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Product Disclosure Statement

Foreign Exchange Contracts

Convera Singapore Financial Pte Ltd

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1. Purpose

This Product Disclosure Statement ("PDS") is dated 12 July 2023 and is offered by Convera Singapore Financial Pte Ltd with Registration Number: 200619104D and Capital Markets Services License Number: CMS100116 ("Convera" "we", "our" and "us") and provides you with a detailed description of the types and characteristics of the financial products Convera offers as well as the associated risks and costs. The PDS sets out information designed to assist you in deciding whether to acquire any of the products offered by Convera set out in this document and to compare the features of other products that you may be considering.

This PDS contains information about Foreign Exchange Contracts involving Forward Exchange Contracts ("FECs") and Foreign Exchange Options ("Options") (collectively, "products") offered through Convera

We recommend that you read this PDS in full before you make a decision to acquire a product described in this PDS. All information provided in this PDS is general in nature and does not take into account your individual objectives, financial situation or specific needs. We recommend that after reading this PDS you consider whether the features of our products, including the advantages and disadvantages, will meet your individual objectives, financial situation or specific needs.

This PDS does not constitute financial advice or a financial recommendation.

Our Terms and Conditions, sets out further information about Convera and the products and services we offer. We recommend that you contact us if you have any questions arising from this PDS, or the Terms and Conditions, prior to entering into any transactions with us.

If you are not confident about your understanding of the products (described in detail in sections 5, 6 and 7 of this PDS) or foreign exchange and related markets, we strongly suggest you obtain independent advice before making a decision about engaging with these products.

Consideration should be given to all the potential outcomes of specific products and strategies before entering into any product described in this PDS. We encourage you to obtain independent financial advice which takes into account the particular reasons you are considering entering into Foreign Exchange Transactions with Convera.

Independent taxation and accounting advice should also be obtained in relation to the impact of possible foreign exchange gains and losses in light of your particular financial situation.

The distribution of this PDS and the offer, sale or purchase of products offered under this PDS may be restricted by law in certain jurisdictions. Convera does not represent that this PDS may be lawfully distributed, or that any products may be lawfully offered or purchased, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution, offering or purchase. In particular, no action has been taken by Convera which would permit a public offering of any products or the distribution of this PDS in any jurisdiction where action for that purpose is required.

Accordingly, no products may be offered, bought or sold, directly or indirectly, and neither this PDS nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this PDS or any products offered or purchased under this PDS come, must inform themselves about, and observe any such restrictions.

This PDS and the products described in this PDS have not been and will not be registered under the U.S. Securities Act of 1933, as amended or any US state or other securities laws. Accordingly, the products offered in this PDS may not be granted to or taken up by, and the products may not be offered or sold to, any person that is in the United States or that is, or is acting for the account or benefit of, a US person.

If you have any questions or require more information, please contact Convera on +65 6494 8222 by email: corphedgingAPAC@convera.com or refer to our website www.convera.com/en-sg/compliance-legal/compliance

2. Important Information

2.1 Copies

You can download a copy of this PDS from www.convera.com/en-sg/compliance-legal/compliance or request a copy by either email at corphedgingAPAC@convera.com or by phone +65 6494 8222.

This PDS replaces the Foreign Exchange Contracts PDS issued by Convera and dated 19 May 2023.

2.2 Updates relating to this PDS

The information in this PDS is subject to change. Convera will issue a supplementary or replacement PDS where new information arises that is materially adverse to the information in this PDS. Where new information arises that is not materially adverse to the information in this PDS, Convera will post such updated information on our website located at the Convera compliance webpage as set out in section 2.1 above.

You may request a copy of this information from your **Convera Representative** or by contacting Convera using the contact details in section 3.1 "Contact Details" of this PDS.

2.3 No Speculation

Convera does not enter into any of the Foreign Exchange products described in this PDS with **Customers** whose intention is merely to speculate on the possible movements in **Exchange Rates**.

Our Customers must have a genuine commercial interest in exchanging one currency for another. Often that interest will arise in order to make payment to or from a foreign trading partner, although each of our Customers' circumstance will be particular to them.

2.4 Financial Amounts

All financial amounts expressed in this PDS are in Singapore Dollars (**SGD**) unless otherwise stated.

2.5 Glossary of Terms

Certain capitalised words used in this PDS have defined meanings. These meanings can be located in section 17 "Glossary of Terms" of this PDS.

2.6 Counterparty Credit Risk

When you enter into products with Convera, you are exposed to **Counterparty** credit risk against Convera. That is, you have the risk that Convera will not meet its obligations to you under the relevant product.

2.7 Risk Disclosure

When you enter into FECs and Options with Convera, you are exposed to risk. We have described the particular risks that attach to International Funds Transfers in section 4.4, FEC transactions in section 5, and Options that Convera provides in section 6 and 7. In addition, we have provided you with general risks of Convera products in section 10. You should not transact in FECs or Options unless you understand their nature and the extent of your exposure to risk. We recommend that you contact us if you have any questions arising from the risks described in this PDS.

2.8 Representatives Remuneration

Our employees and directors are remunerated by way of salary and other employee benefits. They may also, subject to any prohibitions under legislation, be eligible for a discretionary bonus which is based on achievement of predetermined business objectives such as contribution to profit, client service, risk management and leadership/team contribution. Bonuses may be calculated as a portion of the net amount charged to our Clients after deducting Retail Mark Ups as explained in Section 8.6 "Exchange Rates" of this PDS, and transaction fees charged to clients. We have commercial business arrangements with affiliated companies within the Convera corporate group. Convera group companies provide us from time to time with support in relation to information technology, treasury, finance, compliance and other services. These arrangements are governed by formal agreements between us. Any fees and charges that you pay to us may ultimately benefit directors and employees of Convera group companies, who may receive a bonus, linked in part to such amounts received from us.

2.9 Disclaimer

Any information that is provided in this PDS does not take account of your financial situation, objectives or needs. Because of this, before you act on it, you should consider its appropriateness having regard to your own objectives, financial situation or needs.

3. Issuer

Convera Singapore Financial Pte Ltd is the **Issuer** of the products described in this PDS.

This PDS was prepared by:

Convera Singapore Financial Pte Ltd

Registration Number: 200619104D

Capital Markets Services License Number: CMS100116

3.1 Contact Details

Address: 77 Robinson Road, #35-01 Robinson 77, Singapore 068896

Phone: +65 6494 8222

Principal Contact: Corporate Hedging

Email: corphedgingAPAC@convera.com

Website: https://convera.com/en-sg

3.2 Convera Services

Convera is a specialist provider in foreign exchange and international payments products and services. We work with individuals and companies of all sizes, to create solutions that assist their business payments and foreign exchange process challenges to manage risk and costs.

3.3 How to Access Convera Services

After agreeing to our Terms and Conditions and after your application has been approved by us, you will have access to our FECs and Options and will be able to provide us **Instructions** by:

- Phone - where you can call us and speak to a Convera Representative and provide us with Instructions to transact your currency needs; or
- Email - where you can email us to provide your account details and Instructions.

3.4 Additional Information

Our website provides additional information that may be useful including information about currency transactions and payment solutions, a resource centre and information relating to our company history. You must note that any information in this PDS or on our website does not take into account your personal financial circumstances and needs.

4. Our Foreign Exchange Products

4.1 Overview

A Foreign Exchange transaction may be used if you have a need to exchange one currency for another currency at an agreed **Exchange Rate**. The requirement to enter into a Foreign Exchange transaction can arise in various situations. For example, an importer may need to buy an overseas currency, by paying for it in USD to pay their supplier for the goods that they are importing. Conversely an exporter may be paid by an overseas client in a foreign currency for goods being exported to an overseas country and wish to convert the foreign currency back to SGD. In doing so, you may use Foreign Exchange transaction instruments such as a spot Foreign Exchange (for **Settlement** within the next two **Business Days**), a FEC (for Settlement at a **Maturity Date**(s) from three Business Days to one year) or an Option contract (which gives you the right but not the obligation to purchase/sell a specified amount of currency) to assist you to manage your Foreign Exchange exposures.

4.2 The Foreign Exchange Market

FECs and Options are not entered into on an authorised exchange such as a stock market. There is no official benchmark Exchange Rate for Options. The foreign exchange market is referred to as an "**Over-The-Counter (OTC)**" market, which means that Exchange Rates will often vary when compared between providers.

Exchange Rates are quoted on the **Interbank Market**, which is a wholesale market for **Authorised Exchange Dealers**, with **Interbank Exchange Rates** fluctuating according to supply and demand. This market is restricted to Authorised Exchange Dealers and banks that constantly quote to each other at wholesale Exchange Rates and in minimum parcel sizes.

Factors that influence supply and demand (and therefore the Exchange Rate quoted to you) include:

- investment inflows/outflows;
- market sentiment or expectations;
- economic and political influences including geopolitical influence; and
- import/export of goods and services.

Exchange Rates quoted in the media generally refer to Interbank Exchange Rates and will usually differ from Exchange Rates quoted to you as they do not take into account any transaction costs such as cost of credit, operating costs as set out in Section 8.6 of this PDS.

Because FECs and Options are traded OTC with Convera you will not be able to sell or transfer your transaction with another provider. You will only be able to reverse or cancel your FECs and Option with Convera.

4.3 Currency Limitations

While Convera endeavours to ensure that you are provided with access to the **Currency Pair** of your choice, Convera does not guarantee that it will offer FECs and Options in all Currency Pairs. This may arise for a number of reasons including restrictions that are imposed on Convera or Convera not having access to certain currencies through its **Correspondent Banks**.

4.4 International Funds Transfer

An International Funds Transfer is an electronic transfer of funds into or out of the country you are situated in. An International Funds Transfer may also be referred to as a **Telegraphic Transfer** or wire transfer. Once a payment is released by Convera, the **Beneficiary Bank** will usually receive the funds sent by the International Funds Transfer within 24 – 48 hours.

4.4.1 Advantages

- International Funds Transfers provide the security of fully traceable transactions.
- By using an International Funds Transfer, the beneficiary generally receives funds more quickly than if funds were transferred by bank cheque or postal money order.
- International Funds Transfers are more secure than cash transactions because they represent electronic instructions that are sent directly to the nominated beneficiary's bank for credit to the beneficiary's bank account.

4.4.2 Disadvantages and Risks

- Once executed there are no guarantees that an International Funds Transfer can be recalled. If the recall is successful, you may incur additional fees.
- The sender may be subject to additional fees if any information (i.e. beneficiary name, account number) provided is incorrect or incomplete.
- The beneficiary of a Wire Transfer may be charged a fee by their own bank for receiving a Wire Transfer.
- Delays in Wire Transfers whilst rare can occur. These can be caused for a variety of technical and administrative reasons outside the control of Convera.

4.4.3 Can an International Funds Transfer be recalled?

An International Funds Transfer can only be recalled in certain circumstances at our discretion, including in the following situations:

- if you give us incorrect information (i.e. beneficiary name, account number);
- in the case of insufficient funds in the sender's bank account;
- in case that you are subject of insolvency, liquidation or similar proceedings;
- in our reasonable suspicion of a fraud or misappropriation of funds or our services;
- if it is determined that the transaction is in relation to a criminal offence or terrorist financing activity or otherwise illegal;
- if you otherwise breach the contract between you and us; or
- if we are prevented from executing the International Funds Transfer by an event of force majeure.

4.4.4 Costs and Fees

In most circumstances you will be charged a transaction fee for using our International Funds Transfer service. The transaction fee we charge you will depend upon:

- the amount and type of foreign currency to be transferred;
- the number and frequency of International Funds Transfers you conduct through Convera; and
- the country that the funds are destined to.

Please refer to your Fee Schedule or Convera Representative for further details.

If you make a request to recall an International Funds Transfer, the bank to which the International Funds Transfer was directed may charge Convera an administration fee in relation to such recall. The amount of the administration fee will vary from bank to bank. If we incur such a fee we will require you to reimburse us for the fee unless we decide otherwise.

You will not be charged any other direct fees.

In addition to the fees charged by Convera for sending payments by Telegraphic Transfer transaction settlement, any Correspondent, Intermediary or Beneficiary Bank(s) which facilitates the sending or payment of a Telegraphic Transfers may impose their own additional fees or charges which may be deducted from the amount paid to you or your beneficiary.

4.5 Our OTC Products

This PDS outlines the following Foreign Exchange products and services that we provide:

- **FECs** and **Non-Deliverable Forward** Contracts **(NDFs)** see section 5);
- **Vanilla Options** (see section 6); and
- **Structured Options** (see section 7).

Whilst there are benefits to using these products there are also significant risks to consider in the context of your particular situation. Risks are described in the examples provided for each of the products and in section 10 "Risks of Convera products" of this PDS.

5. Forward Exchange Contracts (FECs)

A FEC is a binding agreement between you and Convera in which one currency is sold or bought against another currency at an agreed Exchange Rate on an agreed date beyond two (2) Business Days in the future.

Convera considers that FECs are only suitable for businesses that understand and accept the risks involved in dealing in Financial Products involving foreign Exchange Rates. Convera recommends that you obtain independent financial and legal advice before entering into an FEC.

5.1 Purpose of a FEC

A FEC enables you to fix Exchange Rates to Hedge your currency exposure by providing protection against unfavourable Exchange Rate movements between the day you and Convera agree to a FEC (the "Trade Date") and the day when payment for currency is made (the "Value Date"). A FEC may also assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations for the certainty of a specified cash flow.

5.2 How does a FEC work?

When you have a foreign payable or receivable that has a term of say 30, 60, 90 days or more, there is a likelihood that the price of that foreign currency will change during the term – either upwards or downwards. If you are an importer, strengthening of the home currency would result in lower costs. However, if you are an exporter, strengthening of the home currency would result in foreign currency receipts being worth less. By using a Forward Contract, you can lock in an Exchange Rate determined today (Forward Exchange Rate) for Settlement at a future date to match the terms of your payable or receivable.

5.3 Forward Exchange Rate and Contract Rate

A Forward Exchange Rate or Forward Rate and Contract Rates for Non-Deliverable Forward ("NDF") are set on Trade Date, where one currency is sold against another for delivery on a specified Maturity Date. The Forward Rate or Contract Rate differs from today's Spot Rate as it will also include a Spot Rate adjustment, also known as Forward Points, which reflects the interest rates differential relevant to the two currencies involved calculated between today's date and the forward Maturity Date. Please also see section 8.6 "Exchange Rates" of this PDS for further information about how we calculate our Exchange Rates.

5.4 The Forward Points

The Forward Points can be either a positive or a negative number. Forward Points are added to the Spot Rate to obtain a Forward Exchange Rate.

For example, an importer needs to sell SGD in three (3) months' time in exchange for USD and Singapore interest rates are higher than US interest rates. The pricing principle assumes that Convera buys USD now at the Spot Rate, paying for the USD with SGD. Convera will pass on the cost of the higher rate of interest that it pays on the SGD. The adjustment, which would be a negative number or a subtraction from the Spot Rate, means that the Forward Exchange Rate would be less favourable than a Spot Rate. The reverse would apply if Singapore interest rates were lower than US interest rates.

Open Date FECs and Future Payments have a different application of the Forward Points due to the added flexibility to deliver the contract during a Window for an Open Date FEC or any portion of the contract value at any point, including on the Value Date, for a Future Payment.

A Window in relation to a FEC is an agreed period of time throughout the Tenor of the FEC that provides flexibility to alter settlement dates without incurring any costs or receiving any benefits.

5.5 Types of FEC

FECs are available in four forms:

5.5.1 Fixed FEC is where you purchase a fixed amount of currency, at a fixed Forward Exchange Rate on a fixed Value Date in the future. Unlike an Open Date FEC, as the buyer you are unable to deliver on the contract before the specified Value Date unless meeting the requirements of Sections, 5.9.3, 5.9.4 or 5.9.5 of this PDS.

5.5.2 Open Date FEC (also known as a "Window Forward") is where you have the flexibility to deliver any portion of the contract value at any point during the agreed Window period without any change in the Forward Exchange Rate to reflect Forward Point costs or benefits.

5.5.3 Future Payments is a type of Open Date FEC, in which the contract is paired with a payment instruction to a Payee for the delivery of the currency you have purchased. With this type of FEC you have the flexibility to deliver any portion of the contract at any time prior to or on the Value Date without any change in the Forward Exchange Rate to reflect Forward Points cost or benefits.

5.5.4 A NDF is a Forward Contract designed to assist you in reducing your foreign exchange risk when physical delivery of the underlying currency is not possible due to exchange control restrictions in a particular domestic market that limit access to the currency. In contrast to a standard Forward Contract, this product is cash-settled. This means that there is no exchange of currencies at Settlement, instead a single dollar amount will be payable by either you to Convera, or Convera to you.

5.6 FEC Variables

When you provide Instructions to Convera for a FEC there are a number of variables that need to be agreed between Convera and you being:

- the denomination and amount of the currency being bought or sold;
- the denomination of the currency being exchanged;
- the date in the future you want the contract to mature (Value Date);
- for an Open Date FEC, the Window period; and
- the Exchange Rate.

5.7 FEC - Example
A Fixed Forward, Open Date Forward or Future Payment (collectively "FEC") is a customised contract between the you and Convera that gives you the right to buy or sell an amount of currency on a specified date (Fixed Forward) or during a predetermined timeframe (Open Date Forward or Future Payment) in the future. A FEC allows you to lock in at a specific exchange rate today, for a currency to be purchased, or sold, in the future.
5.7.2 **FEC Variables**

Currency Pair: USDSGD
Forward Rate: 1.3800
Notional Amount (Amount): USD100,000
Open Forward Future Payment Window Period: 1month
Maturity Date: 3month

5.7.3 Possible Outcomes at Maturity or during a window

- If the Spot Rate is more favourable than Forward Rate you are obligated to transact at the Forward Rate.
- If the Spot Rate is less favourable than Forward Rate you are obligated to transact at the Forward Rate.

5.7.4 Benefits of a **FEC**

- Forwards provide protection from the exchange rate being less favourable than your Forward Rate at maturity or during a Window Period.
- Forwards are flexible, where the Forward Rate, Maturity Date and Notional Amount (Amount) can be tailored to your needs.
- You are able to pre-deliver a Forward prior to the Maturity Date of the contract.
- You are able to deliver currency at any time between Trade Date and Maturity Date for an Open Forward at no additional cost.

5..7.5 Risks of a **FEC**

- If you enter into a FEC, you will not be able to participate in any favourable Exchange Rates beyond the Forward Rate.
- Cancellations or adjustments may result in a cost to you.
- As further set out in section 10 "Risks Convera products" of this PDS.

5.7.6 Costs of a **FEC**

- Convera applies a Mark-Up on FEC. Please see section 8.6 "Exchange Rates" of this PDS.
- In most circumstances you will be charged a transaction fee for using our International Funds Transfer service at the maturity and Settlement of your FEC. Please see section 4.4.4 "Cost and Fees" of this PDS.
- Other cost may be applicable as set out in section 8 "Cost of Convera products" of this PDS.

