
- > whether you are the *fixed price payer* or the *floating price payer*.

YOU ARE:	PRICING DIFFERENTIAL ON THE COMMODITY PRICING DATE	OBLIGATION TO PAY CASH SETTLEMENT AMOUNT
<b>FIXED PRICE PAYER/ BUYER</b>	<i>Fixed price</i> is greater than the <i>floating price</i>	You pay the <i>cash settlement amount</i> to ANZ
	<i>Fixed price</i> is less than the <i>floating price</i>	ANZ pays the <i>cash settlement amount</i> to you
	<i>Fixed price</i> is equal to the <i>floating price</i>	No payment is required
<b>FLOATING PRICE PAYER/ SELLER</b>	<i>Fixed price</i> is greater than the <i>floating price</i>	ANZ pays the <i>cash settlement amount</i> to you
	<i>Fixed price</i> is less than the <i>floating price</i>	You pay the <i>cash settlement amount</i> to ANZ
	<i>Fixed price</i> is equal to the <i>floating price</i>	No payment is required

Payment or settlement will usually occur 2 *business days* after the agreed *commodity pricing date*, unless otherwise agreed. This is called the *settlement date*. Only cash settlement is permitted, as ANZ does not accept physical delivery of any commodity.

### 3.4 CAN A COMMODITY SWAP BE EXTENDED?

After taking out a *commodity swap*, you may not vary the agreed *term* or *commodity pricing date*.

### 3.5 CAN A COMMODITY SWAP BE TERMINATED EARLY?

A *commodity swap* may be terminated at any time before the *commodity pricing date*, either:

- > by agreement between you and ANZ; or
- > in accordance with the *master dealing agreement*.

Where the *commodity swap* is terminated by agreement between you and ANZ, the amount payable on termination is as agreed.

Where the *commodity swap* is terminated in accordance with the *master dealing agreement*, the amount payable is determined in accordance with those terms.

Termination of a *commodity swap* involves ANZ either notionally buying or selling back the *commodity swap* from or to you. ANZ will notionally buy or sell back the *commodity swap* at a price it determines using the same methodology it uses for determining the *fixed price* as set out in Section 3.1 above and any costs applicable to the termination.

Specifically ANZ will quote a *bid price* or *offer price* as described in Section 3.1 for the early termination date.

The table below describes the requirements to effect early termination and which party has the obligation to make a payment depending on the price differential between the *fixed price* and the *offer price* or *bid price* (as applicable). All payments are made by way of cash settlement.

If early termination results in you having to pay an amount to ANZ, you must ensure that you have sufficient cleared funds to meet the payment.

### EXAMPLE: YOU WANT TO TERMINATE THE COMMODITY SWAP

You are the seller (*floating price payer*) of an existing wheat *commodity swap* with a *fixed price* of AUD 200.00/mt and a *transaction amount* of 250mt. You wish to cancel the *commodity swap*. As you are the *floating price payer*, to effect early termination you are required to notionally buy-back the *commodity swap*. Based on the current *commodity reference price* and other factors described in Section 3.1, ANZ quotes an *offer price* of AUD 220.00/mt.

Existing Sold Dec 10 CBOT wheat swap	AUD 200.00/mt
Buy-back of Dec 10 CBOT wheat swap	AUD 220.00/mt
Amount you must pay to ANZ	AUD 20.00/mt

As the *offer price* is higher than the *fixed price*, you need to make a payment by way of cash settlement to ANZ of AUD 20.00/mt and a total amount of AUD 5,000 (AUD 20.00/mt x 250mt).

YOU ARE:	HOW EARLY TERMINATION IS EFFECTED	PRICEDIFFERENTIAL ON THE EARLY TERMINATION DATE	OBLIGATION TO MAKE A PAYMENT
<b>FIXED PRICE PAYER/ BUYER</b>	You need to notionally sell-back the <i>commodity swap</i> at the <i>bid price</i> ANZ quotes	<i>Bid price</i> is higher than <i>fixed price</i>  <i>Bid price</i> is lower than <i>fixed price</i>	ANZ pays an amount based on the difference between the <i>bid price</i> and <i>fixed price</i> and the <i>transaction amount</i> to you  You pay an amount based on the difference between the <i>bid price</i> and <i>fixed price</i> and the <i>transaction amount</i> to ANZ
<b>FLOATING PRICE PAYER/ SELLER</b>	You need to notionally buy-back the <i>commodity swap</i> at the <i>offer price</i> ANZ quotes.	<i>Offer price</i> is higher than <i>fixed price</i>  <i>Offer price</i> is lower than <i>fixed price</i>	You pay an amount based on the difference between the <i>offer price</i> and <i>fixed price</i> and the <i>transaction amount</i> to ANZ  ANZ pays an amount based on the difference between the <i>offer price</i> and <i>fixed price</i> and the <i>transaction amount</i> to you

#### 4. WHAT ARE THE SIGNIFICANT BENEFITS AND DISADVANTAGES OF A COMMODITY SWAP?

##### WHAT ARE THE BENEFITS OF A COMMODITY SWAP?

The benefits of a *commodity swap* include:

- > protection against adverse *commodity price* movements;
- > the ability for you to receive or pay a *fixed price* for an agreed amount of a commodity on an agreed *settlement date*;
- > flexibility to set the agreed *transaction amount* and *term* to match the level of *commodity price* protection you require; and
- > ability to set the currency you require with ANZ.

A *commodity swap* is not traded on an authorised market or exchange. *Commodity swaps* are sometimes referred to as an over-the-counter, or OTC product, as the *commodity swap* is tailored to meet the specific requirements of the customer in respect of variables such as quantity of commodity and purchase/ sale cycles, subject to the minimum *transaction amounts* (see table in Section 2). In contrast, a *futures contract*, which is another commonly used *hedging* product traded on an *exchange* with standardised parameters, cannot be tailored. A *commodity swap* can offer flexibility to participants in agricultural markets that *hedging* through *futures contracts* may not provide.

##### WHAT ARE THE DISADVANTAGES OF A COMMODITY SWAP?

The disadvantages of a *commodity swap* include:

- > a *commodity swap* may not eliminate basis risk (as described in Section 5 below);
- > entering into a *commodity swap* locks in a *fixed price* but does not allow you to benefit from future favourable *commodity price* movements; and
- > there may be a cost if the *commodity swap* is terminated prior to the *settlement date*.

