



ASIC

Australian Securities & Investments Commission



M01654002

INFRINGEMENT NOTICE

Section 12GXA of the *Australian Securities and Investments Commission Act 2001*

Day of issue: 7 December 2018

Unique identification code: R20180002412746

TO: Australian Corporate Bond Company Limited
ACN: 169 442 657
Suite 2 Level 10
1 Chifley Square
Sydney NSW 2000

1. ASIC issues this infringement notice under section 12GXA of the *Australian Securities and Investments Commission Act 2001* (**ASIC Act**).
2. ASIC has reasonable grounds to believe that, in the period from 8 December to 16 December 2017 (**Relevant Period**), Australian Corporate Bond Company Limited (ACN 169 442 657) (**Australian Corporate Bond Company**) contravened an infringement notice provision of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**), being section 12DB(1)(e) of the ASIC Act by, in trade or commerce, in connection with the supply or possible supply of financial services, or in connection with the promotion by any means of the supply or use of financial services, making false or misleading representations that services have sponsorship, approval, performance characteristics, uses or benefits.

Particulars

- (a) During the Relevant Period, Australian Corporate Bond Company made in Australia various statements concerning Exchange Traded Bonds issued by Australian Corporate Bond Company in the Australian Corporate Bond Trust (**XTBs**) and term deposits, in particular in relation to the returns available from investment in XTBs compared to term deposits, and the key attributes of XTBs compared to term deposits (see, in particular, the table). The statements were published at page 10 of an electronic PDF document titled "The Investor's Guide to Adding Income and Security to Your Portfolio", which was published by Australian Corporate Bond Company and was available on its website (www.xtbs.com.au) and was sent by Australian Corporate Bond Company to individuals, a copy of which is provided at Appendix 1 (**Statements**).
- (b) ASIC is concerned that the Statements represented that Australian Corporate Bond Company had compared the key attributes of term deposits and XTBs, and that investment in XTBs has an equivalent or substantially the same risk as investment in term deposits, while producing a higher return (**Representation**).
- (c) ASIC has reasonable grounds to believe that the Representation was false or misleading because the risks involved in an investment in XTBs is not equivalent to or substantially the same as investment in term deposits. As an

example, monies invested in a term deposit, up to \$250,000, are protected by the Australian Government's guarantee for Authorised Deposit Taking Institutions, and no such protection exists for monies invested in XTBs.

Penalty under this notice

3. The penalty payable under this notice in relation to the alleged contravention is \$12,600.
4. This penalty is payable to ASIC on behalf of the Commonwealth.
5. This penalty can be paid using one of the methods detailed in the enclosed invoice.

Consequences of complying with this notice

6. If you pay the penalty stated in this notice within the time for payment mentioned below then (unless this notice is subsequently withdrawn and any penalty paid refunded):
 - (a) no proceedings (whether criminal or civil) will be brought against you by the Commonwealth or ASIC for the alleged contravention of the infringement notice provision or an offence constituted by the same conduct; and
 - (b) you will not be regarded as having contravened the infringement notice provision or having been convicted of an offence constituted by the same conduct.

Consequences of failing to comply with this notice

7. If you do not pay the penalty specified in this notice within the time for payment mentioned below, and the notice is not withdrawn, the Commonwealth or ASIC may bring proceedings under Subdivision G of Division 2 of Part 2 the consumer protection provisions of the ASIC Act (whether criminal or civil) against you for the alleged contravention of the infringement notice provision or offence constituted by the same conduct.
8. The maximum pecuniary penalty that a court may order you to pay for the alleged contravention is \$2.1 million.

Time for payment

9. The time for payment is:
 - (a) within 28 days after the day on which the notice is issued to you; or
 - (b) if ASIC extends, by notice in writing the compliance period for this notice, within that further period allowed.

Applying for more time to pay the penalty under this notice

10. ASIC may extend the compliance period for this infringement notice if ASIC is satisfied that it is appropriate to do so. The extension must not be for longer than 28 days.
11. If you wish to apply for an extension of time to pay the penalty specified in this notice, you should do so in writing within 28 days after the day the notice is issued to you (see paragraph 15).

Applying to have this notice withdrawn

12. Within 28 days after the day on which this notice is issued, you may apply to ASIC in writing to have this notice withdrawn.
13. Evidence or information that you or your representative gives to ASIC in the course of applying for this notice to be withdrawn is not admissible in evidence against you or your representative in any proceedings (other than proceedings for an offence based on the evidence or information being false or misleading).

Withdrawal of this notice

14. ASIC may, by written notice given to you, withdraw this infringement notice if ASIC is satisfied that it is appropriate to do so, whether or not you have applied to have this notice withdrawn.
15. A withdrawal notice must be given to you within the time for payment of this infringement notice to be effective.
16. If the withdrawal notice is given after you have paid the penalty specified in this infringement notice, ASIC will refund to you the amount paid under the infringement notice.

Requirements for applications

17. An application to have this notice withdrawn, or for more time to pay the penalty under this notice:
 - (a) must be in writing; and
 - (b) must include the unique identification code set out at the top of this notice; and
 - (c) must include your reasons for making the application; and
 - (d) may be made by forwarding your application to ASIC at the address in paragraph 16.
18. You may contact ASIC in relation to this notice by contacting:

Carolyn Toh
Australian Securities and Investments Commission
GPO Box 9827
Sydney NSW 2000
or by facsimile: (02) 9911 2414
or by email: ACLInfringementNotices@asic.gov.au

Signed:



Sean Hughes
Commissioner

as a delegate of the Australian Securities and Investments Commission

Appendix 1

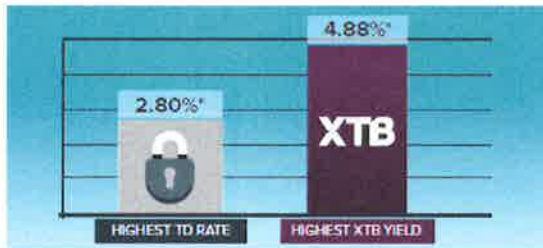
Term deposits

If you're looking for a term deposit, you're likely looking for security PLUS the highest interest rate you can find. Currently, however much shopping around you do, you're unlikely to find anything more than 3% pa. These are close to the lowest ever TD rates. Nobody can be blamed for wanting their cash to work harder for them.

XTBs vs. Term deposits

There is an alternative – it is possible to get your cash working harder. If you're looking for a low risk investment that provides an attractive and stable income, XTBS might be the answer.

Compare TD returns with XTBS



*Gross \$50,000, 3 or 6 month Term Deposit and Australian Corporate Bond Company as at 15 March 2017

	TERM DEPOSITS	XTBS
Low risk	✓	✓
Return above 3%	✓	✓
Regular income payments	✓	✓
Anytime access to savings without penalty	✗	✓
No minimum investment amount	✗	✓

THE INVESTOR'S GUIDE TO ADDING INCOME AND SECURITY TO YOUR PORTFOLIO