5.8 Non-Deliverable Forward ("NDF")

A Non-Deliverable Forward (NDF) is a type of FEC that is net- cash settled on the Value Date. This means that there is no exchange of currencies at Settlement, instead a single dollar amount will be payable by either you to Convera, or Convera to you. This amount is calculated by reference to the difference in value of the predetermined SGD or foreign currency amount to be bought or sold (the "Notional Amount") at the agreed Exchange Rate and the value of the Notional Amount that you have agreed to buy or sell at the prevailing Spot Rate. NDF's are typically used for currencies that are subject to exchange control restrictions in their particular domestic market that limit access to the currency. Your Convera Representative can provide you currencies offered as a NDF for example, Malaysian Ringgit (MYR), Korean Won (KRW), Philippine Peso (PHP), and Chinese Renminbi (CNY). We may however agree to enter into an NDF for a freely tradable currency.
Please note that prior to Convera agreeing to enter into the products described in sections 5.8.1 below, we will require you to complete a Risk Fact Sheet acknowledging that you have received, read, and understood this PDS, due to the special features associated with this product.

5.8.1 Non-Deliverable Forward (NDF)

An NDF is a customised FEC between you and Convera, that protects you against unfavourable exchange rate movements. It is a cash settled transaction, meaning that there is no exchange of currencies at maturity as there is with a typical foreign exchange transaction. Rather, there is a single amount payable by either you or Convera. A **Contract Rate** is agreed up-front, together with the source of the **Fixing Rate** and the **Fixing Date**. The Contract Rate and Fixing Rate are used to calculate the Cash Settlement Amount payable on the nominated Value Date.

5.8.2 **NDF** - Example

Currency Pair: USDMYR
Contract Rate: 4.5000
Settlement Currency: USD
Notional Amount (Amount): MYR450,000
Fixing Date: 3 months
Value Date: 3 months + 2 business days in the Currency Pair

5.8.3 Possible Outcomes at Maturity

- If the Contract Rate is more favourable for you than the Fixing Rate, Convera will pay you the difference in the Settlement Currency.
- If the Contract Rate is less favourable for you than the Fixing Rate, you will pay Convera the difference in the Settlement Currency.

5.8.4 Benefits of an **NDF**

- NDFs provide you with protection against unfavourable foreign exchange movements between the time you enter into an NDF and the Value Date in restricted currencies.
- NDFs are flexible. The Value Date and the Notional Amount (Amount) can be tailored to meet your particular requirements.
- NDFs provide a means of negating foreign exchange risk where exchange restrictions do not allow physical delivery of currency.
- You are able to pre-deliver a NDFs prior to the Maturity Date of the contract.

5.8.5 Risks of an **NDF**

- If you enter into an NDF, you will not be able to participate in any favourable Exchange Rates between the time you enter into an NDF and the Value Date.
- Cancellations or adjustments may result in a cost to you.
- As further set out in section 10 “Risks of Convera products” of this PDS.

5.8.6 Costs of an NDF

- Convera applies a Mark-Up on NDFs. Please see section 8.6 “Exchange Rates” of this PDS.

5.8.7 Other Important information for an NDF

- NDFs are cash-settled. This means that at maturity, no actual currency exchange occurs.
- NDFs will require an **Initial Margin** of 8% of the Notional Amount of the NDF. For more information on Initial Margins see section 12.1 of this PDS.
- The Fixing Rate for each particular Currency Pair is sourced from independent market rate sources used by the financial markets industry – please contact us to confirm these sources using the contact details set out in Section 2 of this PDS.
- The Contract Rate does not represent a forecast that Convera has made, nor is it a guarantee of future exchange rate.

5.9 Components and Special Features of a FEC and an NDF

5.9.1 The Term of a FEC or NDF

The term of a FEC or NDF can range between three (3) days to one (1) year depending on your needs and your credit terms with Convera. A term longer than one (1) year may be considered by Convera on a case-by-case basis.
Convera, at its sole discretion will determine whether it will offer you a facility to be able to transact in FEC or NDF including the maximum time frame (Trade Date to Value Date). Generally, we will take into account a number of factors including but not limited to:

- current financial position;
- period of incorporation if applicable;
- a credit check through third party agencies;
- credit history; and
- previous history as a Client of Convera (if applicable).

5.9.2 Rollover

In some circumstances and if Convera agrees at any time up to the Value Date you may ask Convera to extend the Value Date of your FEC or NDF. Convera refers to this as a Rollover. All Rollovers are subject to prior approval by Convera and may be declined at our sole discretion. We will only approve Rollovers where there is an underlying business purpose and will also consider:

- the extent to which your FEC or NDF is **In-The-Money** (“ITM”);
- the extent to which your FEC or NDF is “Out-of-The-Money” (OTM); or
- the Rollover period you are requesting.

For Rollovers where the FEC or NDF is deeply OTM, Convera may require you to close the FEC or NDF, settle any liabilities owing to Convera, and enter into a new FEC or NDF equivalent to your request for the Rollover at market Exchange Rates.
If Convera agrees to extend your Value Date, the Exchange Rate of your FEC or NDF will be altered. The new Exchange Rate will reflect a number of factors including:

- your existing Forward Exchange Rate or Contract Rate from the last Trade Date of the FEC or NDF;
- the Spot Rate at the time the Rollover is contemplated;
- in relation to an Open Date FEC or Future Payment section 5.4 of this PDS; and

- market interest rates of the currencies involved in the Rollover consistent with the new Value Date.

It will also reflect any funding implications where your FEC or NDF is either ITM or OTM. This is determined by Convera comparing the value of your FEC or NDF with the prevailing market Spot Rate. If you are an importer and the value of your FEC or NDF is greater than the prevailing market rate you will have an ITM position (and will thereby be extending credit to us); if the value of your FEC or NDF is less than the prevailing market rate you will have an OTM position (and Convera will thereby be extending credit to you). The opposite ITM and OTM scenario applies if you are an exporter.
If Convera agrees to a Rollover we will send you a **Confirmation** detailing the amendment as agreed by you and Convera.

5.9.3 Pre-Delivery of a FEC and an NDF

After entering into a FEC or NDF you may wish to bring the agreed Value Date closer to Value Spot. This is called a Pre-Delivery.

In some circumstances and if Convera agrees to the Pre-Delivery we may carry out an Exchange Rate adjustment to the original Forward Exchange Rate to reflect this earlier delivery or Value Date. You should note that while in normal trading conditions an adjustment for Pre-Deliveries or Rollovers may be somewhat marginal for a Fixed FEC or NDF, in times of extreme **Volatility** in the foreign exchange market that the adjustment may be significant. There will be no Exchange Rate adjustment for an Open Date FEC.

It should also be noted that there is a contract to effect full delivery of the FEC or NDF no later than the Value Date and any agreement to effect a Pre-Delivery is at Convera' sole discretion.

Pre-Delivery is not applicable to Future Payments or Open Date FECs that are in the Window period.

5.9.4 Partial Pre-Delivery of a FEC or NDF

You may also wish to bring the agreed Value Date closer to Value Spot on a portion of the Notional Amount of your FEC or NDF. If Convera agrees to this, we may carry out an Exchange Rate adjustment to the original Forward Exchange Rate on that portion of the amount that you wish to pre-deliver. There will be no Exchange Rate adjustment for an Open Date FEC.
The balance of the remaining Notional Amount, after the partial Pre-Delivery of the FEC or NDF, shall remain due at the original Exchange Rate on the original Value Date.

Partial Pre-delivery is not applicable to Future Payments.

5.9.5 Close-out/Cancellation of a FEC or NDF

Convera may agree to close a FEC or NDF, or a portion of the Notional Amount of your FEC or NDF, in the event that you no longer require the currency that you have agreed to purchase on the Value Date. Convera's decision to agree to a close-out is at all times discretionary and in each case will be subject to payment by you of any costs that we incur in terminating and unwinding your FEC or NDF including any OTM position in relation to your FEC or NDF.

5.9.6 Termination of a FEC or NDF

Once entered a FEC or NDF may only be terminated by Convera in limited circumstances, which are set out in full in our Terms and Conditions.

These circumstances include:

- Failure to pay an Initial Margin or Margin Call;
- If you are insolvent, appoint a receiver or administrator to your business or cease to carry on your business;
- If you dispute the validity of a FEC or NDF; or
- For any other reason set out in the Terms and Conditions.

Where Convera terminates a FEC or an NDF for any of these reasons you will be liable for any losses and expenses that Convera incurs as a result.
Please note that a force majeure event may include limited availability of the Foreign Exchange markets necessary for us to execute a FEC or an NDF.

6. Types of Options

6.1 Vanilla Options

6.1.1 What is a Vanilla Option?

A Vanilla Option is an agreement between two parties, that gives "the buyer" the right but not the obligation to exchange an agreed Notional Amount (Amount) of one currency for an amount of another currency at an agreed Exchange Rate on an agreed date in the future (**Expiry Date** or **Expiry**). A Vanilla Option may be a **Put Option** (a right to sell currency) or a **Call Option** (a right to buy currency).

6.1.2 How does it work?

When you buy a Vanilla Option from Convera, you will be required to pay a non-refundable **Premium** (see section 8.4.3 "Vanilla Option Premiums" of this PDS) for the Vanilla Option on the **Premium Payment Date**. By buying a Vanilla Option you have the right but not the obligation to **Exercise** the Vanilla Option, and you will not have to effect Settlement of the Vanilla Option if you elect not to Exercise.

Convera will calculate a Premium which is payable by the buyer of the Vanilla Option. If you are the buyer, you will be required to pay the Premium to Convera within two Business Days of the Trade Date.

When you sell a Vanilla Option to Convera, you will receive a Premium for the Vanilla Option. By selling a Vanilla Option to Convera, you grant Convera as the buyer, the right, but not the obligation, to buy from you an agreed Notional Amount of one currency for another currency at an agreed price (the **Strike Rate**) on the specified Expiry Date. If you sell a Vanilla Option to Convera you will not be protected against unfavourable currency movements between the time that you sell a Vanilla Option and the **Expiry Date**.

Convera only offers "European" style Vanilla Options. This means that the buyer may only Exercise the Vanilla Option on the Expiry Date, unless otherwise agreed by Convera in writing.

6.1.3 Purpose of a Vanilla Option

A Vanilla Option allows you to protect against a worst-case Exchange Rate. It allows you to hedge your currency exposure by providing protection against unfavourable currency movements between the time that you buy a Vanilla Option and the Expiry Date. At the same time, you are also able to participate in any favourable currency movements that exist up to the Expiry Date.

6.1.4 Exercising a Vanilla Option

To Exercise a Vanilla Option, the buyer will inform the seller of its intention to Exercise on the Expiry Date by issuing an Exercise Notice by phone or electronic mail (email), pursuant to which:

- the seller will be obligated and must accept the Exercise Notice; and
- the seller will be required to deliver the currency to the buyer at the Strike Rate two (2) Business Days after the Expiry Date.

If the Vanilla Option is In-The-Money (ITM) with respect to the buyer (i.e. the prevailing Exchange Rate is less favourable than the Strike Rate), we will Exercise the Vanilla Option even without providing to you or receiving from you an Exercise Notice.

If a Vanilla Option is not Exercised, it will lapse at the **Expiry Time**.

6.1.5 Pre-Delivery of a Vanilla Option

In some circumstances and if Convera agrees, you may be permitted to take Pre-Delivery of the underlying currency before the Expiry Date of the Vanilla Option. Depending on what we agree to, the Pre-Delivery may be achieved by us booking a combination of Forward and/or Option contracts. You will need to discuss the terms of any proposed Pre-Delivery of a Structured Option with your **Convera Representative**. It is important that you understand the Vanilla Option itself remains in force until the Expiry Date, regardless of pre-delivered amounts. While we have not provided examples of a predelivery of a Vanilla Option, we can provide you with examples on request.

6.1.6 Terminating or Closing a Vanilla Option

You may ask us to close a Vanilla Option at any time up to the Expiry Time on the Expiry Date. Convera will provide you with a quote for the cost of such cancellation. These costs may be significant. Convera's quote will be based on the cost of reversing or offsetting your Vanilla Option at the time of your request. The same variables that are relevant to the determination of the Premium will be relevant to determining this cost. These are set out in section 8. "Cost of Convera products" 8.4.3 "Vanilla Option Premiums" of this PDS.

If you accept the quote, the Vanilla Option will be terminated and you may lose money as a result.

6.2 Structured Options

6.2.1 What is a Structured Option?

A Structured Option describes a group of foreign exchange products that have been developed as foreign exchange risk management alternatives to Forward Exchange Contracts and Vanilla Options.

A Structured Option is an agreement to exchange a specified amount of one currency for another currency at an Exchange Rate that is determined by reference to agreed mechanisms within each particular Structured Options product.

6.2.2 How does a Structured Option work?

A Structured Option is created through the concurrent sale and purchase of two or more Call Options and/or Put Options. A Call Option is an agreement that gives the buyer the right (but not the obligation) to buy a currency at a specified price at a specified time. A Put Option is an agreement that gives the buyer the right (but not the obligation) to sell a currency at a specified price at a specified time. In any structure you may be both 'the buyer' of an option (i.e. you are buying an option from Convera) and 'the seller' of an option (i.e. you are selling an option to Convera). Notwithstanding the use of these terms Convera is always the Issuer of the Options product.

6.2.3 Pre-Delivery of Structured Options

In some circumstances and if Convera agrees, you may be permitted to take Pre-Delivery of the underlying currency before the Expiry Date of a Structured Option. Depending on what we agree to, the Pre-Delivery may be achieved by us booking a combination of Forward and/or Option contracts. You will need to discuss the terms of any proposed Pre-Delivery of a Structured Option with your **Convera Representative**. While we have not provided examples using all of the different Structured Options we currently offer, we can provide you with additional examples on request.

Pre-Deliveries are not available in all Structured Options due to certain characteristics. You need to consult with your Convera Representative to determine if your Option can be pre-delivered prior to entering into the transaction.

6.2.4 Option Restructures

In some circumstances and if Convera agrees, you may be permitted to restructure a Structured Option before the Expiry Date. Convera will assess your request to determine if there is a positive commercial benefit to you and it can be demonstrated that the expected benefits are greater than the costs (cost benefit analysis). This is to ensure that the restructured Structured Option continues to be aligned to your hedging strategy and market conditions.

When determining whether a restructure is appropriate, you may be requested to provide supporting evidence for the restructure to assist Convera in assessing:

- Change in market conditions for example (but not limited to): increased Volatility in Currency Pairs; increased implied Volatility affecting Option valuations, increased industry risk and unfavourable Exchange Rates since Trade Date.
- Change in business needs for example (but not limited to): increase/decrease in foreign exchange volumes, change of the supply date of products/services and a change in profit margins where a guaranteed Exchange Rate is required to address a budget Exchange Rate and uncertainty in future foreign exchange needs.
- Change in product efficiency for example (but not limited to) Exchange Rates approaching barriers/triggers and trend changes in market direction.

6.2.5 Pricing for Pre-Delivery or Restructures

Pre-Delivery and restructure pricing is determined based on the same factors used for the pricing of the original Structured Option, taking into account prevailing market Exchange Rates, the remaining term of the contract, interest rates in relevant currencies, and Volatility associated with such currencies. We may in our sole discretion require you to settle any **Out-of-the-Money** ("**OTM**") amounts due, prior to approving any Pre-Delivery or restructure. We may also, in our sole discretion, allow OTM or ITM amounts to be restructured into the pricing of a new Structured Option.

6.2.1 Pre-Delivery of Structured Options

In some circumstances and if Convera agrees, you may be permitted to take pre-delivery of the underlying currency before the Expiry Date of a Structured Option. Depending on what we agree to, the pre-delivery may be achieved by us booking two offsetting FEC (one buy, one sell) on your required pre-delivery date against the fixed future position at an Expiry Date in the future. You will need to discuss the terms of any proposed pre-delivery of a Structured Option with your Representative. While we have not provided examples using all of the different Structured Options we currently offer, we can provide you with additional examples on request.

Pre-Deliveries are not available in all Structured Options due to certain characteristics. You need to consult with your Convera Representative to determine if your Option can be pre-delivered prior to entering into the transaction.

6.2.2 Option Restructures

In some circumstances and if Convera agrees, you may be permitted to restructure a Structured Option before the Expiry Date. Convera will assess your request to determine if there is a positive commercial benefit to you and it can be demonstrated that the expected benefits are greater than the costs (cost benefit analysis). This is to ensure that the restructured Structured Option continues to be aligned to your hedging strategy and market conditions.

When determining whether a restructure is appropriate, you may be requested to provide supporting evidence for the restructure to assist Convera in assessing:

- Change in market conditions for example (but not limited to): increased **Volatility** in Currency Pairs; increased implied Volatility affecting option valuations, increased industry risk and unfavourable exchange rates since Trade Date.
- Change in business needs for example (but not limited to): increase/decrease in foreign exchange volumes, change of the supply date of products/services and a change in profit margins where a guaranteed exchange rate is required to address a budget exchange rate and uncertainty in future foreign exchange needs.
- Change in product efficiency for example (but not limited to) exchange rates approaching barriers/triggers and trend changes in market direction.

6.2.3 Pricing for Pre-Delivery or Restructures

Pre-delivery and restructure pricing is determined based on the same factors used for the pricing of the original Structured Option, taking into account prevailing market exchange rates, the remaining term of the contract, interest rates in relevant currencies, and Volatility associated with such currencies. We may in our sole discretion require you to settle any **Out-of-the-Money ("OTM")** amounts due prior to approving any pre-delivery or restructure. We may also, in our sole discretion, allow OTM or ITM amounts to be restructured into the pricing of a new Structured Option.

6.2.4 Additional Information and Approvals

Pre-deliveries, restructures, or other modifications require our approval and/or require that we do additional diligence on you and your trading activity. We may require additional information prior to granting our approval for any such pre-deliveries, restructures or modifications in our sole discretion, and further reserve the right to terminate a Structured Option (or any FECs) you have with us, the Terms and Conditions, or our entire relationship with you in the event we determine that you have made misrepresentations or false statements, or that you have engaged in manipulative, deceptive or fraudulent conduct.

6.3 Option Trigger Events

Depending on the Option that is issued by Convera, there may be certain conditions attached to one or more of the Put Options or Call Options that are triggered if an agreed Exchange Rate trades in the spot foreign exchange market during the term of the Option. We refer to these as **Trigger Rates**. A Trigger Rate may be either a **Knock-In Rate** or a **Knock-Out Rate**. A Knock-In Rate is an Exchange Rate that must be traded at or beyond in the spot foreign exchange market for the buyer's right pursuant to a Call Option or a Put Option to become effective (i.e. the Call Option or Put Option is contingent on the Knock-In Rate being triggered). A Knock-Out Rate is an Exchange Rate that if traded at or beyond in the spot foreign exchange market will result in the buyer's right pursuant to a Call Option or Put Option terminating (i.e. the Call Option or Put Option terminates if the Knock-Out Rate is triggered).

Our default position is that where a Trigger Rate is applicable it will apply for the term of the Option. It is possible however to apply a shorter term to the Trigger Rate. We refer to these shorter terms as **Windows**.

