Product Disclosure Statement

Foreign Exchange Contracts

Convera Australia Pty Limited

Issue Date: 3 July 2024

Table of Contents

Table of Contents 2
1. Purpose 5
2. Important Information 5
2.1 Copies 5
2.2 Updates relating to this PDS 6
2.3 No Speculation 6
2.4 Financial Amounts 6
2.5 Glossary of Terms 6
2.6 Counterparty Credit Risk 6
2.7 Disclaimer 6
2.8 Target Market Determinations 6
3. Issuer 6
3.1 Contact Details 7
3.2 Convera Services 7
3.3 How to Access Convera Services 7
3.4 Additional Information 7
4. Our Foreign Exchange Products 7
4.1 Overview 7
4.2 The Foreign Exchange Market 7
4.3 Currency Limitations 8
4.4 International Funds Transfer 8
4.4.1 Advantages 8
4.4.2 Disadvantages and Risks 8
4.4.3 Can an International Funds Transfer be recalled? 8
4.4.4 Costs and Fees 8
4.5 Our OTC Products 9
5. Forward Exchange Contracts (FECs) 9
5.1 Purpose of a FEC 9
5.2 How does a FEC work? 9
5.3 Forward Exchange Rate and Contract Rate 9
5.4 The Forward Points 9
5.5 Types of FEC 10
5.6 FEC Variables 10
5.7 The Forward Points 10
5.8 Non-Deliverable Forward ("NDF") 11

5.9 Components and Special Features of a FEC and an NDF 12
5.9.1 The Term of a FEC or NDF 12
5.9.2 Rollover 13
5.9.3 Pre-Delivery of a FEC 13
5.9.4 Partial Pre-Delivery of a FEC 13
5.9.5 Close-out/Cancellation of a FEC or NDF 13
5.9.6 Termination of a FEC or NDF 13
6 Swaps 14
6.1 What is a Swap? 14
6.2 Settlement for a Swap 14
6.3 Swap pre-deliveries, rollovers and termination. 14
7 Vanilla and Barrier Options 16
7.1 Buying Vanilla Options 16
7.2 Selling Vanilla Options 17
7.3 Pre-Delivery of a Vanilla Option 18
7.4 Barrier Options 18
7.5 Buying a Barrier Option – Example 19
7.6 Selling a Barrier Option – Example 20
7.7 Exercising a Vanilla or Barrier Option 20
7.8 Terminating or Closing a Vanilla or Barrier Option 21
8. Structured Options 21
8.1 What is a Structured Option? 21
8.2 How does a Structured Option work? 21
8.3 Structured Options - Statement of Information 21
8.4 Pre-Delivery of Structured Options 21
8.5 Option Restructures 22
8.6 Pricing for Pre-Delivery or Restructures 22
8.7 Additional information and approvals 22
8.8 Leverage Ratios 22
9. Convera Options with Fixings 22
9.1 What are Fixings? 22
9.2 Target Accrual Redemption Forward (TARF) and Leveraged TARF 24
9.3 TARF Full Final Fixing and Leveraged TARF Full Final Fixing 26
9.4 Variable Strike TARF and Leveraged Variable Strike TARF 28
9.5 Variable Notional TARF and Leveraged Variable Notional TARF 30
9.6 European Knock-In TARF and Leveraged European Knock-In TARF 32
9.7 Accumulator and Leveraged Accumulator 34
9.8 Knock-Out Accumulator and Leveraged Knock-Out Accumulator ..... Error! Bookmark not defined.
9.9 Settlement of Convera Options 35

10. Cost of Convera products 36
10.1 Interest....36
10.2 FECs, NDFs and Swaps 36
10.3 Premium 36
10.4 Vanilla and Barrier Options....36
10.4.1 Buying Vanilla and Barrier Options 36
10.4.2 Selling Vanilla and Barrier Options....36
10.4.3 Vanilla and Barrier Options Premiums 36
10.5 Structured Options....36
10.6 Exchange Rates....37
10.7 Transaction Fees 37
11. Benefits of Convera products 37
11.1 FECs and NDFs 37
11.2 Swaps....38
11.3 Vanilla and Barrier Options....38
11.4 Structured Options....38
12. Risks of Convera products....38
13. Terms and Conditions and Other Documentation 39
13.1 Terms and Conditions....39
13.2 Other Information 40
14. Credit Requirements....40
14.1 Initial Margins....40
14.2 Margin Calls 41
14.3 Credit Limits....41
14.4 Client Money....41
14.5 Client Money Risk 41
15. Instructions, Confirmations and Telephone Conversations....41
16. Dispute Resolution 42
17. Taxation 42
18. Privacy....42
19. Glossary of Terms 43

1. Purpose

This Product Disclosure Statement ("**PDS**") is dated 3 July 2024 and is offered by Convera Australia Pty Limited (AFSL 404 092) ("**Convera**" "**we**", "**our**" and "**us**") and provides you with a detailed description of the types and characteristics of the financial products ("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")**, **Swaps ("Swaps")** 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 **Financial Services Guide ("FSG")** and 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, 7 and 8 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 1300 732 561 (Australia only), or +61 2 8585 7000 or by email: CorpHedgingANZ@convera.com or refer to our website https://www.convera.com/en-au.

2. Important Information

2.1 Copies

Copies of this PDS are available free of charge. You can download a copy of this PDS from https://www.convera.com/en-au/compliance-legal/compliance or request a copy by either email at or by phone 1300 732 561 (Australia Only).

This PDS replaces the "Foreign Exchange Contracts" PDS issued by Convera and dated 23 August 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 "Convera Contact Details" of this PDS.

If we issue a supplementary or new PDS, we will notify you by posting the supplementary PDS or new PDS on our website. Alternatively, we may notify you by sending a written notice, at least five (5) days prior to the effective date of the supplementary PDS or new PDS (which contains a link to the supplementary PDS or new PDS) to your email address as notified to us by you.

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 Australian Dollars (**AUD**) 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 18 "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. To assess our financial ability to meet our obligations to you, you can obtain a copy of our financial statements, free of charge by emailing: CustomerServiceAU@convera.com

2.7 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 situations or needs.

Convera does not take into account labour standards or environmental, social or ethical considerations other than as required by law.

2.8 Target Market Determinations

You should also consider our Target Market Determination ("**TMD**") available at https://convera.com/docs/convera-target-market-determination-au.pdf. The TMD sets out the target market for our products, triggers to review the TMD and certain other information. The TMD does not form a part of this PDS or the Terms and Conditions.

3. Issuer

Convera Australia Pty Limited is the **Issuer** of the products described in this PDS.

This PDS was prepared by:

Convera Australia Pty Limited

ABN 24 150 129 749

AFSL Number 404 092

3.1 Contact Details

Address: Level 12, 1 Margaret Street, Sydney, NSW, 2000 Australia

Phone: +61 2 8585 7000 or 1300 732 561 (Australia Only).

Email: mailto:CustomerServiceAU@convera.com

Website: https://www.convera.com/en-au/compliance-legal/compliance

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 products 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 AUD 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 AUD. 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), a Swap for management of foreign currency cash flows up to 180 days 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, Swaps 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 9.6 of this PDS.

Because FECs, Swaps 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, Swaps 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, Swaps 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);
- **Swaps** (see section 6)
- **Vanilla and Barrier Options** (see section 7); and
- **Structured Options with fixings** (see section 8).

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 12 "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 9.6 "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 AUD in three (3) months' time in exchange for **USD** and Australian 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 AUD. Convera will pass on the cost of the higher rate of interest that it pays on the AUD. 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 Australian 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 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 AUD in three (3) months' time in exchange for USD and Australian 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 AUD. Convera will pass on the cost of the higher rate of interest that it pays on the AUD. 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 Australian interest rates were lower than US interest rates.

5.7.1 Open Date FECs and Future Payments have a different application of the Forward Points due to the added flexibility to deliver the contract during the 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.

