

# LAYERED COMMERCIAL BILL FACILITY

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SPECIFIC CONDITIONS OF USE  
ANZ BUSINESS BANKING  
07.19



# KEY TERMS OF YOUR COMMERCIAL BILL FACILITY

## ABOUT THESE KEY TERMS

The aim of these key terms is to help you understand the key terms of your commercial bill facility with us. It should be read in conjunction with the “Key Terms of your Business Lending” document you will also receive. Please note it does not cover all of the terms and conditions of your arrangements. Additionally, it is not a substitute for, and does not form part of, your contract with us. The Specific Conditions of Use that follow on from these key terms do form part of your contract.

## COMMERCIAL BILL FACILITIES TO WHICH THESE KEY TERMS APPLY

These key terms cover each of the types of commercial bill facilities that ANZ offers, including the ANZ Tailored Business Facility. For detailed information about the particular commercial bill facility you have chosen, please read the Specific Conditions of Use that follow on from this page.

## BEFORE YOU CAN USE THE COMMERCIAL BILL FACILITY

Before you can start using the facility, you will need to provide ANZ with a completed Deed of Authority, Indemnity and Attorney form.

## DRAWING DOWN ON YOUR COMMERCIAL BILL FACILITY

To draw down on your commercial bill facility, you need to provide us with the details of the type of bill you wish to draw, its face value and the desired period between rollover dates. You can also tell us how you want us to treat your bills until the termination of your facility. Once you have drawn down on your commercial bill facility, ANZ will pay to you the face value of the bill less a discounted amount. The discounted amount is similar to interest and is the difference between the face value of the bill and the amount you receive at drawdown.

## REPAYING AMOUNTS AT EACH ROLLOVER AND END OF THE FACILITY TERM

During the term of your facility, you need to pay to ANZ the face value of each drawn bill when it matures – this is known as a “rollover date”. Your **contract** and the **relevant drawdown letters you receive** will set out your facility limit, term of your facility and the dates for making the rollover payments at the rollover date. Unless you have told us to do otherwise, we will generally draw a further bill at each rollover date and the proceeds of that further bill will be used to partially repay the maturing bill; you will also need to pay the discounted amount (similar to interest) that applies to the maturing bill. We will continue to do this until the final rollover date when no further bills can be drawn and the face value of the final maturing bill must be repaid.

## FEES, COSTS AND CHARGES

You need to pay the fees, costs and other charges associated with your commercial bill facility. The fees and charges are set out in your contract and the ANZ Business Banking Finance Fees and Charges booklet. You can terminate your facility at any time if you no longer have any drawn bills. If you want to repay any drawn bills (or your facility that has drawn bills) early, you need to inform us by giving us the notice required by the Specific Conditions of Use prior to the rollover date. There may be additional costs if you do this – we can tell you what these costs will be if you ask us. You also agree to pay additional costs if certain other things occur, such as a default.

## MAINTAIN AN ANZ TRANSACTION ACCOUNT

You must have an ANZ transaction account for the full term of your commercial bill facility that contains enough funds for payment of any amount owing such as fees and other amounts, including any discount amount.

## WHERE CAN YOU FIND OUT MORE?

Your contract has been provided to you and you should read it before you sign anything. Please ask your ANZ business banker or your accountant or lawyer about anything you do not understand.