#### 5. WHAT ARE THE SIGNIFICANT RISKS OF A COMMODITY SWAP?

Risks arise out of factors that are beyond your control. From the time of entering a *commodity swap* with ANZ, risk factors may lead to unfavourable changes in the financial outcomes of the *commodity swap*.

Monitoring risks associated with a *commodity swap* is your responsibility.

Prior to entering into a *commodity swap*, you should carefully consider the following risk factors as well as the other information either contained in this PDS or of which you are otherwise aware and consider whether a *commodity swap* is suitable for you, given your individual objectives and circumstances. We recommend that you obtain independent advice on the suitability of a *commodity swap* for you.

##### BASIS RISK

Basis risk is the risk arising from entering into a *commodity swap* that is not identical with the risk being covered. The risk is a result of the difference between the price at which a commodity trades in a physical market and a *commodity reference price*.

A *commodity reference price* does not take into account the physical attributes of the commodity such as its grade/ standard or location. Therefore, a *commodity reference price* may trade higher or lower than the price of the commodity in the physical market.

Basis risk is always likely to exist when you enter a *commodity swap*. It is the risk that 100% correlation between a *commodity reference price* and the price of a commodity in the physical market will never occur. It is for this reason that a *commodity swap* can only reduce exposure to the *commodity price* in the physical market, and not eliminate it.



For example, the *commodity reference price* for a *commodity swap* in respect of wheat may be based upon a *commodity price* sourced from the futures market. However, the *commodity price* in the Australian domestic market is based upon the domestic Australian cash prices taking into account grade of the wheat, transportation costs and other factors.

It is in your interests to understand the relationship between the prices for physical commodities that are relevant to your business and the corresponding *commodity reference prices* used for *commodity swaps*.

## MARKET RISK

Markets can be volatile and are subject to a host of factors, including economic conditions, government regulations, legislation, market sentiment, local and international political events and environmental and technological issues.

As soon as you enter a *commodity swap* and for its duration, you are exposed to movement in the *commodity reference price*. Movement occurs because commodity markets are volatile and the *commodity reference price* can fluctuate rapidly over wide ranges and may reflect unforeseen events or changes in conditions. This is commonly described as market risk.

A market risk is the risk that you will be unable to participate in any favourable movements in the *commodity reference price* during the *term* of the *commodity swap*. This would occur if on the *commodity pricing date* or upon early termination:

- > the *commodity reference price* is greater than the *fixed price*, the *seller* of the *commodity swap* will incur a loss and will have to pay the difference to the *buyer*;
- > the *commodity reference price* is less than the *fixed price*, the *buyer* of the *commodity swap* will incur a loss and will have to pay the amount of the difference to the *seller*.

Movements in currency may also affect your market risk position. If you choose to enter into a *commodity swap* denominated in USD or CAD (depending on the commodity), and on the *settlement date* you convert your USD or CAD proceeds to AUD, you will be exposed to changes in the exchange rate between the AUD and the USD or CAD. These changes may result in losses to you. For further information about currency considerations, see section 3.2 above.

## CREDIT RISK

You are reliant on ANZ meeting its obligations to you under the *commodity swap*, such as making a payment on a *settlement date*. This reliance is an exposure known as credit risk or counterparty risk.

Any proceeds from the issue of *commodity swaps* are not set aside by ANZ to satisfy its obligations under a *commodity swap* and such obligations are unsecured obligations of ANZ and will rank equally with other unsecured obligations of ANZ. Unsecured obligations of ANZ rank behind obligations that are mandatorily preferred by law including the rights of deposit holders and are subject to insolvency, banking and similar laws affecting creditor's rights.

For further information on ANZ, see Section 9.

Likewise, ANZ assumes some credit risk in transacting with you in respect of payment obligations you have under the *commodity swap*. If you have to make a payment to ANZ on the *settlement date*, you must ensure that you have sufficient cleared funds accessible to ANZ to meet your payment obligations. If you do not, you will be in breach of your obligations and ANZ may take further action to recover any payments owed, and any costs involved with recovering those payments.

## OPERATIONAL RISK

Operational risk arises out of the failure or inadequacy of systems, internal processes and people. It can also arise out of external events such as acts of terrorism or natural disasters.

You are reliant on ANZ being able to price and settle your *commodity swap* accurately and on time. ANZ, in turn, is reliant on its internal operating processes, including communications and computer networks. During the *term* of a *commodity swap*, it is ANZ's responsibility to manage these risks. Your *commodity swap* may be adversely affected if ANZ's operating processes, systems or people for managing these procedures are disrupted, inadequate or fail.

For example, if on the *settlement date* ANZ cannot obtain your settlement instructions because it cannot access its systems, payment may be delayed.

## LEGAL, TAX AND REGULATORY RISKS

Legal, tax and regulatory changes could occur during the *term* of a *commodity swap*, which may adversely affect a *commodity swap*. You should seek independent tax advice before entering into a *commodity swap*.



## TERMINATION

If you wish to terminate the *commodity swap* before the *settlement date*, ANZ will either notionally buy or sell back the *commodity swap* from or to you. This may incur a benefit or a cost to you as the *offer price* or *bid price* quoted to you will reflect the current *commodity reference price*.

Commodity markets are volatile and *commodity prices* can fluctuate rapidly and over wide ranges and may reflect unforeseen events or changes in conditions. Fluctuations in *commodity prices* will affect the benefit or cost to you when you terminate a *commodity swap*. For more information on termination of a *commodity swap* please refer to Section 3.5. You should also refer to the *master dealing agreement* as it provides for situations where a *commodity swap* can be terminated, including for default under the *commodity swap*.

If early termination results in you having to pay an amount to ANZ, you must ensure that you have sufficient cleared funds to meet the payment.

## CONFLICTS OF INTEREST

ANZ is a large commercial bank which deals with many people and entities. ANZ and its related bodies corporate may enter into transactions and products with various counterparties that may be in conflict with or inconsistent with your *commodity swap* and ANZ does not need to and will consider the impact on your *commodity swap*.

## NO COOLING OFF

No cooling off period applies for *commodity swaps*.

## OTHER RISKS

The risks listed above are not exhaustive. There may be other risks that are relevant to you when entering into a *commodity swap*.

You should also be sure that a *commodity swap* is suitable for you before entering into one. We recommend that you obtain independent professional advice on the suitability of *commodity swaps* to you.

## 6. COST OF A COMMODITY SWAP

This section describes fees and other costs that may be charged in relation to a *commodity swap*. You should read all the information about the fees, costs and charges, as it is important you understand their impact on *commodity swaps*.