For example:
Convera has to pay for USD with AUD at the Trade Date and if Australian interest rates are higher than US interest rates, Convera will pass on the cost of the higher rate of interest that it pays on the AUD. This cost will be reflected in the Forward Exchange Rate you agree to on the Trade Date of your Open Date FEC or Future Payment contract.

Convera has to pay for USD with AUD at the Trade Date and if Australian interest rates are lower than US interest rates, Convera will not reflect this benefit from the lower rate of interest that it pays on the AUD in the Forward Exchange Rate agreed with you on the Trade Date for your Open Date FEC or Future Payment contract.

5.7.1 FEC - Example
A Fixed FEC, Open Date FEC or Future Payment (collectively "FEC") is a customised contract between you and Convera that gives you the right to buy or sell an amount of currency on a specified date (Fixed FEC) or during a predetermined timeframe (Open Date FEC or Future Payment) in the future. A FEC allows you to lock in a specific Exchange Rate today, for a currency to be purchased, or sold, in the future.
5.7.2 FEC Variables (nominated by you priced by Convera)
Currency Pair: AUDUSD Forward Rate: .6750 **Notional Amount (Amount)**: USD100,000 Open Forward Future Payment Window Period: 1 month Maturity Date: 3 months
5.7.3 Possible Outcomes at Maturity or during a Window
• If the Spot Rate is more favourable than the Forward Rate you are obligated to transact at the Forward Rate. • If the Spot Rate is less favourable than the Forward Rate you are obligated to transact at the Forward Rate.
5.7.4 Benefits of a FEC
• FECs provide protection from the Exchange Rate being less favourable than your Forward Rate at Maturity or during a **Window** Period. • FECs are flexible, where the Forward Rate, Maturity Date and Notional Amount (Amount) can be tailored to your needs. • At Convera's sole discretion, you are able to pre-deliver a FECs 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 FEC or Future Payment 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 Exchange Rate. • Cancellations or adjustments may result in a cost to you. • A **Margin Call** may affect your cash flow positions. For more information on Margin Calls please see section 13.2 "Margin Calls" of this PDS. • As further set out in section 12 "Risks of Convera products" of this PDS.
5.7.6 Costs of a FEC
• Convera applies a Mark-Up on FEC. Please see section 10.6 "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 FECs. See section 4.4 "International Funds Transfer" of this PDS. • Other cost may be applicable as set out in section 10 "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 AUD 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.

5.8.1 Non-Deliverable Forward (NDF) - Example
An NDF is a customised Forward Contract 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 **NDF Contract Rate ("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 Variables (nominated by you priced by Convera)
Currency Pair: AUDCNY Contract Rate: 5.7728 **Reference Currency**: AUD Notional Amount (Amount): CNY 650,000 Fixing Date: 3 months Value Date: 3 months + 2 days
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 Reference Currency. • If the Contract Rate is less favourable for you than the Fixing Rate, you will pay Convera the difference in the Reference 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. •
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 the NDF and the Value Date. • If you enter into an NDF, you will not be able to pre-delivery the NDFs. • Cancellations or adjustments may result in a cost to you. • A Margin Call may affect your cash flow positions. Please see section 14.2 "Margin Calls" of this PDS. • As further set out in section 12 "Risks of Convera products" of this PDS.
5.8.6 Costs of an NDF
• Convera applies a Mark-Up on NDFs. Please see section 10.6 "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. • 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 Rates. • Convera calculates the Cash Settlement Amount using the Notional Amount, the Contract Rate and the Fixing Rate. The Cash Settlement Amount will be the net difference between the Contract Rate and the Fixing Rate multiplied by the Notional Amount payable in the Reference Currency.

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

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

After entering into a FEC 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, 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 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 NDFs or Future Payments or Open Date FECs that are in the Window period.

5.9.4 Partial Pre-Delivery of a FEC

You may also wish to bring the agreed Value Date closer to Value Spot on a portion of the Notional Amount of your FEC. 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, shall remain due at the original Exchange Rate on the original Value Date.

Partial Pre-delivery is not applicable to Future Payments or NDFs.

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 Swaps

6.1 What is a Swap?

A Swap is an OTC derivative contract that involves the simultaneous sale and purchase of a currency that has two (2) settlement dates. A Swap requires Convera and you to exchange Notional Amounts of a currency for another currency at the **Reference Spot Rate** for either **Value Today, Value Tomorrow or** Value Spot and the exchange of the same Notional Amount at a date in the future or Maturity Date. A Swap does not comprise solely an FEC or 2 legs of an FEC). The first date is the Swap Spot Date (as specified in the Swap Spot Confirmation, being Value Today, Value Tomorrow or Value Spot), and the second date is the Maturity Date (as specified in the Swap Forward Confirmation). A Swap allows a Client to lock in a specific exchange rate today, to buy and sell a currency and sell and buy the same currency in the future at the Swap Rate. The differences in the Swap Spot Rate and the Swap Rate are determined by the differences in interest rates between the currencies being swapped. Convera creates a Swap by simultaneously entering into a spot currency contract with Client for Client to buy the Target Currency in exchange for the Swap Settlement Currency, and a forward contract to sell the Target Currency at the Maturity Date for the specified amount of Swap Settlement Currency.

The Exchange Rates for Value Today, Value Tomorrow or Value Spot will reflect the market mid spot rate (mid of the bid and offer spread) and is a Reference Spot Rate. The **Swap Points** represent the differences in interest rates in the currencies in and for the term of the Swap. The Swap Points could be added (premium) or subtracted (discount) from the Reference Spot Rate at Trade Date resulting in the **Swap Rate** on the Maturity Date. Convera will only quote Swaps to Customers for a maximum tenor of one hundred and eighty (180) days.

Please note that, prior to Convera agreeing to enter into any of the products described in section 6, we will require you to complete a "Swap Addendum" 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 6.4.4 of this PDS.

6.2 Settlement for a Swap

Settlement of a Swap will involve the following steps:

- You are required to settle the Swap Spot Leg of the Swap by delivering the Swap Spot Settlement Currency Amount to us on or before the Swap Spot Date in accordance with the Swap Spot Confirmation. Upon receipt of Settlement from you, we shall deliver the Target Currency to you by crediting your Holding Balance for the Target Currency Amount;

- After delivery of the Target Currency Amount to your Holding Balance and until the Maturity Date, you shall maintain in your Holding Balance the Targeted Currency, at a minimum, a sum equal to the Target Currency Amount. We shall not be required to accept any Instruction you which results in a reduction of the balance of the Holding Balance below the Target Currency Amount; and

- On the Maturity Date, you authorise us to debit your Holding Balance for the amount due to us under the Swap Forward Leg of the Swap. If for any reason the amount held by you in your Holding Balance is insufficient to pay for amounts owed to us under the Swap Forward Leg of the Swap, you shall pay any remaining balance owed to us upon demand.

6.3 Swap pre-deliveries, rollovers and termination.

The terms of the Swap that you enter into with Convera are legally binding and must be settled. You may not elect to take early delivery of the Swap Settlement Currency under the Swap Forward Leg nor is a rollover for a Swap permissible. In the event that early delivery is agreed to by us, acting in our sole discretion, you will be required to provide Instructions to us to unwind the original Swap by entering into another Swap that offsets the Swap Forward Leg either in part or in full. Any early delivery agreed to by us will result in a cost to you that you can determine by contacting your Convera representative using the details contained in section 3.1 of this PDS.

6.4 Swap – Example

A Swap is a customised contract between you and Convera that obligates you to buy and sell an amount of currency on two specified dates. The first date is the Swap Spot Date, and the second date is in the future (Maturity Date). A Swap allows you to lock in a specific exchange rate today, to buy and sell a currency and sell and buy the currency in the future at the Swap Rate. The differences in the Reference Spot Rate and the Swap Rate are determined by the differences in interest rates between the currencies being swapped, which is also known as the Interest Rate Differential.

For the purposes of this example, you are in receipt of or expect receipts of USD in the future. To meet your hedging strategy and optimise current or future currency receivables you enter into a USD/JPY Swap, where you sell and buy USD.