Typical trigger Windows include "last month" (where the Trigger Rate is only effective in the last month of the Option), "last week" (where the Trigger Rate is only effective in the last week of the Option), "last day" (where the Trigger Rate is only effective on the last day of the Option), and "at Expiry" (where the Trigger Rate is only effective at the Expiry Time on the Expiry Date of the Option).

You can ask Convera to provide you with a Window at any time before you enter into an Option. If a Window is nominated the **Spot Rate**, which is the Exchange Rate for a foreign exchange transaction with a Settlement date of up to two (2) Business Days, it may trade at or beyond the Trigger Rate before the trigger is live without you being knocked-in or knocked-out. The Spot Rate will only be compared to the Trigger Rate during the Window. By choosing a Window, the Trigger Rate may be less favourable to you than if there were no Window in place. The **Protection Rate** or Strike Rate (as the case may be), which is the agreed worst case Exchange Rate that applies to an Option, may also be less favourable to you than if there were no Window in place. These rates may be less favourable the shorter the period of the Window. The addition of a Knock-In Rate or a Knock-Out Rate to a Vanilla Option results in the Premium being reduced relative to a comparable Vanilla Option without a trigger.

6.4 Leverage Ratios

If agreeable to Convera, certain Structured Options may have a Leverage Ratio applied to it. This is known as a **Leveraged Structured Option** and allows for an Enhanced Rate and/or more favourable variables to be obtained, which is typically more favourable than the equivalent Forward Rate or comparable Structured Option (without a Leverage Ratio).

With an Enhanced Rate, there are additional risks associated with a Leveraged Structured Option as compared to a Structured Option without a Leverage Ratio. When a Leverage Ratio is used, these potential additional risks are added to the already existing risks of a Structured Option without a Leverage Ratio.

7. Convera Options

Set out below is a description of each of the Options products that we provide. In particular, the risks of each Option are described, together with any specific risks associated with a Leveraged Structured Option (if applicable).

The examples that are used within the description of each Option product in this section 7 are for information purposes only and use Exchange Rates and figures that we have selected to demonstrate how each product works from the perspective of Singapore based importers (i.e. buyers of USD/SGD). Convera will provide Singapore based exporter examples of the requested Option upon request.

The Exchange Rates and figures used in the examples do not necessarily reflect the specific circumstances that may arise under the Options entered into by you. In order to assess the merits of any particular Option you should use the actual rates and figures quoted at the relevant time.

When you enter into an Option with Convera you nominate and Convera must communicate acceptability of:

- the strategy – type of Option(s);
- the Currency Pair;
- the Notional Amount (Amount);
- the Leverage Ratio (if applicable);
- the Strike Rate (Protection Rate, **Participation Rate** etc, as applicable);
- the Premium Payment Date (if applicable);
- any Trigger Rates (Knock-In Rates or Knock-Out Rates);
- any Windows and applicable start and end dates; and
- the Expiry Date.

7.1 Vanilla Option – Client Buys

A Vanilla Option is an agreement between two parties (in this case, with you as the "buyer" of the Vanilla Option and Convera as the "seller" that gives you the right but not the obligation to exchange a Notional Amount (Amount) of one currency for an amount of another currency at an agreed Strike Rate on the Expiry Date. A Vanilla Option may be a Put Option (a right to sell currency) or a Call Option (a right to buy currency).

When you buy a Vanilla Option from Convera, it enables you to Hedge your currency exposure by providing protection against unfavourable currency movements between the time that you buy a Vanilla Option and the Expiry Date. At the same time, you are also able to participate in any favourable currency movements that exist up to the Expiry Date. When you buy a Vanilla Option, you will be required to pay a non-refundable Premium on the Premium Payment Date. Because you have bought the right but not the obligation to Exercise the Vanilla Option, you will not have to effect Settlement of the Vanilla Option if you elect not to Exercise.

7.1.1 Vanilla Option - Client Buys Example

Currency Pair: USDSGD
Strike Rate: 1.4200
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Premium: USD1,000

7.1.2 Possible Outcomes at Expiry

- If the Spot Rate is more favourable than the Strike Rate, you will let the Vanilla Option lapse and may transact USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is less favourable than the Strike Rate, you will transact USD100,000 at the Strike Rate.

7.1.3 Benefits of a Vanilla Option

- A Vanilla Option bought from Convera provides protection against unfavourable movements in the Spot Rate during the term of the Vanilla Option.
- Vanilla Options are flexible, where the Strike Rate, Expiry Date and Notional Amount can be tailored to your needs.
- Unless you Exercise your Vanilla Option, you are not committed to exchange currencies on the Expiry Date. Consequently, you are able to participate in favourable Exchange Rate movements.

7.1.4 Risks of a Vanilla Option – Client Buys

- As the buyer of the Vanilla Option, you must pay a non-refundable Premium.
- As further set out in the paragraph "Risks of Convera products" outlined in section 10 of this PDS.

7.1.5 Costs of a Vanilla Option – Client Buys

When you buy a Vanilla Option from Convera, you will be required to pay Convera a non-refundable Premium, in cleared funds, on the Premium Payment Date. The Premium Payment Date is normally within two (2) Business Days of the **Trade Date** or can be deferred to a date in the future, as agreed by Convera.

The **Confirmation** will specify the Premium Payment Date agreed to by Convera. When payment of the Premium is deferred, it is still payable. Convera will accept Premium payments in either Singapore Dollars or one of the currencies in the Vanilla Option Currency Pair.

7.2 Vanilla Option – Client Buys with Trigger Rates

If you buy a Vanilla Option from Convera (as described in section 7.1 of this PDS), you can have certain Trigger Rates (a Knock-In Rate or a Knock-Out Rate) attached to the Vanilla Option that are triggered if an agreed Spot Rate trades during the term of the Vanilla Option (or during a Window). This may create a protection that may not otherwise exist (in the case of a Knock-In trigger event) or result in the Vanilla Option ceasing to exist (in the case of a Knock-Out trigger event).

7.2(a) Vanilla Option Knock-In - Client Buys Example	7.2(b) Vanilla Option Knock-Out -Client Buys Example
Currency Pair: USDSGD Strike Rate: 1.4200 Knock-In Rate or Trigger Rate: 1.3800 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Premium: USD600	Currency Pair: USDSGD Strike Rate: 1.4200 Knock-Out Rate or Trigger Rate: 1.4500 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Premium: USD500
7.2(a).1 Possible Outcomes at Expiry	**7.2(b).1 Possible Outcomes at Expiry**
If the Trigger Rate has been triggered prior to the Expiry Date: • If the Spot Rate is more favourable than the Strike Rate, the Option will lapse, and the Customer may buy USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is less favourable than the Strike Rate the Customer will buy USD100,000 at the Strike Rate. If the Trigger Rate has not been triggered the Option will lapse at the Expiry Time and there is no obligation on either party.	If the Trigger Rate has not been triggered prior to the Expiry Date: • If the Spot Rate is more favourable than the Strike Rate, the Option will lapse, and the Customer may buy USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is less favourable than the Strike Rate, the Customer will buy USD100,000 at the Strike Rate. If the Trigger Rate has been triggered the Vanilla Option will cease to exist.

7.2.2 Benefits of a Vanilla Option - Client Buys with Trigger Rates

- As further set out in the paragraph “Benefits of a Vanilla Option” outlined in section 7.1.3 above.
- The Premium will be cheaper as compared to a Vanilla Option without a Trigger Rate.
- Vanilla Options with Trigger Rates are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.

7.2.3 Risks of a Vanilla Option - Client Buys with Trigger Rates

- As further set out in the paragraph “Risks of a Vanilla Option - Client Buys” outlined in section 7.1.4 above.
- As further set out in the paragraph “Risks of Convera products” in section 10 of this PDS.
- Trigger Rate risk: For Vanilla Options that have a Trigger Rate, there is the risk that the Vanilla Option may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out Rate) or not triggered (in the case of a Knock-In Rate). There is the additional risk that you could lose your level of protection if your Vanilla Option ceases to exist due to a Knock-Out Rate being triggered or a Knock-In Rate not being triggered.

7.2.4 Costs of a Vanilla Option with Trigger Rates

- As further set out in the paragraph “Costs of a Vanilla Option” outlined in section 7.1.5 above.

Please note that, prior to Convera agreeing to enter into any of the products described in sections 7.3 and 7.4 below, we will require you to complete a “Vanilla Options Declaration” form, acknowledging that you have received, read, and understood this PDS due to specific risks with these products relative to other derivative or Financial Products. These risks are set out in sections 7.3.4 and 7.4.3 below.

7.3 Vanilla Option – Client Sells

A Vanilla Option is an agreement between two parties (in this case, with Convera as “the buyer” of the Vanilla Option and you as “the seller” of the Vanilla Option) that gives Convera the right but not the obligation to exchange an amount of one currency for an amount of another currency at an agreed Exchange Rate on the Expiry Date.

When you sell a Vanilla Option to Convera, you will receive a Premium for the Vanilla Option. By selling a Vanilla Option to Convera, you grant Convera as the buyer, the right, but not the obligation, to buy from you an agreed amount of one currency for another currency at the Strike Rate on the Expiry Date, and when compared to the Spot Rate this will be unfavourable to you.

7.3.1 Vanilla Option - Client Sells Example

Currency Pair: USDSGD
Strike Rate: 1.4000
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Client Receives Premium: USD800

7.3.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable to you than the Strike Rate, Convera would allow the Vanilla Option to lapse with no obligation on either party.
- If the Spot Rate is more favourable to you than the Strike Rate, Convera will Exercise the Vanilla Option and you will be obligated to buy USD100,000 at the less favourable Strike Rate.

7.3.3 Benefits of a Vanilla Option – Client Sells

- The Premium is paid to you upfront.
- The Premium to be received is known at the time the Vanilla Option is entered into.
- The Premium received can be used to offset a potentially unfavourable move in Exchange Rates.

7.3.4 Risks of a Vanilla Option – Client Sells

- As further set out in the paragraph “Risks of Convera products” outlined in section 10 of this PDS.
- The sale of a Vanilla Option to Convera is not designed to provide protection against an unfavourable movement in the relevant currency. If the Spot Rate on the Expiry Date is more favourable to you than the Strike Rate, Convera will Exercise the Vanilla Option and you will be obligated to exchange currencies at the less favourable Strike Rate.
- The Premium received by you is designed to be used to potentially offset any potential unfavourable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavourable Spot Rate on the Expiry Date.
- If Convera Exercises the Vanilla Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an Exchange Rate that is unfavourable to you.

7.4 Vanilla Option – Client Sells with Trigger Rates

If you sell a Vanilla Option to Convera (as described in section 7.3 in of this PDS), you can have certain Trigger Rates (a Knock-In Rate or a Knock-Out Rate) attached to the Vanilla Option. This may be triggered if an agreed Spot Rate trades before the Expiry Date (or during a Window). This may create an obligation or potential obligation that may not otherwise exist, that will be unfavourable to you (in the case of a Knock-In trigger event) or result in the Vanilla Option not ceasing to exist, creating an obligation or potential obligation at the Strike Rate that is unfavourable to you (in the case of no Knock-Out trigger event).

7.4(a) Vanilla Knock-In - Client Sells Example	7.4(b) Vanilla Knock-Out - Client Sells Example
Currency Pair: USDSGD Strike Rate: 1.4000 Knock-In Rate or Trigger Rate: 1.3800 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Client Receives Premium: USD600	Currency Pair: USDSGD Strike Rate: 1.4000 Knock-Out Rate or Trigger Rate: 1.4300 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Client Receives Premium: USD600
7.4(a).1 Possible Outcomes at Expiry	**7.4(b).1 Possible Outcomes at Expiry**
If the Trigger Rate 1.3800 has been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to you than the Strike Rate, Convera will allow the Vanilla Option to lapse with no obligation on you. • If the Spot Rate is more favourable to you than the Strike Rate, you will be obligated to buy USD100,000 at the less favourable Strike Rate. If the Trigger Rate 1.3800 has not been triggered the Vanilla Option lapses with no obligation on either party.	If the Trigger Rate 1.4300 has not been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to you than the Strike Rate, Convera will allow the Vanilla Option to lapse with no obligation on you. • If the Spot Rate is more favourable to you than the Strike Rate, you will be obligated to buy USD100,000 at the less favourable Strike Rate. If the Trigger Rate 1.4300 has been triggered, the Vanilla Option will cease to exist.

7.4.2 Benefits of a Vanilla Option - Client Sells with Trigger Rates

- As further set out in the paragraph "Benefits of a Vanilla Option - Client Sells" outlined in section 7.3.3 of this PDS.
- Vanilla Options are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.

7.4.3 Risks of a Vanilla Option - Client Sells with Trigger Rates

- As further set out in the paragraph "Risks of a Vanilla Option - Client Sells" outlined in section 7.3.4 of this PDS.
- As further set out in the paragraph "Risks of Convera products" outlined in section 10 of this PDS.
- Trigger Rate risk: For Vanilla Options – Client Sells with a Trigger Rate, there is the risk that there is an unfavourable trigger event or that a favourable trigger event does not occur.
- A Vanilla Option – Client Sells may come into existence as the result of a Knock-In Rate being triggered, creating an obligation that is unfavourable to you.
- A Vanilla Option – Client Sells may not cease to exist as the result of a Knock-Out Rate not being triggered, creating an obligation that is unfavourable to you.

7.5 Participating Forward

A Participating Forward is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate by allowing you to potentially transact a portion of your Notional Amount at a favourable Spot Rate at Expiry.

7.5.1 Participating Forward Example

Protection Rate/Strike Rate: 1.4200
Expiry Date: 6 months
Notional Amount (Amount): USD100,000
Obligation Percentage: 50%

7.5.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Strike Rate, you will transact USD100,000 at the Strike Rate.
- If the Spot Rate is more favourable than the Strike Rate, you will be obligated to transact USD50,000 (USD100,000 x 50%) at the Strike Rate and can transact the remaining USD50,000 at the Spot Rate (although there is no obligation to do so).

7.5.3 Benefits of a Participating Forward

- There is protection at all times with a known worst-case Exchange Rate (Protection Rate).
- An ability to partially participate in favourable Exchange Rate movements.
- Flexibility in terms of the Obligation Percentage you can choose.

7.5.4 Risks of a Participating Forward

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade a proportion of your Notional Amount at the less favourable Protection Rate.

7.6 Accelerator

An Accelerator is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate by allowing you to potentially transact a portion of your Notional Amount at a favourable Spot Rate at Expiry. The Protection Rate can also be improved if the Spot Rate is more favourable than the **Limit Rate** at Expiry.

7.6.1 Accelerator Example

Protection Rate/Strike Rate: 1.4000
Limit Rate/Strike Rate: 1.3600
Expiry Date: 6 months
Notional Amount (Amount): USD100,000
Obligation Percentage: 50%
Limit Amount: USD50,000

7.6.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Protection Rate/Strike Rate you will transact USD100,000 at 1.4000.
- If the Spot Rate is between the Protection Rate/Strike Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD50,000 (Amount multiplied by the Obligation Percentage) at 1.4000 and can transact the remaining USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Limit Rate/Strike Rate, you are obligated to transact USD50,000 at an adjusted Protection Rate/Strike Rate as calculated by Convera (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference (between the Spot Rate and the Limit Rate/Strike Rate), you will be obligated to transact USD50,000 at Protection Rate/Strike Rate of 1.4000. You may also transact the remaining USD50,000 at the Spot Rate (although there is no obligation to do so).

7.6.3 Benefits of an Accelerator

- Protection at all times with a known worst-case Protection Rate.
- An ability to partially participate in favourable Exchange Rate movements.
- An ability to improve the Protection Rate if the Spot Rate is more favourable than the Limit Rate at Expiry.

7.6.4 Risks of an Accelerator

- The unadjusted Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate for a percentage of the Notional Amount.
- Improvement to the Protection Rate due to favourable Spot Rate movements will only reflect the favourable difference between the Spot Rate and the Limit Rate.

7.7 Collar and Leveraged Collar	
A Collar is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate between the Protection Rate and the Participation Rate at Expiry.	
7.7.1 Collar Example	7.7.1(a) Leveraged Collar Example
Protection Rate/Strike Rate: 1.4000 Participation Rate/Strike Rate: 1.3700 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.4000 Participation Rate/Strike Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 **Leveraged Notional Amount (Amount)**: USD100,000
7.7.2 Possible Outcomes at Expiry	7.7.2(a) Possible Outcomes at Expiry
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD100,000 at the Protection Rate/Strike Rate of 1.4000. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate 1.3700. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact USD100,000 at the Spot Rate (although there is no obligation to do so).	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD50,000 at the Protection Rate/Strike Rate of 1.4000. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate 1.3600. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact either Amount at the Spot Rate (although there is no obligation to do so).
7.7.3 Benefits of a Collar	7.7.3(a) Additional Benefits of a Leveraged Collar
• There is protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements to the level of Participation Rate.	• An ability to achieve more favourable Protection Rate and/or Participation Rate compared to a Collar with a non-Leverage Ratio structure.
7.7.4 Risks of a Collar	7.7.4(a) Additional Risks of a Leveraged Collar
• The Protection Rate will be less favourable than the comparable FEC. • Participation in favourable Exchange Rate movements is capped at the Participation Rate. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade at the less favourable Participation Rate.	• If the Spot Rate at Expiry is less favourable than the Protection Rate you will be protected for only the Notional Amount. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to a Collar with no Leverage Ratio, FEC and other Structured Options without a Leverage Ratio.

7.8 Participating Collar and Leveraged Participating Collar

A Participating Collar is a Structured Option, which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a portion of your exposure between the Protection Rate and the Participation Rate at Expiry.

7.8.1 Participating Collar Example	7.8.1(a) Leveraged Participating Collar Example
Protection Rate/Strike Rate: 1.3900 Participation Rate/Strike Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3900 Participation Rate/Strike Rate: 1.3400 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Obligation Percentage 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.8.2 Possible Outcomes at Expiry	**7.8.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3900. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be obligated to transact USD50,000 at Protection Rate/Strike Rate. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD50,000 at 1.3900 and USD50,000 at 1.3600	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3900 • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be obligated to transact USD25,000 at Protection Rate/Strike Rate. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD25,000 at 1.3900 and USD75,000 at 1.3400.
7.8.3 Benefits of a Participating Collar	**7.8.3(a) Additional Benefits of Leveraged Participating Collar**
• There is protection at all times at the Protection Rate. • The Protection Rate is likely to be more favourable than the Protection Rate applicable to comparable Participating Forward and Collar products. • An ability to partially participate in favourable Exchange Rate movements up to the level of the Participation Rate.	• The Protection Rate and/or Participation Rate is more favourable than the Protection Rate and/or Participation Rate applicable to a comparable Participating Collar without a Leverage Ratio.
7.8.4 Risks of a Participating Collar	**7.8.4(a) Additional Risks of a Leveraged Participating Collar**
• The Protection Rate will be less favourable than the comparable FEC. • If the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade a portion of the Notional Amount at the less favourable Protection Rate. • If the Spot Rate on the Expiry Date is more favourable than the Participation Rate you will be obligated to trade a second amount, determined by the Obligation Percentage, at the less favourable Participation Rate.	• If the Spot Rate is more favourable than the Participation Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.9 Knock-In and Leveraged Knock-In

A Knock-In is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than the Protection Rate whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered at any time before Expiry (or during a Window) you will be obligated to transact at the Protection Rate on Expiry. A Leveraged Knock-In offers an enhanced Protection Rate and/or Knock-In Rate relative to the Knock-In.

