

# Corporate Banking

Financial Services Guide and Code of Banking Practice Guide

HSBC 

© Copyright HSBC Bank Australia Limited ABN 48 006 434 162. 30 November 2016. ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Bank Australia Limited.

# Contents

- About this Financial Services Guide 2
  
- PART A** 3
  - An Introduction to HSBC 3
  - Licensee 4
  - HSBC contact details 4
  - Customer Instructions 5
  - HSBC Services 5
  - Participation in licensed markets:  
Clearing, Futures Broking and Settlement facilities 7
  - Our financial partners 7
  - How we are remunerated for products and services we provide 8
  
- PART B** Your Corporate Banking Guide 9
  - A Code of Banking Practice Requirement 9
  - Account opening procedures 10
  - Joint Accounts and Joint Debtors 11
  - The Bank’s rights to combine accounts 12
  - Read the terms and conditions 13
  - If you get into financial difficulty 13
  - Privacy 13
  - What to do if you have a dispute or complaint 14
  - Cheques 14
- What Some Bank Terms Mean 18
- Glossary of Terms 19

## About this Financial Services Guide

In this Financial Services Guide (*Guide*), when the terms *we*, *our* or *us* are used, it means HSBC Bank Australia Limited (ABN 48 006 434 162 , AFSL 232595) (*the Bank*).

This Financial Services Guide is current as at 30 November 2016.

To assist you in understanding this Guide, we have, where we think that a definition is required to clarify the use of a capitalised term, included the definition in the Glossary of Terms at the end of this Guide.

This document consists of 2 components: **Part A** and **Part B**.

**Part A** provides you with information to assist you in deciding whether to use any of the services described in it.

**Part B** provides you with general descriptive information which we are required to make available to you under the Code of Banking Practice.

The following pages provide you with information about:

- who we are;
- how we can be contacted;
- an outline of the various financial services we provide and the products to which those services relate;
- what you can expect to pay for the financial services we provide relating to the Financial Products;

- what remuneration, commissions and other benefits are payable to us or other persons in respect of the financial services we provide relating to the Financial Products;
- what relationship we have with any other organisations affiliated with us or with product issuers, which might influence us in providing a service relating to a Financial Product; and
- information about the dispute resolution system that covers complaints by customers and what to do if you have a dispute or wish to register a complaint about any of our products or services.

### **This Guide contains predominantly general information on the services we offer in our Commercial Banking, Global Banking and Global Markets Divisions.**

A separate Financial Services Guide covers in further detail the services provided by the Bank through Retail Banking and Wealth Management (RBWM). A copy of this is available on request.

This Guide contains general Financial Product advice. The advice has been prepared without taking into account your objectives, financial situation or needs and because of that you should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

If we provide you with personal advice or further assistance in selecting products or services listed in section A under the heading **HSBC Services** that suit your circumstances and needs, we will, where we are required to do so under the law, issue you with a **Statement of Advice** that will set out the personal advice we have given you, including any recommendations we offer along with our rationale for our recommendations and information about any fees, commissions, associations or relationships which might influence the provision of that advice.

If you are interested in a Financial Product, you should obtain a **Product Disclosure Statement (PDS)** relating to the relevant Financial Product which contains details of the particular Financial Product and consider the PDS before making any decision about whether to acquire the Financial Product.

If we make a recommendation for you to acquire a particular Financial Product or offer to provide or arrange for the provision of a particular Financial Product, you should also receive a PDS containing details of the particular Financial Product so that you can make an informed decision whether to acquire the Financial Product.

## PART A

### An Introduction to HSBC

#### About the HSBC Group

Headquartered in London, the HSBC Group serves customers worldwide from around 6,300 offices in over 70 countries and territories in Europe, the Asia-Pacific region, North and Latin America, the Middle East and Africa. With assets of US\$2,671 billion and a core tier one ratio of 13.6% as at 31 December 2014, HSBC is one of the world's largest banking and financial services organisations.

HSBC provides a comprehensive range of financial services to around 54 million customers through four customer groups and global businesses: Retail Banking and Wealth Management (including consumer finance); Commercial Banking; Global Banking and Markets; and Private Banking.

#### The HSBC Group in Australia

In Australia, the HSBC Group offers an extensive range of financial services through a network of 36 branches and offices. These services include retail and commercial financial services, financial planning, trade finance, treasury and financial markets, payments and cash management and securities custody.

Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162, AFSL 232595) and The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737).

## Licensee

The Bank holds an Australian Financial Services Licence (**AFS Licence**) number 232595.