6.4.1 Swap Variables

Currency Pair: USDJPY
Reference Spot Rate: 132.00
Swap Points: 0.65
Swap Rate: 131.35
Notional Amount (Amount): JPY 132,000,000
Maturity Date: 1 month

6.4.2 Outcomes at the Swap Spot Date and Maturity Date

- At the Swap Spot Date you are obligated to buy JPY 132,000,000 and sell USD 1,000,000 (132,000,000/132.00) with Convera.
- At the Maturity Date you are obligated sell JPY 132,000,000 and buy USD 1,004,948.61 (132,000,000/131.35) with Convera.

6.4.3 Benefits of a Swap

- Reduce the Volatility in currency holdings by providing greater certainty with cash flows.
- Offset unfavourable outcomes in overall hedging portfolio.
- Optimise cash flow for efficient use of funds.

6.4.4 Risks of a Swap

- If you enter into a Swap, you will not be able to participate in any favorable Exchange Rates for that transaction.
- Cancellations or adjustments will result in a cost to you.
- Convera is not obligated to cancel or reverse the Swap prior to the Maturity Date.
- The Swap transacted with Convera cannot be transacted with anyone else.
- As further set out in section 12 “Risks of Convera products” of this PDS.

6.4.5 Costs of a Swap

- Convera applies a Mark-Up on Swaps. Please see section 10.6 “Exchange Rates” of this PDS.
- If you instruct Convera to settle your Swap to a third part and not your **Holding Balance**, you will be charged a transaction fee for using our International Funds Transfer service at the maturity and settlement of your Swap. Please see section 4.4 “International Funds Transfer” of this PDS.

6.4.6 Confirmations

- Confirmations for a Swap will be created in the same manner that you may receive a confirmation for a standard spot transaction and Forward for those types of transactions. Please note:
    - You will receive an Outgoing Payment Confirmation representing the transaction and your obligation on the Value Today, Value Tomorrow or Value Spot date as applicable. The notation “Swap” will be contained in the reference section of the Outgoing Payment Confirmation.
    - You will receive a separate Forward Contract Confirmation representing the transaction and your obligation on the Maturity Date. The notation “Swap” and the Outgoing Payment Confirmation number will be contained in the reference section of such confirmation.
- Please also refer to section 15 “Instructions, Confirmations and Telephone Conversations” of this PDS for further information.

7 Vanilla and Barrier Options

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 (the **Strike 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).

Vanilla Put or Call Options issued by Convera, may have 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 or a **Window**. We refer to these Vanilla Options as **Barrier Options**.

7.1 Buying Vanilla Options

When you buy a Vanilla Option from Convera, you will be required to pay a non-refundable **Premium** (see section 10.4.3 "Vanilla and Barrier 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.

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.

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.

7.1.1 Buying a Vanilla Option –Example

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.

7.1.2 Buying a Vanilla Option - Variables

Currency Pair: AUD/USD
Vanilla Option Type: AUD Put Option / USD Call Option
Strike Rate: 0.7500
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Premium: AUD2,000

7.1.3 Possible Outcomes at Expiry

- If the Spot Rate is more favourable than 0.7500, (say 0.7900), the importer will let the AUD Put Option lapse and may buy USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is less favourable than 0.7500, (say 0.7100), the importer will buy USD100,000 at 0.7500.

7.1.4 Benefits of Buying 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.

7.1.5 Risks of Buying a Vanilla Option

- As the buyer of the Vanilla Option, you must pay a non-refundable Premium.
- As further set out in section 12 "Risks of Convera products" of this PDS.

7.1.6 Costs of Buying a Vanilla Option

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 Australian Dollars or one of the currencies in the Vanilla Option Currency Pair.

7.2 Selling Vanilla Options

When you sell a Vanilla Option to Convera, you will receive a Premium for the Vanilla Option on the Premium Payment Date or a date agreed between you and Convera. By selling a Vanilla Option to Convera, you have sold the right and the obligation to Convera to Exercise the Vanilla Option, granting 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 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.

Please note that, prior to Convera agreeing to enter into the products described in this section 7.2 or section 7.6, where selling the Vanilla Option or Barrier Option not part of a combination of Vanilla Options and/or Barrier Options as described in section 8.1 , 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 7.2.5 of this PDS.

7.2.1 Selling a Vanilla Option –Example

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.

7.2.2 Selling a Vanilla Option - Variables

Currency Pair: AUD/USD
Vanilla Type: AUD Call Option / USD Put Option
Strike Rate: 0.7600
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Client Receives Premium: AUD2,700

7.2.3 Possible Outcomes at Expiry

- If the Spot Rate is less favourable to the importer than 0.7600, say 0.7500, Convera would allow the Vanilla Option to lapse with no obligation on either party.
- If the Spot Rate is more favourable to the importer than 0.7600, say 0.7700, Convera will Exercise the Vanilla Option and the importer will be obligated to buy USD100,000 at the less favourable Strike Rate of 0.7600.

7.2.4 Benefits of Selling a Vanilla Option

- 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.

7.2.5 Risks of Selling a Vanilla Option
• As further set out in section 12 "Risks of Convera products" .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.

7.3 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. A Pre-Delivery of a Vanilla Option is achieved by us booking Swap with the near leg on the required Pre-Delivery date against the Notional Amount at the Strike Rate. At the Expiry Date of the Vanilla Option, your right or obligation to settle at the Strike Rate will be diminished by second leg or far leg of the Swap that matures at the original Expiry Date of the Vanilla Option; however, it is important that you understand the Vanilla Option itself remains in force until the Expiry Date, regardless of pre-delivered amounts. When you are the buyer and the Vanilla Option is exercised at Expiry, the Swap and the Vanilla Option will offset each other with zero Settlement. While we have not provided examples of a predelivery of a Vanilla Option, we can provide you with examples on request.

7.4 Barrier Options

A Barrier Option will have one (single) or two (double) **Trigger Rate(s)** included as part of the Put or Call Option variables, which may be a **Knock-In/Trigger Rate** a **Knock-Out/Trigger Rate** or both. A Knock-In/Trigger 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/Trigger Rate being triggered). A Knock-Out/Trigger 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/Trigger 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 a Barrier 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/Trigger Rate or a Knock-Out/Trigger Rate to a Vanilla Option creates a Barrier Option, that results in the Premium being reduced relative to a comparable Vanilla Option without a Trigger Rate.

7.5 Buying a Barrier Option – Example

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, which creates a Barrier Option. Trigger Rates will be triggered if an agreed Spot Rate trades during the term of the Barrier 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 Barrier Option ceasing to exist (in the case of a Knock-Out trigger event).

7.5.1(a) Buying a Barrier Knock-In	7.5.1(b) Buying a Barrier Option Knock-Out -
Currency Pair: AUD/USD Vanilla Type: AUD Put Option / USD Call Option with Knock-In/Trigger Rate Strike Rate: 0.7500 Knock-In/Trigger Rate: 0.8200 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Premium: AUD1,500	Currency Pair: AUD/USD Vanilla Type: AUD Put Option / USD Call Option with Knock-Out/Trigger Rate Strike Rate: 0.7500 Knock-Out/Trigger Rate: 0.7000 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Premium: AUD1,800
7.5.2(a) Possible Outcomes at Expiry	**7.5.2(b) Possible Outcomes at Expiry**
If the Knock-In/Trigger Rate (0.8200) has been triggered prior to the Expiry Date: • If the Spot Rate is more favourable than the Strike Rate (0.7500), say 0.8000, the Option will lapse, and the importer may buy USD at 0.8000 (although there is no obligation to do so). • If the Spot Rate is less favourable than the Strike Rate (0.7500), say 0.7200, the importer will buy USD100,000 at the Strike Rate of 0.7500. If the Knock-In/Trigger Rate (0.8200) has not been triggered the Option will lapse at the Expiry Time and there is no obligation on either party.	If the Knock-Out/Trigger Rate (0.7000) has not been triggered prior to the Expiry Date: • If the Spot Rate is more favourable than the Strike Rate (0.7500), say 0.8000, the Option will lapse, and the importer may buy USD at 0.8000 (although there is no obligation to do so). • If the Spot Rate is less favourable than the Strike Rate (0.7500), say 0.7200, the importer will buy USD100,000 at the Strike Rate (0.7500). If the Knock-Out/Trigger Rate (0.7000) has been triggered the Option will cease to exist.