## LAYERED COMMERCIAL BILL FACILITY SPECIFIC CONDITIONS OF USE

*This document contains important Specific Conditions of Use that apply to your Layered 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 Layered Commercial Bill Facility. This document contains the relevant Specific Conditions of Use for your Layered Commercial Bill Facility and should be read in conjunction with the ANZ Business Banking Finance Conditions of Use and the 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) **'BBSY'** for a period means the rate expressed as a yield percent per annum (rounded up or down if necessary to 2 decimal places) that is the average bid rate for Australian dollar Bills having a Rollover Period of the designated maturity which appears on Reuters Screen BBSY page (or any page that replaces that page) at approximately 10:10am (Sydney time), or such other time as determined by ANZ on the first day of that period or if no average rate is published the bid rate available to ANZ at approximately 10:10am (Sydney time) on the first day of that period as conclusively determined in good faith by ANZ for bank accepted Bills that have a Rollover Period described above;
- (ii) **'Bill'** means a bill of exchange;
- (iii) **'Bills Contract'** means each financing arrangement you enter into with ANZ under your Layered Commercial Bill Facility comprising of the initial Bill drawn by you and all subsequent replacement Bills drawn by ANZ on your behalf within the Bills Contract Term, with each Bill having a Yield Rate fixed for its Rollover Period, determined in accordance with Specific Condition 3. The details of your Bills Contract will be set out in a Confirmation;
- (iv) **'Bills Contract Term'** means that period of time agreed by you and ANZ for each Bills Contract, over which you must (subject to Specific Condition 6) roll a series of Bills, with each Bill having a Yield Rate fixed for its roll Period that is determined in accordance with Specific Condition 3. The Bills Contract Term starts on the Drawdown Date;
- (v) **'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;
- (vi) **'Commitment Fee'** means the percent per annum identified as the 'Commitment Fee' (if any) in your Letter of Offer;
- (vii) **'Confirmation'** means a document issued by ANZ providing details:

- A. At or about the time of your acceptance of the Terms of each Bills Contract and detailing the Terms of each Bills Contract; 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;

(viii) **'Discounted Proceeds'** of any Bill means the amount calculated with reference to the Yield Rate for the relevant Rollover Period (as determined under Specific Condition 3) and the Face Value of the relevant Bill using the following formula:

$$\text{Discounted Proceeds} = \frac{\text{Face Value} \times (365 \times 100)}{(\text{Yield Rate} \times \text{No. of days in a Rollover Period}) + (365 \times 100)}$$

- (ix) **'Drawdown Date'** is the date identified in the Confirmation as the 'Start Date', being the date on which an amount is first paid to you by ANZ in accordance with Specific Condition 4 in respect of a Bills Contract;
- (x) **'Face Value'** is the Australian dollar monetary value of the relevant Bill prior to discounting;
- (xi) **'Facility'** means your Layered Commercial Bill Facility;
- (xii) **'Facility Limit'** is the Australian dollar limit for your Layered Commercial Bill Facility, set out in your Letter of Offer;
- (xiii) **'Forward Start Contract'** means a Bills Contract for which the Terms of each Bills Contract are accepted by you more than two clear Business Days before the Drawdown Date;
- (xiv) **'Lower Variable Rate Limit'** means the lower of the two variable rates agreed by you and ANZ, used to determine the Yield Rate for a particular Rollover Period in accordance with Specific Condition 3. The Lower Variable Rate Limit will be set out in a Confirmation;
- (xv) **'Net Discount'** means the Face Value less the Discounted Proceeds;
- (xvi) **'Reduced Fixed Rate'** means the lower of the two fixed rates that will apply for the relevant Rollover Period when the Variable Rate on the Drawdown Date or the relevant Rollover Date is less than the Upper Variable Rate Limit but

greater than the Lower Variable Rate Limit. The Reduced Fixed Rate will be set out in a Confirmation;

- (xvii) **'Rollover Date'** means each date identified in the Confirmation as a 'Rollover Date', being the first day of each Rollover Period other than the Drawdown Date;
- (xviii) **'Rollover Period'** means 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 Bills Contract Term (whichever is the earlier);
- (xix) **'Standard Fixed Rate'** means the higher of the two fixed rates that will apply to a Rollover Period when the Variable Rate on the relevant Drawdown Date or Rollover Date is either:
  - A. greater than or equal to the Upper Variable Rate Limit; or
  - B. less than or equal to the Lower Variable Rate Limit.The Standard Fixed Rate will be set out in a Confirmation;
- (xx) **'Terms of each Bills Contract'** means:
  - A. an Upper Variable Rate Limit for each Bill;
  - B. a Lower Variable Rate Limit for each Bill;
  - C. a Standard Fixed Rate;
  - D. a Reduced Fixed Rate;
  - E. a Face Value for each Bill;
  - F. a Bills Contract Term; and
  - G. Rollover Periods;
- (xxi) **'Upper Variable Rate Limit'** means the higher of the two Variable Rates agreed by you and ANZ, used to determine the Yield Rate for a particular Rollover Period in accordance with Specific Condition 3. The Upper Variable Rate Limit will be set out in a Confirmation;
- (xxii) **'Usage Line Fee'** means the percent per annum identified as the 'Usage Line Fee' (if any) in your Letter of Offer;
- (xxiii) **'Variable Rate'** means the rate determined by ANZ by reference to BBSY;
- (xxiv) **'Yield Rate'** is the rate determined in accordance with Specific Condition 3 (fixed for the relevant Rollover Period). It will be identified in a Confirmation as the 'Yield Rate'.

