

# FIXED RATE OPTION COMMERCIAL BILL FACILITY

SPECIFIC CONDITIONS OF USE  
ANZ BUSINESS BANKING 12.17



*This document contains important Specific Conditions of Use which apply to your Fixed Rate Option Commercial Bill Facility only. ANZ recommends you study it in detail and then keep it in a safe place for future reference.*

*If you have received Specific Conditions of Use in respect of other Commercial Bill Facilities offered to you by ANZ, please **do not** refer to them for the purposes of your Fixed Rate Option Commercial Bill Facility. This document contains the relevant Specific Conditions of Use for your Fixed Rate Option Commercial Bill Facility and should be read in conjunction with the ANZ Business Banking Finance Conditions of Use and Letter of Offer provided to you.*

*Also some words and expressions have special meanings in these Specific Conditions of Use. To the extent a word or phrase is not set out under the heading 'Meaning of Terms', it has the meaning given to it in the ANZ Business Banking Finance Conditions of Use. When you are reading these Specific Conditions of Use you should also refer to the ANZ Business Banking Finance Conditions of Use.*

## MEANING OF TERMS

For the purpose of these Specific Conditions of Use:

- (i) **'Bill'** means a bill of exchange;
- (ii) **'Bills Contract'** means each financing arrangement you enter into with ANZ under your Fixed Rate Option Commercial Bill Facility, following your exercise of the FRF Option, comprising the initial Bill drawn by you and all subsequent replacement Bills drawn by ANZ on your behalf within the Fixed Rate Term, at the same fixed Yield Rate. The details of your Bills Contract will be set out in a Confirmation;
- (iii) **'Business Day'** means a day on which commercial banks are open for business in Sydney, but not including a Saturday or Sunday or public holiday in Sydney;
- (iv) **'Commitment Fee'** means the percent per annum identified as the 'Commitment Fee' (if any) in your Letter of Offer;
- (v) **'Confirmation'** means a document issued by ANZ providing details:
  - A. At or about the time of your acceptance of the Terms of each FRF Option and detailing the Terms of each FRF Option (confirming the details of what was quoted by ANZ and accepted by you); and
  - B. At or about the time of the Drawdown Date and each Rollover Date and detailing the specific Bill(s) for that Rollover Period;
- (vi) **'Discounted Proceeds'** of any Bill means the amount calculated with reference to the Yield Rate for the relevant Rollover Period and the Face Value of the relevant Bill using the following formula:
$$\text{Discounted Proceeds} = \frac{\text{Face Value} \times (365 \times 100)}{(\text{Yield Rate} \times \text{No. of days in a Rollover Period}) + (365 \times 100)}$$
- (vii) **'Drawdown Date'** is the date identified in the Confirmation as the 'Exercise Date', being the date on which an amount will be first paid to you by ANZ in accordance with Specific Condition 4 in respect of the proposed Bills Contract, should you choose to exercise your FRF Option;

- (viii) **'Exercise Date'** means the date identified in a Confirmation as the 'Exercise Date', being the date on which you may exercise your FRF Option;
- (xi) **'Face Value'** is the Australian dollar monetary value of the relevant Bill prior to discounting;
- (x) **'Facility'** means your Fixed Rate Option Commercial Bill Facility;
- (xi) **'Facility Limit'** is the Australian dollar limit for your Fixed Rate Option Commercial Bill Facility, set out in your Letter of Offer;
- (xii) **'Fixed Rate Term'** means that period of time agreed by you and ANZ, over which you must (subject to Specific Condition 6) roll a series of Bills at the fixed Yield Rate agreed by you and ANZ, should you choose to exercise the FRF Option. The Fixed Rate Term starts on the Drawdown Date and ends on the Maturity Date;
- (xiv) **'FRF Option'** means the right you have but not the obligation to enter into a Bills Contract with ANZ at a known future date (being the Exercise Date) and at a known Yield Rate fixed for the Fixed Rate Term;
- (xv) **'Market Fixed Rate'** means the market rate for a Fixed Rate Commercial Bill Facility of a term equivalent to the Fixed Rate Term of the proposed Bills Contract prevailing at the Exercise Date, as determined by ANZ (in its own discretion);
- (xvi) **'Maturity Date'** is the date identified as such in the Confirmation, being the last day of the Fixed Rate Term;
- (xvii) **'Net Discount'** means the Face Value less the Discounted Proceeds;
- (xviii) **'Premium'** means, in respect of an FRF Option a lump sum dollar amount agreed to by you and ANZ, identified as the 'Premium Amount' in a Confirmation;
- (xix) **'Rollover Date'** is each date identified in the Confirmation as a 'Rollover Date', being the first day of each Rollover Period other than the Drawdown Date should you choose to exercise your FRF Option;
- (xx) **'Rollover Period'** is the number of days identified as the 'Roll Days' in a Confirmation, being the number of days