7.9.1 Knock-In Example	7.9.1(a) Leveraged Knock-In Example
Protection Rate/Strike Rate: 1.3900 Knock-In Rate/Trigger Rate: 1.3550 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3900 Knock-In Rate/ Trigger Rate: 1.3450 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.9.2 Possible Outcomes at Expiry	**7.9.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3900. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be able to transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at Protection Rate/Strike Rate of 1.3900.	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3900. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be able to transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at Protection Rate/Strike Rate of 1.3900.
7.9.3 Benefits of a Knock-In	**7.9.3(a) Additional Benefits of a Leveraged Knock-In**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate has not been triggered.	• An ability to achieve an enhanced Protection Rate comparative to a Knock-In without a Leverage Ratio.
7.9.4 Risks of a Knock-In	**7.9.4(a) Additional Risks of a Leveraged Knock-In**
• Participation in favourable Exchange Rate movements is capped at the Knock-In Rate. • The Protection Rate will be less favourable than the comparable FEC. • If the Spot Rate triggers the Knock-In Rate you will be obligated to trade at the Protection Rate, which may be less favourable than the Spot Rate at Expiry.	• If the Knock-In Rate is triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.10 Knock-In Participator and Leveraged Knock-In Participator

A Knock-In Participator is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a percentage of your Notional Amount provided that a Knock-In Rate is not triggered at any time before Expiry (or during a Window).

7.10.1 Knock-In Participator Example	7.10.1(a) Leveraged Knock-In Participator Example
Protection Rate/Strike Rate: 1.3900 Knock-In Rate/Trigger Rate: 1.3650 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3900 Knock-In Rate/Trigger Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Obligation Percentage 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.10.2 Possible Outcomes at Expiry	**7.10.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3900. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be obligated to transact USD 50,000 at 1.3900. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will transact USD100,000 at 1.3900.	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3900. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be obligated to transact USD25,000 at 1.3900. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will transact USD100,000 at 1.3900.
7.10.3 Benefits of a Knock-In Participator	**7.10.3(a) Additional Benefits of a Leveraged Knock-In Participator**
• Protection at all times with a known worse-case Exchange Rate (Protection Rate). • An ability to partially participate in favourable Exchange Rate movements, provided the Knock-In Rate has not been triggered. • The Protection Rate and/or the Obligation Percentage are more favourable than the those of a comparable Participating Forward.	• An ability to achieve an enhanced Protection Rate and/or Obligation Percentage relative to a comparable Knock-In Participating Forward without a Leverage Ratio.
7.10.4 Risks of a Knock-In Participator	**7.10.4(a) Additional Risks of a Leveraged Knock-In Participator**
• The Protection Rate will be less favourable than a comparable FEC even when applying the Knock-In Rate. • If the Spot Rate at Expiry is more favourable than the Protection Rate, a percentage of the Notional Amount, the Obligation Percentage, must be transacted at the less favourable Protection Rate. • If the Spot Rate triggers the Knock-In Rate before Expiry (or during a Window) and the Spot Rate is more favourable than the Protection Rate you will be obligated to trade the full Notional Amount at the less favourable Protection Rate.	• If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.11 Knock-Out Convertible and Leveraged Knock-Out Convertible

A Knock-Out Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate provided that a Knock-Out Rate is triggered before Expiry (or during a Window).

7.11.1 Knock-Out Convertible Example	7.11.1(a) Leveraged Knock-Out Convertible
Protection Rate/Strike Rate: 1.3850 Knock-Out Rate/Trigger Rate: 1.4000 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3850 Knock-Out Rate/Trigger Rate: 1.3900 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.11.2 Possible Outcomes at Expiry	**7.11.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3850 If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3850. If the Knock-Out Rate/Trigger Rate has been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you may transact USD at the Spot Rate (although there is no obligation to do so).	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3850. If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3850. If the Knock-Out Rate/Trigger Rate has been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you may buy USD at the Spot Rate (although there is no obligation to do so).
7.11.3 Benefits of a Knock-Out Convertible	**7.11.3(a) Additional Benefits of a Leveraged Knock-Out Convertible**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is triggered.	• An ability to achieve an enhanced Protection Rate relative to a comparable Knock-Out Convertible without a Leverage Ratio.
7.11.4 Risks of a Knock-Out Convertible	**7.11.4(a) Additional Risks of a Leveraged Knock-Out Convertible**
• The Protection Rate will be less favourable than the comparable FEC. • There is no ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is not triggered.	• If the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.12 Participating Knock-Out Convertible and Leveraged Participating Knock-Out Convertible

A Participating Knock-Out Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a percentage of your Notional Amount provided that a Knock-Out Rate has been triggered before Expiry (or during a Window).

7.12.1 Participating Knock-Out Convertible Example	7.12.1(a) Leveraged Participating Knock-Out Convertible Example
Protection Rate/Strike Rate: 1.3850 Knock-Out Rate/Trigger Rate: 1.3950 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3800 Knock-Out Rate/Trigger Rate: 1.3950 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Obligation Percentage: 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.12.2 Possible Outcomes at Expiry	**7.12.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3850 If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3850. If the Knock-Out Rate/Trigger Rate has been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD50,000 at 1.3850. You may also transact the remaining USD50,000 at the Spot Rate (although there is no obligation to do so).	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3800. If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3800. If the Knock-Out Rate/Trigger Rate has been triggered: • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD25,000 at 1.3800. You may also transact the remaining USD75,000 at the Spot Rate (although there is no obligation to do so).
7.12.3 Benefits of a Participating Knock-Out Convertible	**7.12.3(a) Additional Benefits of Leveraged Participating Knock-Out Convertible**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements on a percentage of the Notional Amount if the Knock-Out Rate is triggered. • The Protection Rate and/or the Obligation Percentage are more favourable relative to a comparable Participating Forward.	• The Protection Rate and/or the Obligation Percentage are more favourable relative to a comparable Participating Knock-Out Convertible without a Leverage Ratio.
7.12.4 Risks of a Participating Knock-Out Convertible	**7.12.4(a) Additional Risks of Leveraged Participating Knock-Out Convertible**
• The Protection Rate will be less favourable than the comparable FEC. • There is no ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is not triggered. • If the Knock-Out Rate is not triggered and the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade at the less favourable Protection Rate. • If the Knock-Out Rate is triggered and the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage of the Notional Amount at the less favourable Protection Rate.	• If the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry and you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.13 Knock-In Collar and Leveraged Knock-In Collar

A Knock-In Collar is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window) you are knocked into a Collar structure (see section 7.7 of this PDS).

7.13.1 Knock-In Collar Example	7.13.1(a) Leveraged Knock-In Collar Example
Protection Rate /Strike Rate: 1.4000 Participation Rate /Strike Rate: 1.3800 Knock-In Rate /Trigger Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate /Strike Rate: 1.4000 Participation Rate /Strike Rate: 1.3700 Knock-In Rate /Trigger Rate: 1.3500 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.13.2 Possible Outcomes at Expiry	**7.13.2(a) Possible Outcomes at Expiry**
If the Knock-In Rate /Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.4000. • If the Spot Rate is between the Protection Rate /Strike Rate and the Knock-In Rate/Trigger Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate/Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.4000. • If the Spot Rate is between the Protection Rate /Strike Rate and the Participation Rate /Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate /Strike Rate, you will be obligated to transact USD100,000 at 1.3800.	If the Knock-In Rate /Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.4000. • If the Spot Rate is between the Protection Rate /Strike Rate and the Knock-In Rate/Trigger Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate /Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.4000. • If the Spot Rate is between the Protection Rate /Strike Rate and the Participation Rate /Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate /Strike Rate, you will be obligated to transact USD100,000 at 1.3700.
7.13.3 Benefits of a Knock-In Collar	**7.13.3(a) Additional Benefits of a Leveraged Knock-In Collar**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-In Rate has been triggered, participation in favourable movements to the Participation Rate remains possible.	• An ability to achieve an enhanced Protection Rate and/or Participation Rate relative to a comparable Knock-In Collar without a Leverage Ratio.
7.13.4 Risks of a Knock-In Collar	**7.13.4(a) Additional Risks of a Leveraged Knock-In Collar**
• Participation in favourable Exchange Rate movements is capped at Participation Rate if the Knock-In Rate is triggered. • The Protection Rate will be less favourable than the comparable FEC. • You will be obligated to trade at the Participation Rate if the Spot Rate triggers the Knock-In Rate before expiry (or during a Window).	• If the Knock-In Rate has been triggered, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.14 Knock-In Convertible and Leveraged Knock-In Convertible

A Knock-In Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window), you will be obligated to trade at the Protection Rate on Expiry unless a Knock-Out Rate has also been triggered. If the Knock-Out Rate is triggered, you are left with a Vanilla Option giving you the right but no obligation to trade at the Protection Rate. See section 7.1 for information on Vanilla Options.

7.14.1 Knock-In Convertible Example	7.14.1(a) Leveraged Knock-In Convertible Example
Protection Rate /Strike Rate: 1.3900 Knock-In Rate/Trigger Rate: 1.3600 Knock-Out Rate/Trigger Rate: 1.4100 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3850 Knock-In Rate/Trigger Rate: 1.3600 Knock-Out Rate/Trigger Rate: 1.4100 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.14.2. Possible Outcomes at Expiry	**7.14.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.3900, regardless of whether a Trigger Rate has been triggered. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at 1.3900. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-Out Rate/Trigger Rate has been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so).	• If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.3850, regardless of whether a Trigger Rate has been triggered. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at 1.3850. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-Out Rate/Trigger Rate has been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so).
7.14.3 Benefits of a Knock-In Convertible	**7.14.3(a) Additional Benefits of a Leveraged Knock-In Convertible**
• Protection at all times with a known worse-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-Out Rate has been triggered, then participation in favourable movements is possible to any level.	• An ability to achieve an enhanced Protection Rate relative to a comparable Knock-In Convertible without Leverage Ratio.
7.14.4 Risks of a Knock-In Convertible	**7.14.4(a) Additional Risks of a Leveraged Knock-In Convertible**
• The Protection Rate will be less favourable than the comparable FEC. • There is no ability to participate in favourable Exchange Rate movements if only the Knock-In Rate is triggered.	• If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.15 Knock-In Improver and Leveraged Knock-In Improver

A Knock-In Improver is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements or improve the Protection Rate should either of the Knock-In Rate or the Knock-Out Rate not be triggered before the Expiry Date (or during a Window). The improvement created will be determined by the prevailing Spot Rate relative to the Protection Rate and Knock-In Rate and Knock-Out Rate on the Expiry Date.

7.15.1 Knock-In Improver Example	7.15.1(a) Leveraged Knock-In Improver
Protection Rate/Strike Rate: 1.3650 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.3350 and 1.3850 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3600 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.3300 and 1.3900 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.15.2 Possible Outcomes at Expiry	**7.15.2(a) Possible Outcomes at Expiry**
If a Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate (1.3650), say 1.3800, the importer will buy USD100,000 at the improved Protection Rate of 1.3500, as calculated by Convera. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If a Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3650. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3650.	If a Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate (1.3600), say 1.3800, the importer will buy USD50,000 at the improved Protection Rate of 1.3400, as calculated by Convera. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If a Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3600. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3600.
7.15.3 Benefits of a Knock-In Improver	**7.15.3(a) Additional Benefits of a Leveraged Knock-In Improver**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to see the overall Protection Rate improve if the Spot Rate is less favourable than the Protection Rate and either the Knock-In or Knock-Out Rate is not triggered. • An ability to potentially transact at favourable Exchange Rates on the Expiry Date should either the Knock-In or the Knock-Out Rates not trigger.	• An ability to achieve a more favourable Protection Rate relative to a comparable Knock-In Improver without a Leverage Ratio.
7.15.4 Risks of a Knock-In Improver	**7.15.4(a) Additional Risks of a Leveraged Knock-In Improver**
• The Protection Rate will be less favourable than the comparable FEC. • There is no ability to participate in favourable Exchange Rate movements if the Knock-In or Knock-Out Rate is triggered, and you will be obligated to trade at a potentially unfavourable Protection Rate.	• If the Knock-In or Knock-Out Rate is triggered you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at a potentially unfavourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.16 Knock-In Reset and Leveraged Knock-In Reset

A Knock-In Reset is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate provided that a Knock-In Rate is not triggered. If the Knock-In Rate is triggered, then you must transact at an

agreed Reset Rate, which would be similar to the Exchange Rate of a comparable FEC. The Reset Rate will be more favourable than the Protection Rate and less favourable than the Knock-In Rate.

7.16.1 Knock-In Reset Example	7.16.1(a) Leveraged Knock-In Reset Example
Protection Rate/Strike Rate: 1.4000 Reset Rate/Strike Rate: 1.3800 Knock-In Rate/Trigger Rate: 1.3500 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3950 Reset Rate/Strike Rate: 1.3750 Knock-In Rat /Trigger Rate: 1.3500 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.16.2 Possible Outcomes at Expiry	**7.16.2(a) Possible Outcomes at Expiry**
If the Knock-In Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.4000. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate/Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD100,000 at 1.3800. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3800.	If the Knock-In Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3950. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate/Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD50,000 at 1.3750. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3750.
7.16.3 Benefits of a Knock-In Reset	**7.16.3(a) Additional Benefits of a Leveraged Knock-In Reset**
• Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-In Rate is triggered, you will transact at the Reset Rate, which is more favourable to you than the Protection Rate.	• An ability to achieve an enhanced Protection Rate relative to a comparable Knock-In Reset without a Leverage Ratio. • If the Knock-In Rate is triggered you will transact at the Reset Rate, which is more favourable than the Protection Rate or the Reset Rate for a comparable Knock-In Reset without a Leverage Ratio.
7.16.4 Risks of a Knock-In Reset	**7.16.4(a) Additional Risks of a Leveraged Knock-In Reset**
• There is no ability to participate in favourable Exchange Rate movements if the Knock-In Rate is triggered. You will transact at the Reset Rate, which could be less favourable to you than the Spot Rate at Expiry. • The Protection Rate will be less favourable than the comparable FEC.	• If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Reset Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Reset Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.17 Knock-Out Reset and Leveraged Knock-Out Reset

A Knock-Out Reset is a Structured Option that gives you the benefit of achieving an enhanced Exchange Rate (the Enhanced Rate) compared to the equivalent Forward Exchange Rate provided that the Spot Rate remains within a specified range before Expiry (or during a Window) of the structure. If the Exchange Rate trades outside the specified range before Expiry (or during a Window), the Enhanced Rate will no longer be achievable, and you will be obligated to trade at the Reset Rate. A Knock-Out Reset will always provide you with a guaranteed worst-case Exchange Rate allowing you to protect against the risk that the Spot Rate is less favourable at Expiry of the contract.

7.17.1 Knock-Out Reset Example	7.17.1(a) Leveraged Knock-Out Reset Example
Enhanced Rate/Strike Rate: 1.3600 Reset Rate/Strike Rate: 1.3800 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.4000 and 1.3400 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Enhanced Rate/Strike Rate: 1.3500 Reset Rate/Strike Rate: 1.3750 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.4000 and 1.3500 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.17.2 Possible Outcomes at Expiry	**7.17.2(a) Possible Outcomes at Expiry**
If a Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600. If a Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD100,000 at 1.3800 • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3800.	If a Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3500. If a Trigger Rate has been triggered: • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD50,000 at 1.3750. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3750.
7.17.3 Benefits of a Knock-Out Reset	**7.17.3(a) Additional Benefits of a Leveraged Knock-Out Reset**
• Protection at all times with a known worst-case Exchange Rate (Reset Rate). • Ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate if the Knock-In or Knock-Out Rate has not been triggered.	• An ability to achieve an enhanced Exchange Rate comparative to a Knock-Out Reset without a Leverage Ratio. • If the Knock-In or Knock-Out Rate is triggered the Reset Rate will provide protection at an Exchange Rate that is more favourable than the Protection Rate or the Reset Rate for a comparable Knock-Out Reset without a Leverage Ratio. • Flexibility in how the Leverage Ratio can be applied to the Strike Rates.
7.17.4 Risks of a Knock-Out Reset	**7.17.4(a) Additional Risks of a Leveraged Knock-Out Reset**
• If either Knock-In or Knock-Out Rate is triggered, you will be transacting at the Reset Rate that is less favourable than the comparative Forward Exchange Rate and could be less favourable than the Spot Rate at Expiry.	• If the Knock-In or Knock-Out Rate is triggered and the Spot Rate is more favourable than the Reset Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Reset Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.18 Extendible Forward and Leveraged Extendible Forward

An Extendible Forward is a Structured Option, which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate). It provides you with the potential to have additional protection for a portion of your exposure, which we refer to as the **Extendible Amount**, for a further period of time after the first Expiry Date depending on whether the Knock-In Rate has been triggered before the first Expiry Date (or during a Window). Typically, the Knock-In Rate is the same level as the Protection Rate and is only observed at the Expiry Time on Expiry Date.

7.18.1 Extendible Forward Example	7.18.1(a) Leveraged Extendible Forward Example
Enhanced Rate/Strike Rate: 1.3450 Knock-In Rate/Trigger Rate: 1.3450 First Expiry Date: 6 months Second Expiry Date: 9 months Notional Amount (Amount): USD100,000	Enhanced Rate/Strike Rate: 1.3400 Knock-In Rate/Trigger Rate: 1.3400 First Expiry Date: 6 months Second Expiry Date: 9 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.18.2 Possible Outcomes at Expiry	**7.18.2(a) Possible Outcomes at Expiry**
• On the first Expiry Date (6 months) you will transact USD100,000 at 1.3450. • If the Knock-In Rate/Trigger Rate has not been triggered, the contract will cease to exist, and you will have no further obligation. • If the Knock-In Rate/Trigger Rate has been triggered you will be obligated to transact an additional USD100,000 at 1.3450 on the second Expiry Date (9 months).	• On the first Expiry Date (6 months) you will transact USD50,000 at 1.3400. • If the Knock-In Rate/Trigger Rate has not been triggered, the contract will cease to exist, and you will have no further obligation. • If the Knock-In Rate/Trigger Rate has been triggered you will be obligated to transact an additional USD100,000 at 1.3400 on the second Expiry Date (9 months).
7.18.3 Benefits of an Extendible Forward	**7.18.3(a) Additional Benefits of a Leveraged Extendible Forward**
• There is protection out to the first Expiry Date at a known worst-case Exchange Rate (Enhanced Rate). • Protection is at an Exchange Rate enhanced to a comparable FEC for both the first Expiry Date and the second Expiry Date. • The Notional Amount on the second Expiry Date can be less than the Notional Amount on the first Expiry Date.	• An ability to achieve a more favourable Enhanced Rate relative to a comparable Extendible Forward without a Leverage Ratio. • The Leverage Ratio could be applied to the Notional Amount on both Expiry Dates as an additional obligation.
7.18.4 Risks of an Extendible Forward	**7.18.4(a) Additional Risks of a Leveraged Extendible Forward**
• If the Spot Rate is more favourable than the Enhanced Rate at the first Expiry Date, you will be obligated to trade at the less favourable Enhanced Rate. • If the Knock-In Rate is triggered on (or during a window, before the) Expiry Date, you will have an obligation to trade at a potentially unfavourable Enhanced Rate on the second Expiry Date. • If the Knock-In is not triggered on (or during a window, before the) Expiry Date, you will not be protected for the Notional Amount on the second Expiry Date.	• If the Knock-In is triggered on (or during a window, before the) Expiry Date, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at a potentially unfavourable Enhanced Rate on the second Expiry Date. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.19 Ratio Forward

A Ratio Forward is a Structured Option that will always provide you with partial protection at a guaranteed worst case Exchange Rate (the Enhanced Rate) allowing you to protect against the risk that the Spot Rate is less favourable on the Expiry Date of the contract.

