Product Disclosure Statement

Foreign Exchange Contracts

Convera USA LLC

Contents

1. Purpose

This Product Disclosure Statement (**PDS**) is dated 18 June 2024.

This PDS contains information about **Forward Exchange Contracts ("FECs"), Swaps, Vanilla Options, Barrier Options, Structured Options and Options with Fixings**. These products are collectively referred to as **Foreign Exchange Contracts** in this PDS. **Convera USA, LLC** (**Convera, we, our and us**) is providing you with this PDS so that you receive important information about these products, including their benefits, risks and costs.

The purpose of this PDS is to assist you in understanding the Foreign Exchange Contracts available from Convera and to help you determine whether these Foreign Exchange Contracts meet your needs. This PDS may also assist you in comparing the features of the Foreign Exchange Contracts with other products that you may be considering.

The information set out in this PDS is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Transactions in Foreign Exchange Contracts carry a high degree of risk. Before making any decision about a Foreign Exchange Contract described in this PDS, you should consider whether it is appropriate for you, having regard to all the potential outcomes of a specific transaction, your own objectives, financial situation and needs. This PDS is not intended to be and does not constitute financial advice or a source of any specific financial recommendations and we make no representation or provide any assurance regarding the suitability of any products described herein.

Please read this PDS carefully before entering into or purchasing a Foreign Exchange Contract. In the event that you purchase or enter into a Foreign Exchange Contract with us, you should keep a copy of this PDS along with any associated documentation for future reference.

You should read all of this PDS and the **Terms and Conditions**, which are located on our compliance webpage as set out in section 2 of this PDS before making a decision to enter into any Foreign Exchange Contracts offered under this PDS. 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.

Foreign Exchange Contracts may be suitable for you if you have a high level of understanding and accept the risks involved in investing in **Financial Products** involving foreign exchange and related markets.

The Barrier Options and Options with Fixings described in this PDS have features which result in either **Enhanced Rates** in one or more of the **Exchange Rate** variables through the application of a **Leverage Ratio** or the potential loss of protection from a **Trigger Rate** event or a combination of both. This increases the risks of these Financial Products compared to standard Vanilla Options or Structured Options (collectively "Options"). If you are not confident about your understanding of the Options, described in 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 Foreign Exchange Contracts and strategies before entering into any Foreign Exchange Contracts 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 Contracts from 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 entering into of the Foreign Exchange Contracts described in this PDS may be restricted by law in certain jurisdictions. We do not represent that this PDS may be lawfully distributed, or that any Foreign Exchange Contracts may be lawfully sold or entered into, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such transaction. In particular, no action has been taken by us that would permit a public offering of any Foreign Exchange Contracts or distribution of this PDS in any jurisdiction where action for that purpose is required. Accordingly, no Foreign Exchange Contracts may be sold, directly or indirectly, and neither this PDS nor any advertisement, offering material or other material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulation. Persons into whose possession this PDS comes must inform themselves about and observe any such restrictions.

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 have any questions or require more information, please contact your **Convera Representative**.

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-us/compliance- legal/compliance or request a copy from Convera on email address Hedgingteam@convera.com or by contacting your Convera Representative.

This PDS supersedes and replaces any Product Disclosure Statements we have previously provided to you.

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 averse 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.

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 to your email address as notified to us by you.

2.3 Your Counterparty

Convera USA, LLC has approved and prepared this document and is your **Counterparty** to the foreign Exchange Contracts that are the subject of this document. Convera USA is the **Issuer** of the products discussed herein and would be a counterparty to any transactions you undertake

transactions you undertake with Convera undertake with Convera.

Convera USA, LLC Office Details: Suite 400, 7979 E. Tufts Ave. Denver, CO 80237Website: www.convera.com/en-us

2.4 Risk Disclosure

When you enter into Foreign Exchange Contracts with Convera, you are exposed to risk. Transactions in Foreign Exchange Contracts carry a high degree of risk. Consideration should be given to all the potential outcomes of specific Foreign Exchange Contracts and strategies before entering into any of the Foreign Exchange Contracts described in this PDS. We have described the particular risks that attach to International Funds Transfers in section 4.3, FEC transactions in section 5, Swaps in section 6, and Options that Convera provides in section 7, 8 and 9. In addition, we have provided you with general risks of Foreign Exchange Contracts in section 12 “Risks of Foreign Exchange Contracts” of this PDS. You should not transact in Foreign Exchange Contracts unless you understand their nature and the extent of your exposure to risk. We recommend that you contact us if you have any questions arising from the risks described in this PDS.

2.5 Hedging and Speculation

It is important to understand that the Foreign Exchange Contracts described in this PDS are to be used solely for the purpose of hedging currency risk. Under no circumstances may these Foreign Exchange Contracts be used for investment or speculative purposes.

2.6 Financial Amounts

All financial amounts expressed in this PDS are in United States Dollars (**USD**) unless otherwise stated.

2.7 Glossary of Terms

Words that are capitalized in this PDS, other than headings, have defined meanings. These meanings are found in Section 20 “Glossary of Terms”. We put each defined term in **bold** the first time we use it in this PDS.

3. 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.

3.1 How to Access our 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.

3.2 Online Platforms

We provide a number of **Online Platforms** to access our different services with varying degrees of accessibility.

For eligibility and qualification for these Online Platforms please contact a Convera Representative. You should consider the risks detailed in this PDS and any additional information available on the website prior to accessing any Online Platform. In some instances you may incur a monthly Online Platform fee, or a monthly fee charged according to the number of transactions effected through the Online Platforms. For more information, contact your Convera Representative.

3.3 Spot Foreign Exchange Transactions

A Spot Foreign Exchange Contract is an agreement between you and Convera to buy or sell one currency in exchange for another for **Settlement** up to two **Business Days** from the date you entered into the transaction. A Spot Foreign Exchange Contract has all of the features, disadvantages and benefits of a **FEC** (with exception of disadvantages in connection with **Margin Calls**), with a shorter period for Settlement.

3.4 Holding Balances

Holding Balances enable Customers to hold their funds temporarily (up to 180 days) with Convera. A Holding Balance may be used for:

(i) receiving funds;
(ii) remitting funds;
(iii) purchasing funds in another currency; and
(iv) selling funds in another currency.

Funds may be maintained in a Holding Balance for a maximum of one hundred and eighty (180) days. You are responsible for all risks (including without limitation, fluctuations in the value of the currency held) associated with maintaining Holding Balances in one or more foreign currencies. After the lapse of the maximum term, i.e. 180 days, the unused funds held on a Holding Balance will be transferred to you according to your Instructions, in the original or converted currency.

3.5 Additional Information

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

4. Foreign Exchange Overview

Foreign exchange refers to the purchase of one currency and the sale of another currency at an agreed **Exchange Rate** simultaneously. Separate from the Exchange Rate, you will need to consider the relevant fees associated with your transaction. You may use Foreign

Exchange transaction instruments such as a Spot Foreign Exchange (for settlement within the next two Business Days), a FECs (for

Settlement at **Maturity Dates** from three Business Days to one year) or an Option contract (which gives you the right but not the obligation to purchase/sell a specified amount of currency) to assist you to manage your Foreign Exchange exposures.

4.1 The Foreign Exchange Market

Foreign Exchange Contracts are not entered into on an authorized exchange such as a stock market. There is no official benchmark Exchange Rate for foreign currencies. The foreign exchange market is referred to as an **Over-The-Counter** or **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 **Authorized Exchange Dealers**, with **Interbank Exchange Rates** fluctuating according to supply and demand. This market is restricted to Authorized 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 so the Exchange Rate quoted to you) include:

- interest rate risk. Central banks change interest rates to influence Exchange Rates. An unexpected rate adjustment or other change in interest rates could result in change in Exchange Rates;
- investment inflows/outflows;
- market sentiment or expectations;
- economic factors (including economic data) and political influences including geo-political tensions and other geo-political factors; and
- import/export levels 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.

Because Foreign Exchange Contracts are traded OTC you will not be able to reverse your transaction, originally contracted with us, with another provider. You will only be able to reverse or cancel your Foreign Exchange Contract with us.

4.2 Currency Limitations

While Convera endeavors to ensure that you are provided with access to the **Currency Pair** of your choice, we do not guarantee that we will offer Foreign Exchange Contracts in all Currency Pairs. This may arise for a number of reasons, including restrictions that are imposed on us or if we do not have access to such currencies through our **Correspondent Banks**.

4.3 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.

4.3.1 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.

4.3.2 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 Telegraphic Transfer may be charged a fee by their own bank for receiving a Telegraphic Transfer.
- Delays in Telegraphic Transfers whilst rare can occur. These can be caused for a variety of technical and

administrative reasons outside the control of Convera.

4.3.3 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;
- 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.

4.3.4 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 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 facilitate 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.

5. Forward Exchange Contracts (FECs)

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 Exchange Contract ('FEC"), you can lock in a **Forward Exchange Rate** determined today for Settlement at a future date to match the terms of your payable or receivable. This action protects you from exchange rate fluctuations. Convera's FECs can have a Tenor of 3 Business Days up to 12 months.