The Bank is exempt from the requirements of s912B of the Corporations Act 2001, however the arrangements necessary under that section are in place.

## HSBC contact details

You can contact us by phone, mail, fax or email:

Our head office is:

Tower 1 - International Towers Sydney  
100 Barangaroo Avenue  
Sydney NSW 2000  
Australia

Our postal address is:

GPO Box 5302  
Sydney NSW 2001

Our phone number is:

1300 300 437 Monday to Friday  
from 9.00am to 5.00pm  
(Australian Eastern Standard Time)

Our fax number is:

(02) 8987 5916

Or visit our website at:

[www.hsbc.com.au](http://www.hsbc.com.au)

Or you may contact us in person at one of our Corporate Banking office locations detailed below.

## Corporate Banking office locations

### Sydney

Level 36, Tower 1 - International Towers  
Sydney, 100 Barangaroo Avenue,  
Sydney NSW 2000 Australia

### Melbourne

Level 10, 333 Collins Street,  
Melbourne  
VIC 3000

### Adelaide

Ground Floor, 55 Grenfell Street,  
Adelaide  
SA 5000

### Perth

188-190 St George's Terrace,  
Perth  
WA 6000

### Brisbane

300 Queen Street,  
Brisbane  
QLD 4000

## Customer Instructions

Depending on the financial service you require or the product you buy, you can give us instructions by verbal communication, telex, cable, facsimile or other electronic means.

If you give us instructions by facsimile, email or other electronic means, we may require an indemnity from you before we accept such instructions.

There may be special instruction arrangements for some products and services. Any special instructions are explained in the relevant PDS (or other offer document).

Telephone conversations with HSBC may be recorded.

## HSBC Services

### A. Services we are authorised to provide under our AFS Licence

This section contains a description of the financial services which the Bank is authorised to provide under its AFS Licence. Not all of these services are provided by Commercial Banking, Global Banking and Global Markets, some are provided by RBWM. If you need to know more, please ask us.

The Bank is authorised under its AFS Licence to provide you with the following range of financial services:

- (a) provide Financial Product advice on and deal in the following classes of Financial Products:
  - (i) deposit and payment products including:
    - basic deposit products;
    - deposit products other than

basic deposit products; and

- non-cash payment products

- (ii) derivatives;
- (iii) foreign exchange contracts;
- (iv) debentures, stocks or bonds issued or proposed to be issued by a government;
- (v) interests in managed investment schemes;
- (vi) securities;
- (vii) financial products limited to:
  - Miscellaneous financial investment products;

(b) deal in a financial product by:

- (i) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
  - deposit and payment products including:
    - basic deposit products;
    - deposit products other than basic deposit products; and
    - non-cash payment products;
  - derivatives;
  - foreign exchange contracts; and
  - securities;
- (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:

- deposit and payment products including:
    - basic deposit products;
    - deposit products other than basic deposit products; and
    - non-cash payment products;
  - derivatives;
  - foreign exchange contracts;
  - general insurance products;
  - debentures, stocks or bonds issued or proposed to be issued by a government;
  - interests in managed investment schemes;
  - securities;
  - underwriting:
    - an issue of securities;
- (c) make a market for the following financial products:
- (i) foreign exchange contracts;
  - (ii) derivatives; and
  - (iii) debentures, stocks or bonds issued or proposed to be issued by a government and/or debentures issued by any other body; and
- (d) provide the following custodial or depository services:
- (i) operate custodial or depository services other than investor directed portfolio services.

## **B. Additional services**

In addition to the financial services outlined in Section A above, we also provide a full range of other services in Commercial Banking, Global Banking and Global Markets which we do not need to be authorised to provide under our AFS Licence. These additional services are outlined below.

### **Lending Products**

- Overdrafts
- Revolving loans
- Term loans
- Export Debtor Finance
- Commercial Debtor Finance
- Corporate Debtor Finance

### **Trade Products**

Import related products

- Documentary credits
- Post import finance
- Shipping guarantees
- Clean import loans
- Transferable and Back to Back Documentary Credits
- Collections

Export related products

- Export documentary credits advising (including electronic)
- Export documentary credits confirmation
- Export documentary credit negotiation and payment
- Export documentary collections
- Pre-shipment finance
- Post-export finance
- Purchase/discount of collection bills
- Loan against exports



## Specialised services

- DocumentExpress®
- Supply Chain Solutions
- Structured Trade Finance
- Pooling and Cash Concentration
- International and domestic payments
- Cheque outsourcing service
- Wholesale lockbox
- International and domestic collections
- Receivables Management Solutions
- Bank guarantees and standby documentary credits
- Corporate Credit Cards
- Business Credit Cards

The Bank also provides other services through the RBWM Division. If you would like more information, please ask us.

