

# What you need to know

## Foreign Currency Term Deposit

Product Disclosure Statement



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You should read all sections of this Product Disclosure Statement (PDS) before making a decision to acquire this financial product. As the information in this PDS has been prepared without considering your objectives, financial situation or needs, you should, before acting on the information, consider its appropriateness to your circumstances.



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# General Information

## Features at a glance

<b>Significant benefits</b>	Security of a fixed <i>currency</i> interest rate for the <i>term</i> of your investment.	
<b>Significant risks</b>	<p><i>Exchange rates</i> and <i>currency interest rates</i> can be volatile and can move adversely.</p> <p>Foreign Currency Deposits are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days' notice in writing.</p>	
<b>Minimum investment amounts and terms available</b>	1 day – 5 years	The <i>currency</i> equivalent of AUD75,000.00 or more.
	15 days – 185 days	The <i>currency</i> equivalent of AUD100,000.00 or more.
	7 days – 185 days	The <i>currency</i> equivalent of AUD250,000.00 or more.
	1 day – 5 years	The <i>currency</i> equivalent of AUD1,000,000.00 or more.
<b>Interest rates</b>	Current interest rates are available on request from your relationship manager or any branch of the Bank.	
<b>Payment of interest</b>	<p>Quarterly, semi-annual or at maturity.</p> <p>Refer to the "How is interest calculated on my FCTD?" section in this PDS.</p>	
<b>Fees and charges</b>	<p>No Bank fees or charges are directly applicable to this product.</p> <p>For further information see Appendix A.</p>	
<b>Withdrawals in advance of maturity</b>	<p>Foreign Currency Deposits are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days' notice in writing.</p> <p>A prepayment interest adjustment will apply.</p> <p>Refer to the "Withdrawals in advance of maturity" section in this PDS.</p>	
<b>Prepayment interest adjustment</b>	Calculated by reference to amount withdrawn, remaining time to maturity and movements in interest rates since the <i>lodgement date</i> .	

The information in this Product Disclosure Statement (PDS) is subject to change from time to time and is up to date as at the date stated on the cover. Where the new information is materially adverse information the Bank will either issue a new or varied PDS setting out the updated information. Where the new information is not materially adverse information we will not issue a new PDS or supplementary PDS to you, but you will be able to find the updated information on our web site [commbank.com.au](http://commbank.com.au) or you can call 13 2221. If you ask us to, we will send you a soft or paper copy of the information.

## Purpose of a Product Disclosure Statement (PDS)

A PDS aims to provide you with enough information to help you decide whether the product will meet your needs. It also helps you to compare the product with others you may be considering.

This PDS provides information about a product called a **Foreign Currency Term Deposit (FCTD)**. If you decide to invest in a FCTD, you should keep this PDS and all other documentation relating to your FCTD for future reference.

This PDS consists of a General Information section and the Terms and Conditions that govern the FCTD. When you lodge funds in a FCTD you agree to the Terms and Conditions detailed in this PDS.

If you have any questions or wish to contact us call **13 2221** between 8am and 8pm, Monday to Friday, visit our web site at **commbank.com.au**, or call into any branch of the Commonwealth Bank of Australia (the Bank).

To assist you in understanding this PDS, the definition of some words is provided in the “Definitions” section on page 13. When used in this PDS, these words usually appear in italics.

## What is a Foreign Currency Term Deposit (FCTD)?

A FCTD is a fixed term investment denominated in a *currency* that is available to both individuals and businesses. It provides a mechanism for investors to receive a fixed rate of return on their eligible *currency* funds for *terms* up to 5 years. Multiple FCTDs can be opened if you need to hold funds in several *currencies*. Each FCTD must meet the Bank’s FCTD establishment criteria, such as eligible *currency*, applicants, minimum *terms* and amounts.

## What currencies are available for a FCTD?

We offer FCTDs in a range of *currencies* (refer to Appendix B of this PDS for examples of eligible *currencies*), at the Bank’s discretion.

Enquiries as to the availability of FCTDs in specific *currencies* should be directed to your relationship manager or any branch of the Bank.

## Who is it suitable for?

A FCTD is designed to meet the needs of businesses and individuals:

- ▶ with a requirement to hold funds in a particular *currency* and who do not require access to funds prior to maturity; or
- ▶ who have *currency* funds available and want a fixed term investment at a fixed interest rate for the *term* and do not require access to funds prior to maturity.