7.5.3 Benefits of buying a Barrier Option with Trigger Rates

- As further set out in section 11 "Benefits of Convera products" of this PDS.
- The Premium will be cheaper as compared to a Vanilla Option without a Trigger Rate.
- Barrier Options are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.

7.5.4 Risks of Buying a Barrier Option

- As further set out in the paragraph "Risks of Buying a Vanilla Option" outlined in section 7.1.5 of this PDS.
- As further set out in section 12 "Risks of Convera products" of this PDS.
- Trigger Rate risk: For Barrier Options, there is the risk that the Barrier Option may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out/Trigger Rate) or not triggered (in the case of a Knock-In/Trigger Rate). There is the additional risk that you could lose your level of protection if your Barrier Option ceases to exist due to a Knock-Out/Trigger Rate being triggered or a Knock-In/Trigger Rate not being triggered.

7.5.5 Costs of Buying a Barrier Option

- As further set out in section 10 "Costs of Convera products" of this PDS.

7.6 Selling a Barrier Option – Example	
If you sell a Vanilla Option to Convera (as described in section 7.2.1 in this PDS), you can have certain Trigger Rates (a Knock-In/Trigger Rate or a Knock-Out/Trigger Rate) attached to the Vanilla Option which creates a Barrier Option. Trigger Rates will be triggered if an agreed Spot Rate trades during the term of the Barrier Option (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 Barrier Option not ceasing to exist, creating an obligation or potential obligation at the Strike Rate that is unfavourable to you (in the case of a Knock-Out trigger event that does not eventuate).	
7.6.1(a) Selling a Barrier Option Knock-In – Variables	**7.6.1(b) Selling a Barrier Option Knock-Out – Variables**
Currency Pair: AUD/USD Vanilla Type: AUD Call Option / USD Put Option with Knock-In/Trigger Rate Strike Rate: 0.7600 Knock-In/Trigger Rate: 0.7900 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Client Receives Premium: AUD1,700	Currency Pair: AUD/USD Vanilla Type: AUD Call Option / USD Put Option with Knock-Out/Trigger Rate Strike Rate: 0.7600 Knock-Out/Trigger Rate: 0.7300 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Client Receives Premium: AUD2,700
7.6.2(a) Possible Outcomes at Expiry	**7.6.2(b) Possible Outcomes at Expiry**
If the Knock-In/Trigger Rate (0.7900) has been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to the importer than 0.7600, say 0.7500, Convera would allow the Barrier Option to lapse with no obligation on the importer. • If the Spot Rate is more favourable to the importer than 0.7600, say, 0.7800, the importer will be obligated to buy USD100,000 at the less favourable Strike Rate of 0.7600. If the Knock-In/Trigger Rate (0.7900) has not been triggered the Barrier Option lapses with no obligation on either party.	If the Knock-Out/Trigger Rate (0.7300) has not been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to the importer than 0.7600, say, 0.7500, Convera would allow the Barrier Option to lapse with no obligation on the importer. • If the Spot Rate is more favourable to the importer than 0.7600, say 0.7800, the importer will be obligated to buy USD100,000 at the less favourable Strike Rate of 0.7600. If the Knock-Out/Trigger Rate (0.7300) has been triggered, the Barrier Option will cease to exist.
7.6.3 Benefits of Selling a Barrier Option	
• As further set out in the paragraph "Benefits of Selling a Vanilla Option" outlined in section 7.2.4 of this PDS. • Barrier Options are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.	
7.6.4 Risks of a Vanilla Option - Client Sells with Trigger Rates	
• As further set out in the paragraph "Risks of Selling a Vanilla Option" outlined in section 7.2.5 of this PDS. • As further set out in section 12 "Risks of Convera products" of this PDS. • Trigger Rate risk: For Barrier Options there is the risk that there is an unfavourable trigger event or that a favourable trigger event does not occur. • A Barrier Option may come into existence as the result of a Knock-In/Trigger Rate being triggered, creating an obligation that is unfavourable to you. • A Barrier Option may not cease to exist as the result of a Knock-Out/Trigger Rate not being triggered, creating an obligation that is unfavourable to you.	

7.7 Exercising a Vanilla or Barrier Option

To Exercise a Vanilla or Barrier 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 or Barrier 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 or Barrier Option is not Exercised, it will lapse at the **Expiry Time**.

7.8 Terminating or Closing a Vanilla or Barrier Option

You may ask us to close a Vanilla or Barrier 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 or Barrier 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 10 "Cost of Convera products" and 10.4.3 "Vanilla Option and Barrier Option Premiums" of this PDS.

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

8. Structured Options

8.1 What is a Structured Option?

A Structured Option describes a combination of Vanilla Options and/or Barrier Options that can be utilised as foreign exchange risk management alternatives to Forward Exchange Contracts. 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 Put or Call Vanilla Option and/or Put or Call Barrier Option that makes up the structure.

We determine the applicability of combinations of Put or Call Option Vanilla Options and Put or Call Barrier Options as determined by your suitability and communication from you to us of your hedging strategy.

8.2 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 that may or may not be combined with the concurrent sale or purchase of one or more Put or Call Barrier Options. 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.

8.3 Structured Options - Statement of Information

For each requested Structured Option designed with combinations of Vanilla Option and/or Barrier Option contracts entered into with Convera, you will receive disclosure in the form of a Statement of Information at a reasonably sufficient time prior to entering into the first transaction of the Structured Option. We refer to this information as a Term Sheet. The Term Sheets disclose the combinations of Vanilla Option and/or Barrier Option contracts variables, potential outcomes, risk and benefits and any other relevant information specific to the Structured Option you are considering.

The Term Sheets will detail your nominated currency pair, your requested Notional Amount or Leverage Notional Amount (as applicable), tenor and current Exchange Rates/Strike Rates/Trigger Rates applicable at the time of your request. This means that the Exchange Rates/Strike Rates/Trigger Rates used to determine the potential outcomes are indicative.

The Terms Sheets can be obtained from your **Convera Representative** on request at no charge and the information contained in the Term Sheets does not constitute a Short Form PDS. Please note that the Term Sheets do not constitute financial advice or a financial recommendation. If you require a Term Sheet for Structured Options after your first transaction, contact your Convera Representative.

We recommend that you read the Term Sheets in full before you make a decision to acquire combinations of Vanilla Option and/or Barrier Option contracts. All information provided in the Term Sheets is general in nature and does not take into account your individual objectives, financial situation or specific needs. We recommend that after reading the Term Sheets you consider whether the combination of Vanilla Option and/or Barrier Option contracts, including the potential outcomes, advantages and disadvantages, meet your individual objectives, financial situation, hedging objectives, hedging strategy or specific needs.

8.4 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 Forward Contracts (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 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.

8.5 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.

8.6 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.

8.7 Additional information and approvals

Pre-deliveries, restructures, or other modifications require our approval and/or require that we conduct 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 or Swaps) 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.

8.8 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 Exchange 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.

9. Convera Options with Fixings

9.1 What are Options with Fixings?

One of the variables contained in certain structures is fixings. Fixings are where Convera compares the current market Spot Rate with the Strike Rate of Vanilla Option and/or Barrier Option contracts that make up the structure. In each case where fixings apply there will be an agreed **Fixing Amount** on a **Fixing Date** and an agreed **Fixing Frequency,** where the Spot Rate will be referenced and applied to the structure. We call this the **Fixing Rate**.