As there is a Leverage Ratio component associated with a Ratio Forward you may be required to trade a multiple of the Notional Amount at the Enhanced Rate, which will be less favourable than the prevailing Spot Rate at Expiry. The amount that you will be required to trade will depend on the Leverage Ratio that you have agreed to. The maximum Leverage Ratio that Convera offers for this product is 1:2.

7.19.1 Ratio Forward Example

Enhanced Rate/Strike Rate: 1.3400
Expiry Date: 6 months
Notional Amount (Amount): USD50,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount): USD100,000

7.19.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3400.
- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3400.

7.19.3 Benefits of a Ratio Forward

- Protection at all times with a known worst-case Exchange Rate (Enhanced Rate).
- The Enhanced Rate will be more favourable than the comparable FEC.

7.19.4 Risks of a Ratio Forward

- You will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the Enhanced Rate if the Spot Rate is more favourable than the Enhanced Rate at Expiry.
- You are unable to participate in favourable currency movements beyond the Enhanced Rate.

7.20 Knock-Out and Leveraged Knock-Out	
A Knock-Out is a Structured Option that gives you limited protection at an Exchange Rate (the Enhanced Rate) that is more favourable than the Exchange Rate that would apply to a comparable FEC provided that a Knock-Out Rate is not triggered before Expiry (or during a Window). If this occurs the contract ceases to exist.	
7.20.1 Knock-Out Example	**7.20.1(a) Leverage Knock-Out Example**
Enhanced Rate/Strike Rate: 1.3350 Knock-Out Rate/Trigger Rate: 1.3750 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Enhanced Rate/Strike Rate: 1.3300 Knock-Out Rate/Trigger Rate: 1.3800 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.20.2 Possible Outcomes at Expiry	**7.20.2(a) Possible Outcomes at Expiry**
If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD100,000 at 1.3350. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3350. If the Knock-Out Rate/Trigger Rate has been triggered, the structure is terminated and there is no obligation on either party.	If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3300 • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3300. If the Knock-Out Rate/Trigger Rate has been triggered, the structure is terminated and there is no obligation on either party.
7.20.3 Benefits of a Knock-Out	**7.20.3(a) Additional Benefits of a Leveraged Knock-Out**
• A Knock-Out provides an enhanced Exchange Rate (Enhanced Rate) relative to a comparative FEC. • The Knock-Out Rate can be adjusted to different levels (or different Window periods).	• An ability to achieve a more favourable Enhanced Rate or Knock-Out Rate comparative to a Knock-Out structure without a Leverage Ratio.
7.20.4 Risks of a Knock-Out	**7.20.4(a) Additional Risks of a Leveraged Knock-Out**
• If the Knock-Out Rate is triggered the contract ceases to exist and you may potentially have to transact at a less favourable Exchange Rate. • If the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Enhanced Rate at Expiry, you will be obligated to trade at the less favourable Enhanced Rate.	• If the Knock-Out Rate is not triggered and the Spot Rate is more favourable than the Enhanced Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio at the less favourable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.21 Knock-Out Collar and Leveraged Knock-Out Collar

A Knock-Out Collar is a Structured Option which gives you limited protection at an Enhanced Rate whilst giving the ability to participate in favourable currency movements between the Enhanced Rate and a Participation Rate, contingent upon the Knock-Out Rate not being triggered. If this occurs the contract ceases to exist.

7.21.1 Knock-Out Collar Example	**7.21.1(a) Leveraged Knock-Out Collar Example**
Enhanced Rate/Strike Rate: 1.3700 Participation Rate/Strike Rate: 1.3300 Knock-Out Rate/Trigger Rate: 1.3900 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Enhanced Rate/Strike Rate: 1.3650 Participation Rate/Strike Rate: 1.3250 Knock-Out Rate/Trigger Rate: 1.3950 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.21.2 Possible Outcomes at Expiry	**7.21.2(a) Possible Outcomes at Expiry**
If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD100,000 at 1.3700. • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Participation Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3300. If the Knock-Out Rate/Trigger Rate has been triggered the structure is terminated and there is no obligation on either party.	If the Knock-Out Rate/Trigger Rate has not been triggered: • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3700. • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Participation Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3250. If the Knock-Out Rate/Trigger Rate has been triggered the structure is terminated and there is no obligation on either party.
7.21.3 Benefits of a Knock-Out Collar	**7.21.3(a) Additional Benefits of a Leveraged Knock-Out Collar**
• A Knock-Out Collar may provide a more favourable Enhanced Rate relative to a comparative FEC. • Provided that the Knock-Out Rate is not triggered there is an ability to participate in favourable Exchange Rate movements up to the Participation Rate. • The Knock-Out Rate can be adjusted to different levels (or different window periods).	• An ability to achieve a more favourable Enhanced Rate and/or Participation Rate comparative to an Knock-Out Collar structure without a Leverage Ratio.
7.21.4 Risks of a Knock-Out Collar	**7.21.4(a) Additional Risks of a Leveraged Knock-Out Collar**
• If the Knock-Out Rate is triggered, the contract ceases to exist and you may potentially have to transact at a less favourable Exchange Rate. • If the Knock-Out Rate has not been triggered and the Spot Rate is trading at an Exchange Rate that is more favourable than the Participation Rate at Expiry you will be obligated to trade at the less favourable Participation Rate.	• If the Knock-Out Rate is not triggered and the Spot Rate is more favourable than the Participation Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

Please note that prior to Convera agreeing to enter into any of the products described in sections 7.22 – 7.26 below, we will require you to complete a declaration form acknowledging that you have received, read, and understood this PDS, due to the special features associated with these products.

7.22 Target Accrual Redemption Forward (TARF) and Leveraged TARF

A TARF is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the **Target Bucket** or **Guaranteed Fixings**) has not already been reached. Convera expresses the Target Bucket as a number of **Foreign Exchange Points (Points)**. Guaranteed Fixings are expressed as the number of ITM fixings at which you will be able to transact at the Strike Rate. Once the Target Bucket or Guaranteed Fixings have been redeemed, the TARF will terminate.

7.22.1 TARF Example

Enhanced Rate/Strike Rate: 1.3450
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Guaranteed Fixings (if applicable): 5
Notional Amount (Amount) per fixing: USD100,000
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months

7.22.1(a) Leveraged TARF Example

Enhanced Rate/Strike Rate: 1.3350
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Guaranteed Fixings (if applicable): 5
Notional Amount (Amount) per fixing: USD50,000
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: USD100,000
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months

7.22.2 Outcomes at each Fixing Date (TARF and Leveraged TARF)

If the Target Bucket has not been fully redeemed on a Fixing Date one of the following outcomes will occur:

- If the Fixing Rate is more favourable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) per fixing at 1.3450 or Leveraged Notional Amount (Amount) per fixing at 1.3350 (as applicable) and the Target Bucket will be unchanged.

If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rate:

- If the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate. Alternatively, you will utilise one Guaranteed Fixing.
- If the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact at the Enhanced Rate/Strike Rate, but the Notional Amount (Amount) transacted will be reduced to account for the value of the remaining Points in the Target Bucket. As the Target Bucket is fully redeemed or when the Guaranteed Fixings have been used the TARF is terminated.

7.22.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above Below	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3450	1.3850	400	400	1000	600	100,000	1.3450
Month 2	1.3450	1.3350	-150	0	600	600	100,000	1.3450
Month 3	1.3450	1.3900	450	450	600	150	100,000	1.3450
Month 4	1.3450	1.3350	-100	0	150	150	100,000	1.3450
Month 5	1.3450	1.3750	300	Remaining 150	150	0	50,000	1.3450
Month 6	1.3450	Contract was terminated at Month 5 Fixing. No further trades.						

7.22.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3350	1.3750	400	400	1000	600	50,000	1.3350
Month 2	1.3350	1.3200	-150	0	600	600	100,000	1.3350
Month 3	1.3350	1.3800	450	450	600	150	50,000	1.3350
Month 4	1.3350	1.3250	-100	0	150	150	100,000	1.3350
Month 5	1.3350	1.3650	300	Remaining 150	150	0	25,000	1.3350
Month 6	1.3350	Contract was terminated at Month 5 Fixing. No further trades.						

7.22.4 Benefits of a TARF

- An ability to achieve an Enhanced Rate relative to an equivalent FEC.
- The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio.
- Some level of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket or number of Guaranteed Fixings.

7.22.4(a) Additional Benefits of a Leveraged TARF

- An ability to achieve an Enhanced Rate or more Target Bucket Points or Guaranteed Fixings relative to a TARF without a Leverage Ratio.
- The Enhanced Rate is likely to be more favourable than other leveraged products.

TARF and Leveraged TARF Continued

7.22.5 Risks of a TARF	7.22.5(a) Additional Risks of a Leveraged TARF
• Once the Target Bucket or Guaranteed Fixings have been redeemed there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Enhanced Rate on the Fixing Date, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio that is applied, there may be less protection compared to a TARF without a Leverage Ratio and other Structured Option products without a Leverage Ratio.

7.23 TARF Full Final Fixing and Leveraged TARF Full Final Fixing

A TARF Full Final Fixing is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the TARF will terminate. Should a fixing occur where remaining Points in the Target Bucket are insufficient to meet the difference between the Fixing Rate and the Enhanced Rate, there is no adjustment in Notional Amount as per the TARF (see section 7.22.5) and you will transact the full Notional Amount and the TARF will terminate.

7.23.1 TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.3500
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD100,000
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.23.1(a) Leveraged TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.3400
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount)per fixing: USD50,000
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: USD100,000
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.23.2 Outcomes at each Fixing Date TARF (Full Final Fixing and Leveraged TARF Full Final Fixing)

If the Target Bucket has not been fully redeemed on a Fixing Date, one of the following outcomes will occur:

- If the Fixing Rate is more favourable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount)at 1.3500 or Leveraged Notional Amount (Amount) at 1.3400 (as applicable).
- If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rate and:
  - the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate; or
  - the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the TARF Full Final Fixing is terminated.

7.23.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3500	1.3900	400	400	1000	600	100,000	1.3500
Month 2	1.3500	1.3350	-150	0	600	600	100,000	1.3500
Month 3	1.3500	1.3950	450	450	600	150	100,000	1.3500
Month 4	1.3500	1.3400	-100	0	150	150	100,000	1.3500
Month 5	1.3500	1.3800	300	Remaining 150	150	0	100,000	1.3500
Month 6	1.3500	Contract was terminated at Month 5 Fixing. No further trades.						

7.23.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3400	1.3800	400	400	1000	600	50,000	1.3400
Month 2	1.3400	1.3250	-150	0	600	600	100,000	1.3400
Month 3	1.3400	1.3850	450	450	600	150	50,000	1.3400
Month 4	1.3400	1.3300	-100	0	150	150	100,000	1.3400
Month 5	1.3400	1.3700	300	Remaining 150	150	0	50,000	1.3400
Month 6	1.3400	Contract was terminated at Month 5 Fixing. No further trades.						

TARF Full Final Fixing and Leveraged TARF Full Final Fixing Continued

7.23.4 Benefits of a TARF Full Final Fixing	7.23.4(a) Additional Benefits of Leveraged TARF Full Final Fixing
• An ability to achieve an Enhanced Rate relative to an equivalent FEC. • The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio. • A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket. • Guaranteed full final fixing for the Notional Amount when final fixing difference exceeds the Points remaining. • A TARF Full Final Fixing can be deleveraged.	• An ability to achieve an Enhanced Rate or more Target Bucket Points relative to an TARF Full Final Fixing without a Leverage Ratio. • An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a TARF Full Final Fixing without a Leverage Ratio.
7.23.5 Risks of a TARF Full Final Fixing	**7.23.5(a) Additional Risks of Leveraged TARF Full Final Fixing**
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date. • If the Fixing Rate is more favourable than the Enhanced Rate on any Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A TARF Full Final Fixing generally has an extended Tenor compared to other Structure Option products and as a result there is a greater risk that during the term of a TARF Full Final Fixing the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Enhanced Rate on the Fixing Date you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.24 Variable Strike TARF and Leveraged Variable Strike TARF

A Variable Strike TARF is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a set of Exchange Rates (the Enhanced Rates) on nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the Variable Strike TARF will terminate.

7.24.1 Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.24.3
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD100,000
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.24.1(a) Leveraged Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.24.3(a)
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD50,000
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: USD100,000
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.24.2 Outcomes at each Fixing Date (Variable Strike TARF and Leveraged Variable Strike TARF)

If the Fixing Rate is more favourable than the Enhanced Rate/Strike Rates, you are obligated to transact the Notional Amount (Amount) or Leveraged Notional Amount (Amount) at the Enhanced Rate/Strike Rates (as applicable).

If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rates and:

- the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rates, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rates and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rates.
- the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rates, you will transact at the Enhanced Rate/Strike Rates, but the Notional Amount (Amount) transacted will be reduced to account for the value of the remaining Points in the Target Bucket. As the Target Bucket is fully redeemed the Variable Strike TARF is terminated.

7.24.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3500	1.3900	400	400	1000	600	100,000	1.3500
Month 2	1.3500	1.3300	-200	0	600	600	100,000	1.3500
Month 3	1.3500	1.4000	500	500	600	100	100,000	1.3500
Month 4	1.3450	1.3650	-200	0	100	100	100,000	1.3450
Month 5	1.3450	1.3250	200	Remaining 100	100	0	50,000	1.3450
Month 6	1.3450	Contract was terminated at Month 5 Fixing. No further trades.						

7.24.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3450	1.3850	400	400	1000	600	50,000	1.3450
Month 2	1.3450	1.3250	-200	0	600	600	100,000	1.3450
Month 3	1.3450	1.3950	500	500	600	100	50,000	1.3450
Month 4	1.3400	1.3200	-200	0	100	100	100,000	1.3400
Month 5	1.3400	1.3600	200	Remaining 100	100	0	25,000	1.3400
Month 6	1.3400	Contract was terminated at Month 5 Fixing. No further trades.						

7.24.4 Benefits of a Variable Strike TARF

- An ability to achieve an Enhanced Rate relative to an equivalent FEC.
- The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio.
- A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket.
- Ability to have flexibility on the level Enhanced Rate throughout the term of the structure.
- A Variable Strike TARF can be deleveraged.

7.24.4(a) Additional Benefits of Leveraged Variable Strike TARF

- An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a Variable Strike TARF without a Leverage Ratio.

Variable Strike TARF and Leveraged Variable Strike TARF Continued

7.24.5 Risks of Variable Strike TARF	7.24.5(a) Additional Risks of Leveraged Variable Strike TARF
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • Due to the variation in the Enhanced Rates across the Fixing Dates, you could be obligated at less favourable Exchange Rates in the future. • A Variable Strike TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Strike TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.25 Variable Notional TARF and Leveraged Variable Notional TARF

A Variable Notional TARF is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than an Exchange Rates (the Enhanced Rate) on nominated Fixing Dates, where each Fixing Date can have a different Notional Amount (Amount). The protection on each Fixing Date will remain during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the Variable Notional TARF will terminate.

7.25.1 Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.3500
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: See table in 7.25.3
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.25.1(a) Leveraged Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.3450
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount)per fixing: See table below
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: see table in 7.25.3(a)
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.25.2 Outcomes at each Fixing Date (Variable Notional TARF and Leveraged Variable Notional TARF)

If the Fixing Rate is more favourable than the Enhanced Rate/Strike Rate, you are obligated to transact the Notional Amount (Amount) or Leveraged Notional Amount (Amount) at the Enhanced Rate/Strike Rate (as applicable).

If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rate and:

- the Points remaining within the Target Bucket are equal to or exceeds the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate.
- the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact at the Enhanced Rate/Strike Rate, but the Notional Amount (Amount) transacted will be reduced to account for the value of the remaining Points in the Target Bucket. As the Target Bucket is fully redeemed the Variable Notional TARF is terminated.

7.25.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	150,000	1.3500	1.3900	400	400	1000	600	150,000	1.3500
Month 2	150,000	1.3500	1.3300	-200	0	600	600	150,000	1.3500
Month 3	150,000	1.3500	1.4000	500	500	600	100	150,000	1.3500
Month 4	100,000	1.3500	1.3300	-200	0	100	100	100,000	1.3500
Month 5	100,000	1.3500	1.3700	200	Remaining 100	100	0	50,000	1.3500
Month 6	100,000	1.3500	Contract was terminated at Month 5 Fixing. No further trades.						

7.25.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	150,000	1.3450	1.3850	400	400	1000	600	75,000	1.3450
Month 2	150,000	1.3450	1.3250	-200	0	600	600	150,000	1.3450
Month 3	150,000	1.3450	1.3950	500	500	600	100	75,000	1.3450
Month 4	100,000	1.3450	1.3250	-200	0	100	100	100,000	1.3450
Month 5	100,000	1.3450	1.3650	200	Remaining 100	100	0	25,000	1.3450
Month 6	100,000	1.3450	Contract was terminated at Month 5 Fixing. No further trades.						

7.25.4 Benefits of a Variable Notional TARF

- An ability to achieve an Enhanced Rate relative to an equivalent FEC.
- The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio.
- A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket.
- Greater flexibility in terms of deciding specific values for each Fixing Date to match cashflows.
- A Variable Notional TARF can be deleveraged.

7.25.4(a) Additional Benefits of Leveraged Variable Notional TARF

- An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a Variable Notional TARF without a Leverage Ratio.

Variable Notional TARF and Leveraged Variable Notional TARF Continued

7.25.5 Risks of a Variable Notional TARF	7.25.5(a) Additional Risks of Leveraged Variable Notional TARF
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A Variable Notional TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Notional TARF, the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.26 European Knock-In TARF and Leveraged European Knock-In TARF

A European Knock-In TARF is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the European Knock-In TARF will terminate. The European Knock-In TARF also allows for the potential to take advantage of favourable currency movements if the Knock-In Rate is not triggered, which is determined by the Fixing Rate on the Fixing Date. If the Knock-In Rate is triggered at the Fixing Time on the Fixing Date, you will transact at the less favourable Enhanced Rate.