## How are interest rates determined?

The rate of interest is based on the prevailing *currency* market interest rate and may be either positive or negative. The *currency* market interest rate is adjusted by a margin that reflects the following factors:

- ▶ an allowance for the Bank’s business costs, both fixed and variable;
- ▶ any risks associated with the product; and
- ▶ the Bank’s profit margin.

The margin may vary from time to time due to changed market conditions, the relative liquidity of the *currency* held, the amount and *term* of the investment, and the timing of the transaction.

The interest rate that you receive on your is fixed for the *term* of your investment.

## How does a FCTD work?

You will be quoted an interest rate based on the prevailing *currency* market interest rate (as described in the “How are interest rates determined?” section in this PDS), the *currency* amount and *term* of the FCTD. Current interest rates are available on request from your relationship manager or any branch of the Bank. If you accept the interest rate offered, the FCTD will commence on receipt by the Bank of your cleared funds. The Bank does not accept uncleared funds for the credit to a FCTD. If the funds are uncleared on the day an interest rate is quoted to you, then you must obtain a new quote on the day the funds become cleared.

When you lodge funds in a FCTD, you agree to the Terms and Conditions contained within this PDS.

## How is interest calculated on my FCTD?

Interest is calculated daily and paid into your nominated account with the choice of the following payment frequencies:

- ▶ Quarterly: interest is credited to your nominated account every 3 months and/or at maturity.
- ▶ Semi-annually: interest is credited to your nominated account every 6 months and/or at maturity.
- ▶ Maturity: interest is credited to your nominated account on the *maturity date*.

On the *maturity date*, interest may be added to your principal and the principal plus interest reinvested in another FCTD, or paid to your nominated bank account (in the same name as the FCTD). For interest calculation purposes the *term* is divided by 360 or 365 (the base annual number of days), depending on the market convention for the *currency* in which the FCTD is held (refer to Appendix B of this PDS).

### Example 1\*

You lodge a FCTD of USD500,000.00 for a *term* of 30 days at an interest rate of 0.40% per annum.

#### Interest earned for the term of the investment

$$= \text{USD}500,000.00 \times 0.40\% \times \left( \frac{30}{360^{**}} \right)$$

**= USD166.67**

Provided that you hold the FCTD until the *maturity date*, you will receive USD500,166.67 at maturity, thereby earning interest at 0.40% per annum for the entire 30 day *term*.

\* Examples are used for illustrative purposes only.

\*\* The base annual number of days depends on the market convention for the *currency* in which the FCTD is held. The convention for some *foreign currencies* is 360 days while the convention for others is 365 days. Refer to Appendix B of this PDS.

### At maturity

You may contact the Bank at any time prior to 4.00pm (Sydney time) on the *maturity date* of your FCTD to request a withdrawal of funds at maturity or to specify how the funds are to be reinvested. If, on the *maturity date*, we have not received your instructions, we will automatically reinvest the principal and interest for you for the same term at the prevailing interest rate as determined by the Bank (refer to the “How are interest rates determined?” section in this PDS) for that particular *currency*.

If you request all or part of your FCTD to be withdrawn at maturity, your options include:

- ▶ crediting the *currency* funds directly to your nominated account (in the *currency* of your FCTD or another *currency* by agreement with the Bank); or
- ▶ receiving the proceeds in the form of a bank cheque or draft, in AUD or in the *foreign currency* of your FCTD.

Where you choose to convert one *currency* into another, or to receive payment via bank cheque or draft, fees and charges may apply. Refer to Appendix A of this PDS.

## Withdrawals in advance of maturity (in cases of hardship only)

**FCTDs are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days’ notice in writing.**

When you request the Bank to withdraw an amount from your FCTD prior to the agreed *maturity date* (i.e. you request a “prepayment”) the Bank must borrow the prepayment amount for a term matching the maturity of the existing FCTD. On the prepayment date, which will be on day 32 following your request, the amount payable to you will be reduced by any borrowing cost incurred by the Bank as a consequence of prepaying your FCTD.

The borrowing rate of interest is based on the prevailing *currency* market interest rate and may be either positive or negative. The *currency* market interest rate is adjusted by a margin that reflects the following factors:

- ▶ an allowance for the Bank’s business costs, both fixed and variable;
- ▶ any risks associated with the product; and
- ▶ the Bank’s profit margin.

The margin may vary from time to time due to changed market conditions, the relative liquidity of the *currency* held, the amount and term of the investment, and the timing of the transaction.