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

The examples that are used within the description of each Option product in this section 9 are for illustrative purposes only and use Exchange Rates and figures that we have selected to demonstrate how each product works from the perspective of Australian based importers buying USD and selling AUD. Convera will provide Australian 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;
- the Fixing Date and frequency; and
- the Expiry Date and Expiry Time.

9.2 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.

9.2.1 TARF Example

Enhanced Rate/Strike Rate: 0.7700
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

9.2.1(a) Leveraged TARF Example

Enhanced Rate/Strike Rate: 0.7850
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

9.2.2 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, say 0.8000, the importer will buy the Notional Amount per fixing at 0.7700 or Leveraged Notional Amount per fixing at 0.7850 (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 the importer will buy the Notional 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 the importer will transact at the Enhanced Rate/Strike Rate, but the Notional 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.

9.2.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7700	0.7450	250	250	1000	750	100,000	0.7675
Month 2	0.7700	0.7854	-154	0	750	750	100,000	0.7675
Month 3	0.7700	0.7290	410	410	750	340	100,000	0.7675
Month 4	0.7700	0.7816	-116	0	340	340	100,000	0.7675
Month 5	0.7700	0.7160	540	Remaining 340	340	0	62,963	0.7675
Month 6	0.7700	Contract was terminated at Month 5 Fixing. No further trades.						

9.2.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above / Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amoun t (USD)	Traded Rate
Month 1	0.7850	0.7450	400	400	1000	750	50,000	0.7775
Month 2	0.7850	0.7854	-4	0	600	750	100,000	0.7775
Month 3	0.7850	0.7290	560	560	600	340	50,000	0.7775
Month 4	0.7850	0.7816	34	0	340	40	100,000	0.7775
Month 5	0.7850	0.7160	690	Remaining 40	340	0	2,899	0.7775
Month 6	0.7850	Contract was terminated at Month 5 Fixing. No further trades.						

9.2.4 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.

9.2.4(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

9.2.5 Risks of a TARF	9.2.5(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.

9.3 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/Strike 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 Foreign Exchange Points (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/Strike Rate, there is no adjustment in Notional Amount as per the TARF (see section 9.2.5) and you will transact the full Notional Amount and the TARF will terminate.

9.3.1 TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 0.7675
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.

9.3.1(a) Leveraged TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 0.7775
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.

9.3.2 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, say 0.8000, the importer will buy the Notional Amount at 0.7675 or Leveraged Notional Amount at 0.7775 (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, the importer will buy the Notional 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; 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, the importer will buy the Notional Amount at the Enhanced Rate/Strike Rate and the TARF Full Final Fixing is terminated.

9.3.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7675	0.7450	225	225	1000	775	100,000	0.7675
Month 2	0.7675	0.7854	-179	0	775	775	100,000	0.7675
Month 3	0.7675	0.7290	385	385	775	390	100,000	0.7675
Month 4	0.7675	0.7816	-141	0	390	390	100,000	0.7675
Month 5	0.7675	0.7160	515	Remaining 390	390	0	100,000	0.7675
Month 6	0.7675	Contract was terminated at Month 5 Fixing. No further trades.						

9.3.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7775	0.7450	325	325	1000	675	50,000	0.7775
Month 2	0.7775	0.7854	-79	0	675	675	100,000	0.7775
Month 3	0.7775	0.7290	485	485	675	190	50,000	0.7775
Month 4	0.7775	0.7816	-41	0	190	190	100,000	0.7775
Month 5	0.7775	0.7160	615	Remaining 190	190	0	50,000	0.7775
Month 6	0.7775	Contract was terminated at Month 5 Fixing. No further trades.						

TARF Full Final Fixing and Leveraged TARF Full Final Fixing Continued

9.3.4 Benefits of a TARF Full Final Fixing	9.3.4(a) Additional Benefits of Leveraged TARF Full Final Fixing
• An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC. • The Enhanced Rate/Strike 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/Strike Rate or more Target Bucket Points relative to an TARF Full Final Fixing without a Leverage Ratio. • An ability to achieve an Enhanced Rate/Strike Rate or more Target Bucket Points relative to a TARF Full Final Fixing without a Leverage Ratio.
9.3.5 Risks of a TARF Full Final Fixing	**9.3.5(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/Strike 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/Strike 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/Strike Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favourable than the Enhanced Rate/Strike 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/Strike Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

9.4 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/Strike 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 Foreign Exchange Points (Points). Once the Target Bucket has been redeemed, the Variable Strike TARF will terminate.

9.4.1 Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 8.29.3
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.

9.4.1(a) Leveraged Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 8.29.3(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.

9.4.2 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 Rate the importer is obligated to buy the Notional Amount or Leveraged Notional 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 exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, the importer will buy the Notional 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, the importer will transact at the Enhanced Rate/Strike Rate, but the Notional 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.

9.4.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7750	0.7450	300	300	1000	700	100,000	0.7750
Month 2	0.7750	0.7854	-104	0	700	700	100,000	0.7750
Month 3	0.7750	0.7290	460	460	700	240	100,000	0.7750
Month 4	0.7650	0.7816	-166	0	240	240	100,000	0.7650
Month 5	0.7650	0.7160	515	Remaining 390	390	0	100,000	0.7675
Month 6	0.7650	Contract was terminated at Month 5 Fixing. No further trades.						

9.4.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7900	0.7550	350	350	1000	650	50,000	0.7900
Month 2	0.7900	0.7980	-80	0	650	650	100,000	0.7900
Month 3	0.7900	0.7745	155	155	650	495	50,000	0.7900
Month 4	0.7750	0.7816	-66	0	495	495	100,000	0.7750
Month 5	0.7750	0.7160	590	Remaining 495	495	0	41,949	0.7750
Month 6	0.7750	Contract was terminated at Month 5 Fixing. No further trades.						

9.4.4 Benefits of a Variable Strike TARF

- An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC.
- The Enhanced Rate/Strike 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/Strike Rate throughout the term of the structure.
- A Variable Strike TARF can be deleveraged.

9.4.4(a) Additional Benefits of Leveraged Variable Strike TARF

- An ability to achieve an Enhanced Rate/Strike 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

9.4.5 Risks of Variable Strike TARF	9.4.5(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/Strike 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/Strike 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/Strike Rate. • Due to the variation in the Enhanced Rates/Strike 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/Strike Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate 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 may be less protection compared to other Structured Option products without a Leverage Ratio.

9.5 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/Strike 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 Foreign Exchange Points (Points). Once the Target Bucket has been redeemed, the Variable Notional TARF will terminate.

9.5.1 Variable Notional TARF Example

Enhanced Rate/Strike Rate: 0.7675
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: See table in 6.31.3
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.5.1(a) Leveraged Variable Notional TARF Example

Enhanced Rate/Strike Rate: 0.7750
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 6.31.3(a)
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.5.2 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 the importer is obligated to buy the Notional Amount or Leveraged Notional 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, the importer will buy the Notional 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, the importer will transact at the Enhanced Rate/Strike Rate, but the Notional 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.

9.5.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/Below	Points Used	Previous Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	150,000	0.7675	0.7450	225	225	1000	775	150,000	0.7675
Month 2	150,000	0.7675	0.7854	-179	0	775	775	150,000	0.7675
Month 3	150,000	0.7675	0.7290	385	385	775	390	150,000	0.7675
Month 4	50,000	0.7675	0.7816	-141	0	390	390	50,000	0.7675
Month 5	50,000	0.7675	0.7160	515	Remaining 390	390	0	37,864	0.7675
Month 6	50,000	0.7675	Contract was terminated at Month 5 Fixing. No further trades.						

9.5.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above/Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	75,000	0.7750	0.7450	300	300	1000	700	75,000	0.7750
Month 2	75,000	0.7750	0.7854	-104	0	700	700	150,000	0.7750
Month 3	75,000	0.7750	0.7290	460	460	700	240	75,000	0.7750
Month 4	25,000	0.7750	0.7816	-66	0	240	240	50,000	0.7750
Month 5	25,000	0.7750	0.7490	260	Remaining 240	240	0	23,077	0.7750
Month 6	25,000	0.7750	Contract was terminated at Month 5 Fixing. No further trades.						