### 6.1 PAYMENT ON SETTLEMENT

When you enter into a *commodity swap* with us, you agree to pay either the *floating price* or the *fixed price* on the *settlement date*, depending on whether you are the *floating price payer* (*seller* of the *commodity swap*) or the *fixed price payer* (*buyer* of the *commodity swap*). In reality, a *commodity swap* is settled by the payment by one party of the *cash settlement amount*.

Please see Section 3.3 to understand when you would be required to make a payment of the *cash settlement amount* on the *settlement date*.

### 6.2 FEES AND CHARGES

An establishment fee may be payable by you prior to you entering into a *commodity swap*. The establishment fee, if any, will be set out in your facility letter or agreement with ANZ and you will know what it is before you enter into a *commodity swap*.

There are no other fees payable to ANZ when you enter into a *commodity swap*.

### 6.3 ANZ FINANCIAL BENEFIT

ANZ derives a financial benefit when entering into a *commodity swap*. The *fixed price* quoted to you includes a 'margin' added by ANZ. The size of the 'margin' varies on a case by case basis and takes into account, among other things, the factors listed in Section 3.1 above. The 'cost' of the *commodity swap* is effectively embedded in the *fixed price* ANZ quotes as it is included in the 'margin'.

### 6.4 SETTLEMENT COSTS

You may also be required to pay additional costs on settlement or termination depending

on the manner in which termination or settlement payments are effected, including telegraphic transfers and international drafts.

Information regarding the current costs of telegraphic transfers or international drafts is contained in the respective product disclosure statements for these products or other documents relating to these products. You can ask your ANZ contact for a free copy of the relevant product disclosure statements, or you can access them at anz.com.

Additional costs may be payable for couriers, postage and other actions relating to *commodity swaps*.

## 6.5 TAXES AND OTHER COSTS

Unless otherwise stated, any prices, values or amounts quoted to you will exclude any goods and services tax (GST) payable. If any GST is payable, we may increase the consideration or amount you pay by the amount of the GST.

You should consult your independent advisers with respect to the legal, tax, accounting and financial implications of entering into *commodity swaps*. The costs you incur in doing so will be for your own account.

## 6.6 CHANGES TO FEES AND CHARGES

The fees and charges set out in this document may change from time to time at ANZ's discretion. If any fee changes affect existing holders of *commodity swaps*, we will advise them at least 30 days prior to any such fee changes taking effect by posting them on our website anz.com. By entering into a *commodity swap* you agree to notification of changes as set out above.

## 7. EXAMPLES OF HOW COMMODITY SWAPS WORK

The following are examples of how a *commodity swap* works. In the examples, basis risk has been excluded in the determination of the *commodity reference price*. For further information about basis risk, see Section 5.

The examples are denominated in AUD, and use a specific commodity to demonstrate how a *commodity swap* works. The examples are for illustrative purposes only. You should note that the actual prices will vary depending on the

*terms* of the *commodity swap* and the factors listed in Section 3.1 of this PDS. To assess the merits of a *commodity swap* you will need to use the actual prices quoted to you.

### EXAMPLE 1: GROWER SELLS COMMODITY SWAP OVER WHEAT

In July 2010, a grower is expecting to produce 1,000 metric tonnes (mt) of wheat in late November 2010. After careful analysis, the grower decides that it would like to receive a price of no less than AUD 195.00/mt for some of the wheat when it is sold. The grower is concerned that the wheat price may fall by the end of November.

The grower decides to *hedge* a percentage of its exposure to the wheat price by using a *commodity swap*.

The grower contacts ANZ and expresses they have budgetted on a minimum price of AUD 195.00/mt for 250mt of their expected wheat sales in late November, and they wish to enter into a *commodity swap* over wheat to achieve this.

Based on this information, ANZ quotes the grower a *fixed price* of A\$198/mt (this price is based on ANZ's *bid price* as ANZ is the *buyer* of the *commodity swap*) for a *transaction amount* of 250mt. The *commodity pricing date* of CBOT wheat is 28 November 2010 and the *commodity reference price* (used to determine the *floating price*) is the Chicago Board of Trade wheat *futures contract price* for December 2010.

The grower accepts ANZ's quoted *fixed price* and agrees that it will be the *floating price payer* and ANZ will be the *fixed price payer*. This is because the grower is a seller of wheat and therefore in order to *hedge* its exposure it is the *seller* of the *commodity swap*. The *fixed price* of AUD 198.00/mt is above the grower's target sale price of AUD 195.00/mt, and therefore acceptable to the grower.

At this point, the *commodity swap* becomes binding on both parties. The details of the *commodity swap* are as follows:

<b>TRADE DATE</b>	10 July 2010
<b>TRANSACTION TYPE</b>	Commodity Swap
<b>COMMODITY</b>	Wheat
<b>TRANSACTION AMOUNT</b>	250mt
<b>BUYER (FIXED PRICE PAYER)</b>	ANZ
<b>SELLER (FLOATING PRICE PAYER)</b>	Grower
<b>EXCHANGE</b>	Chicago Board of Trade (CBOT)
<b>COMMODITY REFERENCE PRICE</b>	CBOT Wheat Dec 2010 futures contract settlement price on the <i>commodity pricing date</i> , converted by the Calculation Agent in good faith from: <ul style="list-style-type: none"> <li>(i) bushels to tonnes at the Conversion Rate on the <i>commodity pricing date</i>; and</li> <li>(ii) USD to AUD at the <i>currency reference rate</i> on the <i>currency pricing date</i></li> </ul>
<b>FIXED PRICE</b>	AUD 198.00/mt
<b>COMMODITY PRICING DATE</b>	28 November 2010
<b>CONVERSION RATE – COMMODITY</b>	1mt = 36.74371 bu
<b>CURRENCY REFERENCE RATE</b>	AUD/USD 10.00 am Hedge Settlement Rate as published by Reuters on the <i>currency pricing date</i>
<b>CURRENCY PRICING DATE</b>	29 November 2010
<b>CALCULATION AGENT</b>	ANZ
<b>SETTLEMENT DATE</b>	30 November 2010

### WHAT HAPPENS ON THE COMMODITY PRICING DATE?

The outcome of the *commodity swap* is determined on the *commodity pricing date* when the *floating price* is calculated.

There are two scenarios – the *commodity reference price* or *floating price* has risen or fallen against the *fixed price* of the *commodity swap*.