### Example 2\*

You lodged a FCTD of USD500,000.00 for a *term* of 90 days at an interest rate of 0.40% per annum.

You request a prepayment of USD60,000.00 on the 11th day of the FCTD for reasons of hardship as agreed by the Bank. The Bank determines the appropriate borrowing rate

of interest to be 1.50% per annum for the period of 79 days (this is the number of days remaining on your original *term*).

#### Cost incurred by the Bank

$$= \text{USD}60,000.00 \times 1.50\% \times \left( \frac{79}{360} \right)$$

**= USD197.50**

Interest is recalculated on the initial investment of USD500,000.00 to reflect the reduced investment *term* of 11 days.

#### Original principal for 11 days

$$= \text{USD}500,000.00 \times 0.40\% \times \left( \frac{11}{360} \right)$$

**= USD61.11**

On the prepayment date, which is day 32 following your request, the Bank pays to you the prepayment amount of USD60,000.00 plus the interest of USD61.11 less the cost incurred by the Bank (i.e. USD197.50). This results in a net payment to you of USD59,863.61. **Note:** As shown by this example, you may receive less than the amount you requested to prepay.

The effective interest rate received for the initial 11 day investment is recalculated as follows:

$$\frac{(\text{Interest paid less Bank costs}) \times 360^{**} \times 100}{\text{principal} \times \text{number of days}}$$

$$= \frac{(\text{USD}61.11 - \text{USD}197.50) \times 360 \times 100}{\text{USD}500,000 \times 11}$$

**= - 0.89% per annum**

The interest earned on the initial investment of USD500,000.00 for the initial 11 days is adjusted to an effective interest rate of -0.89% per annum. We will provide you with a letter of confirmation providing details of your prepayment.

The residual amount of USD440,000.00 is reinvested for the remaining 79 days at your original interest rate (in this example 0.40% per annum).

**Note:** The minimum withdrawal amount is the equivalent of AUD50,000.00 at an *exchange rate* determined by the Bank. Refer to Clause 9 of the Terms and Conditions in this PDS.

On your request, the Bank will give you an estimate of the prepayment interest adjustment before you withdraw the funds.

\* Examples are used for illustrative purposes only.

\*\* The base annual number of days depends on the market convention for the *currency* in which the FCTD is held. The convention for some foreign currencies is 360 days while the convention for others is 365 days. Refer to Appendix B of this PDS.

## What are the significant benefits of a FCTD?

Benefits include:

- ▶ you receive returns linked to prevailing *currency* market interest rates;
- ▶ a wide range of *terms* are available ranging from 1 day to 5 years (provided you meet the minimum amounts as described in Clause 6 of the Terms and Conditions in this PDS);
- ▶ holding funds in a *currency* may reduce the requirement to convert these funds into AUD, thus reducing costs associated with such conversions; and
- ▶ by lodging your *currency* funds in a FCTD for an agreed *term*, you are protected from falling *currency* market interest rates during the term of your investment.

## What are the significant disadvantages of a FCTD?

Disadvantages include:

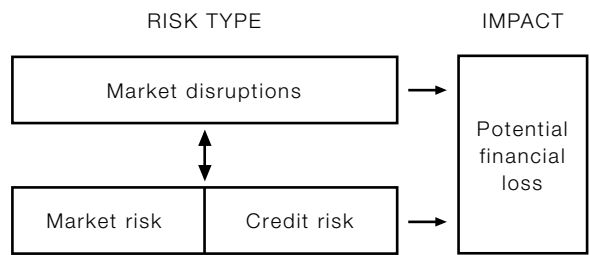
- ▶ you cannot benefit from increases in *currency* market interest rates that may occur during the *term* of your FCTD as your interest rate is fixed for the *term*;
- ▶ the Bank may not pay interest on some *currencies*; and
- ▶ funds are not available for withdrawal on demand as the *term* and *maturity date* are fixed on the *lodgement date* (refer to the "Withdrawals in advance of maturity" section in this PDS. **FCTDs are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days' notice in writing.)**

## What are the significant risks?

Currency exchange markets can be volatile. Currency positions and interest rate movements in these markets may involve actual losses resulting in a reduction to your principal.

For instance, a variation in *exchange rates* may reduce the AUD equivalent of your deposit and so reduce the effective interest rate on your FCTD in AUD terms. Diagram 1 gives an overview of the risks inherent in the exchange markets and how they might interrelate. Monitoring of any risks associated with this product is your responsibility.