5.1 Types of FECs

FECs are available in four forms:

i. Fixed FEC

A 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 Section 5.4 of this PDS.

ii. Open Date FEC

An 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.

iii. Future Payments

Future Payments are 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.

iv. Non-Deliverable Forward ("NDF")

An NDF is a FEC 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 FEC, 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.

5.2 FEC – Example
A Fixed Forward, Open Date Forward or Future Payment (collectively "FEC") is a customized contract between you and Convera that gives you the right to buy or sell an amount of currency on a specified date (Fixed Forward) or during a predetermined timeframe (Open Date Forward or Future Payment) in the future. A FEC allows you to lock in at a specific exchange rate today, for a currency to be purchased, or sold, in the future.
5.2.1 FEC Variables
Currency Pair: EURUSD Forward Rate: 1.0200 **Notional Amount (Amount)**: USD1,000,000 Open Forward, Future Payment Window Period: 3 months Maturity Date: 3 months
5.2.2 Possible Outcomes at Maturity or during a window
• If the Spot Rate is more favorable than Forward Rate you are obligated to transact at the Forward Rate. • If the Spot Rate is less favorable than Forward Rate you are obligated to transact at the Forward Rate.
5.2.3 Benefits of a FEC
• Forwards provide protection from the exchange rate being less favorable than your Forward Rate at maturity or during a Window Period. • Forwards are flexible, where the Forward Rate, Maturity Date and Notional Amount (Amount) can be tailored to your needs. • At Convera's sole discretion, you are able to pre-deliver a Forward prior to the Maturity Date of the contract. • You are able to deliver currency at any time between Trade Date and Maturity Date for an Open Forward at no additional cost.
5.2.4 Risks of a FEC
• If you enter into a FEC, you will not be able to participate in any favorable Exchange Rates beyond the Forward Rate. • Cancellations or adjustments may result in a cost to you. • As further set out in section 12 "Risks of Foreign Exchange Contracts" of this PDS.
5.2.5 Costs of a FEC
• Convera applies a Mark-Up on FEC. Please see section 10.3 "Exchange Rates" of this PDS. • In most circumstances you will be charged a transaction fee for using our International Funds Transfer service at the maturity and settlement of your FEC. Please see section 4.3.4 "Cost and Fees" of this PDS.

5.3 Non-Deliverable Forward (NDF) - Example

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

5.3.1 NDF -Variables

Currency Pair: USDBRL Contract
Rate: 5.2000

Settlement Currency: USD
Notional Amount (Amount): BRL 5,000,000
Fixing Date: 16 January 2023
Value Date: 18 January 2023

5.3.2 Possible Outcomes at Maturity

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

5.3.3 Benefits of an NDF

- NDFs provide you with protection against unfavorable 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.

5.3.4 Risks of an NDF

- If you enter into an NDF, you will not be able to participate in any favorable Exchange Rates between the time you enter into an NDF and the Value Date.
- Cancellations or adjustments may result in a cost to you.
- As further set out in section 12 "Risks of Foreign Exchange Contracts" of this PDS.

5.3.5 Costs of an NDF

- Convera applies a Mark-Up on NDFs. Please see section 10.3 "Exchange Rates" of this PDS.

5.3.6 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.

5.4 Pre-Delivery of a FEC

At Convera's sole discretion, you may draw down or pre-deliver a portion or all of or the total value of the FEC prior to the Maturity or Value Date of the contract. This may result in an adjustment of the exchange rate based on time and the difference in interest rates between the two currencies. If only part of the FEC has been pre-delivered, the remaining balance of the FEC will be settled on the Maturity or Value Date. Pre-Delivery of an NDF is not available.

5.5 Extension of a FEC and NDF Contract

You may extend the "maturity" of the FEC or NDF Contract only if agreed to by Convera. If Convera agrees to extend your original Value Date, Convera will cancel the original FEC or NDF Contract and we will enter into a new FEC or NDF Contract with the revised Value Date. There will also be a new Contract Rate, since by cancelling the remaining balance of the original FEC or NDF Contract, a profit or loss to you will result depending on the current Foreign Exchange Rates compared to the

FEC or Contract Rate of the original contract – this profit or loss will be built into the new FEC or Contract Rate.

5.6 Cancellation of a FEC and NDF Contract

Although the terms of the contract that you enter into with Convera are legally binding, you may ask Convera to cancel your FEC or NDF Contract at any time up to and including its Maturity or Fixing Date, which will be at Convera's, sole discretion and based upon justifiable documented commercial reasons.

Convera will provide you with a quote for cancelling your Forward or NDF Contract. This quote will incorporate any damages, costs or loss caused by movement in the exchange rates as well as some of the components when pricing your original Forward or NDF Contract but will be adjusted for prevailing market rates over the remaining term of the Forward or NDF Contract. The quote will also include Convera's costs (break costs) connected to such cancellation. Depending on the market rates at the time of cancellation this may result in either a gain or loss to you.

5.7 Termination of a FEC or NDF Contract

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 NDF for any of these reasons you will be liable for any losses and expenses that Convera incurs as a result.

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 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 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 this 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 section 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 authorize 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 Foreign Exchange Contracts" of this PDS.

6.4.5 Costs of a Swap

- Convera applies a Mark-Up on Swaps. Please see section 10.3 "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 14 "Instructions, Confirmations and Telephone Conversations" of this PDS for further information.

7. Vanilla and Barrier Options

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

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. 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 10.2 "Premium" of this PDS) for the Vanilla Option on the **Premium Payment Date**. By buying a Vanilla Option you have purchased 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. 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 unfavorable 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 favorable currency movements that exist up to the Expiry Date.

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 unfavorable 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 favorable 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 Vanilla Option - Variables

Currency Pair: EURUSD
Vanilla Type: EUR Call Option/ USD Put Option
Strike Rate: 1.0200
Notional Amount (Amount): EUR100,000
Expiry Date: 3 Months
Premium: $1400

7.1.3 Possible Outcomes at Expiry

- If the Spot Rate is more favorable than the Strike Rate, you will let the Vanilla Option lapse and may transact EUR at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is less favorable than the Strike Rate, you will transact EUR100,000 at the Strike Rate.

7.1.4 Benefits of buying a Vanilla Option

- A Vanilla Option bought from Convera provides protection against unfavorable 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 favorable 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 the paragraph "Risks of Foreign Exchange Contracts" outlined in section 12 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

There are 2 types of Sold Vanilla Options issued by Convera.

i. Vanilla Option – Client Sells, which will only be issued at our discretion and not in isolation and may be suitable only for customers in conjunction with other hedge products as part of an overall Hedging strategy. Provides cash flow in the form of premium payments, while willing to accept increased risk of poor outcomes at Expiry Date.
ii. Future Receipts, which enable customers to receive a positive cash flow for surplus foreign currency amounts, may be required as collateral at Trade Date. Customers will accept the risk of potentially unfavourable Exchange Rates at the Expiry Date in return for Premium received at Expiry Date. Customers are also able to participate, to a limited degree, in favourable currency movements that exist up to the Expiry Date.

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

When you sell a Vanilla Option to Convera, it is important to understand that the Premium received by you may not exceed your potential losses (if any), and therefore costs, as it will depend on the extent of an unfavourable Spot Rate move and its total impact. Please also refer to section 11 "Benefits of Foreign Exchange Contracts" of this PDS.

7.3 Selling a Vanilla Option - Example

A Vanilla Option is an agreement between two parties (in this case, with Convera as "the buyer" of the Vanilla Option and you as "the seller" of the Vanilla Option) that gives Convera the right but not the obligation to exchange an amount of one currency for an amount of another currency at an agreed Exchange Rate on the Expiry Date. When you enter into a Vanilla Option – Client Sells or Future Receipt (collectively "Sold Vanilla Option") with Convera, you will receive a Premium. By selling a Vanilla Option to Convera, you grant Convera as the buyer, the right, but not the obligation, to buy or sell 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 unfavorable to you.

7.3.1 Selling a Vanilla Option - Variables

Currency Pair: EURUSD
Vanilla Type: EUR Put Option / USD Call Option
Strike Rate: 0.9700
Notional Amount (Amount): EUR100,000
Expiry Date: 3 Months
Client Receives Premium: $1000

7.3.2 Possible Outcomes at Expiry

- If the Spot Rate is less favorable to you than the Strike Rate, Convera would allow the Sold Vanilla Option to lapse with no obligation on either party.
- If the Spot Rate is more favorable to you than the Strike Rate, Convera will Exercise the Sold Vanilla Option and you will be obligated to buy EUR100,000 at the less favorable Strike Rate.

7.3.3 Benefits of selling a Vanilla Option

- The Premium is paid to you upfront or at Expiry for Future Receipts.
- The Premium to be received is known at the time the Sold Vanilla Option is entered into.
- The Premium received can be used to offset a potentially unfavorable move in Exchange Rates.