### WHAT IF THE COMMODITY REFERENCE PRICE HAD FALLEN BELOW THE FIXED PRICE OF AUD 198.00/MT?

Let's assume that the *commodity reference price* (when converted into AUD) on the *commodity pricing date* is AUD 190.00/mt. This means that, as the grower anticipated, the Chicago Board of Trade wheat *futures contract price* for December 2010 has fallen since the *commodity swap* was entered into. As the *fixed price* (AUD 198.00/mt) is higher than the *floating price/commodity reference price* (AUD 190.00/mt), on the *settlement date* ANZ is required to make a payment of the *cash settlement amount* based on the difference between those prices (AUD 8.00/mt) and the *transaction amount* of wheat (250mt). The amount payable by ANZ is AUD 2,000 (AUD 8.00/mt multiplied by 250mt).

The steps to convert the *commodity reference price* from USD to AUD are as follows:

- > *Commodity reference price* is USD 4.78bu
- > Conversion from bushels to metric tonnes: (USD 4.78/bu multiplied by 36.74371) is USD 175.63 /mt
- > Conversion from USD to AUD: (USD 175.63/mt divided by HSRA of 0.9244) is AUD 190.00/mt

Assuming the grower is able to sell 250mt of wheat (the amount covered by the *commodity swap*) in late November for AUD 190.00/mt, the amount the grower effectively receives in respect of the 250mt as result of the *commodity swap* is as follows:

- > ANZ is required to pay the *fixed price* of AUD 198.00/mt
- > Grower is required to pay the *floating price/commodity reference price* of AUD 190.00/mt
- > The amount payable by ANZ to the grower is AUD 8.00/mt and a total *cash settlement amount* of AUD 2,000 (AUD 8.00/mt x 250mt)

- > Grower receives AUD 190.00/mt from sale of the wheat
- > Grower's net proceeds from the wheat: AUD 198.00/mt

By entering into the *commodity swap* in July and locking in a *fixed price* of AUD 198.00/mt, the grower has protected itself against the subsequent fall in wheat prices.

#### **WHAT IF THE COMMODITY REFERENCE PRICE HAD RISEN ABOVE THE FIXED PRICE OF AUD 198.00/MT?**

Let's assume that the *commodity reference price* (when converted into AUD in the same way as described above) is AUD 210.00/mt. This means that the Chicago Board of Trade wheat *futures contract* price for December 2010 has risen above the *fixed price*.

Assuming that the grower is able to sell 250mt of wheat (the amount covered by the *commodity swap*) in late November for AUD 210.00/mt, the amount the grower effectively receives in respect of the 250mt as a result of the *commodity swap* is as follows:

- > ANZ is required to pay the *fixed price* of AUD 198.00/mt
- > Grower is required to pay the *floating price/commodity reference price* of AUD 210.00/mt (which is calculated by converting the *commodity reference price* of USD 5.20/bu to AUD 210/mt (i.e. USD 5.20/bu multiplied by 36.74371 is USD 191.07mt then divided by the HSRA rate of 0.9099 is AUD 210/mt))
- > The amount payable by grower to ANZ is AUD 12.00/mt and a total *cash settlement amount* of AUD 3,000 (AUD 12.00/mt x 250mt)
- > Grower receives AUD 210.00/mt from sale of wheat
- > Net proceeds for the grower's wheat: AUD 198.00/mt

So by locking in a *fixed price* of AUD 198.00/mt in July, the grower has fixed the price of the wheat at AUD 198.00/mt. Where the price of wheat increases, the grower is unable to participate in favourable wheat price movements. In this case the grower is AUD 12.00/mt worse off for entering into the *commodity swap* than if it had done nothing and sold the wheat at the prevailing price.

#### **EXAMPLE 2: FEEDLOT BUYS COMMODITY SWAP OVER CORN**

In December 2010 a feedlot knows that it will need to buy 1,000mt of corn in late June 2011. After careful analysis, the feedlot decides that it wants to pay no more than AUD 200.00/mt when it buys some of the corn. The feedlot is concerned that the corn price may rise by late June.

The feedlot decides to *hedge* a percentage of its exposure to the corn price by using a *commodity swap* and contacts ANZ.

ANZ quotes the feedlot a *fixed price* of AUD 185.00/mt (this price is based on ANZ's *offer price* as ANZ is the *seller* of the *commodity swap*) for a *transaction amount* of corn of 250mt. The *commodity pricing date* is 30 June 2011 and the *commodity reference price* (used to determine the *floating price*) is the Chicago Board of Trade corn *futures contract* price for July 2011. This *futures contract* price is used because it is the nearest *futures contract* to provide the cover required for the feedlot's stated time frame.

The feedlot accepts ANZ's quoted *fixed price* and agrees that it will be the *fixed price payer* and ANZ will be the *floating price payer* under the *commodity swap*. This is because the feedlot is a buyer of corn and therefore in order to *hedge* its exposure it is the *buyer* of the *commodity swap*. The *fixed price* of AUD 185.00/mt is lower than the feedlot's target buy price of AUD 200.00/mt and is therefore acceptable to the feedlot.

At this point, the *commodity swap* becomes binding on both parties. The details of the *commodity swap* are as follows:

<b>TRADE DATE</b>	1 December 2010
<b>TRANSACTION TYPE</b>	<i>Commodity Swap</i>
<b>COMMODITY</b>	Corn
<b>TRANSACTION AMOUNT</b>	250mt
<b>BUYER (FIXED PRICE PAYER)</b>	Feedlot
<b>SELLER (FLOATING PRICE PAYER)</b>	ANZ
<b>EXCHANGE</b>	Chicago Board of Trade (CBOT)
<b>COMMODITY REFERENCE PRICE</b>	CBOT corn July 2011 futures contract settlement price, on the <i>commodity pricing date</i> , converted by the Calculation Agent in good faith from:  (i) bushels to metric tonnes at the Conversion Rate on the <i>commodity pricing date</i> ; and  (ii) USD to AUD at the <i>currency reference rate</i> on the <i>currency pricing date</i>
<b>FIXED PRICE</b>	AUD 185.00/mt
<b>COMMODITY PRICING DATE</b>	30 June 2011
<b>CONVERSION RATE – COMMODITY</b>	1mt = 39.36825 bu
<b>CURRENCY REFERENCE RATE</b>	AUD/USD 10.00 am Hedge Settlement Rate as published by Reuters on the <i>currency pricing date</i>
<b>CURRENCY PRICING DATE</b>	1 July 2011
<b>CALCULATION AGENT</b>	ANZ
<b>SETTLEMENT DATE</b>	2 July 2011

#### WHAT HAPPENS ON THE COMMODITY PRICING DATE?

The outcome of the *commodity swap* is determined on the *commodity pricing date*. There are two scenarios – the *commodity reference price* has risen or fallen against the *fixed price* of the *commodity swap*.