Diagram 1: Risk overview



### Market disruptions

From time to time, significant events can occur that disrupt the normal operations of financial markets. Such events may reduce the liquidity of a *currency* or of the exchange markets generally. Examples may include the failure of a major institution, war, a major political event or the failure of a Government to meet its financial obligations (sovereign risk).

If, as a consequence, there is a movement in the *exchange rates*, such events could result in a financial loss to holders of *currencies*.

### Market risk

Market risk is the risk that prices including *exchange rates* and *currency* interest rates will move adversely. There is a risk that *exchange rates* and/or *currency* interest rates will change, possibly suddenly and substantially, causing you to incur a significant actual loss as a result of your investment.

### Currency risk

Currency risk is the risk that because of adverse *exchange rate* movements, the value in AUD of your FCTD may fall.

Should you hold an offsetting position in the exchange markets or in a commitment to spend this *currency* then your loss may be offset in part or in full by the offsetting position.

### Interest rate risk

As the rate of interest that you receive on your FCTD and the *term* of the investment are both fixed, you forgo the opportunity to benefit from any rise in *currency* market

interest rates during the term. You should also consider the impact of negative interest rates. Refer to Clause 7 of the Terms and Conditions in this PDS.

You should ensure that you are able to monitor and value the relevant exchange rate and *currency* interest rate movements when investing in a FCTD.

The Bank may be dealing on its own account in foreign exchange markets and such dealings may influence *exchange rates* and *currency* interest rates.

### Credit risk

Credit risk is common to all investment products that you may hold with the Bank. In all cases, you are reliant on the ability of the Bank to meet its obligations to you under the terms of the particular product.

These risks are the most significant risks. However, there may be other considerations that are relevant to you should you invest in a FCTD. You should obtain your own independent professional advice to determine whether this product is appropriate to your particular circumstances.

### Legal risk

Australia, as a member state of the United Nations, is obliged to implement United Nations Security Council sanctions. Australia also may be required to implement other international sanctions and sometimes imposes unilateral sanctions. Sanctions can cover various subject matters including financial restrictions. Consequently, the Bank may be prohibited from dealing with certain persons or entities.

This means that if the Bank is aware that you are a proscribed person or entity, then the Bank may be required to suspend, cancel or refuse you services or close or terminate any account, facility, transaction, arrangement or agreement with you. We may also be required to freeze assets of yours. You could incur significant costs as a result of these actions.

## How do I invest in a FCTD?

To invest in a FCTD, please contact your relationship manager or visit any branch of the Bank. When you open a FCTD, we will send you a letter confirming your investment with the Bank.

## What are the costs involved in a FCTD?

There are no Bank fees directly applicable to this product, however, there are costs associated with services related or ancillary to the operation of your FCTD. These costs are set out in Appendix A of this PDS.



## Financial Claims Scheme

The Financial Claims Scheme, under the Banking Act, covers AUD deposit amounts you hold in a bank in aggregate up to a statutory prescribed limit (please note for the purposes of calculating this total joint accounts are considered to be held in equal shares). You may be entitled to a payment in some circumstances although the Financial Claims Scheme does not generally apply to deposit amounts denominated in foreign currency. Payments under the scheme are subject to a limit for each depositor. Information about the Financial Claims scheme can be obtained from the APRA website at **[www.apra.gov.au](http://www.apra.gov.au)** and the APRA hotline on **1300 55 88 49** (if calling from within Australia) or **+ 61 2 9210 3480** (if calling from outside Australia).

## Are there any tax implications I should be aware of?

Investing and dealing with investments has tax and often social security implications. These can be complex and are invariably particular to your circumstances. Investment income in the form of interest earned on a FCTD is generally taxable income. You should discuss the timing and derivation of this income with your independent professional tax adviser.

Investments in FCTDs will have additional tax consequences depending on whether the investor is an individual or company and whether any elections in relation to currency have been made. You should discuss any tax issues with your independent professional tax adviser.

If you do not provide us with a Tax File Number (TFN), TFN exemption or Australian Business Number, or you are a non-resident (unless you are eligible to deposit through the Bank's Offshore Banking Unit), the Bank is obliged by law to deduct tax from the interest you have earned.

## What if I have a complaint?

Please contact your relationship manager or the manager of the department that handled the matter and explain the problem.