9.5.4 Benefits of a Variable Notional TARF

- An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC.
- The Enhanced Rate/Strike 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.

9.5.4(a) Additional Benefits of Leveraged Variable Notional TARF

- An ability to achieve an Enhanced Rate/Strike 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

9.5.5 Risks of a Variable Notional TARF	9.5.5(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/Strike 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/Strike 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/Strike 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/Strike Rate will no longer be favourable when compared to the prevailing Spot Rate.	• If the Fixing Rate 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 may be less protection compared to other Structured Option products without a Leverage Ratio.

9.6 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/Strike 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. 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/Strike Rate.

9.6.1 European Knock-In TARF Example

Enhanced Rate/Strike Rate: 0.7660
Knock-In Rate/Trigger Rate: 0.7950
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.

9.6.1(a) European Knock-In TARF Example

Enhanced Rate/Strike Rate: 0.7750
Knock-In Rate/Trigger Rate: 0.8050
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.

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

If the Target Bucket or Guaranteed Fixings 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, the importer is obligated to buy the Notional Amount or Leveraged Notional 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, say 0.7900, the importer can buy 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, the importer will buy the Notional 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 Guaranteed Fixings have been redeemed, the TARF will terminate.
- the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, the importer will transact at the Enhanced Rate/Strike Rate, the Notional 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.

9.6.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate	Fixing Rate	Knocked In:	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7660	0.7950	0.7350	NO	310	310	1000	690	100,000	0.7660
Month 2	0.7660	0.7950	0.7972	YES	-312	0	690	690	100,000	0.7660
Month 3	0.7660	0.7950	0.7430	NO	230	230	690	460	100,000	0.7660
Month 4	0.7660	0.7950	0.7816	No	-156	0	460	460	0	n/a
Month 5	0.7660	0.7950	0.7170	NO	490	Remaining 460	460	0	93,878	0.7660
Month 6	0.7660	0.7950	Contract was terminated at Month 5 Fixing. No further trades.							

9.6.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate	Fixing Rate	Knocked In:	Points Above/ Below	Points Used	Previous Availabe Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.7750	0.8050	0.7450	NO	300	300	1000	700	50,000	0.7750
Month 2	0.7750	0.8050	0.8060	YES	-310	0	700	700	100,000	0.7750
Month 3	0.7750	0.8050	0.7530	NO	220	220	700	480	50,000	0.7750
Month 4	0.7750	0.8050	0.7900	No	-150	0	480	480	0	n/a
Month 5	0.7750	0.8050	0.7230	NO	520	Remaining 460	480	0	46,154	0.7750
Month 6	0.7750	0.8050	Contract was terminated at Month 5 Fixing. No further trades.							

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

9.6.4 Benefits of a European Knock-In TARF	9.6.4(a) Additional Benefits of Leveraged European Knock-In TARF
• An ability to achieve an Enhanced Rate/Strike Rate relative to an equivalent FEC. • Ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate/Trigger Rate is not triggered by the Fixing Rate on a Fixing Date. • The Enhanced Rate/Strike 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/Strike Rate and the Knock-In Rate/Trigger Rate has not been triggered.	• An ability to achieve a more favourable Enhanced Rate/Strike Rate, Knock-In Rate/Trigger Rate or more Target Bucket Points relative to a European Knock-In TARF without a Leverage Ratio. • The Enhanced Rate/Strike Rate is likely to be more favourable than other leveraged products.
9.6.5 Risks of a European Knock-In TARF	**9.6.5(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/Strike 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/Trigger 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/Strike 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/Strike 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/Trigger 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/Strike Rate. • Due to the Leverage Ratio, there may be less protection than other Structured Option products.

9.7 Accumulator and Leveraged Accumulator

The Accumulator is a Structured Option which offers an Enhanced Rate which, at inception, is more favourable than the Forward Exchange Rate. However, the amount you will settle at the Enhanced Rate will depend on the value of the underlying Spot Rate determined at certain times ('fixings") during the life of the contract. A Leveraged Accumulator offers an even more favourable Enhanced Rate, but with the risk of greater obligation.

9.7.1(a) Accumulator Example	**9.7.1(b)Leveraged Accumulator Example**
Enhanced Rate/Strike Rate: 0.6800 Knock-Out Rate/Trigger Rate: 0.6200 Expiry Date: **6 months** Fixing Start: **1 month** Fixing Frequency: **Daily** Fixing Amount (Amount): 7,81250 **USD** Maximum Notional: 1mio **USD** Settlement Date: **Monthly**	Enhanced Rate/Strike Rate: 0.6900 Knock-Out Rate/Trigger Rate: 0.6200 Expiry Date: **6 months** Fixing Start: **1 month** Fixing Frequency: **Daily** Fixing Amount (Amount): 7,812.50 **USD** Leveraged Fixing Amount: 15,625.00 **USD** Leverage Ratio: **2:1** Maximum Notional: 2mio **USD** Settlement Date: **Monthly**
9.7.2(a) Possible Outcomes	**9.7.2(b) Possible Outcomes at Expiry**
• At Each Fixing: - If the Spot Rate is less favourable than the Enhanced Rate/Strike Rat 0.6800 but more favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. - If the Spot Rate is less favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will not accumulate any Fixing Amount for that fixing. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate 0.6800 customer will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate 0.6800 on the next Settlement Date. • At each Settlement Date customer will settle any accumulated Fixing Amounts for that period.	• At Each Fixing: - If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate 0.6900 but more favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. - If the Spot Rate is less favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will not accumulate any Fixing Amount for that fixing. - If the Spot Rate is more favourable than Enhanced Rate/Strike Rate 0.6900 customer will accumulate the Leveraged Fixing Amount at the Enhanced Rate/Strike 0.6900 Rate on the next Settlement Date. • At each Settlement Date (usually monthly) customer will settle any accumulated Fixing Amounts or Leveraged Fixing Amounts for that period.
9.7.3(a) Benefit of an Accumulator	**9.7.3(b) Additional Benefit of a Leveraged Accumulator**
• An ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate so long as the underlying Spot Rate remains more favourable than the Knock-Out Rate on all Fixings throughout the term of the Structured Option contract.	• An ability to achieve a more favourable Enhanced Rate and/or Knock Out Rate comparative to an Accumulator without Leverage.
9.7.4(a) Risks of an Accumulator	**9.7.4(b) Additional Risks of a Leveraged Accumulator**
• No guarantee that any protection will be accumulated. • If insufficient cover is accumulated, the customer will need to buy any remaining requirement in the spot market, which may be at a level much less advantageous than the Enhanced Rate and the Forward Exchange Rate. • The customer will be obliged to buy any accumulated Fixing Amounts at the Enhanced Rate and cannot participate in any favourable moves beyond that level. • If the underlying Spot Rate is trading at a rate that is sufficiently more advantageous than the Enhanced Rate during the term of the structure, Convera may make a Margin Call to secure your OTM position. • As this product tends to have a longer tenor (12 months +) there is a greater than usual risk that the Enhanced Rate will no longer seem attractive compared to the prevailing Spot Rate if the contract achieves its Expiry Date.	• If the Spot Rate is more favourable than the Enhanced Rate at a fixing, customer will be obligated to trade a multiple of the Accumulated 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.

9.8 Knock-Out Accumulator and Leveraged Knock-Out Accumulator

The Knock-Out Accumulator and Leveraged Knock-Out Accumulator Structured Option Products are Structured Options which offer an Enhanced Rate at which to settle at Expiry which, at inception, is more favourable than the Forward Exchange Rate. At each Fixing, the Spot Rate is referenced against the Knock-Out Rate. If the Spot Rate is more favourable than the Knock-Out Rate, you will accumulate the Fixing Amount at the Enhanced Rate. The amount you will settle on the Settlement Date at the Enhanced Rate will be dependent on the value of the underlying Spot Rate during the lifetime of the contract. Once the Knock-Out Rate is triggered the contract ceases to exist. Please note that any amounts already accumulated are unaffected by the trigger event.