7.3.4 Risks of selling a Vanilla Option

- As further set out in the paragraph "Risks of Foreign Exchange Contracts" outlined in section 12 of this PDS.
- A Sold Vanilla Option is not designed to provide protection against an unfavorable movement in the relevant currency. If the Spot Rate on the Expiry Date is more favorable to you than the Strike Rate, Convera will Exercise the Sold Vanilla Option and you will be obligated to exchange currencies at the less favorable Strike Rate.
- The Premium received by you is designed to be used to potentially offset any potential unfavorable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavorable Spot Rate on the Expiry Date.
- If Convera Exercises the Sold Vanilla Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an Exchange Rate that is unfavorable to you.

7.4 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 two offsetting FECs (one buy, one sell) 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 the offsetting FEC that matures at the same time; 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 FECs and the Vanilla Option will offset each other with zero settlement. Alternatively, if the Vanilla Option is not exercised (if the market has moved in your favor) then there may be a net Settlement payable to you, as the FEC will be ITM. While we have not provided examples of a predelivery of a Vanilla Option, we can provide you with examples on request.

7.5 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 resulting in a pre-delivery of Barrier Options not being possible. 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 Barrier Option), "last week" (where the Trigger Rate is only effective in the last week of the Barrier Option), "last day" (where the Trigger Rate is only effective on the last day of the Barrier Option), and "at Expiry" (where the Trigger Rate is only effective at the Expiry Time on the Expiry Date of the Barrier 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 favorable 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 a Barrier Option, may also be less favorable to you than if there were no Window in place. These rates may be less favorable the shorter the period of the Window. The addition of a Knock-In/Trigger Rate or a Knock-Out/Trigger Rate with a Barrier Option results in the Premium being reduced relative to a comparable Vanilla Option without a trigger.

7.6 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), which creates a Barrier Option. Trigger Rates will trigger 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).	
7.6.1(a) Buying a Barrier Option Knock-In	**7.6.1(b) Buying a Barrier Option Knock-Out**
Currency Pair: EURUSD Vanilla Type: EUR Call Option / USD Put Option with Knock-In / Trigger rate Strike Rate: 1.0200 Knock-In / Trigger Rate: 0.9700 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months	Currency Pair: EURUSD Vanilla Type: EUR Call Option / USD Put Option with Knock-Out / Trigger Rate Strike Rate: 1.0200 Knock-Out Rate / Trigger Rate: 1.0500 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months
7.6.2(a) Possible Outcomes at Expiry	**7.6.2(b) Possible Outcomes at Expiry**

If the Trigger Rate has been triggered prior to the Expiry Date: • If the Spot Rate is more favorable than the Strike Rate, the Option will lapse, and the Customer may buy EUR at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is less favorable than the Strike Rate the Customer will buy EUR100,000 at the Strike Rate. If the Trigger Rate has not been triggered the Option will lapse at the Expiry Time and there is no obligation on either party.	If the Trigger Rate has not been triggered prior to the Expiry Date: • If the Spot Rate is more favorable than the Strike Rate, the Option will lapse, and the Customer may buy EUR at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is less favorable than the Strike Rate, the Customer will buy EUR100,000 at the Strike Rate. If the Trigger Rate has been triggered the Vanilla Option will cease to exist.

7.6.3 Benefits of Buying a Barrier Option

- As further set out in the paragraph “Benefits of buying a Vanilla Option” outlined in section 7.1.4 above.
- The Premium will be cheaper as compared to a Vanilla Option without a Trigger Rate.
- Vanilla Options with Trigger Rates are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.

7.6.4 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 above.
- As further set out in the paragraph “Risks of Foreign Exchange Contracts” in section 12 of this PDS.
- Trigger Rate risk: 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.

7.6.5 Costs of a Barrier Option

As further set out in the paragraph “Costs of buying a Vanilla Option” outlined in section 7.1.6 above.

7.7 Selling a Barrier Option - Example

If you enter into a Sold Vanilla Option with Convera (as described in section 7.2 of this PDS), you can have certain Trigger Rates (a Knock-In Rate or a Knock-Out Rate) attached to the Sold Vanilla Option. This may be triggered if an agreed Spot Rate trades before the Expiry Date (or during a Window). This may create an obligation or potential obligation that may not otherwise exist, that will be unfavorable to you (in the case of a Knock-In trigger event) or result in the Sold Vanilla Option not ceasing to exist, creating an obligation or potential obligation at the Strike Rate that is unfavorable to you (in the case of no Knock-Out trigger event).

7.7.1(a) Selling a Barrier Option Knock-In	7.7.1(b) Selling a Barrier Option Knock-Out
Currency Pair: EURUSD Strike Rate: 0.9700 Knock-In Rate or Trigger Rate: 0.9500 Notional Amount (Amount): EUR100,000 Expiry Date: 3 Months Client Receives Premium: $900	Currency Pair: EURUSD Strike Rate: 0.9700 Knock-Out Rate or Trigger Rate: 1.0200 Notional Amount (Amount): EUR100,000 Expiry Date: 3 Months Client Receives Premium: $800
7.7.2(a) Possible Outcomes at Expiry	**7.7.2(b) Possible Outcomes at Expiry**
If the Trigger Rate has been triggered prior to the Expiry Date: • If the Spot Rate is less favorable to you than the Strike Rate, Convera will allow the Sold Vanilla Option to lapse with no obligation on you. • If the Spot Rate is more favorable to you than the Strike Rate, you will be obligated to buy EUR100,000 at the less favorable Strike Rate. If the Trigger Rate has not been triggered the Sold Vanilla Option lapses with no obligation on either party.	If the Trigger Rate has not been triggered prior to the Expiry Date: • If the Spot Rate is less favorable to you than the Strike Rate, Convera will allow the Sold Vanilla Option to lapse with no obligation on you. • If the Spot Rate is more favorable to you than the Strike Rate, you will be obligated to buy EUR100,000 at the less favorable Strike Rate. If the Trigger Rate has been triggered, the Vanilla Option will cease to exist.

7.7.3 Benefits of selling a Barrier Option

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

7.7.4 Risks of selling a Barrier Option

- As further set out in the paragraph “Risks of selling a Vanilla Option” outlined in section 7.3.4 of this PDS.
- As further set out in the paragraph “Risks of Foreign Exchange Contracts” outlined in section 12 of this PDS.
- Trigger Rate risk: For Sold Vanilla Option with a Trigger Rate, there is the risk that there is an unfavorable trigger event or that a favorable trigger event does not occur.
- A Sold Vanilla Option may come into existence as the result of a Knock-In Rate being triggered, creating an obligation that is unfavorable to you.
- A Sold Vanilla Option may not cease to exist as the result of a Knock-Out Rate not being triggered, creating an obligation that is unfavorable to you.

7.8 Exercising a Vanilla or Barrier Option

To Exercise a Vanilla or Barrier Option, you will inform Convera of your intention to Exercise on the Expiry Date by issuing an **Exercise Notice** by phone or electronic mail (email), pursuant to which:

- Convera will be obligated and must accept the Exercise Notice; and
- Convera will be required to deliver the currency to you 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 you (i.e. the prevailing Exchange Rate is less favorable than the Strike Rate), we will Exercise the Vanilla Option without providing to you or receiving from you an Exercise Notice.
If a Vanilla Option is not Exercised, it will lapse at the **Expiry Time**.

7.9 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 10.2 "Premium" below. 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 have been developed as foreign exchange risk management alternatives to FECs . 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 Structured Option product.

8.2 How does a Structured Option work?

Our Structured Options are 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 us) and 'the seller' of an option (i.e. you are selling an option to us). Notwithstanding the use of these terms, we are always the Counterparty to you with respect to the Options product.

8.3 Term Sheets

You will receive a hardcopy **Term Sheet** for each requested Structured Option designed with combinations of Vanilla Options or Barrier Option contracts entered into with Convera. This disclosure will be emailed to you at a reasonably sufficient time prior to entering into the first transaction to allow you to assess the material risks and material characteristics of the combination of Vanilla Options and/or Barrier Options you are considering. Term Sheets disclose the contract variables, potential outcomes, risk and benefits and any other relevant information specific to the Structured Option you are considering. Term Sheets form an integral part of the risk disclosure provided herein and are incorporated by reference into this Product Disclosure Statement.

Terms Sheets detail your nominated currency pair, will detail 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.

Terms Sheets can be obtained from your Convera Representative on request at no charge and the information contained in Term Sheets does not constitute financial advice or a financial recommendation.

We recommend that you read Term Sheets in full before you make a decision to acquire combinations of Vanilla Option and/or Barrier Option contracts. All information provided in 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 Sheet 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.

If you require Term Sheets beyond the first transaction, please provide a written request to your Convera Representative.

8.4 Option Restructures

In some circumstances, you may be permitted to restructure a Structured Option before the Expiry Date. Convera will assess your request to determine if there is a reasonable commercial hedging 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 unfavorable 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.