within which each Bill will mature. The Rollover Period will commence on the relevant Drawdown Date or Rollover Date and end on the next Rollover Date or the last day of the Fixed Rate Term (whichever is the earlier) should you choose to exercise your FRF Option;

(xxi) **'Terms of each FRF Option'** means:

- A. a fixed Yield Rate;
- B. a Premium;
- C. Rollover Periods;
- D. a Face Value for each Bill for that Rollover Period;
- E. an Exercise Date; and
- F. a Fixed Rate Term;

(xxii) **'Usage Line Fee'** means the percent per annum identified as the 'Usage Line Fee' (if any) in your Letter of Offer;

(xxiii) **'Yield Rate'** means the rate fixed for the Fixed Rate Term, agreed by you and ANZ at the time you accept the Terms of each FRF Option. It will be identified in a Confirmation as the 'Yield Rate'.

## 1. DRAWDOWN AND OTHER DOCUMENTS

- (a) You cannot draw Bills under your Fixed Rate Option Commercial Bill Facility until ANZ receives a Deed of Authority, Indemnity and Attorney properly executed to ANZ's satisfaction.
- (b) Any instruction given under a Deed of Authority, Indemnity and Attorney must be given by you or by your Authorised Representative.
- (c) An instruction which requests ANZ to accept and discount Bills is irrevocable when you accept the Terms of each FRF Option.
- (d) You may not instruct ANZ to accept Bills without discounting them.
- (e) You may draw multiple Bills Contracts under your Fixed Rate Option Commercial Bill Facility. The aggregate Face Value of all Bills drawn under all Bills Contracts must not exceed the Facility Limit.

- (f) You must hold and maintain an ANZ transaction account for the full term of your Facility. You must also deposit into your account enough funds to cover payment of any amount owing by you under your Facility. Examples of such amounts are fees and other charges payable by you.

## 2.1 QUOTATIONS FOR TERMS OF EACH FRF OPTION

You may ask ANZ (at ANZ's discretion) to quote the Terms for each FRF Option and may only:

- (a) ask for quotations:
  - (i) for a specified Fixed Rate Term agreed to by ANZ; and
  - (ii) for Bills Contracts with Rollover Periods of approximately 30, 90 and 180 days or such other number of days as agreed with ANZ, and rollover dates to be specified by ANZ in ANZ's quotations.
- (b) However, you cannot ask ANZ to quote for a Fixed Rate Term for a proposed Bills Contract, where the last day of the Fixed Rate Term is a date after the last day of the term of the Facility.
- (c) To accept a quote for a FRF Option you must accept the Terms of each FRF Option being terms that (in ANZ's opinion), are consistent with ANZ's quotations, immediately upon ANZ giving you that quote. You agree that your acceptance will be communicated to ANZ verbally either in person or over the telephone.
- (d) Upon receipt of your acceptance, ANZ will send you a Confirmation confirming the terms of the FRF Option. Until the Limit Approval Fee specified in your Letter of Offer (if any) (and any other Costs which your Agreement specifies are due for payment prior to the first drawing) are paid by you, ANZ has no obligations under the FRF Option notwithstanding the issue of the Confirmation.
- (e) The Yield Rate fixed for the relevant Rollover Period is exclusive of the Usage Line Fee or Commitment Fee. Unless ANZ advises you in writing that your Usage Line Fee or Commitment Fee will be added onto the Yield Rate for the purposes of calculating the amount of the discount in Specific Condition 4, ANZ will charge the Usage Line Fee or Commitment Fee to you separately.