Our staff will review the situation and, if possible, resolve it immediately. If the matter has not been resolved to your satisfaction, please contact our Customer Relations team via:

- ▶ our web site at:  
**[commbank.com.au/contactus/comment.asp](http://commbank.com.au/contactus/comment.asp)**;
- ▶ telephone **1800 805 605**;
- ▶ facsimile **1800 028 542**; or

- ▶ writing to:  
Customer Relations  
Commonwealth Bank  
Reply Paid 41  
Sydney NSW 2001

If after giving us the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may also lodge a written complaint with the Financial Ombudsman Service at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne VIC 3001  
Phone **1300 780 808**  
Fax **03 9613 6399**  
Internet **[www.fos.org.au](http://www.fos.org.au)**

## Customer information and privacy

### What information we collect

In this clause 'you' includes our customer and any person who holds office in an entity which is a customer. We collect information about you (such as your name, address and contact details), and information about your interactions with us, such as transactions on your account. We may also collect publicly available information about you.

### Why we collect your information and what we use it for

We collect your information because we are required to identify you in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and in order to comply with taxation laws, such as the Taxation Administration Act 1953 and the Income Tax Assessment Act 1936. We also collect it to administer our customer relationships and internal processes including risk management and pricing, to meet our obligations in relation to external payment systems and under our arrangements with government agencies, and to identify and tell you about products and services that may interest you (unless you tell us not to). If you don't want to receive marketing information you can tell us by calling 13 2221, or speak to your relationship manager.

If you give us your electronic and telephone details, you agree we may use this to communicate with you electronically, by phone or SMS, including providing updates, reminders and (unless you tell us not to) marketing information.

You must give us accurate and complete information; otherwise you may be breaking the law and we may not be able to provide you with the products and services that you require.

If you change your personal details (e.g. address, name or email address) you must tell us straight away.

### Who we may exchange your information with

We may exchange your information with other members of the Group who may use your information for any of the purposes we can.

We may also exchange your information with others outside the Group, for example, your representatives, our service providers, other financial institutions (for example, in relation to a mistaken payment claim), enforcement and government authorities, relevant public registers and payment system operators (for example, BPAY Pty Ltd).

Sometimes it may be necessary to send your information overseas – for example, where we outsource functions overseas, send information to Group members overseas, where we need to complete a transaction on your behalf or where this is required by laws and regulations in Australia or in another country. See our Group Privacy Policy for more information.

### Our Group Privacy Policy

Our Group Privacy Policy is available on our website at **commbank.com.au** (follow the Privacy Policy link) or upon request from any branch of the Bank and should be read in conjunction with the above. It contains further details about our information collection and handling practices including information about:

- ▶ other ways we may collect, use or exchange your information;
- ▶ how you may access and seek correction of the information; and
- ▶ how to make a complaint about a breach of your privacy rights, and our complaint handling procedures.

We encourage you to check our website regularly for any updates to the Policy.

### How to contact us

For privacy-related enquiries, please contact us by:

- ▶ email at **CustomerRelations@cba.com.au**
- ▶ telephone **1800 805 605**, or
- ▶ writing to the address in our Group Privacy Policy.

### Additional Obligations

The Bank may be subject to laws or regulations in Australia or another country that affect your relationship with the Bank (eg. Laws that address taxation). So that we may comply with our obligations under these laws or regulations, we may:

- ▶ require you to provide information about you or your product;

- ▶ disclose any information we are required to concerning you (including sending your information overseas);
- ▶ withhold an amount from a payment to you if required to do so, and if we do, we will not reimburse you for the amount withheld; and/or
- ▶ take such other action as is reasonably required, including, for example, closing your account.

# Terms and Conditions

## 1. About these Terms and Conditions

These Terms and Conditions govern the Bank's Foreign Currency Term Deposit (FCTD). They do not include terms and conditions that apply by operation of law.

You should read these Terms and Conditions carefully and keep a copy for your future reference. In addition, you should read the Bank's information booklet "The Better Banking Book", copies of which may be obtained by telephoning the Bank on **13 2221** (between 8am and 8pm, Monday to Friday), visiting our web site at **commbank.com.au** or from any branch of the Bank.

The Better Banking Book contains useful information on a range of banking matters. These include the rights and obligations that arise out of the banker and customer relationship, account opening procedures, the Bank's obligations regarding confidentiality of your information, complaint handling procedures, bank cheques, the advisability of you informing the Bank promptly when you are in financial difficulty, and the advisability of you reading the Terms and Conditions applying to any banking service provided to you or in which you are interested.