7.26.1 European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.3600
Knock-In Rate/Trigger Rate: 1.3300
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD100,000
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.26.1(a) European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.3550
Knock-In Rate/Trigger Rate: 1.3300
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD50,000
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: USD100,000
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.26.2 Outcomes at each Fixing Date (European Knock-In TARF and Leveraged European Knock-In TARF)

If the Target Bucket has not been fully redeemed on a Fixing Date one of the following outcomes will occur:

- If the Knock-In Rate/Trigger Rate has been triggered, you are obligated to transact the Notional Amount (Amount) or Leveraged Notional Amount (Amount) at the Enhanced Rate/Strike Rate (as applicable) and the Target Bucket remains unchanged.
- If the Knock-In Rate/Trigger Rate has not been triggered and the Fixing Rate is between the Enhanced Rate/Strike Rate and the Knock-In Rate/Trigger Rate, you can transact USD at the Spot Rate and the Target Bucket remains unchanged (although there is no obligation to do so).

If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rate and:

- the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate.
- the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact at the Enhanced Rate/Strike Rate, the Notional Amount (Amount) transacted will be reduced to account for the value of the remaining Points in the Target Bucket. As the Target Bucket is fully redeemed, the European Knock-In TARF is terminated.

7.26.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3600	1.3300	1.4200	NO	600	600	1000	400	100,000	1.3600
Month 2	1.3600	1.3300	1.3200	YES	-400	0	400	400	100,000	1.3600
Month 3	1.3600	1.3300	1.3900	NO	300	300	400	100	100,000	1.3600
Month 4	1.3600	1.3300	1.3500	NO	-100	0	100	100	0	n/a
Month 5	1.3600	1.3300	1.3800	NO	200	Remaining 100	100	0	50,000	1.3600
Month 6	1.3600	1.3300	Contract was terminated at Month 5 Fixing. No further trades.							

7.26.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.3550	1.3300	1.3950	NO	600	600	1000	400	50,000	1.3550
Month 2	1.3550	1.3300	1.3200	YES	-350	0	400	400	100,000	1.3550
Month 3	1.3550	1.3300	1.3850	NO	300	300	400	100	50,000	1.3550
Month 4	1.3550	1.3300	1.3450	NO	-100	0	100	100	0	n/a
Month 5	1.3550	1.3300	1.3750	NO	200	Remaining 100	100	0	25,000	1.3550
Month 6	1.3550	1.3300	Contract was terminated at Month 5 Fixing. No further trades.							

European Knock-In TARF and Leveraged European Knock-In TARF Continued

7.26.4 Benefits of a European Knock-In TARF	7.26.4(a) Additional Benefits of Leveraged European Knock-In TARF
• An ability to achieve an Enhanced Rate relative to an equivalent FEC. • Ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered by the Fixing Rate on a Fixing Date. • The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio. • A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket. • Potential for no obligation when the Fixing Rate is more favourable than the Enhanced Rate and the Knock-In Rate has not been triggered.	• An ability to achieve a more favourable Enhanced Rate, Knock-In Rate or more Target Bucket Points relative to a European Knock-In TARF without a Leverage Ratio. • The Enhanced Rate is likely to be more favourable than other leveraged products.
7.26.5 Risks of a European Knock-In TARF	**7.26.5(a) Additional Risks of Leveraged European Knock-In TARF**
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Knock-In Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A European Knock-In TARF generally has an extended Tenor compared to other Structured Option products and as a result, there is a greater risk that during the term of a European Knock-In TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Knock-In Rate on the Fixing Date you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection than other Structured Option products.

7.27 Tracker and Leveraged Tracker	
A Tracker is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst case Exchange Rate (the Protection Rate), whilst giving you the potential to improve the Protection Rate should the Spot Rate be more favourable than the **Limit Rate**.	
7.27.1 Tracker Example	7.27.1(a) Leveraged Tracker Example
Protection Rate/Strike Rate: 1.3600 Limit Rate/Strike Rate: 1.3350 Expiry Date: 6 months Notional Amount (Amount): USD 100,000	Protection Rate/Strike Rate: 1.3550 Limit Rate/Strike Rate: 1.3350 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD 100,000
7.27.2 Possible Outcomes at Expiry	7.27.2(a) Possible Outcomes at Expiry
• If the Spot Rate is less favourable than the Protection Rate/Strike Rate you can buy USD 100,000 at the Protection Rate/Strike Rate. • If the Spot Rate is between the Protection Rate/Strike Rate and the Limit Rate/Strike Rate, you will be obligated to buy USD100,000 at the Protection Rate/Strike Rate. • If the Spot Rate is more favourable than the Limit Rate/Strike Rate you will be obligated to buy USD 100,000 at an adjusted Protection Rate/Strike Rate (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference, you will be obligated to buy USD100,000 at the Protection Rate/Strike Rate.	• If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you can buy USD 50,000 at the Protection Rate/Strike Rate. • If the Spot Rate is between the Protection Rate/Strike Rate and the Limit/Strike Rate, you will be obligated to buy USD 100,000 at the Protection Rate/Strike Rate. • If the Spot Rate is more favourable than the Limit Rate/Strike Rate you are obligated to buy USD 100,000 at an adjusted Protection Rate/Strike Rate (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference, you will be obligated to buy USD 100,000 at the Protection Rate/Strike Rate.
7.27.3 Benefits of a Tracker	7.27.3(a) Additional Benefit of a Leveraged Tracker
• Protection at all times with a known worst-case Exchange Rate. • An ability to improve the Protection Rate/Strike Rate if the Spot Rate at Expiry is more favourable than the Limit Rate/Strike Rate.	• An ability to achieve a more favourable Protection Rate/Strike Rate and/or a Limit Rate/Strike Rate relative to an unleveraged Tracker.
7.27.4 Risks of a Tracker	7.27.4(a) Additional Risks of a Leveraged Tracker
• The unadjusted Protection Rate/Strike Rate will be less favourable than the Exchange Rate applicable to a comparable FEC. • If the Spot Rate at Expiry is more favourable than the Protection Rate/Strike Rate or the Limit Rate/Strike Rate you will be obligated to trade at an unfavourable Exchange Rate relative to the Spot Rate (although this Exchange Rate may be adjusted favourably if the Spot Rate is more favourable than the Limit Rate/Strike Rate). • Participation in favourable Exchange Rate movements is reduced by the difference between the Limit Rate/Strike Rate and the Protection Rate/Strike Rate.	• If the Spot Rate at Expiry is more favourable than the Protection Rate/Strike Rate, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate/Strike Rate. • Due to the Leverage Ratio, there is less protection compared to other unleveraged Structured Option products.

<table>
<tr><th colspan="2">7.28 Capped Forward and Leveraged Capped Forward</th></tr>
<tr><td colspan="2">A Capped Forward is a Structured Option that protects against the risk that the Spot Rate will be less favourable than a nominated Enhanced Rate. If the Spot Rate is less favourable than a Variation Rate at Expiry, the Enhanced Rate will be adjusted for the difference in the Variation Rate and the Spot Rate. Due to this feature, the Enhanced Rate obtained at Expiry may be less favourable than the Enhanced Rate agreed at Trade Date</td></tr>
<tr><td>7.28.1 Capped Forward Example</td><td>7.28.1(a) Leveraged Capped Forward Example</td></tr>
<tr><td>Enhanced Rate/Strike Rate: 1.3500
Variation Rate/Strike Rate: 1.3650
Expiry Date: 6 months
Notional Amount (Amount): USD 100,000</td><td>Enhanced Rate/Strike Rate: 1.3450
Variation Rate/Strike Rate: 1.3650
Expiry Date: 6 months
Notional Amount (Amount): USD 50,000
Leveraged Ratio: 1:2
Leveraged Notional Amount (Amount): USD 100,000</td></tr>
<tr><td>7.28.2 Possible Outcomes at Expiry</td><td>7.28.2(a) Possible Outcomes at Expiry</td></tr>
<tr><td>• If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate you are obligated to buy USD100,000 at the Enhanced Rate/Strike Rate.
• If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you can buy USD100,000 at the Enhanced Rate/Strike Rate.
• If the Spot Rate is less favourable than the Variation Rate/Strike Rate, you will be obligated to buy USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate).</td><td>• If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate you are obligated to buy USD 100,000 at Enhanced Rate/Strike Rate.
• If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you can buy USD 50,000 at Enhanced Rate/Strike Rate.
• If the Spot Rate is less favourable than the Variation Rate/Strike Rate, you will be obligated to buy USD 50,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate).</td></tr>
<tr><td>7.28.3 Benefits of a Capped Forward</td><td>7.28.3(a) Additional Benefit of a Leveraged Capped Forward</td></tr>
<tr><td>• An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC.
• The Enhanced Rate/Strike Rate will always be more favourable than the Spot Rate when the Spot Rate is less favourable than the Variation Rate/Strike Rate.</td><td>• An ability to achieve a more favourable Enhanced Rate/Strike Rate and/or Variation Rate/Strike Rate relative to an unleveraged Capped Forward.</td></tr>
<tr><td>7.28.4 Risks of a Capped Forward</td><td>7.28.4(a) Additional Risks of a Leveraged Capped Forward</td></tr>
<tr><td>• The Enhanced Rate/Strike Rate will deteriorate as the Spot Rate moves unfavourably below the Variation Rate/Strike Rate.
• The contract cannot be pre-delivered before expiry.
• If the Spot Rate at Expiry is more favourable than the Enhanced Rate/Strike Rate you will be obligated to trade at the Enhanced Rate/Strike Rate.</td><td>• If the Spot Rate at Expiry is more favourable than the Enhanced Rate/Strike Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate/Strike Rate.
• Due to the Leverage Ratio, there is less protection compared to other unleveraged Structured Option products.</td></tr>
</table>

7.29 Capped Forward with Protection and Leveraged Capped Forward with Protection	
A Capped Forward with Protection is a Structured Option which has the same basic features as the Capped Forward, described in section 7.28 except it allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate), whilst giving you the potential to transact at an Enhanced Rate. If the Spot Rate is less favourable than a Variation Rate at Expiry, the Enhanced Rate will be adjusted for the difference in the Variation Rate and the Spot Rate. Due to this feature, the Enhanced Rate obtained on Expiry may be less favourable than the Enhanced Rate agreed at Trade Date. This deterioration in the Enhanced Rate will cease if the Spot Rate is less favourable than the Protection Rate.	
7.29.1 Capped Forward with Protection Example	7.29.1(a) Leveraged Capped Forward with Protection Example
Enhanced Rate/Strike Rate: 1.3530 Variation Rate/Strike Rate: 1.3650 Protection Rate/Strike Rate: 1.3750 Expiry Date: 6 months Notional Amount (Amount): USD 100,000	Enhanced Rate/Strike Rate: 1.3480 Variation Rate/Strike Rate: 1.3650 Protection Rate/Strike Rate: 1.3750 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD 100,000
7.29.2 Possible Outcomes at Expiry	7.29.2(a) Possible Outcomes at Expiry
• If the Spot Rate is more favourable than the Enhanced Rate /Strike Rate you are obligated to buy USD100,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you will buy USD100,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is between the Variation Rate/Strike Rate and the Protection Rate/Strike Rate, you will buy USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate). • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will buy USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Protection Rate/Strike Rate).	• If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you are obligated to buy the USD 100,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you will buy USD 50,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is between the Variation Rate/Strike Rate and the Protection Rate/Strike Rate, you will buy USD 50,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate). • If the Spot Rate is less favourable than the Protection Rate/Strike Rate you will buy USD50,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Protection Rate/Strike Rate).
7.29.3 Benefits of a Capped Forward with Protection	7.29.3(a) Additional Benefit of a Leveraged Capped Forward with Protection
• An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC. • The Enhanced Rate/Strike Rate will always be more favourable than the Protection Rate/Strike Rate. • There is always protection with a known worst case Exchange Rate. • If the Spot Rate is less favourable than the Protection Rate/Strike Rate at Expiry, the Enhanced Rate/Strike Rate will be more favourable than the Protection Rate/Strike Rate.	• An ability to achieve a more favourable Enhanced Rate/Strike Rate and/or Variation Rate/Strike Rate and/or Protection Rate/Strike Rate than the unleveraged Capped Forward with Protection.
7.29.4 Risks of a Capped Forward with Protection	7.29.4(a) Additional Risks of a Leveraged Capped Forward with Protection
• The Enhanced Rate/Strike Rate will deteriorate as the Spot Rate moves unfavourably below the Variation Rate/Strike Rate. • The contract cannot be pre-delivered at the Enhanced Rate/Strike Rate before Expiry. • If the Spot Rate at Expiry is more favourable than the Enhanced Rate/Strike Rate you will be obligated to trade at the Enhanced Rate/Strike Rate.	• If the Spot Rate at Expiry is more favourable than the Enhanced Rate/Strike Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate/Strike Rate. • Due to the Leverage Ratio, there is less protection compared to other unleveraged Structured Option products.

7.30 Seagull and Leveraged Seagull

A Seagull is a Structured Option that protects against the risk that the Spot Rate will be less favourable than a nominated Enhanced Rate at Trade Date, along with the ability to participate in a more favourable Spot Rate to the level of a Participation Rate. Should the Spot Rate be less favourable than a Variation Rate at Expiry, the Enhanced Rate will be adjusted for the difference in the Variation Rate and the Spot Rate. Due to this feature the Enhanced Rate, obtained on Expiry, may be less favourable than the Enhanced Rate agreed at Trade Date.

7.30.1 Seagull Example	7.30.1(a) Leveraged Seagull Example
Enhanced Rate/Strike Rate: 1.3700 Participation Rate/Strike Rate: 1.3350 Variation Rate/Strike Rate: 1.3800 Expiry Date: 6 months Notional Amount (Amount): USD 100,000	Enhanced Rate/Strike Rate: 1.3700 Participation Rate/Strike Rate: 1.3300 Variation Rate/Strike Rate: 1.3800 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leveraged Ratio: 1:2 Leveraged Notional Amount (Amount): USD 100,000
7.30.2 Possible Outcomes at Expiry	**7.30.2(a) Possible Outcomes at Expiry**
• If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to buy USD100,000 at the Participation Rate/Strike Rate. • If the Spot Rate is between the Participation Rate/Strike Rate and the Enhanced Rate/Strike Rate, you can buy USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate you will buy USD100,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is less favourable than the Variation Rate/Strike Rate, you will buy USD100,000 the Enhanced Rate/Strike Rate adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate.	• If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to buy USD 100,000 at the Participation Rate/Strike Rate. • If the Spot Rate is between the Participation Rate/Strike Rate and the Enhanced Rate/Strike Rate, you can buy USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you will buy USD50,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is less favourable than the Variation Rate/Strike Rate, you will buy USD 50,000 the Enhanced Rate/Strike Rate adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate.
7.30.3 Benefits of a Seagull	**7.30.3(a) Additional Benefit of a Leveraged Seagull**
• An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC. • Ability to participate in favourable moves up to the Participation Rate/Strike Rate. • The Enhanced Rate will be more favourable than the Spot Rate even when the Spot Rate is less favourable than the Variation Rate/Strike Rate.	• The Enhanced Rate/Strike Rate and/or the Variation Rate/Strike Rate and/or Protection Rate/Strike Rate will be more favourable than the unleveraged Seagull.
7.30.4 Risks of a Seagull	**7.30.4(a) Additional Risks of a Leveraged Seagull**
• The Enhanced Rate/Strike Rate will depreciate as the Spot Rate moves unfavourably. • The contract cannot be pre-delivered before the Expiry Date. • If the Spot Rate at Expiry is more favourable than the Participation Rate/Strike Rate you will be obligated to trade at the less favourable Participation Rate/Strike Rate.	• If the Spot Rate at Expiry is more favourable than the Participation Rate/Strike Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate/Strike Rate. • Due to the Leverage Ratio, there is less protection compared to other unleveraged Structured Option products.

7.31 Enhanced Forward and Leveraged Enhanced Forward	
An Enhanced Forward is a Structured Option that gives you the ability to obtain an enhanced Exchange Rate relative to a comparative FEC at an Expiry Date in the future (first Expiry Date). There is also the potential to transact an additional Notional Amount at the Enhanced Rate at a subsequent date (second Expiry Date) in the future depending on the level of the Spot Rate on the Expiry Date. An Enhanced Forward will always provide you with a guaranteed worst-case Exchange Rate (the Enhanced Rate) on the first Expiry Date.	
7.31.1 Enhanced Forward Example	7.31.1(a) Leveraged Enhanced Forward Example
Enhanced Rate/Strike Rate: 1.3450 First Expiry Date: 3 months Second Expiry Date: 6 months Notional Amount (Amount): USD 100,000	Enhanced Rate/Strike Rate: 1.3400 First Expiry Date: 3 months Second Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD 100,000
7.31.2 Possible Outcomes at Expiry	7.31.2(a) Possible Outcomes at Expiry
First Expiry Date: 3 months: • The importer will be obligated to buy USD 100,000 at the Enhanced Rate/Strike Rate. Second Expiry Date: 6 months • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you can buy USD 100,000 at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to buy USD100,000 at the Enhanced Rate/Strike Rate.	First Expiry Date: 3 months • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will buy USD 50,000 at the Enhanced Rate/Strike Rate. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to buy USD100,000 at the Enhanced Rate/Strike Rate. Second Expiry Date: 6 months • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate you can buy USD100,000 at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to buy USD100,000 at the Enhanced Rate/Strike Rate.
7.31.3 Benefits of an Enhanced Forward	7.31.3(a) Additional Benefits of a Leveraged Enhanced Forward
• Protection at a known worst-case Exchange Rate on the first Expiry Date. • An ability to achieve an Enhanced Rate/Strike Rate relative to the comparative FEC. • The maximum obligation on the contracts can be realised across different Expiry Dates, minimising cash flow impact.	• The Enhanced Rate/Strike Rate will be more favourable than the unleveraged Enhanced Forward. • The Leverage Ratio can be applied to either Expiry Date.
7.31.4 Risks of an Enhanced Forward	7.31.4(a) Additional Risks of a Leveraged Enhanced Forward
• Participation in favourable Exchange Rate movements is limited to the Enhanced Rate/Strike Rate. • There is no protection if the Spot Rate is less favourable than the Enhanced Rate/Strike Rate on the second Expiry Date. • You cannot pre-deliver the Notional Amount for the second Expiry Date prior to the first Expiry Date. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate on the second Expiry Date you will be obligated to transact at the less favourable Enhanced Rate/Strike Rate.	• If the Spot Rate at the agreed Expiry Date is more favourable than the Enhanced Rate/Strike Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate/Strike Rate. • Due to the Leverage Ratio, there is less protection compared to other unleveraged Structured Option products.

7.32 Settlement of Convera Options

At the Expiry Time (usually 3 pm in Tokyo) on the Expiry Date, you will either have the right, but no obligation to exchange the Notional Amount at the Strike Rate (or other rate such as Enhanced Rate/Strike Rate etc.) or, under certain circumstances, will be obliged to do so at the Strike Rate. If the Option expires ITM (i.e. the Strike Rate is more favourable to you than the prevailing Spot Rate at the Expiry Time on the Expiry Date, and you are not otherwise obliged to trade) Convera will automatically Exercise the Option on your behalf and advise you as soon as possible afterwards. Please note, that this still does not place you under any obligation. However, if do decide to exercise your right, you must advise us of your intentions with regards to Settlement on the same day. If you are obliged to trade, the transaction will be automatically executed on your behalf.