® Registered Trade Mark of HSBC Bank Australia Limited

## C. Who we act for

The Bank acts on its own behalf when providing a service to you. The Bank is acting under its own AFS Licence when it provides services to you.

## Participation in licensed markets: Clearing, Futures Broking and Settlement facilities

### Futures

The Bank is a full participant of ASX 24 and ASX Clear (Futures) under the Australian Securities Exchange.

### Settlements

The Bank has memberships with ASX AUSTRACLEAR and Clearstream Banking.

## Our financial partners

Companies within the HSBC Group manage, market, issue and provide products and services that you may acquire through us.

### Information relating to the services listed in Section A under “HSBC Services”

Where other companies in the HSBC Group introduce us, we may share our commission or fees or pay them a referral fee.

When you invest in any Financial Product offered by a company within the HSBC Group, that company will receive fees in relation to your investment in the Financial Product. These fees may include commission, referral fees, entry fees, management fees, exit fees and any other fees specified in the PDS or other disclosure documents for the particular Financial Product. In some instances, companies or employees within the HSBC Group may benefit by way of discounts.

## **Information relating to Section B under "HSBC Services"**

There may be interests, associations and relationships between either the Bank or any other related entities of the Bank and issuers of Products other than Financial Products which may influence the service we give in relation to such products. If you require further information, please ask us.

## **How we are remunerated for products and services we provide**

### **Disclosure in relation to the services listed in Section A under "HSBC Services"**

All our directors and employees receive a base salary. In addition to the base salary, employees can also receive bonuses and other rewards for sales and referrals they make and customer service they provide. The quantum of these additional payments will usually depend on the type of referrals made, the products they have successfully sold and on the various sales and customer service targets that employees may have.

Your Relationship Manager will also tell you if they have any conflicts of interest or if there is anything that may influence their recommendations.

### **Disclosure in relation to the services listed in Section B under "HSBC Services"**

If you would like to know how we are remunerated for the services and the

products listed in Section B under the heading **HSBC Services**, please ask us.

## **Fees we receive from other parties**

We may receive a commission from an external party where we successfully refer a customer to that party. The commission that we may receive depends on the arrangements that we have with the external party. You may request details of such commission before any product is provided to you by the external party.

## **Fees we pay to referrers**

If a customer is referred to us by an external party, we may pay the referrer a commission. Again, the commission that we may pay depends on the arrangements that we have with the external party. You may request details of such commission before any product is provided to you by us as a result of the referral.

## PART B

### Your Corporate Banking Guide – A Code of Banking Practice Requirement

The Bank has adopted the Code of Banking Practice. For the Financial Products, which the Bank is authorised to provide under its AFS Licence, the Code of Banking Practice applies to customers which are a “retail client” within the meaning of the Corporations Act and an individual or a small business (within the meaning of the Code of Banking Practice).

For other banking products and services, the Code of Banking Practice applies to customers which are individuals or a “small business” (within the meaning in the Code of Banking Practice).

Part B of this document contains the general descriptive information we are required to make available to customers and potential customers who have the benefit of the Code of Banking Practice.

In this part, when the term **you** is used it means you as a “retail client”, “small business” or partnership customer of the Bank. This part will not apply to you as an individual customer of the Bank. These individuals should instead refer to the Bank’s publication: “**Your Personal Banking Guide**”.

If you choose any of our banking services you will be provided with the terms and conditions for those services. This part does not contain those terms and conditions.

We encourage you to read this part, and to keep it so that you can refer to it. If you would like us to explain anything in this part please contact us. If you are at all unsure about your rights or obligations as a customer of the Bank, we encourage you to seek your own legal advice.

If you have, or want to open, any account with cheque access you should read the cheques section carefully.

The Bank offers to its customers some products and services supplied by other entities. For example:

- merchant acquiring solutions
- credit insurance
- commercial equipment finance;

If you are a customer with the benefit of the Code of Banking Practice in relation to these products and services, the Code of Banking Practice applies only to the Bank’s distribution of these products and services (for example the way they are advertised by the Bank). It does not apply to the products and services themselves. This means that the provisions of the Code of Banking Practice dealing with things like content of terms and conditions, delivery of statements and variation of terms and conditions will not apply.

## Account opening procedures

To open an account with the Bank you will need to complete documentation including an account opening form.

