Product Information Statement

Foreign Exchange Contracts

Convera Europe Financial S.A., Luxembourg Branch

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1 Purpose

This Product Disclosure Statement (**PID**) provides you with a detailed description of the types of products and financial instruments Convera Europe Financial S.A. (**Convera**) offers as well as the associated risks and costs. The PID sets out information designed to assist you in deciding whether to acquire any of the products offered by Convera.

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

Our Financial Services Guide (**FSG**), which will also be provided to you, sets out further information about Convera and the products and services we offer.

In this PID, we use examples where the Euro (**EUR**) is measured against the US Dollar (**USD**), with the EUR as the base currency: EUR/USD 1.0000 or 1.00. This means one Euro would buy one US Dollar. This is called a "**Currency Pair**".

If you have any questions or need more information, please contact Convera on +33 (0) 805 980 233 or by email at:

Customercare@contact.convera.com

2 Your Counterparty

Convera has approved and prepared this document and is your counterparty to the financial products that are the subject of this document.

Company Details:
Headquarters in Luxembourg : Convera Europe Financial S.A.

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Tel.: +352 800 81 634

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Website: https://convera.com

Regulatory Information

Convera is (registered with the Luxembourg Registre de Commerce et des Sociétés under number B262832, and authorized and regulated by the Luxembourg Commission de Surveillance du Secteur Financier and has exercised its freedom of establishment rights to offer services through its branch in France.

3 Important Information

3.1 Copies

Copies of this PID are available free of charge. To request a copy please contact us by email at: Customercare@contact.convera.com or by phone at +33 (0) 805 980 233. Copies are also available for download from our website at https://convera.com/en-lu/compliance-legal/compliance/

3.2 Key Information Documents

We have prepared a standardised short form Key Information Document or KID for certain foreign exchange products. The KID illustrates the type of product and its characteristics, the hedging purposes, the advantages and disadvantages, the risks as well as the potential costs of buying and selling before the expiry and possible revenues in different market scenarios. You can obtain a KID from https://convera.com/en-lu/compliance-legal/compliance/

3.3 Updates

The information in this PID is subject to change. Convera will issue a supplementary or replacement PID where new information arises that is a correction, update or change to the information in this PID.

If Convera issues a supplementary or replacement PID, Convera will notify you by sending a written notice (which will contain a link to the supplementary PID or new PID) to your email address as notified to us.

3.4 Cooling Off Periods

There are no cooling off periods for the products described in this PID. This means that if you enter into a **Foreign Exchange** product, you will not have a period of time during which you can decide to cancel the product. The Foreign Exchange product will be effective and binding from the date on which Convera accepts your order in accordance with Convera's **Terms and Conditions**.

3.5 Key Terms

Capitalised words used in this PID, other than headings, have defined meanings. These meanings can be located in the Key Terms in Section 15 of this PID.

3.6 No Speculation

Convera does not enter into any of the Foreign Exchange products described in this PID with persons whose intention is merely to speculate on the possible movements in exchange rates.

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

3.7 Disclaimer

The information set out in this PID is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Before entering Foreign Exchange products, you should consider whether it is appropriate to do so, having regard to your own objectives, financial situation and needs and consider taking professional advice. This PID does not constitute financial advice or a financial or personal recommendation.

4 Our Foreign Exchange Contracts

A Foreign Exchange transaction may be used if you have a need to exchange one currency for another currency at an agreed exchange rate. The requirement to enter into a Foreign Exchange transaction can arise in various situations. For example, an importer may need to buy an overseas currency, by paying for it in EUR to pay their supplier for the goods that they are importing. Conversely an exporter may be paid by an overseas client in a foreign currency for goods being exported to an overseas country and wish to convert the foreign currency back to EUR. In doing so, you may use Foreign Exchange transaction instruments such as a spot Foreign Exchange (for settlement within the next two business days), a **Forward Contract** (for settlement at maturity dates from three business days to one year or longer subject to approval), a **Swap** for management of foreign currency cash flows up to 180 days or an **Option Contract** (which gives you the right but not the obligation to purchase/sell a specified amount of currency) to assist you to manage your Foreign Exchange exposures.
This PID outlines the following Foreign Exchange products and services that we provide:

- Forward Contracts (please see section 4.1);
- **Non-Deliverable Forward Contracts or NDF** (please see section (4.2);
- Swaps (please see section 4.4);
- **Vanilla and Barrier Options** (please see section 4.5); and
- **Structured Options** (please see section 6).

Whilst there are benefits to using these instruments there are also significant risks to consider in the context of your particular situation. It is important that you have a good understanding of these instruments and Foreign Exchange markets generally. You should not use any products described in this PID unless you have a comprehensive understanding of how they work, including the risks and the costs involved. We suggest that you carefully consider your needs and circumstances prior to entering into Foreign Exchange instruments. If necessary you may also seek independent professional advice.

4.1 Forward Contracts

A Forward Contract is a customised contract between the client and a service provider that gives the client the right to buy or sell an amount of currency (at a rate predetermined at the time such contract is entered into) on a specified date in the future. A Forward Contract allows you to lock in at a specific exchange rate today, for a currency to be purchased, or sold, in the future. This action protects you from Foreign Exchange fluctuations. Convera's Forward Contracts can have a life span from 3 business days up to 12 months and cannot have a value of less than GBP£ 10,000 or EUR €15.000 (or its equivalent in another currency).

Forward Contracts are available in four forms:

a) Fixed Forward – a Forward Contract that must be settled on a specified date in the future (the **Maturity Date**).

b) Open Forward –a Forward Contract that sets a window of time during which any portion of the Forward Contract can be settled, as long as the entire Forward Contract is settled by the maturity date. This contract is used when the client has to pay or receive several payments during one period while precise dates remain unknown.

c) Future Payments - an Open Date Forward Contract, 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 Forward Contract, 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.