If you are not under any obligation to trade and you choose not to exercise your right to exchange the Notional Amount at the Strike Rate for whatever reason, the Option will cease to exist at this time and no further action is required.

7.33 Order Execution Policy

When executing a client's order, Convera acts honestly, fairly and professionally to protect the best interest of the client.

Access Channels

You can place orders for FECs and Options (**FX Derivatives**) with Convera representatives via the telephone or by email. Trading over the telephone or via email is available during Convera's business hours. Please note, all telephone conversations are recorded.

Transactions concluded via Convera's online platform are processed (i.e. the date that the trade is input into the system) on the same business day of the request. Other transactions are processed on the same business day of the request if Convera receives the request before 5 p.m. on a business day.

For each order placed, you will receive a Confirmation of the transaction and a unique Transaction Confirmation number.

Requirements for participation in FX Derivatives Trading

Trading in FECs and Options is limited to activities which have an underlying commercial need. Trading for speculative purposes is not permitted.

As FECs and Options involve particular risks, Convera undertakes suitability checks of clients before approval of such clients to trade, to ascertain whether and to what extent the participation in the FX Derivatives trading is appropriate for such clients. Each client's knowledge, hedging experience and their suitability for Convera's FX Derivative products will be assessed.

Execution Criteria

Convera has incorporated the following relevant order execution criteria and factors so as to achieve the best possible result for a client:

- Price

In most cases, price will be the most important execution factor. For these purposes, the best possible result will be determined in terms of the total consideration representing the price of the FX Derivative and the costs related to execution (including all expenses incurred by the client which are directly related to the execution). Due to the unique character of the products offered by Convera, there are no comparable prices on public trading platforms. However, it should be possible for a client to obtain comparative quotes from other providers in the market offering similar products.

In some circumstances, however, Convera may incorporate other factors and criteria to the extent that they appear relevant to the execution of a certain order if justified and in the client's interest.

All prices and rates quoted by Convera are exclusively quoted prices and rates of Convera. Other factors are:

- Costs
- Speed and likelihood of execution
- Order Size
- Nature of Order

All type of transactions provided by Convera represent highly customised over the counter financial instruments that involve a unique contractual relationship tailored to the circumstances of the client.

Execution Venues

All orders in FX Derivatives will be executed by Convera dealing as principal. Convera does not execute any client orders on a regulated market or multilateral trading system. Transactions will be entered into by Convera subject to market conditions.

Cancellation and Correction of Orders

Convera will do everything possible to rectify any error that may occur, but it cannot be held liable for any harm or loss caused by errors or inaccuracies contained in a client's instruction.

Convera may cancel an FX Derivative contract in case of non-compliance with Convera's Terms and Conditions or any other agreement between Convera and the client. If the cancellation price deviates from the original contract price then the cost or benefit will be paid and the contract will be cancelled. Any additional expenses and fees will be charged to the client.

Monitoring

Convera will monitor the quality of its execution arrangements regularly, promptly making any changes where a need is identified. Convera will, in any event, review these arrangements annually, to ensure reasonable efforts to deliver the best possible result to its clients.

8. Cost of Convera products

8.1 Interest

Because Convera does not pay interest to you for amounts that we hold as Initial Margin or Margin Call there will be an interest cost to you if you are required to pay an Initial Margin or a Margin Call. That cost will be equivalent to the interest that you would have otherwise earned if you had held those amounts in your own bank account.

8.2 FECs and NDFs

The cost related to transactions in FECs and NDFs are set out in sections 5.7.6 and 5.8.6 respectively.

8.3 Premium

Where applicable, Premiums must be paid in cleared funds within two (2) Business Days of the Trade Date or can be deferred to a date as agreed by Convera.

8.4 Vanilla Options

8.4.1 Vanilla Options bought

When you buy a Vanilla Option from Convera, you will be required to pay Convera a non-refundable Premium, in cleared funds, on the Premium Payment Date. The Confirmation will specify the Premium Payment Date agreed to by Convera. When payment of the Premium is deferred, it is still payable. Convera will accept Premium payments in either Singapore Dollars or one of the currencies in the Vanilla Option Currency Pair.

8.4.2 Vanilla Options sold

When you sell a Vanilla Option to Convera, it is important to understand that the Premium received by you may not exceed your potential losses (if any), and therefore costs, as it will depend on the extent of an unfavourable Spot Rate move and its total impact. Please also refer to section 9.2 of this PDS.

8.4.3 Vanilla Options Premiums

Convera sets the Premiums it offers to you in purchasing or selling a Vanilla Option by making an adjustment to the **Interbank Premium** it receives from its wholesale commercial relationships.

When calculating Premiums, Convera takes into account the following variables on a transaction-by-transaction basis:

- the Currency Pair;
- the Notional Amount;
- the Strike Rate: the more favourable the Strike Rate you require, the higher the Premium that will be payable;
- the Expiry Date: the longer the time period between the Trade Date and Expiry Date, the higher the Premium that will be payable;
- current market Exchange Rates of the underlying Currency Pair;
- the **Interest Rate Differential** of the countries whose currencies make up the Currency Pair;
- market Volatility and **Liquidity**;
- Premium Payment Date; and

- any Trigger Rates and Windows.

8.5 Structured Options

Convera, in consultation with you, sets the variables associated with any Structured Option at particular levels in order to create a "No Premium" cost structure. Whilst these Structured Options are usually structured so that no Premium is paid by you, Convera will still derive a financial benefit because the base market rates prevailing at the time, through the incorporation of a **Retail Mark Up ("Mark Up")**, which equates to our revenue on the transaction. The cost structure of a Structured Option (i.e. size of the Mark Up) will be determined after taking into account several factors, which are set out in section 8.6 "Exchange Rates" of this PDS.

Where a "No Premium" structure is created, there is no up-front Premium payable for a Structured Option. If however, you wish to nominate an improved Protection Rate or any other Exchange Rate or variable associated with a particular Structured Option, an up-front non-refundable Premium may be payable. Convera will calculate the amount of the Premium and advise you of the amount before you enter into the transaction.

8.6 Exchange Rates

Convera sets its Exchange Rate to you by applying a Retail Mark Up (Mark Up) to the Interbank Exchange Rate that it receives from its **Hedging Counterparties**. The Mark Up is how Convera makes a profit. Convera determines this Mark Up by taking account of a number of factors, including:

- the size of the transaction measured by Notional Amount, where the smaller the Notional Amount the larger the Mark Up may be;
- the Currency Pair where the less Liquidity in the pair the greater the Mark Up may be;
- Market Volatility where higher Volatility may result in an increased Mark Up;
- the costs that we incur by entering into the transaction with you - such as cost of credit or operating costs - which will be influenced by the terms of the trade and your credit rating;
- the differing interest rates applicable to the Currency Pair involved in a FEC, NDF – these are an integral part of any Exchange Rate calculation relevant to the period of the FEC, NDF and the **Time Zone** you choose to trade in where if trading on public holidays or weekends may see increased Mark Ups.

8.7 Transaction Fees

You may be charged some transaction fees upon Settlement or delivery of foreign exchange transaction if this is carried out via a Telegraphic Transfer. Transaction fees for Telegraphic Transfers are in addition to the costs detailed in this section 8. More information on Telegraphic Transfers is available as set out in section 4.4 above.

Convera will advise you of any transaction fees before you establish a trading relationship. Convera may vary these fees from time to time and will provide you with notice prior to doing so.

In addition to the fees charged by Convera for sending payments by Telegraphic Transfer, any Correspondent Bank(s), **Intermediary Bank**(s) or Beneficiary Bank(s) which facilitates the sending or payment of a Telegraphic Transfer may impose their own additional fees or charges which may be deducted from the amount paid to you or your beneficiary.

For more information in relation to the cost of Wire Transfers in connection with delivery of your Option that may be applicable, contact your Convera Representative.

9. Benefits of Convera products

We have described the particular benefits that attach to FECs in section 5.7, NDFs in section 5.8 and each Option that Convera provides in section 7 above. In addition, the following are general key benefits of these products:

9.1 FECs and NDFs

The significant benefits of entering into a FECs and NDFs with Convera are:

- FECs help you manage the risk inherent in currency markets by predetermining the Exchange Rate and Value Date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against adverse foreign exchange movements between the time that you deal (Trade Date) and the Value Date. They will

also assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations impacting a specified cash flow.
- FECs are flexible - Value Dates and Notional Amounts can be tailored to meet your requirements.
- NDFs can provide you with protection against foreign Exchange Rate movements for currencies that cannot otherwise be bought and sold freely.

9.2 Vanilla Options

If you buy a Vanilla Option from Convera, some benefits include:

- A Vanilla Option bought from Convera provides protection against unfavourable movements in the Exchange Rate during the term of the Vanilla Option.
- Vanilla Options are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.
- Unless you Exercise your Vanilla Option, you are not committed to exchange currencies on the Expiry Date.

When you sell a Vanilla Option to Convera, you will be receiving from Convera a non-refundable Premium, in cleared funds, payable within two (2) Business Days of the Trade Date. Convera will pay the Premium in either Singapore Dollars or one of the currencies in the Vanilla Option Currency Pair. However, it is important to understand that if you sell a Vanilla Option to Convera, the Premium received by you may not exceed your potential losses (if any), and therefore costs, as it will depend on the extent of the extent of an unfavourable Spot Rate move and its total impact. If you sell a Vanilla Option to Convera, some benefits include:

- The Premium is paid to you upfront.
- The Premium to be received is known at the time the Vanilla Option is entered into.
- The Premium received can be used to offset a potentially unfavourable move in Exchange Rates.

9.3 Structured Options

- Structured Options help you manage some of the risks inherent in currency markets by predetermining the Exchange Rate and Value Date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against unfavourable foreign Exchange Rate movements between the Trade Date and the Value Date. This may also assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations for the certainty of a specified cash flow.
- Structured Options are flexible. Value Dates and Notional Amounts can be tailored to meet your requirements. You may have additional flexibility to participate in certain favourable Exchange Rate movements and may be able to achieve an enhanced Exchange Rate comparable to the equivalent Forward Exchange Rate depending on the Structured Option that you enter.

10. Risks of Convera products

We have described the particular risks that attach to FECs in section 5.7, NDFs in section 5.8 and each Option that Convera provides in section 7 above. In addition, the following are general risks of these products:

- **Opportunity Loss.** Once the Exchange Rate has been set in some of our products, you will not be able to take advantage of preferential Exchange Rate movements that occur after the Trade Date and prior to the Value Date. By protecting against potential unfavourable Exchange Rate movements, you are not able to take advantage of favourable Exchange Rate movements and will be required to trade at an Exchange Rate that is less favourable to you than the prevailing Exchange Rate on the Value Date.
- **Premium.** If you paid a Premium to enter into a Option Contract, it is not refundable under any circumstances. Any gains from Options contracts may be less than the Premium paid.
- **Market Volatility.** The foreign exchange markets in which Convera operates are OTC and can change rapidly. These markets are speculative and volatile with the risk that prices will move quickly. When this occurs the value of your foreign exchange transaction(s) may be significantly less that than when you entered into the contract. Convera cannot guarantee that you will not make losses (where your foreign exchange transaction is OTM), or that any unrealised profit or losses will remain unchanged for the term of the foreign exchange transaction. You need to monitor your foreign exchange transactions with Convera carefully providing Convera with Instructions before potentially unacceptable losses occur.
- **Issuer Risk.** When you enter into a foreign exchange transaction you are relying on Convera's financial ability as Issuer to be able to perform its obligations to you. As a result, you are exposed to the risk that Convera becomes insolvent and is unable to meet its obligations to you under a foreign exchange transaction.

- **Counterparty Risk**. There is also a risk that the Hedging Counterparties with whom Convera contracts to mitigate its exposure when acting as principal to a foreign exchange transaction (by taking related offsetting or mitigating positions) may not be able to meet their contractual obligations to Convera. This means that Convera could be exposed to the insolvency of its Hedging Counterparties and to defaults by Hedging Counterparties. If a Hedging Counterparty is insolvent or defaults on its obligations to Convera, then this could give rise to a risk that Convera defaults on its obligations to you.
- **Operational Risk.** Operational risk arises through your reliance on Convera systems and processes to price, settle and deliver your foreign exchange transactions efficiently and accurately. In the event of a breakdown of our systems or processes you may incur loss as a result of delays in the execution and Settlement of your foreign exchange transaction. You are also exposed to operational risk through Convera reliance on its Hedging Counterparties systems and processes to price, settle and deliver foreign exchange transactions efficiently and accurately. In the event of a breakdown of our Hedging Counterparties systems or processes you may also incur loss as a result of delays in the execution and Settlement of your foreign exchange transaction. **Amendments/Cancellations**. Pre-deliveries or the close-out/cancellation of a foreign exchange transaction may result in a financial loss to you. Convera will provide a quote for such services based on market conditions prevailing at the time of your request.
- **Cooling-off**. There is no cooling-off period. This means that once your Instruction to enter into a foreign exchange transaction has been accepted by Convera you are unable to cancel the transaction without risk of incurring a cost.
- **Default Risk**. In accordance with the Terms and Conditions, if you fail to pay the Premium on the Premium Payment Date, Convera is not obliged to accept Exercise and may terminate a Option and recover all costs and expenses incurred in connection with the Option, including payment of the Premium, which shall remain due and payable as a debt. If you fail to pay an Initial Margin or a Margin Call in accordance with the Terms and Conditions or fail to provide Settlement on the Value Date, we may terminate your foreign exchange transaction. In such event, you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your foreign exchange transactions.
- **Conflicts of interest**. Convera enters into transactions with a number of different Clients and Hedging Counterparties that may be in conflict with your interests under the product(s) you have entered into with us. Convera is not required to prioritise your interests when entering into foreign exchange transactions with you.
- **Trigger Rate Risk**. For Options that have a Trigger Rate, there is the risk that the Option or part of the strategy may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out Rate) or not triggered (in the case of a Knock-In Rate). There is the additional risk that you could lose your level of protection if your Option or part of the strategy ceases to exist due to a Knock-Out Rate being triggered.
- **Additional "Vanilla Options – Client Sells" Risks.** The following general risks are particular to "Vanilla Options – Client Sells" and are in addition to the other risks mentioned in this section 10 of this PDS:
    - **There may be no protection**: The sale of a Vanilla Option to Convera is not designed to provide protection against an unfavourable movement in the relevant currency. If the Spot Rate at expiry is more favourable to Convera than the Strike Rate, Convera will Exercise the Vanilla Option and you will be obligated to exchange currencies at an Exchange Rate that is unfavourable to you. The Premium received by you is designed to be used to potentially offset any potential unfavourable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavourable Spot Rate at the Expiry Date.
    - **Delivery of currency**: If Convera exercises the Vanilla Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an Exchange Rate that is unfavourable to you. Furthermore, if Convera exercises the Vanilla Option and you do not have the currency you are required to deliver, you will need to purchase it at the unfavourable Exchange Rate, in order to meet your obligations.
    - **Unknown liability**: If you have to purchase currency at an unfavourable Exchange Rate to meet your obligations this will result in a cost to you. This cost is potentially unknown.

11. Terms and Conditions and Other Documentation

11.1 Terms and Conditions

Each Option contract you enter into will be subject to the Terms and Conditions and the Option Contracts Addendum. You will be required to sign this before entering into an Option Contract with us for the first time.

The Terms and Conditions and Option Contracts Addendum are a master agreement and set out all of the terms of the relationship between you and Convera that are applicable to the products described in this PDS.

The Terms and Conditions are important, and you should read them carefully before entering into any foreign exchange transaction. They cover a number of important terms including how transactions are executed, our respective rights and obligations, events of default and rights of termination.

We recommend that you seek your own professional advice in order to fully understand the consequences of entering into foreign exchange transactions.

11.2 Other Information

In addition to our Terms and Conditions and Option Contracts Addendum you will also need to provide us with the following signed documentation together with such other "Know Your Customer" information (including credit related information or information relevant to **AML/CTF**) that Convera may require including as applicable:

- Risk Fact Sheet for NDF (see section 5.8)
- "TARF" Declaration (see section 7.22)
- "Vanilla Options" Declaration (see section 7.3)
- Form 13 – Risk Disclosure Statement
- **Direct Debit Request** form.

Note that Convera may also require you to provide other declaration forms to confirm your understanding of certain products.

Copies of forms can be obtained by contacting your Convera Representative.

After your application has been accepted you may enter into foreign exchange transactions in accordance with the Terms and Conditions.

12. Credit Requirements

When you enter into a FEC, NDF, Vanilla Option - Client Sells, a Vanilla Option - Client Sells with Triggers or a Structured Option contract with Convera, you immediately create a liability to us (at the Trade Date, not the Expiry Date), which can increase with unfavourable market movements. Over the life of these contracts, as the Spot Rate moves, the **Marked to Market** value of the contract may be In-The-Money (ITM), Out-of-The-Money (OTM) or **At-The-Money** (ATM). That is, if the contract had to be cancelled at any time, it would result in a gain (if ITM), a loss (if OTM) or breakeven (if ATM). To manage this **Market Risk** Convera may initially secure the contract by requiring you to pay an Initial Margin. During the term of the contract Convera may also require you to pay a Margin Call to further secure your Options and other FECs you hold with us. Alternatively, Convera may apply a **Credit Limit** against the Market Risk or a combination of a Credit Limit, Initial Margin and/or Margin Call.

All payments made in respect of your foreign exchange transactions as described in this section 12 of this PDS will be applied to satisfy your payment obligation on the Expiry Date, if applicable.

12.1 Initial Margins

An Initial Margin is an amount of money that is payable to Convera, calculated as a percentage of the Obligated Notional Amount of your Option. If you are required to pay an Initial Margin, we will notify you at the time you enter into the Option. An Initial Margin is not a cost but may have a cash flow impact that you need to consider before entering into a FEC or Option.

An Initial Margin is taken to secure Convera potential risk exposure resulting from adverse currency movements that negatively impact the value of the funds you may be required to purchase from us. An Initial Margin is a prepayment by you of your potential payment obligations on the Expiry Date and may be applied to the Settlement of your Option if applicable. An Initial Margin is not a deposit and Convera does not pay interest on an Initial Margin.

Convera may determine the Initial Margin percentage at its discretion. Factors that influence this include:

- your credit standing, as assessed by Convera;
- Currency Pair and amount you are transacting (more exotic currencies or those currencies that are not commonly exchanged may require a larger Initial Margin);
- the Expiry Date of your Option (the longer the Expiry Date from the Trade Date the higher the Initial Margin);
- foreign exchange market Volatility (Currency Pairs that are exhibiting high Volatility or lack of Liquidity may require a higher Initial Margin);
- external economic conditions (in times of economic downturn Convera may require a higher Initial Margin); and
- the frequency with which you transact with Convera (where your credit history with Convera dictates the Initial Margin required).

12.2 Margin Calls

We will monitor the net Marked to Market value of all of your foreign exchange exposures with us on an ongoing basis. Should your Option(s) (and any FECs you may hold with us) move OTM in excess of the Initial Margin or your Credit Limit, or a combination of both, Convera may secure the resulting increased risk through a Margin Call. A Margin Call is not a cost but may have a cash flow impact that you need to consider before entering into a FEC or Option.

