



NEW ZEALAND

Government Treasury Bills

INFORMATION MEMORANDUM

TREASURY BILL DESCRIPTION

New Zealand Government Treasury Bills (“the Bills”) are New Zealand Dollar Bills which may be issued on a discount to par basis, but which also may also be issued ‘at par’ or at a premium, depending on the prevailing market interest rates. Bills do not pay a coupon. The Face Value of the Bills is paid on the Maturity Date.

ISSUER

The Sovereign in right of New Zealand (“the Crown”).

RATING

As at the date of this Information Memorandum, the Crown’s short-term local credit ratings are A-1+ by S&P Global Ratings, P-1 by Moody’s Investors Service and F1+ by Fitch Ratings.

DEFINED TERMS

Expressions used in this Information Memorandum and not otherwise defined, have the meanings given to them in the Glossary of Terms set out in clause 8 of this Information Memorandum.

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1. TREASURY BILL DESCRIPTION

1.1 DESCRIPTION

The Bills are denominated in New Zealand Dollars. They may be issued on a discount to par basis, but may also be issued 'at par' or at a premium, depending on the prevailing market interest rates. Bills do not pay a coupon. The Face Value of the Bills is paid on the Maturity Date.

The Bills are issued on the terms set out in this Information Memorandum.

1.2 ISSUER

The issuer of the Bills is the Crown.

Pursuant to Part 6 of the Public Finance Act 1989 ("the Act"), the Minister of Finance has authorised the borrowing of money by way of the issue of the Bills. Bills will be issued on the terms of this Information Memorandum and Part 6 of the Act whereby the Face Value of the Bills and any other money payable on the Bills are a charge upon and payable out of the revenues of the Crown.

Bills may be issued on behalf of the Crown by NZDM from time to time, subject to the applicable terms of this Information Memorandum, by tender, private placement, or otherwise.

1.3 REGISTRAR

The Registrar is Computershare Investor Services Limited or any other party nominated by NZDM to act as agent.

1.4 CHANGES IN REGISTRAR

The Crown reserves the right to appoint another party as the registrar, or for NZDM to perform those functions. In such circumstances, Billholders will be advised of such a change.

2. FEES AND TAXATION

2.1 FEES

The registration, transfer, payment on the Maturity Date, confirmation information, and certifications of transfers of Bills will be made free of any fees, duty, charges, deductions or levy, except to the extent required by law or as provided in clause 2.2 of this Information Memorandum.

2.2 TAXATION

Taxation is likely to affect returns to Billholders. Billholders should consult a taxation advisor about the tax treatment of their investment. On the Maturity Date, if the issue price paid for any Bills was less than the Face Value, the difference between the issue price paid for those Bills and the Face Value of the Bills will be deemed to be "Interest" for Tax purposes.

New Zealand Residents or persons who otherwise receive payments of Interest that are subject to the RWT rules will have RWT deducted from Interest payments (or payments deemed by law to be Interest) at the applicable RWT Rate unless the Billholder has notified the Registrar that it has RWT-exempt status (as defined in section YA1 of the Income Tax Act 2007) and provided its IRD number to the Registrar to verify that status on the electronic register maintained by the Commissioner of Inland Revenue and that status remains valid at the time the relevant payment is made.

The RWT Rate depends on the nature of the Billholder, whether the Billholder has provided their IRD number to the Registrar and (where an IRD number has been provided) the election made by the Billholder. Current RWT Rates are published on www.ird.govt.nz.

Where the Registrar is satisfied that the Billholder is not a New Zealand Resident and the Interest they receive is subject to the NRWT rules, unless the payment of Approved Issuer Levy does not reduce the rate of non-resident withholding tax to 0% or the Billholder advises the Registrar that NRWT should be deducted, the Issuer will pay Approved Issuer Levy on its own account and no NRWT will be deducted. If the Bondholder is not a New Zealand Resident and the Interest received is subject to the non-resident withholding tax rules, but the Bonds are held jointly with a New Zealand Resident, non-resident withholding tax will be deducted at the applicable resident withholding tax rate.