8.5 Pre-Delivery of Structured Options

In some circumstances and if Convera agrees, you may be permitted to take pre-delivery of the underlying currency before the Expiry Date of a Structured Option. Depending on what we agree to, the pre-delivery may be achieved by us booking two offsetting FEC (one buy, one sell) on your required pre-delivery date against the fixed future position at an Expiry Date in the future. You will need to discuss the terms of any proposed pre-delivery of a Structured Option with your 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.

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

8.8 Leverage Ratios

If agreeable to Convera, certain Structured Options may have a Leverage Ratio applied. This is known as a **Leveraged Structured Option** and allows for an Enhanced Rate and/or more favorable variables to be obtained, which is typically more favorable 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. If the Spot Rate at Expiry is more favourable than an Enhanced Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at a less favourable Enhanced Rate.

Due to the Leverage Ratio, there may be less protection compared to other Structured Option products 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 is an Option with Fixings?

Convera issues Structured Options with combinations of Vanilla Options or Barrier Option contracts that require a Fixings Rate on agreed Fixing Dates during the tenor of the structure. A Fixing Rate is where Convera references the Spot Rate on the Fixing Date and applies it to the agreed Strike Rates of the Structure. We call these structures Target Redemption Accrual Forwards (TARFs) and

Accumulators. Where a fixing occurs you may have an obligation under the Structured Option Contract. Depending on the Structured Option with Fixing, your potential obligation may cease to exist (be knocked-out either periodically or terminally), not exist unless a Knock-In trigger event occurs or only exist in part as a result of a previous Fixing Rate that has been applied or volatility in the Spot Rate from the Trade Date. Examples of Structured Options with Fixings are provided for you below.

9.2 Options with Fixings Examples

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

The examples that are used within the description of each Option product in this section 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 Customer buying EUR against the USD. Convera will provide specific 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, **Enhanced Rate** etc, as applicable);
- the Premium Payment Date (if applicable);
- any Trigger Rates (Knock-In Rates or Knock-Out Rates);
- any Windows and applicable start and end dates; and
- the Expiry Date and Expiry Time.

9.3 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 favorable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the **Target Bucket**) has not already been reached. Convera expresses the Target Bucket as a number of **Foreign Exchange Points ("Points")**. Once the Target Bucket has been redeemed, the TARF will terminate.

9.3.1 TARF Example

Enhanced Rate/Strike Rate: 1.0000
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR100,000
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months

9.3.1(a) Leveraged TARF Example

Enhanced Rate/Strike Rate: 0.9800
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR50,000
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: EUR100,000
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months

9.3.2 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 favorable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) per fixing at 1.0000 or Leveraged Notional Amount (Amount) per fixing at 0.9800 (as applicable) and the Target Bucket will be unchanged.

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

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

9.3.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.00	1.0250	250	250	1000	750	100,000	1.00
Month 2	1.00	0.9846	-154	0	750	750	100,000	1.00
Month 3	1.00	1.0410	410	410	750	340	100,000	1.00
Month 4	1.00	0.9884	-116	0	340	340	100,000	1.00
Month 5	1.00	1.0540	540	Remaining 340	340	0	62,963	1.00
Month 6	1.00	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	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	0.98	1.02	400	400	1000	600	50,000	0.98
Month 2	0.98	0.9796	-4	0	600	600	100,000	0.98
Month 3	0.98	1.0360	560	560	600	40	50,000	0.98
Month 4	0.98	0.9834	34	0	40	40	100,000	0.98
Month 5	0.98	1.0490	690	Remaining 40	40	0	2,899	0.98
Month 6	0.98	Contract was terminated at Month 5 Fixing. No further trades.						

9.3.4 Benefits of a TARF

- An ability to achieve an Enhanced Rate relative to a FEC.
- The Enhanced Rate is likely to be more favorable 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.

9.3.4(a) Additional Benefits of a Leveraged TARF

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

TARF and Leveraged TARF (continued)

9.3.5 Risks of a TARF	9.3.5(a) Additional Risks of a Leveraged TARF
• Once the Target Bucket has been redeemed there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favorable Spot Rate. • If the Fixing Rate is more favorable 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 favorable 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 favorable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favorable 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 favorable 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.

9.4 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 favorable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the TARF will terminate. Should a fixing occur where remaining Points in the Target Bucket are insufficient to meet the difference between the Fixing Rate and the Enhanced Rate, there is no adjustment in Notional Amount as per the TARF (see section 9.3.2) and you will transact the full Notional Amount and the TARF will terminate.

9.4.1 TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.0100
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR100,000
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.4.1(a) Leveraged TARF Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.0000
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount)per fixing: EUR50,000
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: EUR100,000
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.4.2 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 favorable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount)at 1.3200 or Leveraged Notional Amount (Amount) at 1.3100 (as applicable).
- If the Fixing Rate is less favorable than the Enhanced Rate/Strike Rate and:
  - the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate; or
  - the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the TARF Full Final Fixing is terminated.

9.4.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)
Month 1	1.01	1.0325	225	225	1000	775	100,000
Month 2	1.01	0.9921	-179	0	775	775	100,000
Month 3	1.01	1.0485	385	385	775	390	100,000
Month 4	1.01	0.9959	-141	0	390	390	100,000
Month 5	1.01	1.0615	515	Remaining 390	390	0	100,000
Month 6	1.01	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	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix
Month 1	1.00	1.0325	325	325	1000	675
Month 2	1.00	0.9921	-79	0	675	675
Month 3	1.00	1.0485	485	485	675	190
Month 4	1.00	0.9959	-41	0	190	190
Month 5	1.00	1.0615	615	Remaining 190	190	0
Month 6	1.00	Contract was terminated at Month 5 Fixing. No further trades.				

TARF Full Final Fixing and Leveraged TARF Full Final Fixing (continued)

<table>
<tr><th>9.4.4 Benefits of a TARF Full Final Fixing</th><th>9.4.4(a) Additional Benefits of Leveraged TARF Full Final Fixing</th></tr>
<tr><td>

An ability to achieve an Enhanced Rate relative to an equivalent FEC.
The Enhanced Rate is likely to be more favorable 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.

</td><td>

An ability to achieve an Enhanced Rate or more Target Bucket Points relative to an TARF Full Final Fixing without a Leverage Ratio.
An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a TARF Full Final Fixing without a Leverage Ratio.

</td></tr>
<tr><th>9.4.5 Risks of a TARF Full Final Fixing</th><th>9.4.5(a) Additional Risks of Leveraged TARF Full Final Fixing</th></tr>
<tr><td>

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 favorable than the Enhanced Rate on any Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favorable Enhanced Rate.
A TARF Full Final Fixing generally has an extended Tenor compared to other Structure Option products and as a result there is a greater risk that during the term of a TARF Full Final Fixing the Enhanced Rate will no longer be favorable when compared to the prevailing Spot Rate.

</td><td>

If the Fixing Rate is more favorable 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 favorable Enhanced Rate.
Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

</td></tr>
</table>

9.5 TARF Guaranteed Count and Leveraged TARF Guaranteed Count

A TARF Guaranteed Count is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favorable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed number of **Guaranteed Fixings** have not already been used. Once all the Guaranteed Fixings have been used, the TARF Guaranteed Count will terminate.

9.5.1 TARF Guaranteed Count Example

Enhanced Rate/Strike Rate: 1.0100
Guaranteed Fixings: 3
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR100,000
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.5.1(a) Leveraged TARF Guaranteed Count Example

Enhanced Rate/Strike Rate: 1.0000
Guaranteed Fixings: 3
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR50,000
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: EUR100,000
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.5.2 Outcomes at each Fixing Date (TARF Guaranteed Count and Leveraged TARF Guaranteed Count)

If Guaranteed Fixings remain on a Fixing Date one of the following outcomes will occur:

- If the Fixing Rate is more favorable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at 1.3200 or Leveraged Notional Amount (Amount) at 1.3100 (as applicable).
- If the Fixing Rate is less favorable than the Enhanced Rate/Strike Rate and:
  - the Guaranteed Fixings remaining are greater than 1, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate.
  - the Guaranteed Fixings remaining are equal to 1, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the TARF Guaranteed Count is terminated.

9.5.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Above or Below Enhanced Rate	Guaranteed Count Used:	Guaranteed Counts Available Pre-Fix	Guaranteed Counts Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	1.0100	1.0400	Above	Yes	3	2	100,000	1.0100
Month 2	1.0100	1.0250	Above	Yes	2	1	100,000	1.0100
Month 3	1.0100	0.9985	Below	No	1	1	100,000	1.0100
Month 4	1.0100	1.0050	Below	No	1	1	100,000	1.0100
Month 5	1.0100	1.0500	Above	Yes	1	0	100,000	1.0100
Month 6	1.0100	Contract was terminated at Month 5 Fixing. No further trades.						