To open an account the Bank will need information about you. As well as the usual details such as full name, registered office address and normal place of business address and ACN/ ABN, you need to tell us, or provide us with details of, as the case requires:

- whether the account will be held in trust in which case we will need a copy of the trust deed;
- the full names of all directors and the full names, address, date of birth and nationality of principle shareholders and authorised signatories, all or separately known as “Connected Persons”;
- if the account is held in the name of a corporation, a copy of the Certificate of Incorporation and the company constitution (Memorandum and Articles of Association), if any;
- if the account is held in a business name, a copy of the Certificate of Registration of the Business Name.

We may need additional information depending on the type and structure of the organisation. If the account is a loan or other credit account we will also need additional information such as income details and information about your assets, liabilities and outgoings.

## Identification

Unless you or your Connected Persons already have an account with the Bank your Connected Persons will be required to provide proof of identity at the time of opening your account. This is to satisfy government requirements and those of the Bank. Your Connected Persons can meet these requirements by:

- Providing to us various identity documents. This is the “100 point check” process and your Connected Persons will need to provide to us original documents which have a points value of not less than 100. We recommend your Connected Persons use their passport and Australian driver’s licence (those two documents alone will meet the 100 point requirement). If your Connected Persons do not have these, they can still meet the 100 point requirement by producing other documents. Please contact us if you need to know what other documents are acceptable and what points value they have. One of the documents provided must contain a photograph and another of the documents provided must contain a signature of the relevant Connected Person; or
- Asking an Authorised Referee to sight your Connected Persons identification documents, take a copy and certify them as a true copy of the original. Details of who can act as an Authorised Referee and the acceptable

identification documents are contained in the “Customer Identification – Authorised Referee Form” which can be downloaded from our website ([www.hsbc.com.au](http://www.hsbc.com.au)).

If your Connected Person has already identified themselves with the Bank on a previous occasion, you will need to advise the name of the branch where identification was presented as well as giving details of their account number.

### **Tax File Number**

When you open an account, we will ask you about your tax file number.

Providing your tax file number is optional, but if you are an Australian resident and you choose not to do so, HSBC is obliged by the Federal Government to deduct tax from any interest earned on your account and send it to the Australian Taxation Office. The tax deducted is calculated at the highest marginal tax rate plus the Medicare Levy.

If you open a joint venture account, tax will be deducted unless at least 2 tax file numbers (for 2 of the joint account holders) are provided.

If you open a trust account, you should give us the tax file number of the trust if it has one. If not, the trustee should use their own tax file number.

If you are not an Australian resident for tax purposes, HSBC must deduct non-resident withholding tax from the interest.

## **Joint Accounts and Joint Debtors**

### **What having a joint account means**

If you have a joint account with one or more other small businesses, partnerships or companies:

- any credit (positive) balance in the account is held jointly by all the account holders – this means each of the holders separately, and all of them together, have the right to the available funds in the account; and
- all the holders together, and each of them separately, is liable to repay any debit (negative) balance in the account – this means we can claim the whole amount payable from any of them, unless the contract with us or any applicable law or the terms of the Code of Banking Practice, if applicable, say otherwise.

### **Signing authority**

It will be up to you and the other joint account holders to say how many of your Authorised Signatory must sign in order to operate the account. For example, you might arrange with us that each of you has to have one of your Authorised Signatory sign a cheque drawn on the joint account. Alternatively, you might arrange that only one of you needs to have your Authorised Signatory sign. The arrangement will be part of your contract with us, and may be altered at the request of yourself and the other joint account holders.

However:

- regardless of any such arrangement with us, any party to a joint account can require us to operate the account only on the signature of all parties (this might be done if there is a dispute between the joint holders); and
- certain account types and certain access methods may only be available if all joint account holders agree that any one account holder (on their own) can operate the account.

### **Terminating liability for credit facilities**

If there are joint borrowers under a credit facility to which the Code of Banking Practice applies then any one of the borrowers can terminate their liability in respect of:

- the credit facility, if it has not been drawn at all; or
- future drawings or redraws, if the credit facility or part of it has been drawn.

A joint borrower will need to give the Bank written notice to terminate. However, if any joint borrower does terminate their obligations then the Bank may terminate its obligations to provide the facility or allow any further withdrawals by any remaining borrower. A joint borrower will still be liable for amounts relating to credit provided under the agreement before the termination notice is received by the Bank.