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

4.1.1 How does a Forward Contract work?

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

4.1.2 Forward Contract Variables

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

- the denomination and amount of the currency being bought or sold;
- the denomination of the currency being exchanged;
- the date in the future you want the contract to settle (**Value Date**);
- for an Open Date Forward Contract, the **Window** period; and
- the exchange rate.

4.1.3 Forward Exchange Rate and Contract Rate

A Forward Exchange Rate and **Contract Rates** for NDFs is one which is set today where one currency is sold against another for delivery on a specified future date (Maturity Date). The Forward Exchange Rate or Contract Rate differs from today's spot rate as it will also include **Forward Points** which reflects the difference in interest rates relevant to the two currencies involved calculated between today's date and the forward maturity date. Please also see section 6.6 of this PID (Exchange Rates) for further information about how we calculate our exchange rates.

4.1.4 Forward Contract Advance Payments

Convera requires an **Advanced Payment** amount when clients agree to enter into a Forward Contract (as security for the Forward Contract) unless the relevant Forward Contract is covered by an OTM Facility (as defined in the FX Derivative Contract Addendum) which Convera may extend to you. This deposit is usually up to 10 per cent of the value of the contract. Factors that may influence the amount of the deposit are:

- the contract amount requested is considered by Convera to be a higher Foreign Exchange risk than normally acceptable; or
- the Maturity Date and/or currencies involved are considered by Convera to represent a higher than normal credit risk in case the transaction had to be cancelled during the currency of or at maturity of the contract; or
  - the credit rating is not of a high or satisfactory level as assessed Convera; or,

- your company has only recently commenced business with limited operating experience; or
- Convera has no history of trading with you.

Example: The deposit is calculated as follows - if you entered into a Forward Contract to buy USD 110,000 against EUR at a rate of 1.1000 this would equate to EUR 100,000. You would need to make a deposit of EUR 10,000, being 10% of the EUR equivalent of the face value of the Forward Contract, at the commencement of the transaction. Interest is not paid on these deposits.

If the Advance Payment is not used towards settlement of the Forward Contract, we will refund the Advance Payment to you in accordance with your instructions. Whilst Advance Payments are refundable to you at maturity, they are more commonly applied to the last payment due on the contract at maturity. All Advance Payments are required due to the risk of an adverse rate move. Convera may require you to make further payments, as described in section 13 of this PID (*Margin Calls*). Please also refer to our explanatory pamphlet on Margin Calls which is available on our website or which Convera can provide to you upon request.

Advance Payment funds are held by third party institutions on behalf of Convera. Convera works with highest skill, care and diligence in the selection, appointment and periodic review of the institutions where the funds of clients are placed and the arrangements for the holding of those funds. Convera takes into account the expertise and market reputation of the institutions as well as any legal requirements or market practices related to the holding of clients' funds. Convera keeps records and accounts as necessary to distinguish any assets held by individual clients. Information on the amount of the margin deposits are also provided to clients on a daily basis through their individual Convera online platform access or upon their request to their contact person. Convera is in all cases (including the insolvency of any third party holder of your margin deposits) liable to you for the settlement of the Advance Payment. Further information on the protection of our clients' funds, including information on the deposit guarantee scheme we use, is contained in the FSG.
Please note that we are entitled to unilaterally offset any of your funds that we hold against any due receivables you owe us. Further details are contained in our Terms and Conditions. Please further note that under certain circumstances (in particular should you become insolvent or dispute the validity or existence of a Forward Contract), we may terminate any Forward Contract between you and us and effectively replace any rights and liabilities between you and us by a single settlement amount and require its payment.

4.1.5 Forward Contract - Example
A Fixed Forward Contract, Open Date Forward Contract or Future Payment (collectively "Forward Contract") is a customised contract between you and Convera that gives you the right to buy or sell an amount of currency on a specified date (Fixed Forward Contract) or during a predetermined timeframe (Open Date Forward Contract or Future Payment) in the future. A Forward Contract allows you to lock in a specific exchange rate today, for a currency to be purchased, or sold, in the future.
4.1.6 Forward Contract Variables (nominated by you priced by Convera)
Currency Pair: EUR/USD Forward Rate: 1.1000 **Notional Amount (Amount)**: EUR100,000 Open Forward Future Payment Window Period: 1 month Maturity Date: 3 months
4.1.7 Possible Outcomes at Maturity or during a Window
• If the Spot Rate is more favourable than the Forward Rate you are obligated to transact at the Forward Rate. • If the Spot Rate is less favourable than the Forward Rate you are obligated to transact at the Forward Rate.
4.1.8 Benefits of a Forward Contract
• Forward Contracts provide protection from the Exchange Rate being less favourable than your Forward Rate at Maturity or during a **Window** Period. • Forward Contract 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 Contract 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 Contract or Future Payment at no additional cost. • Allow you to determine the cost of foreign payments at the time you make a purchase; • help protect profit margins on products and services sold abroad against adverse foreign currency fluctuations;

- gain a competitive edge by quoting and/or selling products or services denominated in the local currency; and
- identify and reduce the possible costs of future cash flow requirements.

4.1.9 Risks of a Forward Contract

- If you enter into a Forward Contract, you will not be able to participate in any favourable exchange rates beyond the Forward Exchange Rate.
- Cancellations or adjustments may result in a cost to you.
- There is no cooling off period.
- A **Margin Call** may affect your cash flow positions. For more information on Margin Calls please see section 13 "Margin Calls" of this PID.
- Fixing exchange rates with Forward Contracts can lead to a currency risk if the underlying business contract (e.g. purchase or delivery of goods) is cancelled;
- Fixing exchange rates with Forward Contracts can lead to a business risk if competitors are able to pass on price benefits caused through exchange rate movements to customers;
- As further set out in section 10 "Significant Risks of Foreign Exchange Transactions" of this PID.