9.5.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Above or Below Enhanced Rate	Guaranteed Count Used:	Guaranteed Counts Available Pre-Fix	Guaranteed Counts Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	1.0000	1.0200	Above	Yes	3	2	50,000	1.0000
Month 2	1.0000	0.9950	Below	No	2	2	100,000	1.0000
Month 3	1.0000	1.0150	Above	Yes	2	1	50,000	1.0000
Month 4	1.0000	0.9750	Below	No	1	1	100,000	1.0000
Month 5	1.0000	1.0400	Above	Yes	1	0	50,000	1.0000
Month 6	1.0000	Contract was terminated at Month 5 Fixing. No further trades.						

9.5.4 Benefits of a TARF Guaranteed Count

- An ability to achieve an Enhanced Rate relative to a FEC.
- The Enhanced Rate is likely to be more favorable than other products without a Leverage Ratio.
- A degree of protection is guaranteed from the outset equivalent to the Notional Amount for each of the Guaranteed Fixings.
- Guaranteed Fixings can be pre-delivered.
- A TARF Guaranteed Count can be deleveraged.

9.5.4(a) Additional Benefits of Leveraged TARF Guaranteed Count

- An ability to achieve an Enhanced Rate or more Guaranteed Fixings relative to a TARF Guaranteed Count without a Leverage Ratio.

TARF Guaranteed Count and Leveraged TARF Guaranteed Count (continued)

9.5.5 Risks of a TARF Guaranteed Count	9.5.5(a) Additional Risks of Leveraged TARF Guaranteed Count
• Once all the Guaranteed Fixings are redeemed, there is no further protection. This may occur before the final Fixing Date. • If the Fixing Rate is more favorable than the Enhanced Rate on any Fixing Date (and the Guaranteed Fixings have not all been used) you will be obligated to trade at the less favorable Enhanced Rate. • A TARF Guaranteed Count 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 Guaranteed Count the Enhanced Rate will no longer be favorable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favorable 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 favorable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

9.6 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 favorable than a set of Exchange Rates (the Enhanced Rates) on nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the Variable Strike TARF will terminate.

9.6.1 Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.32.3
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR100,000
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.6.1(a) Leveraged Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.32.3(a)
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR50,000
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: EUR100,000
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

9.6.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	1.0000	1.0300	300	300	1000	700	100,000	1.0000
Month 2	1.0000	0.9896	-104	0	700	700	100,000	1.0000
Month 3	1.0100	1.0560	460	460	700	240	100,000	1.0100
Month 4	1.0100	0.9934	-166	0	240	240	100,000	1.0100
Month 5	1.0200	1.0690	490	Remaining 240	240	0	100,000	1.0200
Month 6	1.0200	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	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	0.9900	1.0250	350	350	1000	650	50,000	0.9900
Month 2	0.9900	0.9820	-80	0	650	650	100,000	0.9900
Month 3	1.0000	1.0155	155	155	650	495	50,000	1.0000
Month 4	1.0000	0.9934	-66	0	495	495	100,000	1.0000
Month 5	1.0100	1.0690	590	Remaining 495	495	0	41,949	1.0100
Month 6	1.0100	Contract was terminated at Month 5 Fixing. No further trades.						

9.6.4 Benefits of a Variable Strike TARF

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

9.6.4(a) Additional Benefits of Leveraged Variable Strike TARF

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

Variable Strike TARF and Leveraged Variable Strike TARF (continued)

9.6.5 Risks of Variable Strike TARF	9.6.5(a) Additional Risks of Leveraged Variable Strike TARF
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favorable Spot Rate. • If the Fixing Rate is more favorable 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 favorable Enhanced Rate. • Due to the variation in the Enhanced Rates across the Fixing Dates, you could be obligated at less favorable Exchange Rates in the future. • A Variable Strike TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Strike TARF the Enhanced Rate will no longer be favorable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favorable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favorable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

9.7 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 favorable than an Exchange Rates (the Enhanced Rate) on nominated Fixing Dates, where each Fixing Date can have a different Notional Amount (Amount). The protection on each Fixing Date will remain during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the Variable Notional TARF will terminate.

9.7.1 Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.0100
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: See table in 7.33.3
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.7.1(a) Leveraged Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.0000
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount)per fixing: See table below
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: see table in 7.33.3(a)
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

9.7.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (EUR)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	150,000	1.0100	1.0325	225	225	1000	775	150,000	1.0100
Month 2	150,000	1.0100	0.9921	-179	0	775	775	150,000	1.0100
Month 3	150,000	1.0100	1.0485	385	385	775	390	150,000	1.0100
Month 4	50,000	1.0100	0.9959	-141	0	390	390	50,000	1.0100
Month 5	50,000	1.0100	1.0615	515	Remaining 390	390	0	37,864	1.0100
Month 6	50,000	1.0100	Contract was terminated at Month 5 Fixing. No further trades.						

9.7.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (EUR)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	150,000	1.0000	1.0300	300	300	1000	700	75,000	1.0000
Month 2	150,000	1.0000	0.9896	-104	0	700	700	150,000	1.0000
Month 3	150,000	1.0000	1.0460	460	460	700	240	75,000	1.0000
Month 4	50,000	1.0000	0.9934	-66	0	240	240	50,000	1.0000
Month 5	50,000	1.0000	1.0260	260	Remaining 240	240	0	23,077	1.0000
Month 6	50,000	1.0000	Contract was terminated at Month 5 Fixing. No further trades.						

9.7.4 Benefits of a Variable Notional TARF

- An ability to achieve an Enhanced Rate relative to a FEC.
- The Enhanced Rate is likely to be more favorable 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.

9.7.4(a) Additional Benefits of Leveraged Variable Notional TARF

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

Variable Notional TARF and Leveraged Variable Notional TARF (continued)

9.7.5 Risks of a Variable Notional TARF	9.7.5(a) Additional Risks of Leveraged Variable Notional TARF
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favorable Spot Rate. • If the Fixing Rate is more favorable 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 favorable Enhanced Rate. • A Variable Notional TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Notional TARF, the Enhanced Rate will no longer be favorable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favorable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favorable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

9.8 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 favorable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the European Knock-In TARF will terminate. The European Knock-In TARF also allows for the potential to take advantage of favorable 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 favorable Enhanced Rate.

9.8.1 European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.0200
Knock-In Rate/Trigger Rate: 0.9800
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR100,000
Maximum Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

9.8.1(a) European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.0100
Knock-In Rate/Trigger Rate: 0.9600
Target Bucket: 1,000 Points
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: EUR50,000
Maximum Notional Amount: EUR300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: EUR100,000
Maximum Leveraged Notional Amount: EUR600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

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

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

9.8.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	1.02	0.98	1.0510	NO	310	310	1000	690	100,000	1.02
Month 2	1.02	0.98	0.9775	YES	-425	0	690	690	100,000	1.02
Month 3	1.02	0.98	1.0430	NO	230	230	690	460	100,000	1.02
Month 4	1.02	0.98	1.0044	NO	-156	0	460	460	0	n/a
Month 5	1.02	0.98	1.0690	NO	490	Remaining 460	460	0	93,878	1.02
Month 6	1.02	0.98	Contract was terminated at Month 5 Fixing. No further trades.							

9.8.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (EUR)	Traded Rate
Month 1	1.0100	0.9600	1.0400	NO	310	310	1000	690	100,000	1.02
Month 2	1.0100	0.9600	0.9575	YES	-425	0	690	690	100,000	1.02
Month 3	1.0100	0.9600	1.0320	NO	230	230	690	460	100,000	1.02
Month 4	1.0100	0.9600	0.995	NO	-156	0	460	460	0	n/a
Month 5	1.0100	0.9600	1.0620	NO	490	Remaining 460	460	0	93,878	1.02
Month 6	1.0200	0.9600	Contract was terminated at Month 5 Fixing. No further trades.							

European Knock-In TARF and Leveraged European Knock-In TARF (continued)

9.8.4 Benefits of a European Knock-In TARF	9.8.4(a) Additional Benefits of Leveraged European Knock-In TARF
• An ability to achieve an Enhanced Rate relative to an equivalent FEC. • Ability to participate in favorable Exchange Rate movements, provided the Knock-In Rate is not triggered by the Fixing Rate on a Fixing Date. • The Enhanced Rate is likely to be more favorable 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 favorable than the Enhanced Rate and the Knock-In Rate has not been triggered.	• An ability to achieve a more favorable Enhanced Rate, Knock-In Rate or more Target Bucket Points relative to a European Knock-In TARF without a Leverage Ratio. • The Enhanced Rate is likely to be more favorable than other leveraged products.
9.8.5 Risks of a European Knock-In TARF	**9.8.5(a) Additional Risks of Leveraged European Knock-In TARF**
• Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favorable Spot Rate. • If the Fixing Rate is more favorable than the Knock-In Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favorable Enhanced Rate. • A European Knock-In TARF generally has an extended Tenor compared to other Structured Option products and as a result, there is a greater risk that during the term of a European Knock-In TARF the Enhanced Rate will no longer be favorable when compared to the prevailing Spot Rate.	• If the Fixing Rate is more favorable than the Knock-In Rate on the Fixing Date you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favorable Enhanced Rate. • Due to the Leverage Ratio, there may be less protection than other Structured Option products.

9.9 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. The amount you will settle at the Enhanced Rate will be dependent on the path of the 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.