### **What happens if one account holder becomes bankrupt or dies**

In circumstances where one of the joint account holders/venturers is, say, a small business of a sole proprietor, if that sole proprietor becomes bankrupt or ceases to exist, this will likely have repercussions on that small business and subsequently, on the joint account. Depending on the relevant circumstances, the Bank may take instructions from an estate or only from the "surviving" joint account holder. You should always be cognisant of the entities, businesses and partnerships with whom you open joint accounts in order that you are familiar with your position should the enterprise, with whom you have a joint account, fail.

### **The Bank's rights to combine accounts**

The Bank can combine the balances of two or more of your accounts, even if the accounts are at different branches. For example, if your Business Cheque account is overdrawn, the Bank may use money in another of your accounts to reduce the amount you owe on the Business Cheque account. However, this would not happen where, for example:

- the Bank knows the accounts are not held by you in the same capacity (e.g. where you also hold an account as trustee); or
- the Bank is bound by a code of conduct not to do so.

If the Code of Banking Practice applies, the Bank must promptly tell you if it has combined any of your accounts, but it need not tell you before it does so.

You should not assume that an overdrawn account will be combined by the Bank with an account which is in credit (e.g. in order to cover cheques you have drawn on the overdrawn account) unless the Bank has agreed to this.

## Read the terms and conditions

It is advisable that you read all the terms and conditions applying to a banking service you intend to obtain before you enter into the relevant contract with us.

## If you get into financial difficulty

It is advisable that you inform us promptly when you are in financial difficulty.

## Privacy

### General Law

We owe you a duty to keep information about you confidential, except in certain situations, such as where disclosure is:

- compelled by law (e.g. a disclosure to a court which is required by a subpoena);
- necessary to protect our interests; or
- made with your consent,
- or where we have a duty to the public to disclose.

Consent can be expressed (e.g. a letter or application form signed by you) or implied (e.g. conduct that suggests that

you agree to us giving your tax agent copies of your bank statements, or where you are given an opportunity to say no and you don't do so).

### Commonwealth Privacy Act

In respect of natural persons, we are also required to handle their personal information (within the meaning of the Privacy Act) in accordance with the Privacy Act. We are bound by the Australian Privacy Principles in that Act, and by other requirements relating to personal credit information.

### Our privacy policy

The HSBC Group's privacy policy explains our approach to privacy. You can get a copy:

- from our website [www.hsbc.com.au](http://www.hsbc.com.au);
- by asking at any of our branches;
- by phone: 1300 308 008; or
- by writing to: The Privacy Officer,  
HSBC Bank Australia Limited  
GPO Box 5302  
Sydney NSW 2001.

## What to do if you have a dispute or complaint

We are committed to the delivery of excellence through the highest customer service standards. Whether you are providing feedback, paying a compliment or making a complaint, your input is important.

We aim to resolve most issues within five working days. If the issue is more complex, it can take longer but we'll keep you informed of the progress.

If you believe a transaction is wrong or unauthorised, or there is an error in an account statement, or if you have any concerns about a procedure, compliance issue, or have encountered a problem with our service, we want you to tell us about it. We have designed a simple customer complaint process.

If you believe a funds transfer (initiated from electronic banking) is wrong or unauthorised, please contact us on 1300 300 437.

If you have another complaint or concern, the first place to make it known is your Relationship Manager, who should be able to resolve your problem.

If your complaint has not been resolved to your satisfaction, please contact our Customer Relations team:

Toll Free:  
1300 308 188

Facsimile:  
(02) 9006 5130

Mail:  
Customer Relations Department  
HSBC Bank Australia Limited

Level 36, Tower 1 - International  
Towers Sydney, 100 Barangaroo  
Avenue, Sydney NSW 2000  
Australia

If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, you may wish to contact an approved external dispute resolution scheme. You may contact the Financial Ombudsman Service by writing to:

Financial Ombudsman Service  
GPO Box 3  
Melbourne Victoria 3001  
Tel: (03) 9613 7366  
Toll Free: 1300 780 808  
Facsimile: (03) 9613 6399  
Website: [www.fos.org.au](http://www.fos.org.au)

or

You can contact the Australian Securities & Investments Commission (ASIC) to find out which industry complaints scheme may be available to assist you to settle your complaint.

Phone: 1300 300 630

However, before an external dispute resolution scheme can investigate a matter, we would like you to give us the opportunity to review it first.

## Cheques

### What is a cheque?

A cheque is a written order to a bank to pay a sum of money on demand. It can be a convenient way of withdrawing money from an account and using it to pay someone else.

The terms and conditions of an account will say whether cheque access is



available. If it is, we will provide cheque forms if you request us to do so.