A Margin Call is an amount of money that you are required to pay to Convera to reduce our risk exposure to a level acceptable to Convera. If a Margin Call is required, Convera will advise you immediately. In the absence of default by you of your payment obligations to Convera, all Margin Call amounts will be applied to the Settlement of your Options contracts if applicable. A Margin Call is not a deposit and Convera does not pay interest on a Margin Call.

Payment of a Margin Call must be made within two (2) Business Days of Convera's request. If you fail to pay a Margin Call, Convera may at its discretion, choose to close some or all of your Options (or any FECs if applicable) by applying the prevailing market foreign Exchange Rate. In such circumstances you will be liable to Convera for all costs associated with terminating the relevant contracts.

12.3 Credit Limits

Convera may choose to waive the requirement of an Initial Margin (or subsequent Margin Call), by allocating a Credit Limit. A Credit Limit is dependent upon your credit history/rating, strength of financial statements, as well as other factors determined at Convera's sole discretion. Convera may review and amend your Credit Limit at any time.

Convera may apply a Credit Limit against each individual Option contract that you enter into or against your entire portfolio of Options contracts or FECs (where applicable). Please refer to the Convera Terms and Conditions for further information on Credit Limits.

12.4 Client Money

All Initial Margin and Margin Call funds are held by us as Client Money in accordance with the Securities and Futures (Licensing and Conduct of Business) Regulations. Consistent with the Securities and Futures (Licensing and Conduct of Business) Regulations, Client Money will be held separately from our money, in one or more separate trust account(s) maintained by us with a Singapore bank licensed under the Banking Act, however, we may withdraw, deduct or apply Initial Margin and Margin Call funds in connection with meeting your obligations for Settlement or margin requirements in FECs, NDFs or Options with us. We may also withdraw or deduct Initial Margin and Margin Call funds where money is due and owing to us (for instance in the event that you default on any of your obligations to us and we close out your FECs, NDFs and/or Structured Option(s) and incur a cost in doing so) or for any other reason authorised by the Securities and Futures (Licensing and Conduct of Business) Regulations. This means that Convera may make payments out of the Segregated Account in the following circumstances:

- transferring the asset to any person entitled thereto, including paying Convera money to which it is entitled. Once money withdrawn to pay Convera is paid to Convera, that money is Convera's own money (and is not held for you);
- meeting your obligation arising from any dealing in leveraged foreign exchange trading;
- making a payment to any person or account in accordance with your written directions;
- making a transfer that is authorised by law; and
- as otherwise permitted under the Convera Terms and Conditions or any other agreement put in place between Convera and you.

Refer to the Convera Terms and Conditions for further information on how we deal with Client Money.

12.5 Client Money Risk

Convera's practice of placing Client Money in a Segregated Account will not provide you with absolute protection in all circumstances.

13. Instructions, Confirmations and Telephone Conversations

The commercial terms of a particular foreign exchange transaction will be agreed and binding from the time your Instructions are received and accepted by us. This may occur verbally over the phone, electronically or in any other manner set out in our Terms and Conditions.

Shortly after entering into a foreign exchange transaction, we will send you a Confirmation outlining the agreed commercial terms of the transaction. This Confirmation is intended to reflect the transaction that you have entered into with Convera. It is important that you check the Confirmation to make sure that it accurately records the terms of the transaction. You should note however, that there is no cooling-off period with respect to foreign exchange transactions and that you will be bound once your original Instruction has been accepted by Convera regardless of whether you sign or acknowledge a Confirmation. In the event that there is a discrepancy between your understanding of the foreign exchange transaction and the Confirmation, it is important that you raise this with Convera as a matter of urgency.

Conversations with our dealing room are recorded in accordance with standard market practice. We do this to ensure that we have complete records of the details of all foreign exchange transactions. Recorded conversations are retained for a limited time and are usually used when there is a dispute and for staff monitoring purposes. If you do not wish to be recorded, you will need to inform your Convera Representative. Convera will not enter into any foreign exchange transaction over the telephone unless the conversation is recorded.

Further Information about Convera's privacy practices are set out at section 16 "Privacy".

14. Dispute Resolution

You should address any complaint relating to the FECs or Options described in this PDS to your Convera Representative in the first instance.

If your complaint is unable to be resolved the matter will be automatically escalated to the relevant business unit manager. If a resolution is not reached within a reasonable time period, the matter will be further escalated to the **Convera Compliance Manager** who will refer the matter to **Senior Management** for resolution.

All complaints are logged at each stage of the process. Convera's Convera Complaints Handling Policy requires us to investigate and provide a resolution to you within thirty (30) calendar days from you first making the complaint. Convera takes complaints seriously and strives to ensure efficient and fair resolution.

If you have any enquiries about our dispute resolution process, please contact your Convera Representative using the contact details in Section 3.1 of this PDS.

15. Taxation

Taxation law is complex, and its application will depend on a person's individual circumstances. When determining whether or not FECs or Options are suitable for you, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications FECs or Options may have for you.

16. Privacy

In the course of transacting Options, we will collect information about you. The information that we obtain from you or other people associated with your request is for the purpose of providing you the services you have asked for, including processing your Options, compliance and legal duties, administration and to help validate your details. Certain information may be required by us in order to comply with laws and regulations. If you do not provide the required information, Convera may be unable to provide you with the requested services. We may disclose your personal information: (i) if we are required to do so by domestic or foreign law or legal process or (ii) to law enforcement authorities of other government officials (including those in Singapore, the United States or elsewhere) for purposes such as detecting, investigating, prosecuting and preventing crimes, including money laundering and related criminal activity, and the recipients may further disclose the information for these and other related purposes.

We may use your information to send you details about Convera products and services. If you do not wish to receive such information, please notify us. We may also disclose information about you to third party service providers (such as credit checking agencies), including to countries other than the country in which the information was originally collected or created, who assist us in our business operations and service provision, including the USA for the purposes described in this document.

You have a right to ask us for a copy of your information. You can also ask us to correct, erase or limit our use of the information, which is incomplete, inaccurate or out of date.

Convera is committed to complying with all privacy laws and regulations. Further information about Convera's privacy practices can be found at https://convera.com/en-sg/compliance-legal/compliance

If you would like further information about the way that Convera handles your personal information, or you wish to exercise your rights, please contact our privacy officer:

If you would like further information about the way that Convera handles your personal information, or you wish to exercise your rights, please contact our privacy officer on Email: privacymatters@convera.com

17. Glossary of Terms

AML/CTF means Anti-Money Laundering and Counter-Terrorism Financing.

At-The-Money or **ATM** means where the current market value of a Foreign Exchange Contract is the same as the current entry level value.

Authorised Exchange Dealers are any type of financial institution that has received authorisation from a relevant regulatory body to act as a dealer involved with the trading of foreign currencies.

Beneficiary Bank means the bank identified in a payment order in which an account for the beneficiary is to be credited pursuant to the order.

Business Day means a day that banks are open for business in in Singapore, but does not include a Saturday, Sunday or public holiday.

Call Option means an agreement that gives a Client the right (but not the obligation) to buy a currency at a specified price at a specific time.

Client Money means money paid to which Section 26 of the Singapore Securities and Futures (licensing and Conduct of Business) Regulations applies.

Confirmation means written or electronic correspondence from Convera that sets out the agreed commercial details of an Foreign Exchange Contract.

Convera 'We/we, Our/our, Us/us' means Convera Singapore Financial Pte Ltd with Registration Number: 200619104D and Capital Markets Services License Number: CMS100116

Convera Compliance Manager means a senior member of the compliance department who actively participates in the daily supervision, planning and administrative processes of the compliance function.

Convera Representative means a person designated to act on behalf of Convera in the provision of financial services, specifically Foreign Exchange Contracts.

Correspondent Bank means a financial institution that performs services for Convera in connection with Telegraphic Transfers provided by Convera.

Counterparty(s) means each party to a contract.

Credit Limit means a Client facility provided by Convera, at its sole discretion, for transacting in Foreign Exchange Contracts without the need for providing Initial Margin at the Trade Date.

Currency Pair means the currency that is bought and the currency that is sold in a Foreign Exchange Contract.

Customer or **Client** means the entity or person who signs Convera's Terms and Conditions.

Direct Debit Request is a type of pre-authorised payment under which a Client authorises its bank to pay amounts to Convera for Settlement of Foreign Exchange Contract obligations.

Enhanced Rate is an alternative term for Strike Rate and is the Exchange Rate applicable to a Structured Option that is typically more favourable than the equivalent Forward Exchange Rate or comparable Structured Option without a Leverage Ratio Exchange Rates on the Expiry Date.

Exchange Rate is the value of one currency for the purpose of conversion to another.

Exercise means an election by the buyer of a Put Option or Call Option to buy or sell currency (as applicable) at the Strike Rate on the Expiry Date.

Exercise Notice means an Instruction by the buyer of an Option to the seller of the Option of its intent to Exercise.

Expiry Date or **Expiry** means the date on which an Option expires.

Expiry Time is the time of day on the Expiry Date that an Option expires.

Extendible Amount means the predetermined SGD or foreign currency amount to be bought or sold on the second Expiry Date of a Leveraged Extendible Forward, as outlined in section 7.18 of this PDS.

Fixing Date means the date on which the Fixing Rate is applied to a TARF.

Fixing Frequency is the unit of time between Fixing Dates which could be daily, weekly or monthly in connection with a TARF.

Fixing Rate means the Spot Rate applicable to a TARF on the Fixing Date.

Foreign Exchange Contract is a legally binding agreement between the Client and Convera to effect a foreign exchange transaction including a Forward Exchange Contract, a Non Deliverable Forward, or an Option Contract in accordance with any Instructions.

Foreign Exchange Points or **Points** means the smallest pricing movement that can occur between a given currency pair.

Forward Exchange Contract or **FEC** is a legally binding agreement between a Client and Convera to exchange one currency for another at an agreed Exchange Rate on a Value Date more than two (2) Business Days after the Trade Date.

Forward Exchange Rate is the Exchange Rate at which Convera agrees to exchange one currency for another at a future date when it enters into a FEC.

Forward Points are the points added to or subtracted from the current Exchange Rate to calculate a Forward Exchange Rate.

Guaranteed Fixings means the number of fixings applicable to a TARF with a Guaranteed Count (as outlined in section 7.22 of this PDS) that will occur on the Fixing Date if the Fixing Rate is less favourable than the Enhanced Rate.

Hedge means activity initiated in order to mitigate or reduce currency exposure to adverse unfavourable price or currency movements, by taking a related offsetting or mitigating position in Convera products.

Hedging Counterparties are the parties with whom Convera contracts to mitigate its exposure when acting as principal to Foreign Exchange Contracts by taking related offsetting or mitigating positions.

Holding Balance is money held by Convera Singapore Pte Ltd for Client pending receipt by Convera Singapore Pte Ltd of an Instruction from the Client, including Payee designation. Funds may be maintained in the Holding Balance for a maximum of 180 days. The Client is responsible for all risks (e.g. volatility of the foreign currency market) associated with maintaining the Holding Balance in one or more foreign currencies. If Convera does not receive a timely Instruction for the disposition of such funds, those funds will be converted to the Client’s home currency at the then prevailing exchange rate(s) and returned to the Client. The Holding Balance will be held by Convera Singapore Pte Ltd as “e-money” for the purposes of the Payment Services Act 2019 of Singapore.

Initial Margin means an amount of money which shall be determined by Convera in its sole discretion and deposited with Convera as Client Money in connection with a Foreign Exchange Contracts

Instructions is a request by a Client for Convera to provide financial products, including any request for services, including any request for services made by mail, electronic mail, telephone, or other means which request may be accepted or rejected in Convera’s absolute discretion.

Interbank Exchange Rate means the wholesale Spot Rate that Convera receives from the foreign exchange Interbank Market.

Interbank Market means the wholesale markets for transacting in foreign exchange restricted to Authorised Exchange Dealers and banks.

Interbank Premium means the wholesale premium that Convera receives (or pays) from (or to) the foreign exchange Interbank Market.

Intermediary Bank is any bank through which a payment must go to reach the Beneficiary Bank.

Interest Rate Differential is the difference in interest rates prevailing in the currency that is bought and the currency that is sold.

In-The-Money or **ITM** means, where the current market value of the Foreign Exchange Contracts contract is positive.

Issuer means Convera Singapore Financial Pte Ltd, Capital Markets Services License Number: CMS100116.

Knock-In Rate (or **Trigger Rate**, if the context requires) means, where applicable, the Exchange Rate that must be traded at or through in the spot foreign exchange market before the Expiry Time for the buyer’s right pursuant to a Call Option or Put Option to become effective.

Knock-Out Rate (or **Trigger Rate**, if the context requires) means, where applicable, the Exchange Rate that must be traded at or through in the spot foreign exchange market before the Expiry Time for the buyer’s right pursuant to a Call Option or Put Option to terminate.

Leverage Ratio means the multiple used to increase the Notional Amount obligation at Expiry of a Leveraged Structured Option.

Leveraged Notional Amount (or **Amount**, if the context requires) is the Notional Amount multiplied by the Leverage Ratio.

Leveraged Structured Option means any Structured Option that includes a Leverage Ratio.

Limit Amount means the Notional Amount applied to a Limit Rate for a Accelerator Structured Option (as outlined in sections 7.6 of this PDS).

Limit Rate is an alternative term for Strike Rate and means the Exchange Rate that determines if improvements to the Protection Rate apply, due to favourable movement in the Spot Rate for an Accelerator Structured Option (as outlined in section 7.6 of this PDS) and a Tracker Structured Option (as outlined in section 7.27 of this PDS) .

Liquidity is the ability to buy or sell a Currency Pair without a real effect on the price.

Margin Call is an additional payment required by Convera as security in connection with a Foreign Exchange Contract.

Marked to Market refers to the market value of an Foreign Exchange Contract prior to the Maturity or Expiry Date.

Market Risk means the risk of adverse movements in the value of an Foreign Exchange Contract due to movements in related product variables over time.

Maximum Leveraged Notional Amount is the Maximum Notional Amount multiplied by the Leverage Ratio.

Maximum Notional Amount means the predetermined total SGD or foreign currency amount to be bought or sold during the term of a TARF (as outlined in section 7.22 of this PDS).

Non-Deliverable Forward or **NDF** means a contract for the sale or purchase of foreign currency that is settled by the parties netting the value of the contract against the Spot Rate in a specified Reference Currency on a specified date that is more than two (2) Business Days after the Trade Date.

NDF Contract Rate means the rate agreed between Convera and the Customer at Trade Date to be compared to the Reference Currency Spot Rate for Settlement at a specified date.

Notional Amount (or **Amount**, if the context requires) means the predetermined SGD or foreign currency amount to be bought or sold pursuant to an Foreign Exchange Contract.

Obligation Percentage is a percentage of the Notional Amount that may become obligated in a Structured Option.

Option means individually and together, the options products described in section 6 of this PDS including Vanilla Options, Call Options, Put Options, and/or Structured Options (including Leveraged Structured Options), as the context requires.

Out-of-The-Money or **OTM** means where the current market value of the Foreign Exchange Contracts is negative.

Over-The-Counter Market or **OTC** is a decentralised market, without a central physical location, where market participants trade with one another through various communication modes.

Participation Rate is an alternative term for Strike Rate and means the most advantageous Exchange Rate that can potentially be achieved in a Structured Option as agreed by Convera and you.

PDS means Product Disclosure Statement.

Premium means, where applicable, the amount that is payable by you to Convera on the Premium Payment Date of an Option.

Premium Payment Date means the date set out in the Confirmation when a Premium for an Option is to be paid.

Protection Rate is an alternative term for Strike Rate and means the worst-case Exchange Rate that can be achieved in a Structured Option as agreed by Convera and you.

Put Option means an agreement that gives the buyer the right (but not the obligation) to sell a currency at a specified price at a specific time.

Reference Currency means the nominated Settlement currency for a NDF.

Reset Rate is an alternative term for Strike Rate and means the Exchange Rate that will apply to the exchange of a Currency Pair where an applicable Knock-In or Knock-Out Rate has been triggered in certain Structured Options.

Retail Mark Up or **Mark Up** is an amount added to the Interbank Exchange Rate to obtain the Retail Price.

Retail Price means the sum of the Interbank Exchange Rate and Retail Mark Up.

Rollover is the process of extending the Value Date of an open Forward Exchange Contract.

Segregated Account is a bank account maintained by Convera to keep Client Money separate from Convera money.

Senior Management means a group of high level executives, determined by Convera from time to time, that actively participate in the daily supervision, planning and administrative processes.

Settlement is the total amount, including the cost of currency acquisition as well as any fees and charges, the Client owes to Convera.

SGD means Singapore Dollars.

Spot Rate means the Exchange Rate for Settlement on a Value Date of up to two (2) Business Days from the date the transaction was entered.

Strike Rate means the Exchange Rate that will apply to the purchase or sale of currency when a buyer Exercises its right under a Put Option or Call Option. The Strike Rate may be referred to using other defined terms in this PDS including, the Protection Rate, the Enhanced Rate, the Reset Rate, the Participation Rate, the Limit Rate or the Variation Rate (as the context requires).

Structured Options means an agreement to exchange a specified amount of one currency for another currency at a foreign Exchange Rate created through the concurrent sale and purchase of two or more Call Options and/or Put Options as described in section 6.1 of this PDS.

Target Bucket means the maximum number of Points available to be redeemed during the term of a TARF.

Telegraphic Transfer is an electronic way of transferring funds overseas.

Tenor is the period of time from the Trade Date of a Foreign Exchange Contracts to the Maturity or Expiry Date of that Foreign Exchange Contract.

Terms and Conditions means the Convera Singapore Pte Ltd and Convera Singapore Financial Pte Ltd Terms and Conditions, as amended from time to time and located at the Convera compliance and legal webpage as set out in section 2.1 of this PDS.

Time Zone is any one of the world's 24 divisions that has its own time.

Trade Date is the day you and Convera agree to an Foreign Exchange Contract.

Trigger Rate means a Knock-In Rate or Knock-Out Rate as applicable.

USD means United States Dollars.

Value Date is the day where payment for currency is made. The Value Date will always be the last date of the Window, if any.

Value Spot where the Value Date is two (2) Business Days after the Trade Date. Value Today where the Trade Date and Value Date are the same day. Value Tomorrow where the Value Date is one (1) Business Day after the Trade Date.

Vanilla Options means a Call Option or Put Option that has standardised terms and no special or unusual features as described in this PDS.

Variation Amount means the Notional Amount applied to a Variation Rate for a Capped Forward, a Capped Forward with Protection or a Seagull Structured Option.

Variation Rate is an alternative term for Strike Rate and means the Exchange Rate that determines if deterioration to the Protection Rate or Enhanced Rate, due to unfavourable movements in the Spot Rate, can be applied to a Capped Forward, a Capped Forward with Protection and Seagull Structured Options.

Volatility is a measure of the frequency and extent of movements in related product variables.

Window has the meaning set forth in section 5.4 and 6.3 of this PDS.

Wire Transfer is an electronic way of transferring funds overseas.