## 2.2 PREMIUM

- (a) A Premium may be payable by you to ANZ as a result of you entering into an FRF Option. ANZ will advise you if a premium is payable at the time you obtain a quote from ANZ in accordance with Specific Condition 2.1.
- (b) You will agree to the amount of the Premium (if any) at the same time you accept a quote for an FRF Option in accordance with Specific Condition 2.1.
- (c) The Premium must be paid by you to ANZ upfront, as a lump sum dollar amount in respect of the FRF Option. You must pay the Premium to ANZ by 4:00pm (Sydney time), two Business Days after the Terms of each FRF Option are accepted by you.
- (d) You agree and acknowledge that any Premium paid by you to ANZ is non-refundable, even where you exercise your rights to terminate/ prepay the FRF Option in accordance with Specific Condition 6.

## 3. EXERCISE NOTICE

- (a) If:
  - (i) you have given written notice to ANZ before 4:00pm (Sydney time) at least two Business Days before the Exercise Date whether or not you wish to exercise the FRF Option; and
  - (ii) no Premium due and payable by you is outstanding, you have the right, but not the obligation, to request ANZ to provide a Bills Contract to you on terms set out in the Confirmation.

If you wish to exercise the FRF Option and the Exercise Date is after the term of the Facility, you will need to at a reasonable time prior to giving notice under this Specific Condition 3(a) (if you have not already done so) request that ANZ extends the term of the Facility. ANZ will consider any such request but is not obliged to extend the term of the Facility if you do not meet ANZ's usual credit criteria or other reasonable requirements applicable at that time. If ANZ consents to the extension of the term of the Facility, such consent may be conditional on your Agreement to terms and conditions reasonably required by ANZ.

- (b) On receipt of your written notice, and after considering your request to extend the Term of the Facility (if applicable), ANZ will notify you whether:
  - (i) ANZ agrees to provide the Bills Contract to you and draw, accept and discount Bills drawn under that Bills Contract and, if required under Specific Condition 3(a), whether further terms and conditions will apply; or
  - (ii) ANZ does not agree to provide the Bills Contract to you. Where the Market Fixed Rate is greater than the fixed Yield Rate agreed by you and ANZ in respect of the proposed Bills Contract, then ANZ will pay you an amount in cash in substitution for ANZ's obligation to accept Bills under that Bills Contract.
- (c) If you do not agree to the further terms and conditions proposed by ANZ under Special Condition 3(b)(i) or if ANZ is required to pay you an amount under Specific Condition 3(b)(ii), the amount will be calculated by ANZ as the value of the difference between the Market Fixed Rate and the fixed Yield Rate set out in the Confirmation.

#### **4. AMOUNT PAYABLE BY ANZ ON DISCOUNT OF BILLS**

- (a) Subject to Specific Conditions 3 and 9, on the relevant Drawdown Date (also being the Exercise Date) or Rollover Date (as the case may be) for a Bill to be discounted by ANZ, ANZ shall pay to you the Face Value of the Bill less:
  - (i) the Net Discount; and
  - (ii) stamp duty and other taxes.
- (b) You acknowledge:
  - (i) you are responsible for the payment of the ANZ's Costs and charges identified in your Agreement and unless ANZ agrees otherwise in writing that those Costs in respect to the Fixed Rate Option Commercial Bill Facility will not be deducted from the Face Value of the Bill when ANZ is determining how much it will pay you in accordance with this Specific Condition 4. Instead you will pay those bank Costs and charges separately to ANZ on the dates specified in your Letter of Offer; and

- (ii) that ANZ's obligation to pay to you the Face Value of the Bill less the amounts specified in this Specific Condition 4(a) on a Rollover Date may be satisfied by a net payment in accordance with Specific Condition 9. Any such net payment will be confirmed to you in a Confirmation.

## 5. ROLLOVER

Subject to Specific Condition 6, on each Rollover Date, you irrevocably request ANZ to draw, accept and discount a new Bill in replacement of the maturing Bill, with the same fixed Yield Rate as that of the maturing Bill.