### **Reducing the risk of unauthorised alteration**

When you write a cheque, you should take care to reduce the opportunity for forgery and fraud. You have a duty to fill out the cheque so as not to mislead the bank or make it easy for someone else to alter your cheque. You should:

- not leave gaps between the words or figures;
- begin the amount in words as close as possible to the left-hand side;
- begin the amount in figures as close as possible to the dollar sign (\$);
- never write a cheque in pencil or ink that can be rubbed out;
- never sign a cheque before it is used or filled out;
- always write the amount of the cheque in words as well as figures, because words are harder to alter without your authority;
- fill up any empty spaces with a horizontal line;
- sign (full signature, not just initials) any alteration you make; and
- cross it, unless you want the cheque to be exchanged for cash (see below for how to cross a cheque).

### **Time taken for clearing a cheque**

Cheques deposited into your account must be first cleared before you can obtain cash. In most cases, cheques

are cleared within three working days, but it may take longer.

The steps are usually as follows:

- first, you deposit in your account with us a cheque you have received;
- second, we will seek payment of the cheque from the bank on which the cheque is drawn; and
- third, that bank will pay the proceeds of the cheque to us. Only then will the cheque be cleared.

Normally you will not be able to withdraw the value of a cheque you deposit until the cheque is cleared, even though your account may be credited with the proceeds of the cheque. This rule applies even to cheques made payable to 'cash'.

### **How a cheque may be specially cleared**

Should you need a cheque to be cleared in less than three days, you may arrange special clearance (or special answer) which will enable the cheque to be cleared in one or two days. This service usually involves payment of a special clearance fee.

### **What is the effect of crossing a cheque?**

If you cross a cheque you are telling a bank not to cash it across the counter. The cheque must be paid to a bank (e.g. into a customer's account). If a bank does cash the cheque it may be liable for any loss suffered by the true owner.

Crossing a cheque means drawing across the face of the cheque from top to bottom two parallel lines, with

or without the words 'not negotiable' between them. A crossing may be added by you when you make out a cheque or by any person who obtains possession of your cheque.

### **What is the meaning of 'not negotiable'?**

The words 'not negotiable' between two parallel lines across the face of a cheque mean that, where the cheque is transferred, the person who obtains the cheque has no greater rights than the person who transferred it to him or her.

For example, your cheque might be stolen and then passed on by the thief to another person. That person might then obtain payment of the cheque. In this example, if the cheque was crossed and marked 'not negotiable', the person from whom the cheque was stolen might recover the amount of the cheque from the person who obtains payment of the cheque, even though that person may not have done anything wrong.

### **What is the meaning of 'account payee only'?**

These words on a cheque are a warning to a bank with which the cheque is deposited that the cheque should be paid only to the person named in the cheque as payee. If that bank pays a different person, it may be liable to the true owner, unless the bank acted in good faith and without negligence (e.g. by making enquiries and receiving a reasonable explanation).

The words 'account payee only' do not prevent the transfer of a cheque.

### **What is the significance of deleting 'or bearer'?**

Cheques are generally printed with the words 'or bearer' appearing at the end of the line on which you put the name of the person to be paid.

The words 'or bearer' mean that (except in cases where the cheque is crossed and must therefore be collected by a bank) the bank on which the cheque is drawn has authority to pay it to any person in possession of it, even if that person found it or stole it, unless the bank has reason to suspect that the cheque might have fallen into the wrong hands.

If you want to alter this position by making the cheque an 'order' cheque, the simplest course is to cross out the words 'or bearer' which are printed on the cheque. If so desired the words 'to the order of' may also be inserted before the name of the payee, but if this is done the words 'or bearer' must still be crossed out.

If a cheque is an 'order' cheque then (except in cases where the cheque is crossed and must therefore be collected by a bank) the bank on which the cheque is drawn should only pay it:

- to the named payee; or
- to any person to whom the named payee has ordered it to be paid, by endorsing the cheque on the reverse side.

### **How and when may a cheque be stopped?**

You may stop payment on a cheque you have written by notifying the Bank before the cheque is paid. Speed is important. You should identify the cheque clearly to the Bank by giving the amount, number and date of the cheque, to whom it is payable and the

number of the account on which the cheque is drawn.

The Bank will charge a fee for stopping payment on a cheque. We will advise you of our fee for this service on request.