#### WHAT IF THE COMMODITY REFERENCE PRICE HAD RISEN ABOVE THE FIXED PRICE OF AUD 185.00/MT?

Let's assume that the *commodity reference price* (when converted to AUD using the same method as described in Example 1, above) on the *commodity pricing date* is AUD 195.00/mt. This means that, as the feedlot anticipated, the Chicago Board of Trade corn *futures contract price* for July 2011 has risen since the *commodity swap* was entered into. As the *fixed price* (AUD 185.00/mt) is lower than the *commodity reference price* (AUD 195.00/mt), on the *settlement date* ANZ is required to make a payment of the *cash settlement amount* to the feedlot based on the difference between those prices (AUD 10.00/mt) and the *transaction amount* of corn (250mt). The *cash settlement amount* payable by ANZ is AUD 2,500 (AUD 10.00/mt multiplied by 250mt).

Assuming the feedlot is able to purchase 250mt of corn (the amount covered by the *commodity swap*) in late June for AUD 195.00/mt, the amount the feedlot effectively pays in respect of the 250mt as a result of the *commodity swap* is as follows:

- > ANZ is required to pay the *floating price/commodity reference price* of AUD 195.00/mt
- > Feedlot is required to pay the *fixed price* of AUD 185.00/mt
- > The amount payable by ANZ to the feedlot is AUD 10.00/mt (the difference between the *floating price* and the *fixed price*) and a total *cash settlement amount* of AUD 2,500 (AUD 10.00/mt x 250mt)
- > Feedlot pays AUD 195.00/mt for purchase of corn
- > Net cost of corn: AUD 185.00/mt (amount paid for corn less *cash settlement amount* received)

So by entering the *commodity swap* in December and locking in a *fixed price* of AUD 185.00/mt, the feedlot has protected itself against the rise in corn prices.



### WHAT IF THE COMMODITY REFERENCE PRICE HAD FALLEN BELOW THE FIXED PRICE OF AUD 185.00/MT?

Let's assume that the *commodity reference price* (when converted to AUD using the same method as described in Example 1, above) is AUD 175.00/mt. This means that the Chicago Board of Trade corn *futures contract price* for July 2011 has fallen below the *fixed price*.

Assuming that the feedlot is able to purchase 250mt of corn (the amount covered by the *commodity swap*) in late June for AUD 175.00/mt, the amount the feedlot effectively pays in respect of 250mt as a result of the *commodity swap* is as follows:

- > ANZ is required to pay the *floating price/commodity reference price* of AUD 175.00/mt
- > Feedlot is required to pay the *fixed price* of AUD 185.00/mt
- > The amount payable by the feedlot to ANZ is AUD 10.00/mt (difference between the *floating price* and the *fixed price*) and a total *cash settlement amount* of AUD 2,500 (AUD 10.00/mt x 250mt)
- > Feedlot pays AUD 175.00/mt for purchase of corn
- > Net cost of corn AUD 185.00/mt (amount paid for corn plus *cash settlement amount*)

So by locking in a *fixed price* of AUD 185.00/mt in December, the feedlot has fixed the price of the corn to AUD 185.00/mt. Where the price of corn falls, the feedlot is unable to participate in favourable corn price movements.

## 8. TERMS OF COMMODITY SWAPS

### 8.1 HOW DO YOU ENTER INTO A COMMODITY SWAP?

If you have made an assessment based on your own knowledge and independent professional advice and, as a result, are interested in entering into a *commodity swap*, you should contact us using the details in the directory in Section 13 or call your ANZ *contact*. Before you can enter into a *commodity swap*, ANZ will need to conduct a credit assessment to see if you satisfy ANZ's credit requirements.

The next steps are:

- > Contact us using the details in the directory in Section 13 or call your ANZ *contact* to ask for a *commodity swap*.
- > ANZ will provide you with the *master dealing agreement* that will apply to your *commodity swap* transaction.

- > You will need to specify the underlying commodity, the *transaction amount*, the currency, the *term* and whether you will be the *fixed price payer* or the *floating price payer*.
- > ANZ will then quote you the applicable *fixed price*. For further information on how this is derived see Section 3.1.
- > If you accept ANZ's quote of the applicable *fixed price* you enter into a *commodity swap* with ANZ.
- > ANZ will provide you with a *confirmation* setting out the terms and details of the *commodity swap* you entered into including the underlying commodity and *transaction amount*, the currency, the *fixed price* and the *commodity pricing date*.
- > You need to carefully check the *confirmation* and contact your ANZ *contact* immediately if there is a discrepancy.
- > If requested by ANZ, you must sign and return the *confirmation* in a timely manner. However, failure to do so does not affect the validity of the *commodity swap*.

If you have any queries about a *confirmation*, contact your ANZ *contact*.

### 8.2 REQUIRED DOCUMENTATION TERMS AND CONDITIONS

A *commodity swap* transaction is subject to a *master dealing agreement*. There are two types of *master dealing agreements* that we use:

- > *standard terms and conditions*; and
- > *ISDA master*.

We will advise you whether the *standard terms and conditions* or *ISDA master* will apply as the *master dealing agreement* for your *commodity swap*. If we agree that an *ISDA master* will apply, we will provide it to you and you will be required to sign it prior to transacting a *commodity swap* with us.

The *master dealing agreement* governs the dealing relationship between you and us and sets out the terms and conditions that apply to any *commodity swap* you may enter into with ANZ. If you do not have a copy of the *master dealing agreement*, please contact us using the details in the directory in Section 13 or call your ANZ *contact* and a copy will be provided to you free of charge. The *standard terms and conditions* are also available at [anz.com](http://anz.com).

The *master dealing agreement* is important.

The *master dealing agreement* covers a number of important terms, including obligations, payments, events of default, the right to terminate and the calculation of the amount payable on termination. The *master dealing agreement* also covers *confirmations*, calculation periods and assignment, amongst other things.

We recommend that you read the *master dealing agreement* carefully before entering into a *commodity swap* with us and consult your own independent professional adviser regarding the legal consequences of entering into a *commodity swap*.

## OTHER DOCUMENTATION

In addition to the *master dealing agreement* and the *confirmation*, ANZ may require you to provide other documentation as part of the process of agreeing to enter into a *commodity swap* with you (for example, security, amendments to trust or partnership deed). For further information on this, contact your ANZ contact.

