### Asset-based lending

broker and lender agency relationship, 25-26 forms, 18-19 predatory lending or equity stripping, 18 Islamic banking, in, see Islamic secured financial transactions knowledge derived from loan application, 28-30 borrower's income, 28-30 purpose of the loan, 30 knowledge of lender, 27-28, 34 case law, 20-22 constructive notice, 28 disability of borrower, 20-22, 34 wilful ignorance, 27 transactional neglect, 33-36 unconscionable dealing, 22-25, 34 definition, 34 knowledge of borrower, 25 special disadvantage, 20-21, 23-25, 34 substantive unfairness, 25 undue influence, 30-32 borrower obtaining loan to benefit third party, where, 31-32 unjust contracts, 32-33 Contracts Review Act 1980 (NSW), relief under, 20, 32-33 Uniform Consumer Credit Code, relief under, 19, 32-33 Yerkey v Jones principle, 20, 32

#### **Banking law**

recent publications, 65, 176, 259, 350

## Banking law and practice

bankruptcy in United States Re Lehman Brothers Holdings Inc, 58-60 Australian position compared, 62-64 facts, 58-60 findings, 60 cheque conversion in Perpetual Trustees Australia Ltd v Heperu Pty Ltd, 345-349 cheque delivery by stranger in Watson v Russell, 342-345 irrevocable and revocable credits under Uniform Customs and Practice for Commercial Documentary Credits, 51-53 letters of comfort Newtronics Pty Ltd (recs and mgrs apptd) v Atco Controls Pty Ltd (in liq), 55-57 facts, 54-55 legal principles, 55-56 qualified privilege Aktas v Westpac Banking Corp, 162-165 facts, 162 findings, 163-164 reliquefication bills clause in Australian dollar loan agreements, 165-167 secured company charges in Re Octaviar Ltd, 95-105

(2009) 20 JBFLP 377

facts, 201-202 findings, 202-203 unpresented bank cheques whether unclaimed money, 249-253

#### **Banking practice**

recent publications, 68-69, 178-179, 262, 353

## Bankruptcy

derivative contracts in capital and foreign exchange markets, Australian and United States compared, *see* Capital and foreign exchange markets

#### Canada

bankruptcy exemptions, 270-273
directors' duties and rejection of Revlon test, 82-83
business judgment rule, 83
decision in BCE Inc v 1976 Debentureholders, 82-83
oppression remedy, 82-83
reasonable expectations, 83
personal property securities, 7, 8-9, 16, 106-107
chargeback enabling provisions under Saskatchewan Act, 130-131
legislative reforms, 126-127
socially responsible investments market developments, 335

## Capital and foreign exchange markets

Australian domestic retail bond market re-emergence, 170-175 continuous disclosure requirements, 172-173 broad investor base management risk-reduction, 174 derivative contracts and bankruptcy, 58-64 assumption and assignment of rights, 58-59, 60-62 counterparty's rights under Australian and United States law compared, 63-64 decision in Re Lehman Brothers Holdings Inc, 58-60 decision in Sims v TXU Electricity Ltd (Enron v TXU), 62-63 terminated derivative contracts, settlement of, 62 prospectuses, 173-175 content disclosure, 174-175 pre-vetting, 173-174 recent publications, 66-67, 177-178, 261, 351-352 remote participation in Hong Kong futures market, 183-185

#### Carbon emissions trading scheme

Australian emission unit permits, 192 banking, 193 borrowing, 193 enforcement over securities, 198 fixed price regime for auctioning, 192 legal title and equitable interest in, 192-193 National Registry of Emissions Units for, 192-193 obtaining security, 198 regulatory oversight, 193 tax treatment, 193 cap and trade system for greenhouse gas emissions, 192 Carbon Pollution Reduction Scheme, 191-199 international export of Australian emission units, prohibition on, 192 secondary carbon derivatives market for scheme entities, 199 Carbon Pollution Reduction Scheme Bill 2009 (Cth), 192 European Climate Exchange, on, 199 Kyoto Protocol flexibility mechanisms, 193-194 certified emission reduction units, 194 clean development mechanisms, 194 emission reduction units, 194 Executive Board of the United Nations Framework Convention on Climate Change, 194 joint implementation projects, 194 project features, 194-195 Kyoto Protocol project models, 195-196 Brazilian Plantar project case study, 197 contract and guarantee structures, 196 emission purchase reduction agreements, 196-197 political risks to emissions trading, 197 project documentation, 197-198

## Chargebacks

bank deposits, over, 112 common form, 106 conceptual impossibility doctrine, under, *see* **Conceptual Impossibility Doctrine** nature of, 118 negative pledges and, 115 personal property securities legislation attachment, perfection and enforcement, 134-135, 137-138 transactions under s 28(5) Personal Property Securities Bill 2008 (Cth), 129, 132-133 set-off distinguished, 109, 122 superannuation policies, over, 112