### **Cheques returned unpaid or 'dishonoured'**

Your cheque may be returned unpaid or 'dishonoured' in certain circumstances, such as where:

- there is not enough money in your account or your overdraft is not enough to cover the cheque;
- the cheque is unsigned;
- the cheque is stale (that is, presented for payment more than 15 months after the date on it);
- the cheque is post-dated (that is, a future date is written on the cheque);
- the cheque has been materially altered (e.g. by a change of the amount originally stated in it) and you have not initialled the alteration;
- you have instructed us to stop payment of your cheque; or
- we have received notice of your mental incapacity, or of your death (and certain conditions have been met).

If we dishonour your cheque, we will not pay the cheque.

A dishonour fee will be charged by the Bank to meet processing costs. We will tell you how much this fee is.

If a cheque you have deposited is dishonoured, we will advise you. We

will reduce the balance of your account by the amount of the cheque if we have already credited your account with that amount.

We may also charge you a fee to cover our administrative costs.

### **Bank cheques**

The term 'bank cheque' describes a cheque which is to be paid by the bank itself, rather than from a customer's account.

Bank cheques are generally treated by the law in the same manner as ordinary cheques. Although many people regard bank cheques as cash, you should be aware that in certain circumstances a bank cheque may not be paid by the bank that issues it. To clarify the position, the banks who are members of the Australian Bankers' Association have adopted the following policy in relation to bank cheques:

- *Forged or unauthorised bank cheques* - If the signature of an officer of a bank is forged or placed on a bank cheque without the bank's authority, the bank is not legally liable for it.
- *Bank cheque materially altered* - A bank will dishonour a bank cheque which has been fraudulently and materially altered. A bank will co-operate with any holder of a cheque, or a person who is about to receive it, who may want to verify that the cheque is a valid bank cheque.
- *Bank cheque reported stolen or lost* - Where a bank is told that a bank cheque is lost or stolen and

is satisfied that this is the case, the bank will not honour it if it is presented for payment by a person who has no right to it. The bank may provide a replacement bank cheque for a fee.

- *Court order restraining payment* - A bank must observe an order of a court restraining the bank from paying its bank cheque which is presented for payment while the order is in force.
- *Failure of consideration for the issue of a bank cheque* - Where a bank has not received payment for issuing a bank cheque to a customer (e.g. the customer's cheque to the bank in payment for the bank cheque is dishonoured), the bank will refuse to pay the bank cheque only if the person presenting the bank cheque for payment:
  - has not given value for it (e.g. the bank cheque is stolen); or
  - has given value for it but at the time of doing so he or she knew the bank had not been paid for the bank cheque (e.g. that the cheque in favour of the bank had been dishonoured).

On request, the Bank will advise you of the fee we charge for the issue of a bank cheque or a replacement bank cheque.

## What Some Bank Terms Mean

**Credits** means Deposits into your account.

**Debits** means Withdrawals from your account.

**Demand Draft or DD** means a payment order, in writing, addressed to a bank and payable on demand. It is issued by a bank as opposed to an individual – and therefore carries more credibility than a personal cheque. A Demand Draft can be issued in local or foreign currency.

**Drawee of a cheque** means the bank on which a cheque is drawn.

**Drawer of a cheque** means the person (or persons) who signs the cheque. When a cheque is drawn on an account in the name of a company, the drawer is the company itself even though the cheque will be signed by one or more signatories authorised by the company to sign on its behalf.

**Overdraft** means a borrowing facility given to you in the form of a line of credit. It enables you to exceed (overdraw) your account balance to an approved limit. It is necessary to make arrangements at your branch to have an overdraft facility approved before overdrawing your account. Unlike a loan, the account on which the facility is provided can fluctuate between credit and debit balances on a daily basis.

**Payee** means the beneficiary named on a cheque.

**Rollover** means when a period for which a specific interest rate has been agreed comes to an end, the interest rate applicable at that time. This applies to HSBC's term deposits as well as to its fixed rate and market linked rate loans. The options a customer has on rollover will be determined by the terms of its contract with the bank.

**Telegraphic Transfer or TT** means a payment order which is transmitted

directly by telecommunications methods from your bank (e.g. HSBC) to the beneficiary's bank (one of the HSBC Group subsidiaries or a bank with which we have an arrangement). It is a faster and more secure method of payment than a Demand Draft, but is also more expensive.

## Glossary of Terms

**AFS Licence** means the Australian Financial Services Licence issued by the Australian Securities and Investments Commission (ASIC) to the Bank authorising the provision of the financial services set out in Section A under the heading "**HSBC Services**" above.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Financial Product** means the products described in Section A under the heading "**HSBC Services**" above.