4.1.10 Costs of a Forward Contract

- Convera applies a Mark-Up on Forward Contract. Please see section 6.6 "Exchange Rates" of this PID.
- In most circumstances you will be charged a transaction fee for using our International Funds Transfer service at the Maturity and **Settlement** of your Forward Contracts.
- Other cost may be applicable as set out in section 6 "Cost of Convera products" of this PID.

4.2 Non-Deliverable Forward ("NDF")

A Non-Deliverable Forward (NDF) is a type of Forward Contract that is net- cash settled on the Value Date. This means that there is no exchange of currencies at Settlement, instead a single dollar amount will be payable by either you to Convera, or Convera to you. This amount is calculated by reference to the difference in value of the predetermined EUR or foreign currency amount to be bought or sold (the "Notional Amount") at the agreed exchange rate and the value of the Notional Amount that you have agreed to buy or sell at the prevailing **Spot Rate**. NDF's are typically used for currencies that are subject to exchange control restrictions in their particular domestic market that limit access to the currency. Your **Convera Representative** can provide you currencies offered as a NDF for example, Malaysian Ringgit (MYR), Korean Won (KRW), Philippine Peso (PHP), and Chinese Renminbi (CNY). We may however agree to enter into an NDF for a freely tradable currency.

4.2.1 Non-Deliverable Forward (NDF) - Example

An NDF is a customised Forward Contract between you and Convera, that protects you against unfavourable Exchange Rate movements. It is a cash settled transaction, meaning that there is no exchange of currencies at Maturity as there is with a typical foreign exchange transaction. Rather, there is a single amount payable by either you or Convera. A NDF **Contract Rate** 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.

4.2.2 NDF Variables (nominated by you priced by Convera)

Currency Pair: EURCNY

Contract Rate: 8.0000

Reference Currency: EUR

Notional Amount (Amount): CNY 800,000

Fixing Date: 3 months

Value Date: 3 months + 2 days

4.2.3 Possible Outcomes at Maturity
• If the Contract Rate is more favourable for you than the Fixing Rate, Convera will pay you the difference in the Reference Currency. • If the Contract Rate is less favourable for you than the Fixing Rate, you will pay Convera the difference in the Reference Currency.
4.2.4 Benefits of an NDF
• NDFs provide you with protection against unfavourable foreign exchange movements between the time you enter into an NDF and the Value Date in restricted currencies. • NDFs are flexible. The Value Date and the Notional Amount (Amount) can be tailored to meet your particular requirements. • NDFs provide a means of negating foreign exchange risk where exchange restrictions do not allow physical delivery of currency.
4.2.5 Risks of an NDF
• If you enter into an NDF, you will not be able to participate in any favourable Exchange Rates between the time you enter into the NDF and the Value Date. • If you enter into an NDF, you will not be able to pre-deliver the NDF. • Cancellations or adjustments may result in a cost to you. • There is no cooling off period • A Margin Call may affect your cash flow positions. Please see section 13 "Margin Calls" of this PID. • As further set out in section 10 "Significant Risks of Foreign Exchange Products" of this PID.
4.2.6 Costs of an NDF
• Convera applies a Mark-Up on NDFs. Please see section 6.6 "Exchange Rates" of this PID.
4.2.7 Other Important information for an NDF
• NDFs are cash-settled. This means that at Maturity, no actual currency exchange occurs. • The Fixing Rate for each particular Currency Pair is sourced from independent market rate sources used by the financial markets industry – please contact us to confirm these sources using the contact details set out in Section 2 of this PID. • The Contract Rate does not represent a forecast that Convera has made, nor is it a guarantee of future exchange rates. • Convera calculates the cash settlement amount using the Notional Amount, the Contract Rate and the Fixing Rate. The cash settlement amount will be the net difference between the Contract Rate and the Fixing Rate multiplied by the Notional Amount payable in the Reference Currency.

4.3 Components and Special Features of a Forward Contract and an NDF

4.3.1 The Term of a Forward Contract or NDF

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

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

4.3.2 Pre-Delivery of a Forward Contract

After entering into a Forward Contract, you may wish to bring the agreed Value Date closer to **Value Spot**. This is called a Pre-Delivery. In some circumstances and if Convera agrees to the Pre-Delivery, we may carry out an exchange rate adjustment to the original Forward Exchange Rate to reflect this earlier delivery or Value Date.

This might occur where your supplier has contracted to deliver goods to you at various times over the period of the Forward

Contract. This may result in an adjustment of the exchange rate based on time and the difference in interest rates between the two national currencies. If only part of the Forward Contract has been pre-delivered, the remaining balance of the transaction will be settled by the final day of the contract the Maturity Date.

4.3.3 Extension of a Forward Contract

You may extend the Maturity Date of the Forward Contract or NDF only if agreed to by Convera. For example, this may occur if there was a delay in the receipt of goods expected from your overseas supplier beyond the original delivery date. These can be transacted in either of two ways:

- We can cancel the remaining balance of the original Forward Contract or NDF and establish a new Forward Contract or NDF to the new extended maturity date. We will quote you a rate that takes into account the current Spot Exchange rate and the forward margin for the adjusted time frame. **However, by cancelling the remaining balance of the original Forward Contract or NDF a profit or loss to you would result depending on the current exchange rates compared to the original Forward Contract exchange rates or NDF Contract Rate.** This profit or loss would have to be settled at this time.
- We can extend the remaining balance of the Forward Contract or NDF by quoting you an extension margin onto your original Forward Contract exchange rate or NDF Contract Rate. We arrange this through a non-client facing Swap, which matches the Maturity Date of your original contract and extends it to the required Maturity Date of your new contract. This method factors the profit or loss of the method above into the new Forward Contract or NDF for the extended period (rather than settling this at the time of extension). This is known as a Historical Rate Extension (**HRE**). When quoting an HRE rate, Convera incorporates an interest charge on the above profit or loss in the new Forward Contract or NDF, so that the HRE expresses your additional costs or risk. This charge is associated with funding or borrowing that profit or loss for the term of the extension period.