9.9.1(a)Accumulator Example	**9.9.1(b)Leveraged Accumulator Example**
Enhanced Rate/Strike Rate: 1.3600 Knock-Out Rate/Trigger Rate: 1.3200 Expiry Date: 12 months Fixing Start: in 2 days Fixing Frequency: Daily (257 observations) Fixing Amount (Amount): USD 5000 Maximum Notional Amount: USD 1,285,000 Settlement Date: Monthly	Enhanced Rate/Strike Rate: 1.3700 Knock-Out Rate/Trigger Rate: 1.3150 Expiry Date: 12 months Fixing Start: 1 month Fixing Frequency: Daily (257 observations) Fixing Amount (Amount): USD 5000 Leveraged Fixing Amount: USD 10,000 Leverage Ratio: 2:1 Maximum Notional Amount: USD 2,570,000 Settlement Date: Monthly
9.9.2(a)Possible Outcomes	**9.9.2(b)Possible Outcomes at Expiry**
At Each Fixing: - If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate but more favourable than the Knock-Out Rate/Trigger Rate, you 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, you will not accumulate any Fixing Amount for that fixing. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. At each Settlement Date you 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 but more favourable than the Knock-Out Rate/Trigger Rate, you 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, you will not accumulate any Fixing Amount for that fixing. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will accumulate the Leveraged Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. At each Settlement Date (usually monthly) you settle any accumulated Fixing Amounts for that period.
9.9.3(a)Benefits of an Accumulator	**9.9.3(b)Additional Benefits of a Leveraged Accumulator**
• 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.
9.9.4(a)Risks of an Accumulator	**9.9.4(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 on the Delivery Date, 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.

9.10. Knock-Out Accumulator and Leveraged Knock-Out Accumulator

The Knock-Out Accumulator and Leveraged Knock-Out Accumulator are Structured Options which offer an Enhanced Rate at which to settle at Expiry. 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 Delivery Date at the Enhanced Rate will be dependent on the value of the Spot Rate during the lifetime of the contract. Once the Knock-Out Rate is triggered the contract ceases to exist. Amounts already accumulated are unaffected by the trigger event.

9.10.1(a) Knock-Out Accumulator Example	**9.10.1(b) Leveraged Knock-Out Accumulator Example**
Enhanced Rate/Strike Rate: 1.3650 Knock-Out Rate/Trigger Rate: 1.3150 Expiry Date: 12 months Fixing Frequency: Daily (257 observations) Fixing Amount (Amount): USD 5,000 Maximum Notional Amount: USD 1,285,000 Settlement Date: Monthly	Enhanced Rate/Strike Rate: 1.3750 Knock-Out Rate/Trigger Rate: 1.3050 Expiry Date: 12 months Fixing Frequency: Daily (257 observations) Fixing Amount (Amount): USD 5,000 Leveraged Fixing Amount: USD 10,000 Leverage Ratio: 2:1 Maximum Notional Amount: USD 2,570,000 Settlement Date: Monthly
9.10.2(a) Possible Outcomes at Expiry	**9.10.2(b) Possible Outcomes at Expiry**
• At Each Fixing: - If the Spot Rate is more favourable than the Knock-Out Rate/Trigger Rate, you will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you 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 at any time during the tenor of the contract, all remaining Fixings will cease to exist. • At each Settlement Date (usually monthly) you settle any accumulated amounts and receive USD.	• At Each Fixing: - If the Spot Rate is more favourable than the Knock-Out Rate/Trigger Rate, you will accumulate the Fixing Amount at the Enhanced Rate/Strike Rate on the next Settlement Date. - If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will accumulate the Leveraged 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 at any time during the tenor of the contract, all remaining Fixings will cease to exist. • At each Settlement Date (usually monthly) you settle any accumulated amounts and receive USD.
9.10.3(a) Benefits of a Knock-Out Accumulator	**9.10.3(b) Additional Benefits of a Leveraged Knock-Out Accumulator**
• 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.
9.10.4(a) Risks of a Knock-Out Accumulator	**9.10.4(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. • 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 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 on the Delivery Date, 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.

10. Cost of Foreign Exchange Contracts

10.1 Interest

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

10.2 Premium

Where applicable, Premiums for Options 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.

10.2.1 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 United States Dollars or one of the currencies in the Vanilla or Barrier Option Currency Pair.

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 “Vanilla Options” and 11.4 “Barrier Options”.

10.2.2 Vanilla and Barrier Option 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 or pays from or to 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 favorable 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.

10.2.3 Structured Options

Convera, in consultation with you, set the variables associated with any Structured Option at particular levels in order to create a “No Premium” cost structure. When setting those variables, we take into account a variety of factors, similar to those used in calculating Premiums:

- The Notional Amount, the term, and any other rates applicable to a particular structure (Participation Rate, Trigger Rates);
- Current market foreign Exchange Rates and the interest rates of the countries whose currencies are being contracted; and
- Market Volatility.

Where a “No Premium” structure is created, there is no up-front Premium payable for a Structured Option. If, however you wish to nominate an improved Strike 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. Where applicable, Premiums must be paid in cleared funds within two (2) Business Days of the Trade Date.

10.3 Exchange Rates

Convera sets Exchange Rates to you by applying a **Retail Mark Up** ("Mark Up") to the Interbank Exchange Rate it receives from our **Hedging Counterparties**. The Mark Up is a factor in how we make a profit. This cost to you is embedded in the overall transaction structure of Foreign Exchange Contracts and reflected in the exchange rate we agree on the Trade Date.

We determine this Mark Up by taking into account 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 high Volatility may result in an increased Mark Up;
- the Time Zone you choose to trade in where if trading on public holidays or weekends may see increased Mark Ups; and
- the frequency with which you trade with us, where the more frequently you transact the Mark Up may be reduced.

10.4 Transaction Fees

You may be charged some transaction fees upon Settlement or delivery of a Foreign Exchange Contract at Maturity or Expiry, if this is carried out via an International Funds Transfer (see section 4.3.4). Transaction fees for International Funds Transfer are in addition to the costs detailed in this section 10. More information on International Funds Transfer is available in section 4.3 and on the Convera compliance webpage as set out in section 2 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 Telegraphic Transfers in connection with delivery of your Foreign Exchange Contracts that may be applicable, contact your Convera Representative.

11 Benefits of Foreign Exchange Contracts

We have described the particular benefits that attach to each FEC and NDF in section 5 "Forward Exchange Contracts", Swaps in Section 6, Vanilla and Barrier Options in section 7 , Structured Options in section 8 and Options with Fixings in section 9 above. In addition, the following are general key benefits of FECs, NDFs and Options:

11.1 FECs and NDFs

The significant benefits of entering into a FEC or NDF with Convera are:

- FECs and NDFs 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 and NDFs 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 Options

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

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

When you sell a Vanilla Option to Convera, you will be receiving from Convera a non-refundable Premium, in cleared funds, payable at Expiry. Convera will pay the Premium in either USD or one of the currencies in the Vanilla Option Currency Pair. However, it is important to understand that if you sell a Vanilla Option to Convera, the Premium received by you may not exceed your potential losses (if any), and therefore costs, as it will depend on the extent of an unfavourable Spot Rate move and its total impact.

If you sell a Vanilla Option to Convera, some benefits include:

- 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.

11.4 Barrier Options

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

- 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.

11.5 Structured Options

- Structured Options can 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 unfavorable 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 favorable Exchange Rate movements and may be able to achieve an enhanced Exchange Rate comparable to the equivalent Forward Exchange Rate depending on the Structured Option that you enter.

12 Risks of Foreign Exchange Contracts

We have described the particular risks that attach to each FEC and NDF in Section 5, Swaps in Section 6 Vanilla and Barrier Options in section 7, Structured Options in section 8 and Options with Fixings in section 9 above. In addition, the following are general risks of FECs, NDFs and Options:

- **Opportunity Loss.** Once the Forward Exchange Rate has been set on a FEC or NDF, you will not be able to take advantage of preferential Exchange Rate movements that occur after the Trade Date and prior to the Maturity Date. By protecting against potential unfavorable Exchange Rate movements, you are not able to take advantage of favorable Exchange Rate movements and will be required to trade at an Exchange Rate that is less favorable to you than the prevailing Exchange Rate on the Value Date.
- **Premium.** If you paid a Premium to enter into an 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 Contract(s) may be significantly less than when you entered into the contract. We cannot guarantee that you will not make losses, (where your Foreign Exchange Contract(s) is OTM) or that any unrealized gains or losses will remain unchanged for

the term of a Foreign Exchange Contract. You need to monitor your Foreign Exchange Contract(s) with us carefully, providing us with Instructions in a timely fashion to the extent you want to make adjustments in response to market changes.