If a Billholder advises the Registrar that it does wish NRWT to be deducted then NRWT will be deducted from Interest payments (or payments deemed by law to be Interest) at the applicable rate.

The NRWT rate will vary depending on any double-tax agreement between New Zealand and the Billholder's country of residence. Current NRWT rates are published on www.ird.govt.nz.

However, if the Billholder holds the Bill jointly with a New Zealand Resident, NRWT will be deducted at the applicable RWT Rate.

The Issuer and the Registrar are entitled to rely upon information given by a Billholder as to the Billholder's residency and activities in New Zealand when making any withholding for RWT, NRWT or payment of Approved Issuer Levy or as otherwise required.

3. ISSUANCE AND REPURCHASE METHODS

3.1 BILL ISSUANCE

Bills may be issued by way of tender, private placement or otherwise.

The Crown reserves the right to issue Bills with the same Maturity Date as any other Bills already on issue, from time to time and whether by tender, private placement or otherwise.

3.2 BILL REPURCHASES

The Crown or agencies of the Crown may, at any time, offer to purchase, beneficially, Bills from any person. Any Bills so purchased, may be lent, retained, sold or cancelled at the discretion of the Crown (or relevant agency of the Crown).

Bills may be repurchased via tender, by reverse enquiry or otherwise.

3.3 SETTLEMENT PRICE

For all Bills issued or repurchased by NZDM, the settlement price will be calculated using the formula in clause 4.1 of this Information Memorandum.

4. REGISTRATION, SETTLEMENT AND TRANSFER

4.1 SETTLEMENT PRICE FOR BILL ISSUANCE AND BILL REPURCHASE

The settlement price for Bills shall be calculated on a Yield basis using the following formula:

$$\text{SETTLEMENT PRICE} = \frac{N}{1 + \left(i \times \frac{n}{365} \right)}$$

Where N = the Face Value of the Bill (\$)

i = the Yield divided by one hundred

n = the number of full days from the next Settlement Date until the Maturity Date

The settlement price will be rounded to the nearest cent (0.01 to 0.49 of a cent being rounded down and 0.50 to 0.99 of a cent being rounded up).

4.2 SETTLEMENTS OF BILL ISSUANCE AND REPURCHASE

Bill issuance and repurchase is settled via NZClear. For further operational information about the physical settlement of issued or repurchased Bills, please contact NZDM.

4.3 FORM OF BILLS

Bills will be issued in Registered form, having a minimum Face Value of \$1,000,000 and multiples of \$1,000,000 thereafter.

Subsequent to the issue of Bills, the Bills may be transferred to persons in parcels having a minimum Face Value of \$10,000 and multiples of \$1,000 thereafter. The issue of the Bills will be effected and evidenced by particulars of the Bill being entered in the Register by the Registrar (in accordance with clauses 4.6 and 4.7 of this Information Memorandum).

4.4 REGISTRATION OF BILLS

Bills may be held by individual persons, or two or more persons as joint tenants with right of survivorship. Organisations or trusts which are not incorporated should complete their application in the full name(s) of the trustee(s). No notice of any trust in respect of any Bills will be entered in the Register or receivable by the Registrar. Each Billholder is to be regarded as the absolute beneficial owner of the Bills Registered in its name and NZDM and the Registrar shall not be affected by any trust or other equity affecting any Bill, whether or not it is aware of the same.

If two or more persons apply to be Registered as Billholders as tenants in common, the Registrar may, after receiving an application from either person and notifying the other person(s) of its intentions to do so, divide the Bills into the share for which each person is expressed to be entitled and Register each person as the holder of the Bills representing the person's share. If the Bills cannot be divided into shares where the minimum is \$10,000 and a multiple of \$1,000, the Registrar may refuse to accept the application.