4.3.4 Cancellation of a Forward Contract or NDF

Although the terms of the contract that you enter into with Convera are legally binding, you may ask Convera to cancel your Forward Contract or NDF at any time up to and including its maturity date. You may wish to cancel a contract because your underlying transaction is cancelled. **Cancellation for speculative purposes is not permitted.**

Convera, at its sole discretion, may cancel your contract with us only in certain circumstances which include the following:

- if you give us incorrect information, fail to make the Advance Payment or Margin Call or otherwise breach the Forward Contract or NDF between you and us;
- if you are subject of insolvency, liquidation or similar proceedings;
- our reasonable suspicion of fraud or misappropriation of funds or our services;
- it is determined that the transaction is in relation to a criminal offence or terrorist financing activity or otherwise illegal;
- if we are prevented from executing the Forward Contract or NDF by force majeure;
- if you dispute validity or existence of a Forward Contract or NDF.

  Please note that the force majeure may include limited availability of the Foreign Exchange markets necessary for us to execute a Forward Contract or NDF.

  Convera will provide you with a quote for cancelling your Forward Contract or NDF. 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 Contract or NDF but will be adjusted for prevailing market rates over the remaining term of the Forward 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. Exit costs are summarised on our fee schedule and will be disclosed to you prior to entering into a transaction.

4.3.5 Synthetic Forwards

A Synthetic Forward Contract uses Option Contracts to replicate a standard Forward Contract as above. It entails buying a **Put Option** (giving the right to sell a currency) and selling a **Call Option** (resulting in an obligation to buy a currency) or buying Call Option (giving the right to buy a currency) and selling a Put Option (resulting in the obligation to sell a currency), at a specified exchange rate on a specified date in the future. At the **Expiry Date or Expiry**, there will be an obligation to exchange the Notional Amount at that exchange rate regardless of where the underling Spot Rate is trading.

Unlike a standard Forward Contract, a Synthetic Forward can only be set for a fixed date in the future, it is not possible to specify an open contract (i.e. a contract that sets a Window of time during which any portion of the contract can be settled). As a result of this reduced flexibility, Convera does not market Synthetic Forwards as a standalone product; however, a Synthetic Forward may be used to facilitate the Pre-Delivery of another Option Structure (See section 5.4) or as part of an Option Restructure (See section 5.5). In these cases, a Synthetic Forward will usually be entered into in order to offset a future cashflow arising from the existing hedge effectively cancelling that transaction. It may also be used in conjunction with another Option Structure to adapt the potential outcomes at Expiry to better meet your specific requirements.

4.3.6 Example of a Synthetic Forward

A European Importer has an existing Option Structure that obligates him to sell EUR and buy USD 100,000 in 3 months' time at an exchange rate of $1.1000. Due to additional short-term requirements, he requests to bring forward this cash flow to today. In order to facilitate this pre-delivery, he enters into a Synthetic Forward selling USD 100,000 and buying EUR in 3 months' time at an exchange rate of $1.1000 and simultaneously enters into a spot position to sell EUR and buy USD 100,000 today at the original option price adjusted for **Interest Rate Differentials**.

The importer sends EUR to settle the position and Convera sends out the USD per Instructions. Then, in 3 months' time at the Expiry Date of the Option and Synthetic Forward, the importer has an obligation to sell EUR and buy USD 100,000 at $1.1000 resulting from the Option Structure and an obligation to Sell USD 100,000 and buy EUR also at $1.1000. These obligations net off against each other without the need for any cash flows, meaning the importer has no further obligations from these transactions.

4.4 Swaps

4.4.1 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 **Swap Near Date Forward Rate** for the **Swap Near Forward Leg,** which will be for a value date at least 3 days in the future and the exchange of the same Notional Amount corresponding with the **Swap Forward Leg** for a Maturity Date, which will be no greater than one hundred and eighty (180) days. The first date is the **Swap Near Date** for the Swap Near Forward Leg (as specified in the first **Forward Confirmation**, being a value date at least 3 days in the future) and the second date is the Maturity Date for the **Swap Forward Leg** (as specified in the second 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 Near Date Forward 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 near dated forward contract (with a value date at least 3 days in the future) with Client for Client to buy the **Target Currency** in exchange for the **Swap Settlement Currency**, and a forward contract (the Swap Forward Leg) to sell the Target Currency at the Maturity Date for the specified amount of Swap Settlement Currency.
The Exchange Rates for Value Today, Value Tomorrow or Value Spot will reflect the market mid Spot Rate (mid of the bid and offer spread) and is a Reference Spot Rate. The **Swap Points** represent the differences in interest rates in the currencies in and for the term of the Swap. The Swap Points could be added (premium) or subtracted (discount) from the Reference Spot Rate at Trade Date resulting in the **Swap Rate** on the Maturity Date. Convera will only quote Swaps to Customers for a maximum tenor of one hundred and eighty (180) days.

4.4.2 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 Near Forward Leg Maturity Date (value date at least 3 days in the future) in accordance with the Swap Near Dated Forward Confirmation. Upon receipt of Settlement from you, we shall deliver the Target Currency to to our **Client Money Account** for the Target Currency Notional Amount; and
- On the Maturity Date of the Swap Forward Leg, we will debit our Client Money Account for the **Swap Forward Settlement Amount,** which is the amount due to us under the Swap Forward Leg of the Swap.

4.4.3 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. If 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 this PID.

4.4.3.1 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.

4.4.3.2 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
Swap Near Date: Spot Date + 1 Business Day
Maturity Date: 1 month

4.4.3.3 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.

4.4.3.4 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.

4.4.3.5 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 10 "Significant Risks of Foreign Exchange Transactions ".

4.4.3.6 Costs of a Swap

- Convera applies a mark-up on Swaps. Please see section 6.6 "Exchange Rates" of this PID.
- If you instruct Convera to settle your Swap to a third party 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.