### Charges

variation under s 268(2) Corporations Act 2001 (Cth), 200-215 variation in Re Octaviar Ltd, 200-203

## Cheques

```
conversion and misappropriation of title, 342-349
authority and apparent authority to title, 343-344
delivery by a stranger in Watson v Russell, 342-343
fraud in Perpetual Trustees Australia Ltd v Heperu Pty Ltd, 343-349
holder in due course, 344
misleading and deceptive conduct, 349
negligence, 349
notice of transferor's defective title, 344-345
restitution for money had and received, 348-349
vulnerability in economic loss claim, 349
```

## Commercial and finance law

recent publications, 65-66, 177, 260, 351

#### **Conceptual Impossibility Doctrine**

Australian position, 117-118 benefits and disadvantages, 115-116 case law, 110-112 debt, 118-120 impossibility arguments characterisation, 109-110, 122-123, 136 general law, under, 109-110, 124, 132-133 intrinsic characteristic/unenforceability at equity, 109, 120-122, 136 merger, 110, 123, 136-137 personal property securities regimes, under, 109-110, 124, 132-133 property vis-à-vis obligation, 109, 118-120, 135-136 property and security rights, 107-109 charges, 107-108 quasi-security, 108-109 remedies, 107-108 rights distinguished, 107 security interest, 107 set-off in monetary claims, 109, 113-115 statutory reform, 124-132 Canada, in, 126-127, 132 exclusions, 131-132 New Zealand, in, 127, 132 Personal Property Securities Bill 2008 (Cth), 128-132 United States, in, 125-126 transactions, 112-116 chargebacks over documentary claims, 113 charges over non-monetary obligations, 113 taxation implications, 114 United Kingdom, in, 116-117

#### Contracts

no waiver clauses in commercial contracts, 359-361 decision in Tele2 International Card Co SA v Post Office Ltd, 359 election to terminate, 359-360 purpose, 359

Contracts Review Act 1980 (NSW)

relief for unjust contracts, 20, 32-33

## **Corporations Act 2001 (Cth)**

Australian emissions units treatment under Ch 7, 193 Ch 2K application, 203-211 debenture trust deeds, 203, 207-210 secured financial arrangements, 96-100, 103-104 security interests, 11-14, 103-104, 203 corporate insolvency, 284 definition, 287 insolvent trusts, *see* **Trusts** uncommercial transactions under Pt 5.7B, 304-305 disclosure and regulation for socially responsible investments, Ch 7 requirements, 335, 337, 339 insolvent transactions, whether voidable, 304-305 Personal Property Securities Bill 2008 (Cth) compared, 11, 12-14 variation of charges, 96-98, 200-215

## Debt

Conceptual Impossibility Doctrine, under, 118-120 Islamic banking transactions, in, *see* Islamic secured finance transactions New Zealand, in, 86

## **Documentary credits**

letters of credit, *see* Letters of credit Uniform Customs and Practice for Commercial Documentary Credits (UCP600), 51-53 irrevocable, 52-53 revocable, 52-53

#### England

see also United Kingdom election and no waiver clauses in commercial contracts, 359-361

#### Explicit deposit protection scheme

```
banking regulatory framework, advantages for, 236-237
Australian Prudential Regulation Authority, 236
banking sector crisis history, 234-235
Davis Report, 235
deposit-taking institution regulation, 233-234
Financial Claims Scheme, 234, 239-240
implicit protection regimes, comparison, 237-238
International Monetary Fund Financial Sector Assessment Program review findings, 235-236
market discipline risks, 238-239
proposals and recommendations, 240, 248
compensation, 241
coverage level, 241-245
fundings, 246-248
membership and institution participation, 240
purpose, 236-237
```

## Financial and investment planning

recent publications, 67-68, 178, 261-262, 352-353

## Financial Services Reform Act 2001 (Cth)

Australian Securities and Investments Commission, 335 regulatory reforms, 335, 337

#### Hong Kong

remote participation in the futures market proposal, 183-185 secured charges under Companies Ordinance, proposed amendments, 181-183

## Insolvency law and management

corporate trustees, for, *see* **Trusts** corporations, for, 280-281 Corporations Act 2001 (Cth) amendments, 284 intellectual property due diligence, 256-258 inquiries for purchasers of liquidated businesses, 257 patent infringement in Prismex Technologies Pty Ltd v Keller Industries Pty Ltd, 256-257 recent publications, 67, 178, 261, 352