4.5 NOTICES OF REGISTRATION/TRANSFER

Notices of registration for Bills will be issued by the Registrar to the transferee following the registration of a transfer or issue of Bills. These notices do not constitute a certificate of title, but merely advise the registration of the Bills.

A notice will be issued by the Registrar to the transferor following the registration of a transfer of Bills.

4.6 REGISTER

The Registrar shall enter in the Register the following particulars of every holder of Bills:

- Name and address of the Billholder;
- Face Value of the Bills held;
- Maturity Date of the Bills;
- Such other particulars as may, from time to time, be required by NZDM (including such particulars as may be required under the Financial Markets Conduct Act or the Financial Markets Conduct Regulations); and
- Such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register.

4.7 TRANSFER OF BILLS

The Billholder may, by way of a form of transfer in such form as the Registrar prescribes, which can be found at <https://www-au.computershare.com/Investor/#help/PrintableForms>, transfer to any other person all or any of the Bills of which it is the holder. After clicking this link, please select 'New Zealand' from the drop-down menu in the top right-hand corner of the webpage. Transfers must be in multiples of \$1,000 and unless the transfer of Bills results in a nil holding by the transferor, no transfer may be made if, as a result thereof, the Face Value of the Bills Registered in the name of the transferor or the transferee would be less than \$10,000.

On production to the Registrar of a duly executed form of transfer accompanied by such other evidence as the Registrar may require to prove the authority of the persons signing the same to sign on behalf of the transferor, the Registrar will enter in the Register the name of the transferee as the Registered holder of the Bills to which the form of transfer relates.

When the right to any Bill is acquired by any person in any manner other than by a form of transfer, the Registrar, on application by or on behalf of the person entitled, and on being satisfied that the person is entitled to be registered as the Billholder, will enter the person in the Register as the holder of the Bills.

Upon registration of a form of transfer or other assignment on the Register, the transferee will be recognised as entitled to the Bills.

No transfer or other assignment will be registered after the Record Date.

4.8 CERTIFICATION OF TRANSFERS (MARKINGS)

The Registrar may, on the application of a Billholder, certify on a form of transfer of Bills that the person named therein as transferor is entered on the Register as the Billholder. Any such certification may be subject to such conditions as the Registrar prescribes and is at the sole discretion of the Issuer.

Where a form of transfer of Bills has been certified under this clause, the Registrar may refuse to record any transfer of ownership of the Bills until the form has been produced to the Registrar and the certification thereon cancelled, or the certification has expired by virtue of its conditions, or the Bills have matured.

The Registrar will enter in the Register particulars of every form of transfer certified under this clause.

5. THE FINANCIAL MARKETS CONDUCT ACT 2013

The initial offer of Bills is made by the Crown solely to Wholesale Investors in reliance on the exclusion in clause 22(1)(a) of Schedule 1 of the Financial Markets Conduct Act. Regulation 72A of the Financial Markets Conduct Regulations applies to the initial offer of the Bills.

The application of regulation 72A to the initial offer of the Bills means that an offer of Bills for sale by a Wholesale Investor to a Retail Investor in New Zealand will not be required to comply with certain disclosure requirements in the Financial Markets Conduct Act and the Financial Markets Conduct Regulations (including clauses 30 and 31 of Schedule 8 of the Financial Markets Conduct Regulations), provided that, unless the Bills have previously been held by a Retail Investor in New Zealand, the Wholesale Investor has provided the Retail Investor with a Product Disclosure Statement for the Bills before the Wholesale Investor accepted an application or transferred the Bills to the Retail Investor.

The Product Disclosure Statement provided to the Retail Investor must be the most recent Product Disclosure Statement for the Bills lodged by the Crown on the register entry for the Bills at <https://disclose-register.companiesoffice.govt.nz/> which contains a statement that Regulation 72A applies to the initial offer of Bills.