- **Counterparty Risk**. When you enter into a Foreign Exchange Contract you are relying on our financial ability as a Counterparty to be able to perform our obligations to you. As a result, you are exposed to the risk that we become insolvent and are unable to meet our obligations to you under the Foreign Exchange Contract.
- **Hedging Counterparty Risk.** There is also a risk that the Hedging Counterparties with whom Convera contracts to mitigate our exposure when acting as principal to Foreign Exchange Contracts with you (by taking related offsetting or mitigating positions) may not be able to meet their contractual obligations to us. This means that Convera could be exposed to the insolvency of our Hedging Counterparties and to defaults by Hedging Counterparties. If a Hedging Counterparty is insolvent or defaults on its obligations to us, then this could 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 our systems and processes to price, settle and deliver your 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 transactions. You are also exposed to operational risk through our reliance on our Hedging Counterparties systems and processes to price, settle and deliver 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 transactions.
- **Amendments/Cancellations.** Pre-Deliveries or the close-out/cancellation of a Foreign Exchange Contracts 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 Contract has been accepted by us, you are unable to cancel your Foreign Exchange Contract without 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 Vanilla Option and recover all costs and expenses incurred in connection with the Vanilla 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 Contract. In the event that we do, 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 Contract.
- **Conflicts of Interest.** Convera enters into transactions with a number of different Customers and Hedging Counterparties that may be in conflict with your interests under the Foreign Exchange Contract you have entered into with us. Convera is not required to prioritize your interests when dealing in Foreign Exchange Contracts with you. See further detail under "Conflicts of Interests, Incentives and Risk" in Section 17 below.
- **Trigger Rate Risk.** For Barrier Options, 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).
- **Additional "Selling Vanilla Options" Risks.** The following general risks are particular to "Sold Vanilla Options", as set out in section 7.3 and 7.7 of this PDS, and are in addition to the other risks mentioned in this section 12:
  - **There may be no protection**: The sale of a Vanilla Option to Convera is not designed to provide protection against an unfavourable movement in the relevant currency. If the Spot Rate at expiry is more favourable to Convera than the Strike Rate, Convera will Exercise the Vanilla Option and you will be obligated to exchange currencies at an Exchange Rate that is unfavourable to you. The Premium received by you is designed to be used to potentially offset any potential unfavourable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavourable Spot Rate at the Expiry Date.
  - **Delivery of currency**: If Convera exercises the Sold Vanilla Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an Exchange Rate that is unfavourable to you. Furthermore, if Convera exercises the Sold Vanilla Option and you do not have the currency you are required to deliver, you will need to purchase it at the unfavourable Exchange Rate, in order to meet your obligations.
  - **Unknown liability:** If you have to purchase currency at an unfavourable Exchange Rate to meet your obligations this will result in a cost to you. This cost is potentially unknown.

13. Credit Requirements

At any time during the term of a Foreign Exchange Contract, we may require you to make a payment as security for your payment obligations to us on the Value Date.

When you open or enter into a FEC, NDF, Vanilla Option - Client Sells, a Vanilla Option - Client Sells with Triggers or Structured Option with us, you immediately create a liability to us (at the Trade Date not the Value Date or Maturity or Expiry Date), which can increase with adverse market movements. Over the life of these contracts, as the Spot Rate moves, the **Marked to Market** value of the contract may be ITM or 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**, we may initially secure the contract by requiring you to pay an Initial Margin, During the term of the FEC, NDF or Structured Option we may also require you to pay a Margin Call to further secure the FECs, NDFs or Structured Options 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 FECs, NDFs or Structured Options will be applied to satisfy your payment obligation on the Value Date, if applicable.

13.1 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 FEC, NDF or Structured Option. If you are required to pay an Initial Margin, we will notify you at the time you enter into the contract.

An Initial Margin is taken to secure our potential risk exposure resulting from adverse currency movements that negatively impact the value of the funds you have agreed to purchase from us. An Initial Margin is a prepayment by you of your payment obligations on the Value Date and will be applied to the Cash Settlement Amount of your NDFs (if a payment needs to be made to Convera), or the Settlement of your FEC or Structured Option. An Initial Margin is not a deposit and we do not pay interest on an Initial Margin.

Convera may determine the Initial Margin percentage at our discretion in accordance with the Terms and Conditions and any other applicable documentation (including any facilities letters). 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 Maturity or Expiry Date of your FEC, NDF or Option (the longer the Maturity or 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);
- the frequency with which you transact with us (where your credit history with us dictates the Initial Margin required).

13.2 Margin Calls

We will monitor the Marked-to-Market value of all of your foreign exchange exposures with us on an ongoing basis. Should any of your FEC(s), NDF(s) or Structured Option(s) move OTM in excess of the Initial Margin or your Credit Limit, or a combination of both, we 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 (which may, subject to certain conditions, be calculated on a net basis where there are multiple transactions outstanding between us) to a level acceptable to us. If a Margin Call is required, we 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 Cash Settlement Amount of your NDFs (if a payment needs to be made to Convera), or Settlement of your FEC(s) or Structured Option(s). A Margin Call is not a deposit and we do 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 our discretion, choose to close some or all of your FEC(s), NDF(s) or Structured Option(s) by applying the prevailing market Exchange Rate. In such circumstances you will be liable to Convera for all costs associated with terminating the relevant contracts.

13.3 Credit Limits

We 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 our sole discretion. Convera may review and amend your Credit Limit at any time.

Convera may apply a Credit Limit against each individual FEC, NDF or Structured Option that you enter into or against your entire portfolio of FEC(s), NDF(s) or Structured Option(s). Please refer to the Terms and Conditions for further information on Credit Limits.

14. Instructions, Orders, Confirmations and Telephone Conversations

The commercial terms of a particular Foreign Exchange Contract 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.

14.1 Orders

We may allow you to place an order for a Foreign Exchange Contract that only becomes binding on you when a certain Exchange Rate is reached in the relevant foreign exchange market (the **Customer Price**). We refer to this as a **Standing Order.** A Standing Order is not available if you are using our online systems.

Provided that your nominated Customer Price has not been reached you will be able to amend or cancel a Standing Order by providing us with a further Instruction.

If the Customer Price is reached, then you will be bound to settle the transaction in accordance with our Terms and Conditions.

You will not be able to cancel or amend an order after the Customer Price level has been reached if we have completed your order, regardless of whether we have notified you by Confirmation of the completion of your order.

As the foreign exchange market is an OTC market, an external published Exchange Rate that corresponds with your Customer Price level is no guarantee that an order will be completed. Published Exchange Rates are typically related to the wholesale or Interbank Market and do not reflect the Customer Price or **Retail Price**.

14.2 Confirmations

Shortly after entering into a Foreign Exchange Contract with us, 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 and that you will be bound once your original Instruction has been accepted by us regardless of whether you sign or acknowledge a Confirmation. In the event that there is a discrepancy between your understanding of the Foreign Exchange Contract and the Confirmation it is important that you raise this with Convera immediately.

14.3 Telephone Conversations

Conversations with Convera Representatives are recorded in accordance with standard market practice. We do this to ensure that we have complete records of the details of all 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. We will not enter into any transaction over the telephone unless the conversation is recorded.

15. Terms and Conditions and Other Documentation

Each Foreign Exchange Contract you enter into will be subject to the Terms and Conditions, the **Application Form** and the Confirmation. You will be required to sign the Terms and Conditions and the Application Form before entering into a Foreign Exchange Contract with us for the first time.

The Terms and Conditions constitute a master agreement and set out all of the terms of the relationship between you and us that are applicable to the Foreign Exchange Contract described in this PDS.

The Terms and Conditions are important and you should read them carefully before entering into any Foreign Exchange

Contract. 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 a Foreign Exchange Contract.

15.1 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) that we may require:

- Settlement Authorization form; and
- Online Platforms configuration form.

A copy of these forms can be obtained by contacting your Convera

Representative. The main checks that are relevant to the accreditation of a

Customer are:

- verification of a Customer's identity in accordance with relevant **AML Laws**;
- a successful credit check conducted through a third party credit agency;
- a risk assessment considering relevant factors such as the nature of a Customer's business and the country where the Customer will make or receive payments; and
- a check of Customer and Customer's principal officers and beneficial owners against relevant government issued sanction lists.

After your application has been accepted you may apply for a Foreign Exchange Contract in accordance with the Terms and Conditions.

16. Complaints, Errors and Dispute Resolution

Our primary goal is to provide superior customer service. To achieve this goal, we would like to hear from you if you are dissatisfied with any service you have received from us or if you have concerns about any Foreign Exchange Contracts that you have entered into with us (including any legal or regulatory concerns, or concerns about any Conflicts of Interest).

You should address any complaint relating to the Foreign Exchange Contracts described in this PDS to your Convera Representative in the first instance.

We have established policies and procedures to ensure that any complaint you may have is properly considered and that appropriate measures are taken to address any issues. Any complaint you make will be handled in accordance with our complaints handling policy, a copy of which is available on the complaints section of our website https://www.convera.com/en-us/compliance-legal/compliance or upon request by contacting us on the following channel:

- **Email:** CustomerServiceUS@convera.com

We will resolve most complaints within fifteen (15) working days. If we are unable to do so, we will contact you again to keep you informed of our progress and to indicate when we will issue a final response.