## 9. INFORMATION ABOUT ANZ

ANZ is a company incorporated in the Commonwealth of Australia. ANZ holds an Australian Financial Service Licence (AFSL No. 234527). ANZ is a commercial bank offering a wide range of banking services to its customers both domestically and internationally.

ANZ world headquarters is located in Melbourne. It first opened as the Bank of Australasia in Sydney in 1835 and in Melbourne from 1838.

The ordinary shares of ANZ are listed on the Australian stock exchange. Full details of the share capital and net assets of ANZ are contained in the financial statements that are available on the ANZ website [anz.com](http://anz.com).

Financial statements for ANZ are also lodged with the Australian Securities and Investment Commission. Copies of ANZ's current financial statements are available upon request.

## 10. TAXATION

Depending on your particular circumstances, in general, gains from financial instruments such as this product may be assessable either as a revenue gain or a capital gain (under the capital gains tax regime). Conversely, losses may be deductible (or give rise to a capital loss) if the relevant eligibility and availability criteria are met. If the gains are subject to the capital gains tax regime, concessions or discounts may be available to the extent that you are eligible. We do not know how you will be required to treat this product or whether it can or will be held on capital account and thus subject to the capital gains tax regime.

Taxation law is complex and changes over time, as does the way it is interpreted. The impact that taxation law may have on you will depend on your specific circumstances. This product may not provide a beneficial or appropriate tax outcome for you.

Accordingly when determining whether a *commodity swap* is suitable for you, you should consult your own independent adviser(s) regarding the tax and accounting consequences of entering into a *commodity swap* in light of your particular circumstances.

## 11. ADDITIONAL INFORMATION

### 11.1 CODE OF BANKING PRACTICE

If the Australian Code of Banking Practice (**Code**) applies to you and if you are an individual or if you are using our products and services in connection with a small business, we are bound by the Code when we provide our products and services to you. A copy of the Code is available at [anz.com](http://anz.com).

### 11.2 WHAT IF YOU HAVE A COMPLAINT?

If you have a complaint about any of our products or services, ANZ has established complaint resolution procedures that aim to deal with and resolve your complaint within 10 working days.

For the fastest possible resolution to your complaint:

- > call ANZ on 1800 805 154
- > talk to staff at your local ANZ branch or business centre
- > talk to your *ANZ contact* or send a letter to ANZ Customer Response Centre via  
Mail: Locked Bag 4050,  
South Melbourne Victoria 3205  
Email: YourFeedback@anz.com  
Fax: 1800 269 030

If you are not satisfied with the resolution offered by our Customer Response Centre, you can have your complaint reviewed by ANZ's Customer Advocate who provides a free, independent review of your complaint.

For more information about ANZ's complaint resolution procedures, please ask for the brochure entitled 'Resolving your complaint' at any ANZ branch or business centre, or go to [anz.com](http://anz.com).

### FINANCIAL SERVICES DISPUTE RESOLUTION SCHEMES

If you are not satisfied with the steps taken by ANZ to resolve the complaint, or with the result of ANZ's investigation, you may wish to contact the Financial Ombudsman's Service Limited (FOS), which is an amalgamation of the Banking and Financial Services Ombudsman, Financial Industry Complaints Service Ltd and the Insurance Ombudsman Services Limited. The FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers.

### FINANCIAL OMBUDSMAN'S SERVICE LIMITED

GPO Box 3 Melbourne, Victoria 3000  
Telephone: 1300 780 808  
Facsimile: +61 3 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Internet: [www.fos.org.au](http://www.fos.org.au)

### AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Alternatively, the Australian Securities and Investments Commission's (ASIC) website contains information relevant to complaining about companies and people and describes the types of complaints handled by ASIC.

To obtain further information contact the ASIC Info line:

Telephone: 1300 300 630  
Fax: +61 3 5177 3999  
Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)  
Internet: [www.asic.gov.au](http://www.asic.gov.au)

## 11.3 PRIVACY AND CONFIDENTIALITY

### ANZ'S PRIVACY NOTICE AND CONSENTS – INDIVIDUALS

When you deal with ANZ, ANZ is likely to collect and use some of your *personal information*. ANZ's disclosure of *non-personal information* is subject to our general duty of confidentiality towards our customers. ANZ explains below when and how ANZ may collect and use your *personal information*. This clause applies to you if you are:

- > A personal customer of ANZ or a non-incorporated customer of ANZ (for example, a sole trader or firm) (each a "*customer*"); or
- > A representative of a *customer* (for example, a company director or officer or an authorised signatory) or some other kind of third party relevant to a *customer* (for example, an employee or guarantor) (each a "*third party*").

### COLLECTION OF YOUR PERSONAL INFORMATION BY ANZ

If you are considering acquiring, or have acquired a product or service from ANZ, we may collect your *personal information*:

- > to assist in providing information about a product or service;
- > to consider your request for a product or service;
- > to enable ANZ to provide a product or service;
- > to tell you about other products and services that may be of interest to you;
- > to assist in arrangements with other organisations (such as loyalty partners) in relation to the promotion and provision of a product or service;
- > to perform other administrative and operational tasks (including risk management, systems development and testing, credit scoring, staff training, and market or customer satisfaction research);
- > to prevent or investigate any fraud or crime (or a suspected fraud or crime); and
- > as required by relevant laws, regulations, Codes and external payment systems.



If you are a representative of a *customer* or any other type of *third party*, ANZ is collecting your *personal information*:

- > to identify you;
- > to consider the *customer's* request for a product or service (including assessing their application);
- > to enable ANZ to provide the *customer* with the relevant product or service.

### **ABSENCE OF RELEVANT PERSONAL INFORMATION**

If you do not provide some or all of the information requested, ANZ may be unable to:

- > provide you with a product or service; or
- > if you are a representative of a *customer* or any other type of *third party*, to verify your authority to act on the *customer's* behalf or to provide the *customer* with the relevant product or service.

### **DISCLOSURES BY ANZ**

Subject to ANZ's general duties of confidentiality towards their customers, ANZ may need to disclose your information to:

- > your referee(s);
- > credit reporting or debt collection agencies;
- > an organisation that is in an arrangement or alliance with ANZ for the purpose of promoting or using their respective products or services (and any agents used by that organisation in administering such an arrangement or alliance);
- > any service provider ANZ engages to carry out or assist its functions and activities;
- > regulatory bodies, government agencies, law enforcement bodies or courts;
- > other parties ANZ is authorised or required by law to disclose information to;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions (such as banks);
- > any person who introduces you to ANZ;
- > your authorised agents, or your executor, administrator or your legal representative.