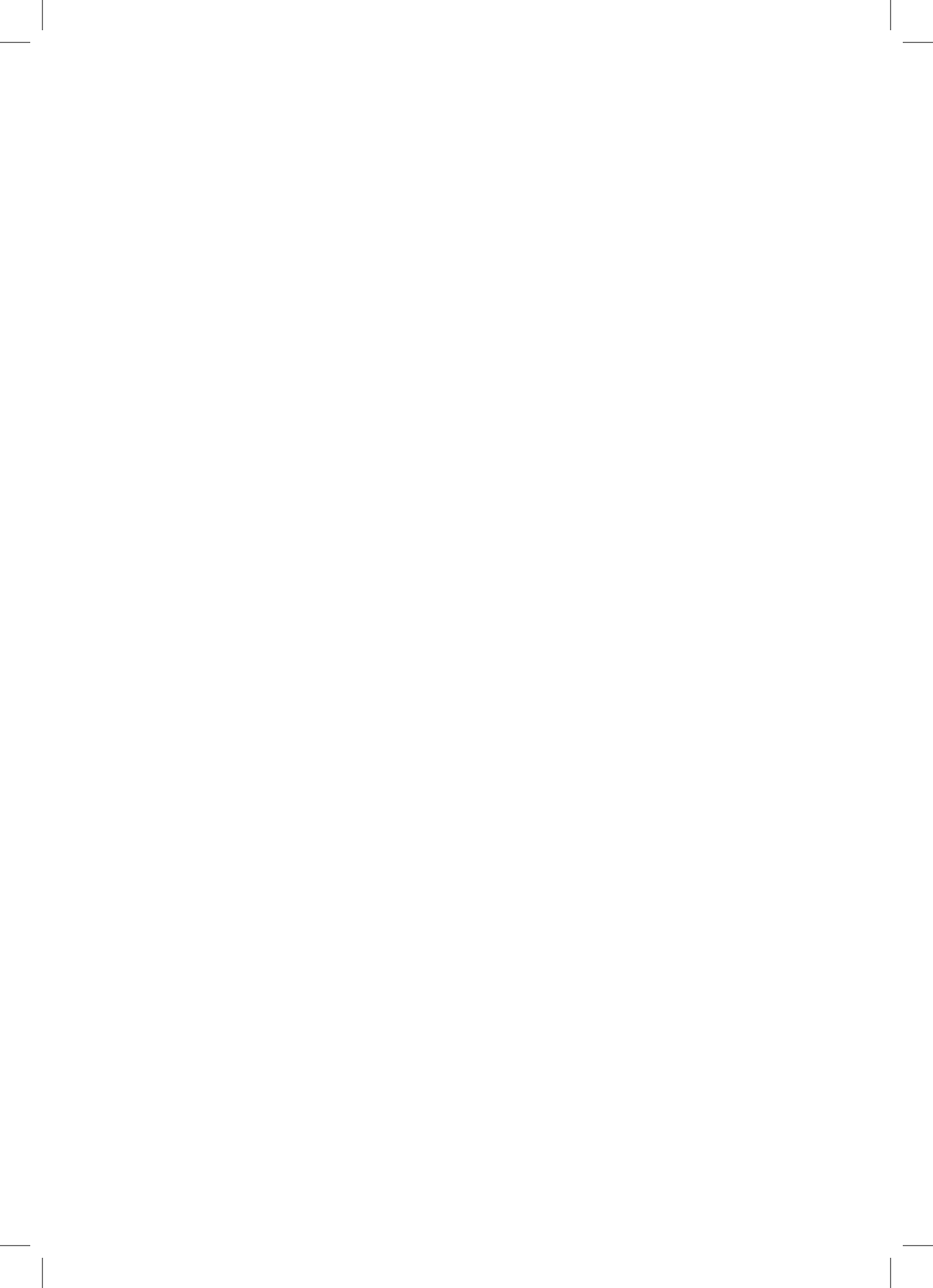
**HSBC Group** or the **Group** means HSBC Holdings plc and its subsidiaries and affiliates.

**PDS** means Product Disclosure Statement.

**Relationship Manager** means a manager assigned to look after the business needs of a particular Corporate Banking customer.

**The Bank** means HSBC Bank Australia Limited (ABN 48 006 434 162).

This page has been left blank intentionally.



Issued by HSBC Bank Australia Limited ABN 48 006 434 162 AFSL 232595  
Bpay® is a registered trademark Bpay Pty Ltd ABN 69 079 137 518  
Bank@Post™ is a registered trademark of Australia Post ABN 28 864 970 579  
**HBAA130FSG (R11) 11/16**