4.4.3.7 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 PID for further information.

4.5 Vanilla and Barrier Options

4.5.1 What is a Vanilla Option?

A **Vanilla Option** is an agreement between two parties that gives the buyer the right but not the obligation to exchange an agreed Notional Amount (Amount) of one currency for an Amount of another currency at an agreed exchange rate (the **Strike Rate**) on an agreed date in the future (**Expiry Date** or **Expiry**). A Vanilla Option may be a Put Option (a right to sell currency) or a Call Option (a right to buy currency).Vanilla Put or Call Options issued by Convera, may have certain conditions attached to one or more of the Put Options or Call Options that are triggered if an agreed Exchange Rate trades in the spot foreign exchange market during the term of the Option or a **Window**. We refer to these Vanilla Options as **Barrier Options**.

The terms 'buyer' and 'seller' are used in the context of our Vanilla Option product to more clearly illustrate the mechanics of such product.

4.5.2 How does buying a Vanilla Option work?

When you, buy a Vanilla Option from Convera, you will be required to pay a non-refundable **Premium** (see section 6.4.3 "Vanilla and Barrier Option Premiums" of this PID) for the Vanilla Option on the **Premium Payment Date**. By buying a Vanilla Option you have the right but not the obligation to **Exercise** the Vanilla Option, and you will not have to effect Settlement of the Vanilla Option if you elect not to Exercise.

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

4.5.3 Buying a Vanilla Option –Example

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

4.5.4 Buying a Vanilla Option - Variables

Currency Pair: EUR/USD
Vanilla Option Type: EUR Put Option / USD Call Option
Strike Rate: 1.1000
Notional Amount (Amount): USD 100,000
Expiry Date: 3 Months
Premium: 0.75% / USD 750

4.5.5 Possible Outcomes at Expiry

- If the Spot Rate is more favourable than 1.1000, (say 1.1500), the importer will let the EUR Put Option lapse and may buy USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is less favourable than 1.1000, (say 1.0600), the importer will buy USD100,000 at 1.1000.

4.5.6 Benefits of Buying a Vanilla Option

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

4.5.7 Risks of Buying a Vanilla Option

- As the buyer of the Vanilla Option, you must pay a non-refundable Premium.
- As further set out in section 10 “Significant Risks of Foreign Exchange Transactions ” and section 8 “Significant Risks of Convera Options” of this PID.
- Depending on the market exchange rate prevailing on the Expiry Date the total cost of the transaction (i.e. the cost of the currency you are buying plus the premium you paid) may prove to be more expensive than an equivalent Forward Contract or alternative hedging product might have been. This ‘total cost’ of hedging needs to be taken into account when deciding whether or not to enter into this type of Option Contract.
- At the Expiry Date or upon cancellation of the Vanilla Option, movements in market exchange rates plus the passage of time may result in the Option having a reduced value or even no value.

4.5.8 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. Convera will accept Premium payments in either EUR or one of the currencies in the Vanilla Option Currency Pair.

The **Confirmation** will specify the Premium Payment Date agreed to by Convera. When payment of the Premium is deferred, it is still payable.

4.6 Selling Vanilla Options

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

4.6.1 Selling a Vanilla Option - Example

Currency Pair: EUR/USD
Vanilla Type: EUR Call Option / USD Put Option
Strike Rate: 1.1500
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Client Receives Premium: 0.7% / USD 700

4.6.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable to the importer than 1.1500, say 1.1100, Convera would allow the Vanilla Option to lapse with no obligation on either party.
- If the Spot Rate is more favourable to the importer than 1.1500, say 1.1700, Convera will Exercise the Vanilla Option and the importer will be obligated to buy USD100,000 at the less favourable Strike Rate of 1.1500.
- In either case, the importer receives payment of the premium of USD 700.

4.6.3 Benefits of Selling a Vanilla Option

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

4.6.4 Risks of Selling a Vanilla Option

- As further set out in section 10 “Significant Risks of Foreign Exchange Transactions ” and section 8 “Significant Risks of Convera Options” of this PID.
- The sale of a Vanilla Option to Convera is not designed to provide protection against an unfavourable movement in the relevant currency. If the Spot Rate on the Expiry Date is more favourable to you than the Strike Rate, Convera will Exercise the Vanilla Option and you will be obligated to exchange currencies at the less favourable Strike Rate.
- The Premium received by you is designed to be used to potentially offset any potential unfavourable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavourable Spot Rate on the Expiry Date.
- If Convera Exercises the Vanilla Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an Exchange Rate that is unfavourable to you.

4.7 Pre-Delivery of a Vanilla Option

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

4.8 Barrier Options

A Barrier Option will have one (single) or two (double) **Trigger Rate(s)** included as part of the Put or Call Option variables, which may be a **Knock-In/Trigger Rate** a **Knock-Out/Trigger Rate** or both. A Knock-In/Trigger Rate is an exchange rate that must be traded at or beyond in the spot foreign exchange market for the buyer's right pursuant to a Call Option or a Put Option to become effective (i.e. the Call Option or Put Option is contingent on the Knock-In/Trigger Rate being triggered). A Knock-Out/Trigger Rate is an exchange rate that if traded at or beyond in the spot foreign exchange market will result in the buyer's right pursuant to a Call Option or Put Option terminating (i.e. the Call Option or Put Option terminates if the Knock-Out/Trigger Rate is triggered).