### **PRIVACY CONSENTS**

By entering into a *commodity swap* or by acquiring or continuing to hold a product or service from ANZ, you agree that ANZ and each of its related companies (including subsidiaries) ("**ANZ companies**") may exchange with each other any information about you for the purposes of:

- > providing, managing or administering your product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research); and
- > complying with regulatory requirements and prudential standards.
- > You consent to ANZ disclosing any *personal information* collected by it in the course of your relationship with ANZ to:
- > any contractor or service provider ANZ engages to provide services connected with your relationship with ANZ; and
- > participants in the payments system (including financial institutions, merchants and payment organisations).

Any contractor, agent or service provider engaged by ANZ is contractually required to only use *personal information* for ANZ purposes and to keep the information confidential.

### **PROMOTION OF OTHER PRODUCTS OR SERVICES**

Until you tell ANZ otherwise, ANZ may use your *personal information* to promote its products or services or those of its related companies and alliance partners and disclose your *personal information* to its related companies and alliance partners to enable them or ANZ to market their products or services.

Where you do not want ANZ to tell you about its products or services or those of its related companies or alliance partners, you may withdraw your consent by calling 13 13 14 at any time or contacting your *ANZ contact*.

## ACCESSING YOUR PERSONAL INFORMATION HELD BY ANZ

Subject to the provisions of the Privacy Act, you may access your *personal information* at any time by asking to do so at any ANZ branch. ANZ may charge you a reasonable fee for access. If you can show that information about you is not accurate, complete and up to date, ANZ must take reasonable steps to ensure it is accurate complete and up to date.

## COLLECTING YOUR SENSITIVE INFORMATION

ANZ will not collect sensitive information about you, such as health information, without your consent. If you give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, please show them a copy of this clause so they may understand the manner in which their *personal information* may be used or disclosed by ANZ in connection with your dealings with ANZ.

## AUTHORITY TO DISCLOSE CONFIDENTIAL INFORMATION – NON INDIVIDUALS

This clause applies to you if you are an incorporated customer of ANZ. "Confidential information" means information acquired by ANZ from and concerning you in the course of the banker-customer relationship and does not include publicly available information. By entering into a *commodity swap* or by acquiring or continuing to hold the product or service from ANZ, you agree that ANZ *companies* may exchange with each other any information about you for the purposes of:

- > providing, managing or administering your product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research);
- > promotion of products or services; and
- > complying with regulatory requirements and prudential standards.

You authorise ANZ to disclose any confidential information collected by it in the course of your relationship with ANZ to:

- > any contractor or service provider ANZ engages to provide services connected with your relationship with ANZ;

- > participants in the payments system (including financial institutions, merchants and payment organisations); and
- > to its alliance partners to promote their products or services.

Any contractor, agent or service provider engaged by ANZ is contractually required to only use the information for ANZ purposes and to keep the information confidential.

## 11.4 TELEPHONE RECORDING

Please note that telephone dealings with ANZ in respect of entering into a *commodity swap* are normally recorded.

This is standard practice in the financial markets and accordingly a standard procedure for ANZ in entering into a *commodity swap* with you. If it is not possible or practical that the conversation in respect of entering into a *commodity swap* be recorded, ANZ will discuss an alternative method for recording it with you at the time.

Recorded telephone lines will be used to clarify any doubt over the content of a conversation. If a recorded telephone line is not used, alternative means will be used for clarification purposes. Your ANZ *contact* will advise you of the alternative means at the time of entering the transaction.

If you do not wish to be recorded, please advise your ANZ *contact* immediately, however we will be unable to enter into a *commodity swap* with you.

## 11.5 ANTI-MONEY LAUNDERING

You agree that ANZ may delay, block or refuse to process any transaction without incurring any liability if ANZ suspects that:

- (a) the transaction may breach any law in Australia or any other country;
- (b) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned or is connected, directly or indirectly, to any person that is sanctioned under economic and trade sanctions imposed by the United States, the European Union or any country; or
- (c) the transaction may directly or indirectly involve the proceeds of, or be applied for the purposes of, conduct which is unlawful in Australia or any other country.

You must provide all information to ANZ which ANZ reasonably requires in order to

manage money-laundering or terrorism-financing risk or to comply with any laws in Australia or any other country. You agree that ANZ may disclose any information concerning you to any law enforcement body, regulatory agency or court where required by any such law, in Australia or elsewhere.

Unless you have disclosed that you are acting in a trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf in entering into the transaction.

You declare and undertake to ANZ that the processing of any transaction by ANZ in accordance with your instructions will not breach any laws or regulations in Australia or any other country.

## 11.6 ETHICAL CONSIDERATIONS

ANZ does not, and will not, take into account any particular labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments.

## 12. DEFINITIONS

**ANZ, us, our, we** is Australia and New Zealand Banking Group Limited ABN 11 005 357 522 AFSL 234527

**ANZ companies** is ANZ and each of its related companies (including subsidiaries)

**ANZ contact** is your *ANZ relationship manager* or your *ANZ markets advisor*

**ANZ markets advisor** is an ANZ employee who is responsible for the structuring, pricing and distribution of financial products provided by ANZ's Global Markets division. *Commodity swaps* are transacted with an *ANZ markets advisor*\*

**ANZ relationship manager** is an ANZ employee who acts as an ANZ customer's prime contact point (this could be an Institutional Banking Manager, a Corporate Banking Manager, a Business Banking Manager, an International Services Manager or another Manager so designated) and who is responsible for approving, or facilitating approval, of the provision of ANZ's products to customers\*

**bid price** is the price used by ANZ to calculate the *fixed price* where ANZ is prepared to buy a *commodity swap*

**business day** is a day on which ANZ is open for business for a *commodity swap* in Sydney or Melbourne

**buyer** is the party to a *commodity swap* that is paying the *fixed price*. The *buyer* is also known as the *fixed price payer*

**cash settlement amount** is the amount payable on the *settlement date* by one party to the *commodity swap* to the other based on the difference between the *fixed price* and the *floating price* for the underlying commodity and the *transaction amount*

**commodity price** is the price that a producer or consumer will receive or pay in exchange for the sale or purchase of a physical commodity

**commodity pricing date** is the date in the future on which the *floating price* is determined

**commodity reference price** is the independent, publicly available benchmark price that is used to determine the *floating price* on the *commodity pricing date*. For a summary of the *commodity reference prices* that ANZ generally uses, see the table at Appendix A