9.8.1(a) Knock-Out Accumulator Example	**9.8.1(b) Leveraged Knock-Out Accumulator Example**
Enhanced Rate/Strike Rate: 0.6800 Knock-Out Rate/Trigger Rate: 0.6200 Expiry Date: 6 months Fixing Start: 1 month Fixing Frequency: Daily (20 per month) Fixing Amount (Amount): 7,812.50 USD Maximum Notional: 1 mio USD Settlement Date: Monthly	Enhanced Rate/Strike Rate: 0.6900 Knock-Out Rate/Trigger Rate: 0.6200 Expiry Date: 6 months Fixing Start: 1 month Fixing Frequency: Daily (20 per month) Fixing Amount (Amount): 7,812.50 USD Leveraged Fixing Amount: 15,625.00 USD Leverage Ratio: 2:1 Maximum Notional: USD 2 mio USD Settlement Date: Monthly
9.8.2(a) Possible Outcomes	**9.8.2(b) Possible Outcomes at Expiry**
• At Each Fixing: - If the Spot Rate is more favourable than the Knock-Out Rate/Trigger Rate 0.6800 customer will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate 0.6800 on the next Settlement Date. - If the Spot Rate is less favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will not accumulate any notional amount for that fixing and all remaining Fixings will cease to exist. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate 0.6800, customer will accumulate the Fixing Amount at the Enhanced Rate on the next Settlement Date. • At each Settlement Date (usually monthly) customer will settle any accumulated amounts for that period.	• At Each Fixing: - If the Spot Rate is more favourable than the Knock-Out Rate/Trigger Rate 0.6900 customer will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate0.6900 on the next Settlement Date. - If the Spot Rate is less favourable than the Knock-Out Rate/Trigger Rate 0.6200, customer will not accumulate any notional amount for that fixing and all remaining Fixings will cease to exist. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate 0.6900 customer will accumulate the Leveraged Fixing Amount at the Enhanced Rate on the next Settlement Date. • At each Settlement Date (usually monthly) customer will settle any accumulated Fixing Amounts or Leveraged Fixing Amounts for that period.
9.8.3(a) Benefits of a Knock-Out Accumulator	**9.8.3(b) Additional Benefit of a Leveraged Knock-Out Accumulator**
• An ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate so long as the underlying Spot Rate remains more favourable than the Knock-Out Rate on all Fixings throughout the term of the Structured Option contract. • The Enhanced Rate is likely to be more favourable than other products.	• An ability to achieve a more favourable Enhanced Rate and/or Knock Out Rate comparative to an Accumulator without Leverage.
9.8.4(a) Risks of a Knock-Out Accumulator	**9.8.4(b) Additional Risks of a Leveraged Knock-Out Accumulator**
• No guarantee that any protection will be accumulated. • If insufficient cover is accumulated, you will need to buy any remaining requirement in the spot market, which may be at a level much less advantageous than the Enhanced Rate and the Forward Exchange Rate. • You will be obliged to buy any accumulated Fixing Amounts at the Enhanced Rate and cannot participate in any favourable moves beyond that level. • If the underlying Spot Rate is trading at a rate that is sufficiently more advantageous than the Enhanced Rate during the term of the structure, we may make a Margin Call to secure your OTM position. • As this product tends to have a longer tenor (12 months +) there is a greater than usual risk that the Enhanced Rate will no longer seem attractive compared to the prevailing Spot Rate if the contract achieves its Expiry Date.	• If the Spot Rate is more favourable than the Enhanced Rate at a fixing, you will be obligated to trade a multiple of the Fixing 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.

9.9 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.

10. Cost of Convera products

10.1 Interest

Because Convera does not typically 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.

10.2 FECs, NDFs and Swaps

The cost related to transactions, FECs, NDFs and Swaps are set out in sections 5.7.6, 5.8.6 and 6.4.5 respectively.

10.3 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.

10.4 Vanilla and Barrier Options

10.4.1 Buying Vanilla and Barrier Options

When you buy a Vanilla or Barrier 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 Australian Dollars or one of the currencies in the Vanilla or Barrier Option Currency Pair.

10.4.2 Selling Vanilla and Barrier Options

When you sell a Vanilla or Barrier 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 11.3 of this PDS

10.4.3 Vanilla and Barrier Options Premiums

Convera sets the Premiums it offers to you in purchasing or selling a Vanilla or Barrier 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.

10.5 Structured Options

Convera, in consultation with you, sets the variables associated with any combinations of Vanilla Option and/or Barrier Option contracts 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 10.6 "Exchange Rates" of this PDS.

Where a "No Premium" structure is created, there is no up-front Premium payable or receivable 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.

10.6 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 or Swap – these are an integral part of any Exchange Rate calculation relevant to the period of the FEC, NDF or Swap; and the **Time Zone** you choose to trade in where if trading on public holidays or weekends may see increased Mark Ups.

10.7 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 or **Draft**. Transaction fees for Telegraphic Transfers and Drafts are in addition to the costs detailed in this section 10 of this PDS. More information on Telegraphic Transfers or Drafts 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/Drafts in connection with delivery of your Option that may be applicable, contact your Convera Representative.

11. Benefits of Convera products

We have described the particular benefits that attach to FECs in section 5.7, NDFs in section 5.8, Swaps in section 6.2, Vanilla and Barrier Options in section 7, Convera Options with Fixings in section 9 and incorporate by reference benefits of each combination of Vanilla Option and/or Barrier Option in Term Sheets as described in section 8. In addition, the following are general key benefits of these products:

11.1 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.

11.2 Swaps

The significant benefits of entering into a Swap with Convera are:

- They can reduce the volatility in currency holdings by providing greater certainty with cash flows.
- Offset unfavourable outcomes in overall hedging portfolio by creating a positive outcome from funding benefits.
- Optimise cash flow for efficient use of funds.

11.3 Vanilla and Barrier Options

If you buy a Vanilla or Barrier 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 and Barrier 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 or Barrier Option, you are not committed to exchange currencies on the Expiry Date.

When you sell a Vanilla or Barrier 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 Australian Dollars or one of the currencies in the Vanilla Option Currency Pair. However, it is important to understand that if you sell a Vanilla or Barrier 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 or Barrier 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 or Barrier Option is entered into.
- The Premium received can be used to offset a potentially unfavourable move in Exchange Rates.

11.4 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 combination of Vanilla Option and/or Barrier Option contracts that you enter.

12. Risks of Convera products

We have described the particular risks that attach to FECs in section 5.7, NDFs in section 5.8, Swaps in section 6.2 and Vanilla and Barrier Options in section 7, Convera Options with Fixings in section 9 and incorporate by reference benefits of each combination of Vanilla Option and/or Barrier Option in Term Sheets, as described in section 8. 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 . To assess our financial ability to meet our obligations to you, you can obtain a copy of our financial statements, free of charge by emailing CustomerServiceAU@convera.com.
- **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 "Selling a Vanilla or Barrier Options" Risks.** The following general risks are particular to "Selling Vanilla or Barrier Options" and are in addition to the other risks mentioned in this section 12 of this PDS:
  - **There may be no protection**: The sale of a Vanilla or Barrier 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 or Barrier 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 or Barrier 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 or Barrier 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.

13. Terms and Conditions and Other Documentation

13.1 Terms and Conditions

Each contract you enter into will be subject to the Terms and Conditions. You will be required to sign these before entering into a foreign exchange transaction with us for the first time.

The Terms and Conditions 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.

13.2 Other Information

In addition to our Terms and Conditions 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:

- "Vanilla Options Declaration" (see section 7.2);
- "Swap Addendum" (see section 6.1);
- 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.

14. Credit Requirements

When you enter into a Foreign Exchange Contract with Convera, excluding buying Vanilla or Barrier Options, 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 14 of this PDS will be applied to satisfy your payment obligation on the Expiry Date, if applicable.