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

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

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

<table>
<tr><th colspan="2">4.8.1 Buying a Barrier Option – Example</th></tr>
<tr><td colspan="2">If you buy a Vanilla Option from Convera (as described in section 4.5.3 of this PID), you can have certain Trigger Rates (a Knock-In Rate or a Knock-Out Rate) attached, which creates a Barrier Option. Trigger Rates will be triggered if an agreed Spot Rate trades during the term of the Barrier Option (or during a Window). This may create 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).</td></tr>
<tr><th>4.8.1(a) Buying a Barrier Knock-In</th><th>4.8.1(b) Buying a Barrier Option Knock-Out</th></tr>
<tr><td>Currency Pair: EUR/USD
Vanilla Type: EUR Put Option / USD Call Option with Knock-In/Trigger Rate
Strike Rate: 1.1000
Knock-In/Trigger Rate: 1.1400
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Premium: 0.5% / USD 500</td><td>Currency Pair: EUR/USD
Vanilla Type: EUR Put Option / USD Call Option with Knock-Out/Trigger Rate
Strike Rate: 1.1500
Knock-Out/Trigger Rate: 1.0800
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Premium: 0.3% / USD 300</td></tr>
<tr><th>4.8.2(a) Possible Outcomes at Expiry</th><th>4.8.2(b) Possible Outcomes at Expiry</th></tr>
<tr><td>If the Knock-In/Trigger Rate (1.1400) has been triggered prior to the Expiry Date:
• If the Spot Rate is more favourable than the Strike Rate (1.1000), say 1.1200, the Option will lapse, and the importer may buy USD at 1.1200 (although there is no obligation to do so).
• If the Spot Rate is less favourable than the Strike Rate (1.1000), say 1.0800, the importer will buy USD100,000 at the Strike Rate of 1.1000.</td><td>If the Knock-Out/Trigger Rate (1.0800) has not been triggered prior to the Expiry Date:
• If the Spot Rate is more favourable than the Strike Rate (1.1500), say 1.1700, the Option will lapse, and the importer may buy USD at 1.1700 (although there is no obligation to do so).
• If the Spot Rate is less favourable than the Strike Rate (1.1500), say 1.1000, the importer will buy USD100,000 at the Strike Rate (1.1500).</td></tr>
</table>

If the Knock-In/Trigger Rate (1.1400) has not been triggered the Option will lapse at the Expiry Time and there is no obligation on either party.	If the Knock-Out/Trigger Rate (1.0800) has been triggered the Option will cease to exist.

4.8.3 Benefits of buying a Barrier Option with Trigger Rates

- As further set out in section 7 "Benefits of Convera products" of this PID.
- 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.

4.8.4 Risks of Buying a Barrier Option

- As further set out in section 10 "Significant Risks of Foreign Exchange Transactions " and section 8 "Significant Risks of Convera Options" of this PID.
- Trigger Rate risk: For Barrier Options, there is the risk that the Barrier Option may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out/Trigger Rate) or not triggered (in the case of a Knock-In/Trigger Rate). There is the additional risk that you could lose your level of protection if your Barrier Option ceases to exist due to a Knock-Out/Trigger Rate being triggered or a Knock-In/Trigger Rate not being triggered.

4.8.5 Costs of Buying a Barrier Option

- As further set out in section 6 "Costs of Convera products" of this PID.

4.9 Selling a Barrier Option – Example

If you sell a Vanilla Option to Convera (as described in section 4.6.1 in this PID), you can have certain Trigger Rates (a Knock-In/Trigger Rate or a Knock-Out/Trigger Rate) attached to the Vanilla Option which creates a Barrier Option. Trigger Rates will be triggered if an agreed Spot Rate trades during the term of the Barrier Option (or during a Window). This may create an obligation or potential obligation that may not otherwise exist, that will be unfavourable to you (in the case of a Knock-In trigger event) or result in the Barrier Option not ceasing to exist, creating an obligation or potential obligation at the Strike Rate that is unfavourable to you (in the case of a Knock-Out trigger event that does not eventuate).

4.9.1(a) Selling a Barrier Option Knock-In – Variables	4.9.1(b) Selling a Barrier Option Knock-Out – Variables
Currency Pair: EUR/USD Vanilla Type: EUR Call Option / USD Put Option with Knock-In/Trigger Rate Strike Rate: 1.1200 Knock-In/Trigger Rate: 1.1700 Notional Amount (Amount): USD100,000 Expiry Date: 3 Months Client Receives Premium: 1.1% / USD 1,100	Currency Pair: EUR/USD Vanilla Type: EUR Call Option / USD Put Option with Knock-Out/Trigger Rate Strike Rate: 1.1400 Knock-Out/Trigger Rate: 1.1000 Notional Amount (Amount): USD 100,000 Expiry Date: 3 Months Client Receives Premium: 0.75% / USD 750
4.9.2(a) Possible Outcomes at Expiry	**4.9.2(b) Possible Outcomes at Expiry**
If the Knock-In/Trigger Rate (1.1700) has been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to the importer than 1.1200, say 1.1000, Convera would allow the Barrier Option to lapse with no obligation on the importer. • If the Spot Rate is more favourable to the importer than 1.1200, say, 1.1500, the importer	If the Knock-Out/Trigger Rate (1.1000) has not been triggered prior to the Expiry Date: • If the Spot Rate is less favourable to the importer than 1.1400, say 1.1200, Convera would allow the Barrier Option to lapse with no obligation on the importer. • If the Spot Rate is more favourable to the importer than 1.1400, say 1.1600, the importer will be obligated to buy USD100,000 at the less favourable Strike Rate of 1.1400.

will be obligated to buy USD100,000 at the less favourable Strike Rate of 1.1200. If the Knock-In/Trigger Rate (1.1700) has not been triggered the Barrier Option lapses with no obligation on either party. In either case, the importer receives payment of the premium of USD 1,100.	If the Knock-Out/Trigger Rate (1.1000) has been triggered, the Barrier Option will cease to exist. In either case, the importer receives payment of the premium of USD 750.

4.9.3 Benefits of Selling a Barrier Option

- As further set out in section 7 "Benefits of Convera products" of this PID.
- Barrier Options are flexible, where the Strike Rate, Trigger Rates, Expiry Date and Notional Amount can be tailored to your needs.