## 1. DRAWDOWN AND OTHER DOCUMENTS

- (a) You cannot draw a Bill under your Layered Commercial Bill Facility until ANZ receives the following documents properly executed to ANZ's satisfaction:
  - (i) Commercial Bills - Authority (a standard ANZ document); and
  - (ii) Power of Attorney - Commercial Bills (a standard ANZ document); and
  - (iii) Indemnity Commercial Bills (a standard ANZ document); or
  - (iv) Commercial Bill Authority, Indemnity and Attorney (a standard ANZ document).
- (b) Any instruction given under either the standard ANZ document entitled 'Commercial Bills - Authority' or 'Commercial Bill 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 Bills Contract.
- (d) You may not instruct ANZ to accept Bills without discounting them.
- (e) You may draw multiple Bills Contracts under your Layered Commercial Bill Facility. The aggregate Face Value of all Bills drawn under all Bills Contracts must not exceed the Facility Limit.
- (f) The date of the first drawing under all Bills Contracts must occur within 3 months of the date you accept ANZ's offer, unless otherwise agreed by ANZ in writing.
- (g) 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. QUOTATIONS FOR TERMS OF EACH BILLS CONTRACT

- (a) You must, before 4:00 pm (Sydney time) two Business Days before the Drawdown Date, ask ANZ (at ANZ's discretion) to quote the Terms of each Bills Contract.



- (b) You may only ask for quotations:
  - (i) for a specified Bills Contract 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.
- (c) However, you cannot ask ANZ to quote for a Bills Contract Term where the last day of the Bills Contract Term will be after the last day of the term of the Facility.
- (d) To accept a quote for a Bills Contract (including a Forward Start Contract), you must agree to the Terms of each Bills Contract being terms that (in ANZ's opinion) are consistent with ANZ's quote 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.
- (e) Upon receipt of such acceptance, ANZ will send you a Confirmation confirming the Terms of each Bills Contract. 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 Bills Contract notwithstanding the issue of the Confirmation.

### **3. YIELD RATE FIXED FOR ROLLOVER PERIOD**

If on the relevant Drawdown Date or Rollover Date (as the case may be) the Variable Rate is:

- (a) greater than or equal to the Upper Variable Rate Limit, the Yield Rate fixed for the relevant Rollover Period is the Standard Fixed Rate for that Rollover Period;
- (b) less than the Upper Variable Rate Limit but greater than the Lower Variable Rate Limit, the Yield Rate fixed for the relevant Rollover Period is the Reduced Fixed Rate for that Rollover Period; or
- (c) less than or equal to the Lower Variable Rate Limit, the Yield Rate fixed for the relevant Rollover Period is the Standard Fixed Rate for that Rollover Period.

The Yield Rate fixed for the relevant Rollover Period determined in accordance with this Specific Condition 3 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 determined in accordance with Specific Condition 3 for the purposes of calculating the amount of the discount in Specific Condition 4(a), ANZ will charge the Usage Line Fee or Commitment Fee to you separately.

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

- (a) Subject to Specific Condition 9, on the Drawdown Date and each Rollover Date 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 ANZ's Costs including those identified in your Agreement. Unless ANZ agrees otherwise in writing, those Costs in respect to the Layered 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 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 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 a Yield Rate fixed for the relevant Rollover Period determined under Specific Condition 3.

## 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 before 4:00pm (Sydney time) two Business Days before the next Rollover Date, that you wish to terminate and prepay a Bills Contract;
- (b) you have paid to ANZ the Face Value of the Bill together with 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 that 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.

A notice given under this clause cannot be withdrawn 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 at the Yield Rate determined in accordance with Specific Condition 3 on the 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 a Bills Contract may exceed those that would apply for a variable rate Facility;
- (c) ANZ is not responsible in any way for any Costs or losses that you may incur;
- (d) in accepting the Terms of each Bills Contract you rely on your own assessment of future movements in interest rates and not on any representation or assurance by or on behalf of ANZ;
- (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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