As soon as we have established all the facts and completed our investigation, we will provide you with a formal written response which will set out our findings and explain our final position. This response will be issued by e-mail, in PDF format. Convera takes complaints seriously and strives to ensure efficient and fair resolution.

17. Conflicts of Interest, Incentives and Risks

We conduct our business according to the principle that we must manage Conflicts of Interest fairly, both between ourselves and our Customers, between our employees and our Customers and between one Customer and another. Our policy is to take all reasonable steps
to maintain and operate effective organizational and administrative arrangements to identify and manage relevant Conflicts of Interest. Our **Senior Management** is responsible for ensuring that our systems, controls and procedures are adequate to identify and manage Conflicts of Interest. The compliance, risk and legal departments assist in the identification and monitoring of actual

and potential Conflicts of Interest.

Considering the business activities related to the product portfolio we offer, Conflicts of Interest may arise in situations that include (but are not necessarily limited to) when we: a) publish research reports, offer webinars, attend conferences or otherwise express independent viewpoints, b) provide information (as further discussed below), or c) engage in trades with other counterparties that have hedging objectives that are similar to yours We may offer product information solely incidental to entering into a Foreign Exchange Contract with you. Even if we offer such information, we are acting solely in our capacity as your Counterparty in an arm's length transaction and not as an advisor to you. It is important that you exercise your independent judgment in determining whether you should enter into a particular transaction or engage in a particular trading strategy. By entering into a Foreign Exchange Contract with us, you are representing that you have independently assessed the suitability of the transaction or trading strategy. You should ensure that you have appropriate policies and procedures in place at your organization to ensure that the persons responsible for making any trading decisions on your behalf are capable of doing so, and you are encouraged to seek independent advice. No communication (oral or written) made by us is an assurance or guarantee as to the expected results of a Foreign Exchange Contract. You should assume we have an economic incentive to be a Counterparty to a trade with you.

Our employees may be assigned sales and/or revenue targets and may be compensated based on revenue earned by us from Customers, and we may pay employees more for selling products or services on which we make more money, and our employees may participate in short-term and/or long-term incentive programs focusing on a particular class of products or services, including Foreign Exchange Contracts. Certain employees may also be eligible to earn annual trips and other awards and recognition throughout a given year.

Our employees do not receive specific payments or commissions for providing you with information about Foreign Exchange Contracts. Our employees may broadly be divided into 2 specific categories: staff and dealer/sales representatives (Convera Representatives). Our staff includes directors, managers, and administration personnel. Our staff is remunerated primarily by base salary. We also provide a company bonus and revenue sharing plan to staff, which is payable when predetermined budget targets are achieved for each branch. Convera Representatives are also remunerated primarily by a salary. Individual Convera Representatives may also be paid bonuses or commissions based on a percentage of revenue gained from new Customers and/or the number of new accounts which each Convera Representative acquires.

These arrangements present a risk that Convera Representatives may be influenced to sell Customers more or larger Foreign Exchange Contracts than the Customer needs, or to present Customers with Foreign Exchange Contracts that provide better compensation to the Convera Representative even though another product may be suitable for the Customer's needs and objectives. To address this Conflict of Interest, we provide training to all our employees and have adopted policies and procedures which govern Convera Representatives behaviour when dealing with or transacting with Customers. In addition, we have implemented oversight procedures and testing to validate that these procedures are being followed.

18. Taxation

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

19. Privacy

In the course of providing foreign exchange services we may collect information about you. The information that we obtain from you or other people associated with your request is for the purpose of processing your foreign exchange transactions. Certain information may be required by us in order to comply with laws and regulations, including anti-money laundering laws.

We may use your information to send you details about our products and services. If you do not wish to receive such information please let us know. We may also disclose information about you to third party service providers (such as credit checking agencies) who assist us in our business operations and service provision.

We are committed to complying with all privacy laws and regulations. A copy of our Privacy Policy can be viewed anytime on our website at: **https://www.convera.com/en-us/compliance-legal/online-privacy-statement**

20. Glossary of Terms

AML Laws means the Proceeds of Crime (Money Laundering) and Terrorism Financing Act and related regulations, as amended or replaced from time to time.

Application Form means forms and identity documents that a Customer must complete and provide to us before we establish a Customer trading facility, as determined by us.

At-the-Money or ATM is where the entry price of a FEC or Option is at the current market price level.

Authorized Exchange Dealers are any type of financial institution that has received authorization 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 term of the Option.

BRL means Brazilian Real.

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 the USA, but does not include a Saturday, Sunday or public holiday.

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

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

Cash Settlement Amount means, in respect of an NDF, the amount payable by either us or by you on the Value Date.

Confirmation means written or electronic correspondence from Convera that sets out the agreed commercial details of a FEC or Option.

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 for an NDF.

Convera/'We/we, Our/our, Us/us' means Convera USA, LLC.

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.

Counterparty means each party to a contract.

Credit Limit means a Customer 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 an entity or person who signs our Terms and Conditions and where applicable the FX Derivative Contract addendum.

Customer Price is defined in Section 14 of this PDS.

Enhanced Rate is an alternative term for Strike Rate and is the Exchange Rate applicable to a Structured Option that is more favorable than the equivalent Forward Exchange Rate or comparable Structured Option without a Leverage Ratio 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.

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 Products in this PDS are FECs, NDFs and Options.

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 (i) with respect to an NDF, the date specified by us on which the Fixing Rate is determined and the Cash Settlement Amount is calculated by us; and (ii) with respect to a TARF or Accumulator, each date specified by us for determining the Spot Rate applicable to each Settlement of the 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 NDF, TARF or Accumulator on the Fixing Date**.**

Foreign Exchange Contract is a legally binding agreement between the Customer and Convera to effect a foreign exchange transaction including a Forward Exchange Contract 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 Customer 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 we agree to exchange one currency for another at a future date when Convera 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 unfavorable price or currency movements, by taking a related offsetting or mitigating position, such as a FEC or Option.

Hedging Counterparties the counterparties with whom we contract to mitigate our exposure when acting as principal to the Foreign Exchange Contracts by taking related offsetting or mitigating positions.

Initial Margin means an amount of money which shall be determined by us in our sole discretion and deposited with us as security in connection with a FEC or Structured Option.

Instructions is a request by a Customer for us to provide 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 we receive from the foreign exchange Interbank Market.

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

Interbank Premium means the wholesale Premium that we receive from the foreign exchange Interbank Market.

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 FEC or Option contract is positive.

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 the Expiry Time of a Leveraged Structured Option (e.g.1:2).

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 us as security in connection with a FEC or Structured Option.

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

Market Risk means the risk of adverse movements in the value of a Foreign Exchange Contract due to movements in Exchange Rates over time.

Maturity Date or **Maturity** means the date on which a FEC matures.

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

Maximum Notional Amount means the predetermined total USD or foreign currency amount to be bought or sold during the term of a TARF or Accumulator (as outlined in section 9.3 to 9.10 of this PDS).

NDF or Non-Deliverable Forward means a contract for the sale or purchase of foreign currency that is settled by the parties netting the value of the NDF Contract Rate against the Fixing Rate in a specified Settlement 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 currency amount to be bought or sold pursuant to a Foreign Exchange Contract.

Online Platforms means our proprietary online system(s) for booking prices and for making international payments.

Option means individually and together, the options products described in section 7, 8 and 9 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 when the current market value of the Foreign Exchange Contract is negative. **Over-The-Counter or OTC** is a decentralized market, without a central physical location, where market participants trade with one another through various communication modes.

PDS means Product Disclosure Statement.

Pre-Delivery is where, after entering into a Foreign Exchange Contract, the agreed Maturity or Expiry Date is brought closer to the Spot Rate Value Date.

Premium means the amount payable by you to us on the Trade Date of a Vanilla Option or Structured 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 us 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 an 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 is the sum of the Interbank Exchange Rate and Retail Mark Up.

Senior Management means a group of high level executives, determined by us 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, Customer owes to Convera.

Settlement Currency means, in respect of an NDF, the currency in which the Cash Settlement Amount is to be paid.

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.

Standing Order is defined in Section 13 of this PDS

Strike Rate is 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.
Telegraphic Transfer is an electronic way of transferring funds overseas.
Tenor is the period of time from the Trade Date of a Foreign Exchange Contract to the Maturity or Expiry Date.
Terms and Conditions means the Master Terms and Conditions Agreement and the Options Trading Terms and Conditions, including all attached schedules, as amended from time to time.
Time Zone is any one of the world's 24 divisions that has its own time. **Trade Date** is the day you and we agree to a Foreign Exchange Contract**. Trigger Rate** means a Knock-In or Knock-Out Rate as applicable.
USD means United States Dollars.
Value Date is the day where payment for currency is made.
Vanilla Option means a Call Option or Put Option that has standardized 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 Foreign Exchange Contracts variables.
Window is defined in Section 7.5 "Barrier Options".
You/you, Your/your' means the Customer.

For further information,

please contact us.

ClientServicesUS@Convera.com