6. PAYMENTS ON THE MATURITY DATE

Bills are repaid in New Zealand Dollars.

The Face Value of the Bills will be paid on the Maturity Date less any deductions made on account of RWT or NRWT pursuant to clause 2.2 of this Information Memorandum.

If Bills are held through NZClear, the payment of the Face Value of all Bills held through NZClear on the Record Date will be made to NZClear on the Maturity Date. NZClear will credit the NZClear cash accounts (or linked nominated accounts in accordance with NZClear's system rules) of the NZClear members who, on the Record Date, are the holders of the Bills.

For other Billholders, payments will be made to the Billholders Registered on the Record Date. Payments will be made by crediting an account nominated by each Billholder at any Registered Bank in New Zealand.

With regard to the repayment of Bills, the Registrar will accept written instructions from Billholders provided they are received prior to the Record Date.

If a bank account has not been provided, payments will be withheld until account details have been provided. No Interest will be paid on any amounts withheld.

Payment will be made on the Maturity Date but, if the Maturity Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of Interest.

Bills are not repayable prior to the Maturity Date.

7. OTHER

7.1 GENERAL

No commission will be paid by NZDM on the Bills issued or repurchased.

7.2 USE OF INFORMATION MEMORANDUM AND OTHER RELATED DOCUMENTS

This Information Memorandum (and other related documents such as the Product Disclosure Statement and Operating Rules and Guidelines) is intended for use only in connection with the offer to issue Bills or to repurchase Bills in New Zealand, under New Zealand law and must not be distributed to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

7.3 MODIFICATIONS

The Issuer may, from time to time, modify, alter or update any of the terms of the Bills and/or the conditions or provisions of this Information Memorandum without consent of the Billholders if such modification, alteration or update:

- (a) is of a formal, minor, technical or administrative nature and is made to correct a manifest error;
- (b) is made to ensure compliance by the Issuer with any applicable law;
- (c) is necessary to ensure that the tenor or nature of the obligations imposed upon the Issuer in relation to the Bills correspond with or do not conflict with the obligations imposed on the Issuer under or pursuant to any applicable statutory provision; or
- (d) is an appropriate and reasonable modification, alteration or update in all the circumstances in so far as they relate to the Bills and the Issuer, provided that any such modification, alteration or update is in the Issuer's opinion (which opinion shall be final and conclusive) not likely to have a material adverse effect on the Issuer or to be or become materially prejudicial to the general interests of Billholders.

The Issuer may modify, alter or update the Product Disclosure Statement for the Bills and other related documents (such as the Operating Rules and Guidelines) from time to time.

7.4 SELLING RESTRICTIONS IN OTHER JURISDICTIONS

Unless otherwise agreed with NZDM, any person or entity bidding or offering to buy Bills, in a tender or otherwise, represents as a term of the initial offer that the person or entity is not in a jurisdiction that does not permit the making of an offer or invitation of the kind contained in this document and is not acting for the account or benefit of a person within such a jurisdiction.

In addition, as a term of the offer, any person or entity bidding or offering to buy Bills, in a tender or otherwise, agrees that the person or entity will not offer, sell or deliver any Bills or distribute any documents (including this Information Memorandum) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

7.5 PRIVACY

Computershare Investor Services Limited, as Registrar and agent for the Crown and NZDM, may collect and hold personal information about Billholders for the purposes of administering this investment. This information may be disclosed to the Crown and NZDM. Billholders may request access to any personal information held about them by contacting the Manager, Fixed Interest Registry on 0800 655 494 or 09 488 8777. Billholders may also request correction of any personal information held about them. Depending on the nature of a Billholder's request, the Registrar may impose a charge for providing or correcting any personal information.

8. GLOSSARY OF TERMS

For the purposes of this Information Memorandum the following definitions apply.