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

- As further set out in section 10 "Significant Risks of Foreign Exchange Transactions " and section 8 "Significant Risks of Convera Options" of this PID.
- Trigger Rate risk: For Barrier Options there is the risk that there is an unfavourable trigger event or that a favourable trigger event does not occur.
- A Barrier Option may come into existence as the result of a Knock-In/Trigger Rate being triggered, creating an obligation that is unfavourable to you.
- A Barrier Option may not cease to exist as the result of a Knock-Out/Trigger Rate not being triggered, creating an obligation that is unfavourable to you.

4.10 Settlement of a Vanilla or Barrier Option

To Exercise a Vanilla or Barrier Option, the buyer will inform the seller of its intention to Exercise at the Expiry Time (usually 10am in New York) on the Expiry Date, by issuing an **Exercise Notice** by phone or electronic mail (email), pursuant to which:

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

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

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

4.11 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 6 "Cost of Convera products" of this PID. If you accept the quote, the Vanilla or Barrier Option will be terminated and you may lose money as a result.

5 Structured Options

5.1 What is a Structured Option?

A structured foreign exchange option (**Structured Option**) describes a combination of Vanilla Options and/or Barrier Options that can be utilised as foreign exchange risk management alternatives to Forward Contracts and Vanilla Options.

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

A Structured Option is an agreement to exchange a specified amount of one currency for another currency at an exchange rate determined in accordance with the mechanisms set out in the structure at the Expiry Time on an agreed Expiry Date. The exchange of currencies generally then takes place within two (2) clear business days after the Expiry Date (**Value Date**).

5.2 How does a Structured Option work?

Also known as 'zero cost' or 'zero premium' options, these structures 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 Convera) and 'the seller' of an option (i.e. you are selling an option to Convera). Notwithstanding the use of these terms Convera is always the Issuer of the Options product.

For these Options to be zero cost' or 'zero premium' options, you buy the protection that you require with one Option and in order to pay for it, instead of paying a premium, you sell another Option with an equivalent value to the other party. Whereas when you buy a Vanilla Option there will never be any obligation on you to exchange currencies, when entering into a Structured Option, the Option you sell confers a potential right to trade on the other party which they may choose to Exercise against you, if it is in their interests to do so. As a result, like a sold Vanilla Option, your ability to benefit from favourable movements will be limited to a degree and, at Expiry you may be left with an obligation to exchange currencies.

For the avoidance of doubt you, the client, will always be the buyer of a Structured Option regardless of the treatment of its constituent parts. The risk from any Option sale that takes place to create the given structure will be offset by the protection that you are buying. This means that your exposure to risk is known and quantifiable from the outset.

5.3 Structured Options - Statement of Information

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

The Term Sheets will detail your nominated currency pair, your requested Notional Amount or Leverage Notional Amount (as applicable). The Exchange Rates used in Term Sheets are indicative.

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

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

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

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

5.4 Pre-Delivery of Structured Options

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

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

5.5 Option Restructures

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

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

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

5.6 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.

5.7 Additional information and approvals

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

5.8 Leverage Ratios

If agreeable to Convera, certain Structured Options may have a **Leverage Ratio** applied to it. This is known as a **Leveraged Structured Option** and allows for an **Enhanced Rate** and/or more favourable variables to be obtained, which is typically more favourable than the equivalent Forward Exchange Rate or comparable Structured Option (without a Leverage Ratio). With an Enhanced Rate, there are additional risks associated with a Leveraged Structured Option as compared to a Structured Option without a Leverage Ratio. When a Leverage Ratio is used, these potential additional risks are added to the already existing risks of a Structured Option without a Leverage Ratio.

5.9 Options with Fixings

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

5.10 Settlement of a Structured Option

At the Expiry Time (usually 10am in New York) on the Expiry Date, you will either have the right, but no obligation to exchange the Notional Amount of currency at the Protection Rate (or other rate such as Enhanced Rate etc.) or, under given circumstances, will be obliged to do so at the Protection Rate (or other rate such as the Participation rate etc. If the Option expires ITM (i.e. the rate at which you have a right to trade is more favourable to you than the prevailing Spot Rate and you are not otherwise obliged to trade) Convera will automatically exercise the Option on your behalf and advise you of the fact as soon as possible afterwards. Please note, that this still does not place you under any obligation. However, if do decide to accept the outcome, you must advise us of your intentions with regards to Settlement on the same day. If you are obliged to trade, the deal will also be automatically executed on your behalf.

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

6 Cost of Convera products

6.1 Interest

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

6.2 Premium

Where applicable, Premiums must be paid in cleared funds within 2 business days of the Trade Date or can be deferred to a date as agreed by Convera.

6.3 Forward Contracts, NDFs and Swaps

The cost related to transactions, Forward Contracts, NDFs and Swaps are set out in sections 4.1.10, 4.2.6 and 4.3.6 respectively.

6.4 Vanilla and Barrier Options

6.4.1 Buying Vanilla and Barrier Options

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

6.4.2 Selling Vanilla and Barrier Options

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

6.4.3 Vanilla and Barrier Options Premiums

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

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

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

6.5 Structured Options and Options with fixings

Generally, Convera, in consultation with you, sets the Protection Rate and the Knock In or Knock Our Rates associated with any Structured Option at particular levels in order to create a "zero premium" cost structure. Whilst these Structured Options are usually structured so that no premium is paid by the Customer, Convera will still derive a financial benefit because the market exchange rates prevailing at the time, through the incorporation of a **Retail Mark Up (Mark Up)**, which equates to our revenue on the transaction. The cost structure of a Structured Option (i.e. size of the **Mark Up**) will be determined after taking into account several factors:

- The contract amount, the term, the Protection Rate and any other rates applicable to a particular structure

(Participation Rate, Knock In or Knock Out Rate etc.).

- Current market Foreign Exchange Rates and the interest rates of the countries whose currencies are being exchanged.
- Market Volatility.
- Expiry Date and delivery date (Settlement) date.
- Expiry Time.
- Best case and worst case rate.
- Costs incurred by Convera by entering into the transaction with you (cost of credit, operating costs, etc).