## 6. TERMINATION/PREPAYMENT

You may terminate and prepay a Bills Contract on the next Rollover Date if:

- (a) you have given written notice to ANZ at least two clear Business Days before the next Rollover Date, that you wish to terminate and prepay the Bills Contract;
- (b) you have paid to ANZ the amount which ANZ determines is required to compensate ANZ for all Costs or losses which ANZ has reasonably incurred or suffered or will reasonably incur or suffer, because the Bills Contract is terminated and prepaid except to the extent that such Costs or losses were caused by the negligence, fraud or wilful default of ANZ or its officers, employees, contractors or agents or any receiver appointed by ANZ; and

***Warning – If you terminate/prepay a Bills Contract, the amount of Costs or losses may be significant. When calculating any Costs or losses suffered by ANZ as a result of a termination and prepayment, ANZ will value the Bills Contract on a mark to market basis which involves ANZ making a genuine attempt to estimate the economic loss or reduction of return and Costs it might incur taking into account movement in rates in the Australian market. ANZ will make allowance for any benefit that ANZ will get as a result of the termination and prepayment.***

***If you wish to make a termination/prepayment, you should discuss it with ANZ first and ANZ can calculate the Costs or losses that you would have to pay if you***

***made the termination/prepayment. This will help you to decide whether you want to go ahead with the termination/prepayment.***

- (c) you have paid to ANZ all amounts actually or contingently owing or to become owing by you under or in connection with the Bills Contract, including, without limitation any unpaid Premium.

A notice given under this clause cannot be withdrawn by you without ANZ's written consent and any reduction in the Face Value of the Bills Contract following any such termination or prepayment cannot be subsequently reinstated without ANZ's written consent.

## **7. ANZ MAY PREPARE BILLS**

On or before the Drawdown Date and each Rollover Date you irrevocably request ANZ to draw, sign and present the Bills which you have requested ANZ to accept and discount on the relevant Drawdown Date or Rollover Date, so that each Bill:

- (a) is dated with the relevant Drawdown Date or Rollover Date;
- (b) is drawn by or on your behalf with the name of the payee to be completed by ANZ;
- (c) names ANZ as drawee and acceptor; and
- (d) is for a Face Value amount determined by you and agreed by ANZ and specified in a Confirmation.

## **8. YOUR LIABILITY IN RESPECT OF BILLS DISCOUNTED**

- (a) As between you and ANZ, you are primarily liable in respect of each Bill drawn by you or on your behalf under the Bills Contract. Accordingly, your liability with respect to each Bill will not be discharged because ANZ becomes the holder of the Bill on or after its maturity. ANZ and you agree that section 66 of the Bills of Exchange Act 1909 does not apply as between ourselves.
- (b) Subject to Specific Condition 9, at or before 11:00 am (Sydney time) on the last day of the relevant Rollover Period for each Bill, you must pay to ANZ an amount equal to the Face Value of that Bill.

## 9. NET PAYMENTS ON ROLLOVER DATES FOR BILLS

Unless otherwise agreed between you and ANZ, if on the Rollover Date for a Bill, ANZ is obliged to discount one or more replacement Bills, ANZ or you (as the case may be) are only obliged to pay the net amount as between:

- (a) the amount equal to the Face Value of the maturing Bill(s) payable by you to ANZ on that date; and
- (b) the amount payable by ANZ to you under Specific Condition 4, on discounting the replacement Bill(s).

## 10. COSTS AND LOSSES

You agree to pay or reimburse ANZ, on demand, for all Costs or losses which ANZ reasonably incurs or suffers as acceptor of each Bill except to the extent that such Costs or losses were caused by the negligence, fraud or wilful default of ANZ or its officers, employees, contractors or agents or any receiver appointed by ANZ.

## 11. ACKNOWLEDGMENT

You acknowledge that:

- (a) it is difficult to predict with any certainty the future movements in interest rates;
- (b) the yield rate Costs of an FRF Option and possible subsequent Bills Contract may exceed those that would apply for a variable rate Facility;
- (c) you are responsible for any Costs or losses that you may incur in connection with future movements of interest rates in the market;
- (d) in accepting the Terms of each FRF Option and entering into each Bills Contract you rely on your own assessment of future movements in interest rates;
- (e) these Specific Conditions of Use are part of your Agreement with ANZ and should be read in conjunction with the ANZ Business Banking Finance Conditions of Use provided to you and your Letter of Offer;

- (f) words and expressions not defined in these Specific Conditions of Use have the meanings given to them in the ANZ Business Banking Finance Conditions of Use or your Letter of Offer; and
- (g) if there is an inconsistency between a Confirmation and any of these Specific Conditions of Use, the ANZ Business Banking Finance Conditions of Use and your Letter of Offer, the Confirmation prevails.

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