Approved Issuer Levy	Has the meaning ascribed to that term in Part 6B of the Stamp and Cheque Duties Act 1971.
Banking Day	Means a day not being a Saturday or Sunday on which Registered Banks are open for general banking business in Wellington, New Zealand (and, for the purposes of determining the Record Date only, Auckland, New Zealand).
Billholder	Means, in respect of any Bill, the person whose name from time to time is entered in the Register as the holder of that Bill.
Bills	Means the New Zealand Government Treasury Bills issued pursuant to this Information Memorandum.
Crown	Means the Sovereign in right of New Zealand.
Dollars and \$	Means the lawful currency of New Zealand.
Face Value	Means the principal or par value amount of a Bill.
Financial Markets Conduct Act	Means the Financial Markets Conduct Act 2013.
Financial Markets Conduct Regulations	Means the Financial Markets Conduct Regulations 2014.
Information Memorandum	Means this document.
Interest	Means a payment defined as such in the Income Tax Act 2007.
Issuer	Means the Crown.
Maturity Date	Means the date, as specified by the Issuer when a Bill is first issued, on which that Bill will be repaid.
New Zealand Resident	Means a person defined as “New Zealand resident” pursuant to the Income Tax Act 2007.
NRWT	Is an abbreviation of ‘non-resident withholding tax’ and has the meaning given to NRWT in the Income Tax Act 2007.
NZClear	Means the NZClear system which is a real-time settlement system operated in New Zealand by the Reserve Bank of New Zealand.
NZDM	Means New Zealand Debt Management, Capital Markets, The Treasury.
person	Includes an individual, firm, company, corporation or any state or government or any agency thereof (in each case, whether or not having separate legal personality).
Product Disclosure Statement	Has the meaning given to that term in the Financial Markets Conduct Act.
Record Date	Means close of business on the day before the Maturity Date or, if such day is not a Banking Day, means the preceding Banking Day.
Register	Means the Register of Bills maintained by the Registrar and “Registered” has a corresponding meaning.

Registered Bank	Has the meaning given to that term in the Banking (Prudential Supervision) Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for NZDM or any other party nominated by NZDM to act as agent.
Retail Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
RWT	Is an abbreviation of 'resident withholding tax' and has the meaning given to RWT in the Income Tax Act 2007.
RWT Rate	Means the tax rate for RWT purposes as set out in the Income Tax Act 2007.
Settlement Date	Means the value date for transfer of ownership.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Wholesale Investor	Has the meaning given to that term in the Financial Markets Conduct Act.
Yield	Means the rate of return expressed as an annual percentage as set out in the Product Disclosure Statement.

In this Information Memorandum, any reference to legislation includes, where appropriate, a modification to or re-enactment of that legislation or legislation passed in substitution for it. Copies of any legislation referred to in this Information Memorandum can be found at www.legislation.govt.nz

9. DIRECTORY

For Issuer information contact:

New Zealand Debt Management

Capital Markets

The Treasury

1 The Terrace

Wellington 6011

New Zealand

Tel: +64 4 472 2733

Or

PO Box 3724

Wellington 6140

New Zealand

Email: debtmanagement@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

For information relating to the issuance or repurchase of Bills contact:

Head of Funding, Investment and Markets

New Zealand Debt Management

Capital Markets

The Treasury

1 The Terrace

Wellington 6011

New Zealand

Tel: +64 4 472 2733

Or

PO Box 3724

Wellington 6140

New Zealand

Email: debtmanagement@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

For registry information and general enquiries contact:

Bill Registrar:

Computershare Investor Services Limited

Private Bag 92119

Auckland 1142

New Zealand

Or

Level 2, 159 Hurstmere Road

Takapuna, Auckland 0622

New Zealand

Billholder Enquiries:

For general enquiries and to change your address, add or change your bank account please contact the Bill Registrar at:

nzdm@computershare.co.nz

Private Bag 92119, Auckland 1142

Freephone 0800 655 494

Telephone +64 9 488 8777

Please assist our registrar by quoting your CSN or shareholder number.