The relevant provisions of the Code of Banking Practice apply to a FCTD if the term deposit is held by an individual, either alone or jointly with another individual, or by a small business customer. A copy of the Code of Banking Practice is available at **commbank.com.au** or upon request from your relationship manager or any branch of the Bank.

## 2. References to Australian dollar amounts

The AUD equivalent of any *foreign currency* amount relating to your FCTD ("AUD amount") is available by contacting your relationship manager or your branch.

The AUD amount is subject to change at any time due to fluctuations in *exchange rates* and *foreign currency interest rates*. The AUD amount is calculated at an *exchange rate* as determined by the Bank with reference to foreign exchange markets.

## 3. Opening of FCTD

The opening of a FCTD is conditional upon:

- ▶ you providing the Bank with the necessary identification information it requires; and
- ▶ the Bank carrying out any necessary verification check(s).

When you lodge funds in a FCTD, you agree to these Terms and Conditions.

The Bank, at its discretion, accepts for the credit of a FCTD any *freely convertible currency* subject to the minimum amounts and terms set out in Clause 6 of these Terms and Conditions. Deposits accepted by the Bank must represent cleared funds (e.g. proceeds from cleared cheques, international money orders, etc).

The Bank does not accept cheques payable to a third party for deposit to a FCTD.

The minimum investment amounts and lodgement terms are detailed in Clause 6 of these Terms and Conditions.

A letter of confirmation outlining details of the deposit will be sent to you on acceptance of your FCTD. This letter is valueless for the purpose of transfer or negotiation.

## 4. Conducting a FCTD jointly with another person

Unless otherwise agreed with the Bank when the FCTD commences:

- ▶ each of you may operate the FCTD independently of the other;
- ▶ the Bank accepts for the credit of the FCTD cleared funds payable to any one or more of you; and
- ▶ if one of you dies, the FCTD will be closed at maturity and the balance is paid by the Bank to the survivor(s).

The Bank is not obliged to enquire into the circumstances of any instructions that you give in relation to the conduct of your joint FCTD. The Bank is not liable for any loss or damage you or anyone else suffers due to the Bank acting on those instructions in good faith, unless it is proved that the Bank was negligent.

## 5. Trust accounts

Unless an account is designated as a trust account, when you lodge a deposit in your name(s), you verify that the funds deposited are not in any way subject to a trust of any kind nor lodged in a trustee(s) capacity.

## 6. Minimum investment amounts and lodgement terms

The Bank may accept deposits for any fixed minimum *term* of one day to a maximum *term* of 5 years.

FCTDs are subject to the following minimum *terms* and deposit amounts:

Minimum <i>term</i>	Minimum (AUD) equivalent of the <i>currency</i> investment amount
30 days	AUD 75,000.00
15 days	AUD 100,000.00
7 days	AUD 250,000.00
1 day	AUD 1,000,000.00

Once your deposit is lodged, it is not available for withdrawal, except in the circumstances set out in Clause 9 of these Terms and Conditions. **FCTDs are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days' notice in writing.**

## 7. Payment of interest

This clause 7 is subject to our rights under clause 10 of these Terms and Conditions. The interest rate applying to your FCTD is subject to individual quotation. If applicable to the *currency* of the FCTD, at the commencement of the FCTD the Bank will quote you an annual interest rate. The interest rate applicable to the FCTD is set on the *lodgement date* and fixed for the whole of the nominated *term*.

Interest rates are determined at the Bank's discretion having regard to prevailing *currency* market interest rates applicable to the *currency* selected by you and on the *term* and amount of the investment (refer to "How are interest rates determined?" in the General Information section of this PDS).

Interest rates in some foreign markets may be lower or higher than those prevailing in Australia and the rate payable will reflect this.

Negative interest rates may apply to the deposit if low or negative interest rates apply in the interest rate market for the *currency* in which the FCTD is held. A negative interest rate, when applied to your FCTD, will have the effect of reducing your principal. If a negative interest rate applies, interest is debited from your principal at maturity.

Current interest rates are available on request from your relationship manager or any branch of the Bank.

Interest is calculated by reference to the amount invested, the agreed interest rate and the *term*. For interest calculation purposes the *term* is divided by 360 or 365 (the base annual number of days), depending on the market convention for the *currency* in which the FCTD is held (refer to Appendix B of this PDS).

Interest is added to the principal and paid to you on your choice of one of the following interest payment options:

- (i) Quarterly: interest credited to a nominated bank account every 3 months and/or at maturity;
- (ii) Semi-annual: interest credited to a nominated bank account every 6 months and/or at maturity;
- (iii) Maturity: interest credited to a nominated bank account on the *maturity date*.