## Islamic secured finance transactions

asset-based or debt-based, 312, 321-329 debt/asset-based (ijara), 321-323 background, 306-307 bonds (sukuks), 307 equity-based financial transactions, 313-321 mudaraba, 313-319, 330 musharaka, 319-321 financing techniques, 311-312 asset-based or debt-based, 312, 321-330 assumption of risks by financier, 312, 329 equity-based, 312, 313-321, 330 ijara method, 321-323 Islamic global financial centres, 307 clients, 307 mudaraba method, 313-319, 330 Majella rules for priority of secured debt, 318-319 murabaha method, 325-329 musharaka method, 319-321, 330 principles and prohibitions, 307-311, 329 interest earnings and usury, 309-310, 330 profit and loss sharing, emphasis on, 309, 329-330 risk speculation (maisir), 310-311 uncertainty (gharar), 310-311 risk control management, 324, 330-331 Western finance principles, comparison, 309, 311, 329-330

#### Japan

electronic monetary claims, 74-81 assignment of interest, 77 bona fide purchaser's protection, 77-78 claim categories, 75 discharge of claims and obligations, 78-80 electronic guarantee, 80 foreign state entities' sovereign immunity from court jurisdiction, 354-358 consent to court jurisdiction, 355 default judgment against, 357-358 exceptions and exemptions, 354-358

foreign state entity, 354 service of process, 357 insurance contracts under Insurance Act of Japan, 263-269

## Letters of credit

bank's reputation, 48-49
applicant's considerations, 48
beneficiary's considerations, 49-50
cross-border transactions, in, 47
definition, 46
enforcement of terms in Newtronics Pty Ltd (recs and mgrs apptd) v Atco Controls Pty Ltd (in liq), 55-57
facts, 54-55
implications, 57
legal principles, 55-56
fundamental problem of exchange in international trade, as solution to, 46-47
parties to transaction, 46
principles, 46-47
independence regarding payment obligations, 46-47
strict compliance with conditions, 46-47

## Lien

creation, 101 definition, 6

## Mortgages

cheque conversion in Perpetual Trustees Australia Ltd v Heperu Pty Ltd, 345-349 Islamic ijara transactions, in, *see* Islamic secured finance transactions mortgagee's power of sale, extension of, 168-169 recent publications, 65, 176-177, 260, 350-351 State Revenue Legislation Further Amendment Act 2009 (NSW) general duty changes, 254-255 mortgage duty changes, 254-255 variation and registration, effect of s 73 Property Law Act 1974 (Qld), 100-101 creation of new, 206

## New Zealand

```
assignments of things in action, Property Law Act 2007 (NZ) amendments, 84-87 priority between interests under Personal Properties Security Act 1999, 86 voluntary assignment rule in Dearle v Hall, 85-86
Personal Property Securities Act 1999 (NZ), 8

acquisition of personal property free from a security interest, 16
chargeback enabling provisions, 130-132
functional approach, 7
purchase money security interests priorities, 10
reform, 127
security interest enforcement, 11
```

## People's Republic of China

risk management for mergers and acquisition loans, 180-181

## Personal property securities

circulating or "current" assets, 16 conceptual impossibility doctrine, application to, see Conceptual Impossibility Doctrine definition, 5-6 enforcement, 11 floating charge, 16 Islamic secured finance transactions, in, see Islamic secured finance transactions legislation in other jurisdictions, 16, 106 Canada, in, 7-9, 16, 126-127, 130-131 chargeback enabling provisions, 130-131 New Zealand, in, 7-8, 10-11, 16, 86, 127, 130-132 United States, in, 7-8, 10, 106, 125-126 Personal Property Securities Bill 2008 (Cth), 5, 106 Corporations Act 2001 (Cth), compared, 11-14 formal and functional approaches, 7-8 priority of interests, 9-10, 14 purchase money security interests, 10 transfer of collateral, 10, 14 unperfected security interests, 10 Personal Property Securities Register, 11-12 reform, 7, 16-17, 124, 128-130 finance law implications, 15-16 security interest acquisition of personal property free of, 9 attachment and enforcement, 8-9, 14 definition, 129 perfection, 8, 14 types, 6

## Property Law Act 1974 (Qld)

Ch 2K Corporations Act 2001 (Cth) and s 73, 204-210

## Reputation

banking, in, 37-42 contemporary perspective, 38-40 Knights Templar, case example, 40-42 cross-border transactions, in, 45 "Asian values" approach, 44-45 definition, 38 enforcement of contractual and property rights, 37, 42-45 Maghribi trading practices, case example, 42-43, 45-46 game theory analysis of risk-taking behaviour and, 45 letters of credit and, *see* Letters of credit motivator for future conduct, as, 45-46

#### Secured financing arrangements

all moneys charges and Octaviar charges, distinguished, 212-214 Islamic finance transactions, in, *see* Islamic finance transactions secured company charges decision Re Octaviar Ltd, 95-105 expansive charge proposition, 99-103 public disclosure under s 268 Corporations Act 2001 (Cth), 99, 103-104 registered charge propositions, 97-99 transaction documents charges, 97-98 lodgment requirements upon variation, 214-215 variation under s 268(2) Corporations Act 2001 (Cth), 200-215