**commodity swap** is a *commodity swap* provided by ANZ in accordance with this PDS. For more information please refer to Section 2

**confidential information** is information acquired by ANZ from and concerning you in the course of the banker-customer relationship and does not include publicly available information

**confirmation** is a document that outlines the commercial parameters of the *commodity swap*

**currency pricing date** is the date in the future on which the *buyer* and *seller* of the *commodity swap* agree is the date for converting the *commodity reference price* to AUD at the *currency reference rate* in order to settle the *commodity swap*

**currency reference rate** is the benchmark foreign exchange rate used by ANZ to convert the *commodity reference price* into the same currency as the *fixed price*

**customer** has the meaning given in Section 11.3

**exchange** is a regulated market in which *futures contracts* are bought and sold. Traditionally, exchanges have operated physically on a trading floor, where traders verbally expressed the prices for buying and selling *futures contracts*. However, increasingly exchanges are operated by traders using computer systems to post prices to buy and sell *futures contracts*. *Commodity swaps* are not subject to the rules or regulations that apply to exchange-traded transactions such as *futures contracts*

**fixed price** is the price payable by the *fixed price payer* as agreed at the time the *commodity swap* is entered into

**fixed price payer** is the party to a *commodity swap* who pays the *fixed price*. This party is also known as the *buyer* of a *commodity swap*

**floating price** is the *commodity reference price* for the commodity on the *commodity pricing date*

**floating price payer** is the party to a *commodity swap* who pays the *floating price*. This party is also known as the *seller* of a *commodity swap*

**futures contract** is a contract to purchase or sell a specific asset or financial product at a specified time in the future at a specified price. Nearly all *futures contracts* are traded on *exchanges* and are standardised in terms of delivery date, amount and contract terms

**hedge or hedging** are terms used in financial markets to describe the activity of mitigating or reducing economic exposure to price fluctuations in underlying markets such as currencies, interest rates or commodities. For example, in reducing or mitigating your economic exposure to the fluctuation of the wheat price in the Australian domestic market by entering into a *commodity swap*, you are engaging in the activity of *hedging*

**ISDA master** means the International Swaps and Derivatives Association, inc. Master Dealing Agreement as modified by ANZ and provided to you, if applicable

**master dealing agreement** is either the *standard terms and conditions* or an *ISDA master* as advised by ANZ

**offer price** is the price used by ANZ to calculate the *fixed price* where ANZ is prepared to sell a *commodity swap*

**personal information** is information about an individual

**seller** is the party to a *commodity swap* that is paying the *floating price*. The *seller* is also known as the *floating price payer*

**settlement date** is the date on which a *commodity swap* is settled and is usually 2 *business days* following the *commodity pricing date*, or the *currency pricing date*, as agreed

**standard terms and conditions** means the document issued by ANZ titled Terms and Conditions for Trading in Foreign Exchange and Derivative Transactions, available at [anz.com](http://anz.com)

**term** the period from and including the *trade date* to and including the *commodity pricing date*

**third party** has the meaning given in Section 11.3

**trade date** is the date on which you enter into a *commodity swap*

**transaction amount** is the agreed quantity of the underlying commodity of the *commodity swap* set out in the *confirmation*

**us, our or we** is ANZ

**you, your** is the customer who is a party to a *commodity swap*

## 13. DIRECTORY

### NEW SOUTH WALES

Level 2, 20 Martin Place  
Sydney NSW 2000  
02 9226 6655

### VICTORIA

Level 7, 100 Queen Street  
Melbourne VIC 3000  
03 9095 0233

### QUEENSLAND

Level 7, 324 Queen Street  
Brisbane QLD 4000  
1800 145 138

### SOUTH AUSTRALIA

Level 21, 11 Waymouth Street  
Adelaide SA 5000  
08 8218 8047

### WESTERN AUSTRALIA

Level 7, 77 St Georges Terrace  
Perth WA 6000  
08 9323 8300

\* ANZ *relationship managers* and ANZ *market advisors* are representatives of Australia and New Zealand Banking Group Limited ABN 11 005 357 522, the holder of an Australian Financial Services Licence.

# APPENDIX A

## COMMODITY SUMMARY

The following table summarizes some of the above information in relation to the commodities in respect of which ANZ offers *commodity swaps*.

COMMODITY	DOMESTIC WHEAT	GLOBAL WHEAT	COTTON	SUGAR	CANOLA	CORN	SOYBEAN COMPLEX*
<b>EXCHANGE</b>	ASX	CBOT KC BT	NYBOT	NYBOT	WCE	CBOT	CBOT
<b>FUTURES CONTRACT</b>	Milling Wheat	Wheat	Cotton No. 2	Sugar No. 11	Canola	Corn	Soybean, Soybean Oil, Soybean Meal
<b>CURRENCY</b>							
AUD	yes	yes	yes	yes	yes	yes	yes
USD	no	yes	yes	yes	no	yes	yes
CAD	no	no	no	no	yes	no	no
<b>QUOTATION</b>	per mt	per mt per bu	per bale per lb	per lb per mt	per mt	per bu per mt	per bu or per mt per lb per st
<b>EXCHANGE UNIT OF MEASUREMENT**</b>	20 mt	5,000 bu	50,000 lbs	112,000lbs	20 mt	5,000 bu	5,000 bu, 60,000 lbs, 100 st
<b>AUSTRALIAN UNIT OF MEASUREMENT**</b>	20 mt	136 mt	100 bales	50.8 mt	20 mt	127 mt	136 mt, 30 mt, 90.7 mt
<b>CONVERSION FACTOR</b>	N/A	36.74371 bu: 1 mt	500 lbs: 1 bale	2204.622 l: 1 mt	1:1	39.36825 bu: 1 mt	36.74371 bu: 1 mt, 2204.622 lb: 1 mt, 1.102311st: 1 mt

\* Soybean Complex includes Soybeans, Soybean Oil & Soybean Meal

\*\* these amounts are also equal to the minimum *transaction amounts* for *commodity swaps*

### KEY

#### Exchange

ASX	Australian Securities Exchange
CBOT	Chicago Board of Trade
KCBT	Kansas City Board of Trade
NYBOT	New York Board of Trade
WCE	Winnipeg Commodity Exchange

#### Quotation

mt	metric tonne
bu	bushel
lb	pound
st	short tons

#### Currency

AUD	Australian Dollar
USD	Unites States of America Dollar
CAD	Canadian Dollar