If interest is due on a day that is not a *business day* and is being credited to a Commonwealth Bank statement account, it will be available for withdrawal from that account on the due date but will not appear on your statement or in a transaction listing until the next *business day* or the following *business day*.

Should an interest payment to your nominated account be returned to the Bank due to that account been invalid or closed, the Bank will either add this interest amount to your FCTD or pay it by issuing a bank cheque posted to your address held on our records. Where a bank cheque is issued, we will not pay you interest on this amount.

## 8. At maturity

This Clause 8 is subject to our rights under Clause 10 of these Terms and Conditions. You may contact the Bank at any time prior to 4.00pm (Sydney time) on the *maturity date* of your FCTD to request a withdrawal of funds at maturity or to specify how the funds are to be reinvested. You may choose to:

- ▶ reinvest the principal and interest; or
- ▶ have the interest paid to your nominated bank account and reinvest the original principal; or
- ▶ withdraw another amount and reinvest the remainder.

In all cases, the new principal must meet the minimum investment amounts as detailed in Clause 6 of these Terms and Conditions.

The Bank will not make payments in *currency* notes.

If, on the *maturity date*, we have not received your instructions, we will automatically reinvest the principal plus interest for you for the same *term* in the same *currency* at the prevailing interest rate, as determined by the Bank, for that *currency*. The Bank's then current Terms and Conditions for a FCTD will apply.

## 9. Withdrawals before maturity – in cases of hardship

**FCTDs are hold-to-maturity, fixed term investments that can only be terminated prior to maturity in cases of hardship as agreed by the Bank and subject to you providing us with at least 31 days' notice in writing.**

This Clause 9 is subject to our rights under Clause 10 of these Terms and Conditions. The Bank is under no obligation to allow withdrawal of your deposit prior to maturity. However, you may apply to the Bank to withdraw all or part of your deposit in advance of maturity if you are experiencing hardship. Requests are to be submitted to your relationship manager or the branch of the Bank where your FCTD was lodged.

Withdrawals in advance of the maturity are at the absolute discretion of the Bank.

Where a partial withdrawal is requested, the minimum withdrawal amount is the equivalent of AUD50,000.00 at an *exchange rate* determined by the Bank. The residual must meet the minimum lodgement requirements under Clause 6 of these Terms and Conditions. The Bank charges a prepayment interest adjustment (refer to "Withdrawals in advance of maturity" in the General Information section of this PDS).

The amount of the prepayment interest adjustment is calculated by working out whether there is a loss to the Bank because you withdraw the deposit in advance of maturity.

The Bank, acting reasonably estimates that loss to be the difference between the cost to the Bank of paying you the funds in the FCTD, and the benefit the Bank receives because it no longer has to pay the funds in the FCTD to you on the originally agreed *maturity date*. The Bank, acting reasonably takes into account the amount withdrawn, the time until maturity and movements in interest rates between the dates of opening the FCTD and withdrawal in advance of maturity.

You may submit a request to your relationship manager or your branch for the Bank to give you an estimate of the prepayment interest adjustment before you withdraw the funds.

If the Bank agrees to allow a withdrawal in advance of maturity, payment is made on day 32 after your written notice or, if day 32 is not a business day, the next *business day thereafter*.

## 10. Refusal of service

In the event that you appear to be a Proscribed Person, then we may, acting reasonably, immediately refuse to process or complete any transaction or dealing of yours; suspend the provision of a product or service to you; refuse to allow or to facilitate any of your assets held by us to be used or dealt with; refuse to make any asset available to you to any other proscribed person or entity; or terminate these arrangements with you. Provided we act in good faith and in compliance, or purported compliance, with any legal requirement in relation to a Proscribed Person we will be under no liability to you if we do any or all of these things. Our rights under this clause are in addition to all other rights we may have.

If we exercise our rights under this clause you must pay us any damages, losses, costs or expenses that we incur in relation to any action taken under this clause, including without limitation, movements in interest rates between the time of dates of opening the FCTD and our refusal of service under this clause, administrative costs and/or costs of sale or purchase of any transaction or deal put in place for the purposes of meeting our obligations under these Terms and Conditions.

## 11. Bank fees

Some related products and services, such as International Money Transfers (IMTs) and bank drafts, will incur a separate fee. These fees will be set out in the Product Disclosure Statements, terms and conditions or fees and charges brochures for those other products and services.