#### Securities and mortgages

mortgages *see* **Mortgages** personal property securities *see* **Personal property securities** recent publications, 65, 176-177, 260, 350-351

#### Security interest

attachment to personal property, 134 charge, 107-108 definition, 107 perfection, 134 "quasi-security" interests and transactions, 108-109 set-offs, 109, 113-115

#### Socially responsible investments (SRIs)

Australia, in, 335-336 disclosure requirements, 337-341 regulatory framework, 337-340 superannuation deregulation, effect of, 336 background, 332 Canada, in, 334-335 compliance risks, 337-340 acceptable risk and disclosure obligations, 338-339 generic and non-prescriptive approach of Regulatory Guide 65, 337-338 trustees of pension and superannuation funds, for, 339-341 definition, 333 growth trends, 336-337 history, 334 investment return values, 336 objective, 333 regulation recommendations, 340-341 United Kingdom and Continental Europe, in, 335, 339-341 United States, in, 334-335

## Swap transactions

ABN withholding, 221 borrower's security, 150-152 collateralisation or sharing limits, 151 enforcement limits, 152 priority or proportionate sharing of proceeds from enforcement, 152

ranking, 151
credit provisions, 152-156
representations, warranties and undertakings, 156
termination and default rights, 153-156
definition, 142-143
documentary mismatches
finance-linked swaps, 159-160
elements, 143-144
International Swaps and Derivatives Association Inc 2002 Master Agreement, 216-232
withholding tax obligations for payee, 216-217
lenders and swap providers, tensions between interests of, 146-160
interests, 146-150
issues for negotiation, 150-160
same entity, where, 148
loans, compared, 145-146
rights to receive payment, 156-159
close-out amount application, 158
set-off and netting, 158-159
swap provider, for, 156-158
voting rights, 159

## Tax and stamp duty

ABN withholding for swap agreements, 221 garnishee withholding, 221-222 gross-up exclusions, 225-230 action by tax authority or change in tax law, 230 payee tax representations for single-branch and multi-branch arrangements, 226-230 payee's failure to provide information, 225-226 gross-up payment and payer tax representations, interaction between, 224-225 GST and input tax credit consequences for swap agreements, 222 Income Tax Assessment Act 1936 (Cth) dividends, 220 interest, 217 Part VA investments, 221 International Swaps and Derivatives Association Inc 2002 Master Agreement, 216-232 GST clause benefits, 232 indemnifiable tax liability, 222-224 no agency representation, 230-231 termination events, 231-232 withholding tax obligations for payee, 216-217 mortgage duty changes under State Revenue Legislation Further Amendment Act 2009 (NSW), 254-255 anti-avoidance provision, 255 collateral mortgages, 254-255 limited securities transitional provisions, 255 Part VA investment tax file number withholding tax, 221, 226 recent publications, 65, 176, 259-260, 350 Taxation Laws Amendment (Taxation of Financial Arrangements) Act 2008 (Cth) gains and losses under financial arrangements, 220

### Trusts

commercial environments, in, 282, 284-286 definition, 279-280 equitable principles, 281-282 express trusts, 281 insolvent corporate trustees' right of indemnity, uncertainties regarding, 289-305 creditor's rights, 289-291, 293, 295-297 limitation of liability clauses, 292-295 liquidation, effects of, 300-305 removal of right to indemnity, 291 unrelated breach committed by trustee, effect of, 290-291 voluntary administration of insolvent trustee corporation, 298-300 insolvent trusts, 280, 283, 287-288 conduct of trustee, 293 secured transactions, in, 295 trustee's directors' assessment of solvency, 293-295 trustee's directors' personal liability, 295 pension and superannuation fund trustees in United Kingdom, compliance and litigation risks for socially responsible investments, 339-341

## Uniform consumer credit code

unjust contracts, relief, 32-33

#### **Uniform Customs and Practice for Commercial Documentary Credits**

Article 1 principles, 52-53 CIF contracts and documentary credits, 51 international sale of goods transactions, 51 irrevocable and revocable credits under UCP600, 52-53

## **United Kingdom**

see also England pension and superannuation fund trustees compliance and litigation risks, 339-341 socially responsible investments market development, 335

## **United States**

bankruptcy and derivative contracts in capital and foreign exchange markets, 58-64
Australia and United States compared, 62-63
Bankruptcy Code provisions, 58-59, 61-62, 64
decision in Re Lehman Brothers Holdings Inc, 58
financial system regulatory reform, 70-73
Conduct of Business Regulatory Agency, 72
Federal Reserve, 71
Prudential Financial Regulation Agency, 71-72
Treasury report, 70-73
personal property securities, 7-8, 10, 106
Uniform Commercial Code reform, 125-126
socially responsible investments market development, 334-335