14.1 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).

14.2 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 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.

14.3 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.

14.4 Client Money

All Initial Margin and Margin Call funds are held by us as **Client Money** in accordance with the **Australian Client Money Rules**.

Consistent with the Australian Client Money Rules, Client Money will be held separately from our money, in one or more separate trust account(s) maintained by us with an Australian **Authorised Deposit-taking Institution** (ADI), however, we may withdraw, deduct or apply Initial Margin and Margin Call funds in connection with margining, guaranteeing, securing, transferring or settling dealings in Foreign Exchange Contracts by us including dealings on behalf of other Clients. We may also withdraw or deduct Initial Margin and Margin Call funds where money is due and owing to us (for instance on Settlement or in the event that you default on any of your obligations to us and we close out your Option(s) and/or FECs and incur a cost in doing so) or for any other reason authorised by the Australian Client Money Rules.

This means that Convera may make payments out of the **Segregated Account** in the following circumstances:

- 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);
- making a payment to, or in accordance with, the written direction or Instruction of a person entitled to the money;
- making a payment that is otherwise authorised by law or pursuant to the operating rules of licensed market; 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.

14.5 Client Money Risk

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

15. 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 18 "Privacy".

16. Dispute Resolution

You should address any complaint relating to the products described in this PDS to your Convera Representative in the first instance. We have established procedures and policies to ensure that any complaint you may have is properly considered and appropriate measures are taken to address any issues.

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 Global Complaints Manager** who may refer the matter to **Senior Management** for resolution if required.

All complaints are logged at each stage of the process. Convera's internal disputes resolution processes 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 "Convera Contact Details" of this PDS.

If you are dissatisfied with the resolution of a complaint you have the right to refer the complaint to:

Australian Financial Complaints Authority ("**AFCA**"):

Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
Mail: Australian Financial Complaints Authority
GPO Box 3 Melbourne VIC 3001
AFCA operates an independent dispute resolution scheme.

17. Taxation

Taxation law is complex, and its application will depend on a person's individual circumstances. When determining whether or not 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 Options may have for you.

18. 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, including the **AML/CTF Act** and taxation laws. 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 or other government officials (including those in this country, 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 United States 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 your 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://www.convera.com/en-au/compliance-legal/online-privacy-statement

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

Mail: Attention Privacy Officer

Level 12, 1 Margaret Street, Sydney, NSW 2000 Australia

Call: 1300 732 561 (Australia Only) or +61 2 8585 7000

19. Glossary of Terms

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

AML/CTF Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and related regulations.

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.

AUD means Australian Dollar.

Australian Client Money Rules means all laws and regulations applicable to Client Money including but not limited to Part 7.8 of the Corporations Act and the Corporations Regulations that specify the manner in which financial services licensees are to deal with Client Money.

Authorised Deposit-taking Institution or **ADI** means a corporation which is authorised under the Banking Act 1959 to take deposits from Customers.

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.

Barrier Option means Put or Call Options that have certain conditions attached that are triggered if an agreed Exchange Rate trades in the spot foreign exchange market during the Tenor of the Option.

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 Sydney, Australia, 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 Subdivision A in Division 2 of Part 7.8 of the Corporations Act 2001 (Cth) applies pursuant to section 981A of the Corporations Act.

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 Australia Pty Limited ABN 24 150 129 749, AFSL Number 404092.

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 or Drafts 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.

Draft is a written order to pay a specified sum issued by or through Convera.

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.

Financial Services Guide or **FSG** is a document designed to assist you in deciding whether to use any of the financial services offered by Convera.

Fixing Amount is the proportion of the Notional Amount or Leveraged Notional Amount, as applicable, applied to the Fixing Rate on the Fixing Date for an Accumulator.

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

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

Fixing Rate means the Spot Rate applicable to a TARF or Accumulator 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, a Swap 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 9.2 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 International as nominee for Client pending receipt by Convera International (or Convera as its agent) of an Instruction from the Client, including Payee designation.

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 has the meaning of s 761E of the *Corporations Act 2001* (Cth) and in this PDS is Convera.

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.

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.

Maturity Date means, a Business Day date on which a FEC, NDF or the Swap Forward Leg of a Swap becomes due for delivery and Settlement

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

Maximum Notional Amount means the predetermined total AUD or foreign currency amount to be bought or sold during the term of a TARF (as outlined in section 9.2 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 AUD or foreign currency amount to be bought or sold pursuant to an Foreign Exchange Contract.

Option means individually and together, the options products described in section 7 of this PDS including Vanilla and Barrier Options, Call Options, Put Options, Structured Options (including Leveraged Structured Options) and /or Options with Fixings 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.

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.

Reference Spot Rate means the current quoted Exchange Rate for the Currency Pair in a Swap.

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.

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 Enhanced Rate, or Trigger Rates (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 8 of this PDS.

Swap is a customised Foreign Exchange Contract between you and Convera that obligates you to buy and sell an amount of currency on two specified dates.

Swap Forward Confirmation means in relation to a Swap, the electronic confirmation transmitted by Convera to a Client at the time a Swap is entered into to confirm the Swap Forward Leg of the Swap.

Swap Forward Leg means in relation to a Swap, that portion of the Swap captured through the execution of a Forward Exchange Contract between the Client and Convera, whereby the Client agrees to purchase the Swap Settlement Currency Amount on the Maturity Date at the Swap Rate, as stated in the Swap Forward Confirmation.

Swap Forward Settlement Amount means in relation to a Swap, the amount owed by the Client to Convera in the Target Currency at the Maturity Date, as specified in the Swap Forward Confirmation.

Swap Points are the points added to or subtracted from the Reference Spot Rate to calculate the Swap Rate.

Swap Rate means in relation to a Swap, the Exchange Rate applicable to the Maturity Date of the Swap when applying the Swap Points to the Reference Spot Rate.

Swap Settlement Currency means in relation to a Swap, the currency as specified in the Swap Spot Confirmation which Client agrees to pay Convera for purchase of the Target Currency.

Swap Spot Settlement Currency Amount means in relation to a Swap, the amount owed by the Client in the Swap Settlement Currency to Convera as of the Swap Spot Date for purchase of the Target Currency Amount under the Swap Spot Leg.

Swap Spot Confirmation means in relation to a Swap, the confirmation issued by Convera and transmitted to the Client at the time the Swap is entered into that confirms the purchase by Client of the Target Currency for the agreed amount of Swap Settlement Currency.

Swap Spot Date means in relation to a Swap, the date that Convera agrees to deliver the Target Currency Amount to the Client's Holding Balance as specified in the Swap Spot Confirmation.

Swap Spot Leg means in relation to a Swap, the initial performance by the Client of the Swap, whereby a Client purchases the Target Currency Amount at the rate agreed to in the Swap Spot Confirmation and places the Target Currency Amount into its Holding Balance.

Swap Spot Rate means in relation to a Swap, the exchange rate for the conversion of the Swap Settlement Currency Amount to the Target Currency Amount as set forth in the Swap Spot Confirmation.

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

Target Currency means in relation to a Swap, the currency Client agrees to purchase as specified in the Swap Spot Confirmation in exchange for the agreed amount of Swap Settlement Currency.

Target Currency Amount means in relation to a Swap, the amount of Target Currency purchased by Client in the Swap Spot Leg as set forth in the Swap Spot Confirmation.

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.

Term Sheet means a statement of information that discloses the terms of the combinations of Vanilla Options and/or Barrier Options, their risks, benefits and potential outcomes.

Terms and Conditions means the Convera Australia Pty Limited Terms and Conditions, as amended from time to time and located at the Convera compliance 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 a 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 is where the Value Date is two (2) Business Days after the Trade Date.

Value Today is where the Trade Date and Value Date are the same day.

Value Tomorrow is 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.

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

Window has the meaning set forth in section 7.4 of this PDS.

Wire Transfer is an electronic way of transferring funds overseas.