Refer to Appendix A of this PDS for details of Bank fees.

## 12. Government taxes

Government taxes, where applicable, are charged to your FCTD. Refer to Appendix A of this PDS for details of Government taxes.

## 13. Variation of Terms and Conditions

The Bank notifies you of the introduction or variation of any Government tax or charge either in writing or by advertisement in the national media or local media, unless the Government, a Government agency or representative body has already publicised the introduction or variation.

## **14. Change of personal details**

You are required to notify the Bank promptly in writing of a change to your personal details, such as your name, address or nominated bank account.

## **15. Statement of account**

The Bank does not provide you with a statement of account.

## **16. Severability**

If any term or condition of these Terms and Conditions is found to be void or unenforceable for unfairness or any other reason (for example, if a court or other tribunal or authority declares it so), the remaining terms and conditions will continue to apply to the extent possible as if the void or unenforceable term or condition had never existed.

## **17. Governing law**

These Terms and Conditions are governed by and construed in accordance with the laws of New South Wales and the parties irrevocably and unconditionally submit to the non exclusive jurisdiction of the courts of that State and courts of appeal from them.

# Definitions

## “AUD”

Australian Dollars.

## the “Bank”; “our”; “us”; “we”

Commonwealth Bank of Australia

ABN 48 123 123 124.

## “business day”

A day on which the Bank is open for the transaction of business in relation to a FCTD.

## “currency(ies)”

Means AUD or any *foreign currency*.

## “exchange rate”

An *exchange rate* is the expression of one *currency* in terms of another. For example, in the *exchange rate* AUD/USD0.6500, one Australian Dollar is equal to 65 United States cents (AUD1.0000 = USD0.6500). Similarly in the *exchange rate* USD/JPY115.35, one United States Dollar is equal to 115.35 Japanese Yen (USD1.0000 = JPY115.35).

## “FCTD”

Foreign Currency Term Deposit.

## “foreign currency(ies)”

Any *currency* other than Australian Dollars (AUD).

## “freely convertible”

A *currency* that is not subject to exchange controls and is able to be exchanged by the Bank through its operations in *currency* markets.

## “lodgement date”

The date on which you enter into a FCTD with the Bank.

## “maturity date”

The date on which the *term* of the FCTD ends and the maturity proceeds become available to you.

## “Proscribed Persons”

A person who appears to us either (a) to be a proscribed person or entity under the Charter of the United Nations Act 1945 (Cth); (b) to be in breach of the laws of any jurisdiction relating to money laundering or counter-terrorism; (c) to appear in a list of persons with whom dealings are proscribed by the government or a regulatory authority of any jurisdiction; or (d) act on behalf, or for the benefit of, a person listed in subclauses (a) – (c).

## “term”

The period from the *lodgement date* to the *maturity date*.

## “USD”

United States Dollars.

## “you”; “your”

The customer who is the person or persons or entity in whose name the FCTD is held.

# Appendix A – Fees and Government taxes

## Bank fees

There are no Bank fees directly applicable to this product as the interest rate has been adjusted by a margin that reflects the costs incurred.

Standard Bank fees may apply if on early withdrawal in the case of hardship as agreed by the Bank and with 31 days' notice (prior to maturity) or on the *maturity date*, you request payment by cheque or telegraphic transfer. Refer to the Bank's "Common Banking Services Standard Fees and Charges" brochure and "International and Foreign Currency Services Standard Fees and Charges" brochure, which are available from any branch of the Bank.

## Government taxes

If you do not provide us with a Tax File Number (TFN), TFN exemption or Australian Business Number, or you are a non-resident (unless you are eligible to deposit through the Bank's Offshore Banking Unit), the Bank is obliged by law to deduct tax from the interest you have earned.

Your FCTD may also be subject to Government taxes and duties (if any). These may vary from State to State.



## Appendix B – Foreign currencies

FCTDs are available in most *freely convertible* currencies. Examples are included below.

Currencies	Day count convention
United States Dollars (USD)	360
Pounds Sterling or Great British Pounds (GBP)	365
Japanese Yen (JPY)	360
New Zealand Dollars (NZD)	365
Euro (EUR)	360
Singapore Dollars (SGD)	360
Hong Kong Dollars (HKD)	360
Canadian Dollars (CAD)	360
Australian Dollars (AUD)	365

Details of current *exchange rates*, including all of the *currencies* in which the Bank offers FCTDs as well as information on interest rates, are available on request from your relationship manager or any branch of the Bank.