6.6 Exchange Rates

With the exception of Forward Contract Advance Payments, Premium payable Option contracts and Margin Calls, we do not charge upfront costs or Premiums. We are able to offer our Foreign Exchange products without charging upfront costs or Premiums because we obtain gross revenue through a Mark Up.

The Mark Up is the difference between the wholesale exchange rate we are able to obtain and the exchange rate we then offer to each customer. The exchange rate we offer to you is dependent on a number of factors including:

- the value of the transaction and the currency involved where the ability of Convera to cover this amount is dependent on supply and demand for the relevant currencies and amounts in the Foreign Exchange market at the time you may wish to enter into a relevant transaction;
- the costs that we incur by entering into the transaction with you - such as cost of credit or operating costs - which will be influenced by the terms of the trade and your credit rating.
    - Note: these will be disclosed to you both before and after your transaction.
- the volatility in the Foreign Exchange market at that time – generally, when the Foreign Exchange market is volatile our Mark Up may be wider reflecting underlying conditions and the increased risk to us; and
- the differing interest rates applicable to the currency pair involved in the Forward Contract – these are an integral part of any Forward Contract rate calculation relevant to the period of the Forward Contract.

The exchange rates quoted in the media generally reflect the wholesale exchange rates which Convera will obtain from the money interbank market. Please note, that wholesale exchange rates are constantly changing, and any such rates are generally only obtained by trading significant values. They also do not take into account any transaction costs such as cost of credit, operating costs etc.

Example: This example is indicative only and uses selected rates and figures to demonstrate how we obtain gross revenue
through the Mark Up of a Foreign Exchange contract. The exchange rates shown are for illustrative purposes only. You wish to buy EUR 100,000 to pay to your supplier. You wish to pay EUR for this EUR purchase. The exchange rate quoted to you for this transaction is EUR/EUR 0.8000. Therefore, the EUR converted amount is EUR 80,000. This is the amount of EUR you would have to pay to buy the EUR 100,000 to remit to your supplier.

Convera will cover the above EUR 100,000 transaction in the Foreign Exchange market. For this example, the rate is 0.7975 which equates to EUR £79,750. This is the EUR amount that Convera will have to pay to another institution to buy the EUR 100,000 to cover this transaction on a back-to-back basis.

In this example the Mark Up is represented by the difference in the two exchange rates, 0.0025 or EUR £250.
This amount is the gross revenue earned on this transaction by Convera.

If you request us to cancel a transaction before Settlement, it is likely that the relevant exchange rate for that transaction will have changed. If that occurs, you may be required to make an additional payment which will reflect the change in exchange rates. We will notify you of any amounts you will be required to pay at the time you request to cancel the transaction.

6.7 Transaction Fees

You may be charged some transaction fees upon Settlement or delivery of foreign exchange transaction if this is carried out via a **Telegraphic Transfer** or **Draft**. Transaction fees for Telegraphic Transfers and Drafts are in addition to the costs detailed in this section 6 of this PID.

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/Drafts in connection with delivery of your Option that may be applicable, contact your Convera Representative.

7 Benefits of Convera products

We have described the particular benefits that attach to Forward Contracts in section 4.1.8, NDFs in section 4.2.4, Swaps in section 4.3.4, Vanilla Options in sections 4.5 and 4.6, Barrier Options in sections 4.8 and 4.9, and incorporate by reference benefits of each combination of Vanilla Option and/or Barrier Option in Term Sheets as described in section 5.3. In addition, the following are general key benefits of these products:

7.1 Forward Contracts and NDFs

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

- Forward Contracts 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.
- Forward Contracts 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.

7.2 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.

7.3 Vanilla and Barrier Options

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

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

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

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

7.4 Structured Options and Options with Fixings

Benefits of Structured Options and Options with Fixings include:

- Structured Options help you manage the risk inherent in currency markets by predetermining the rate and date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against negative foreign exchange movements between the time that you deal 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 may allow a degree of participation in favourable exchange rate movements (depending on the Structured Option used).
- Structured Options can be tailored to your specific requirements; as Expiry Dates and Notional Amounts are chosen by

you. You also have additional flexibility to participate in certain favourable exchange rate movements and may be able to achieve an Enhanced Rate comparable to the equivalent Forward Exchange Rate depending on the combination of Vanilla Option and/or Barrier Option contracts that you enter.

8 Significant Risks associated with Convera Option products

We have described the particular risks that attach to Vanilla Options in sections 4.5 and 4.6, Barrier Options in sections 4.8 and 4.9 and incorporate by reference risks of each combination of Vanilla Option and/or Barrier Option in Term Sheets, as described in section 5.3. In addition, the following are significant risks of these products:

- **Trigger Rate Risk**. For Options that have a Trigger Rate, there is the risk that the Option or part of the strategy may not exist at Expiry Date because a Trigger Rate has been triggered (in the case of a Knock-Out Rate) or not triggered (in the case of a Knock- In Rate). There is the additional risk that you could lose your level of protection if your Option or part of the strategy ceases to exist due to a Knock-Out Rate being triggered.
- **Additional "Selling a Vanilla or Barrier Options" Risks.** The following general risks are particular to "Selling Vanilla or Barrier Options" and are in addition to the other risks mentioned in this section 10 of this PID:
    - **There may be no protection**: The sale of a Vanilla or Barrier Option to Convera is not designed to provide protection against an unfavourable movement in the relevant currency. If the Spot Rate at expiry is more favourable to Convera than the Strike Rate, Convera will Exercise the Vanilla or Barrier Option and you will be obligated to exchange currencies at an exchange rate that is unfavourable to you. The Premium received by you is designed to be used to potentially offset any potential unfavourable moves in the Spot Rate that may occur. However, the Premium received may not be enough to offset the total impact of the unfavourable Spot Rate at the Expiry Date.
    - **Delivery of currency**: If Convera exercises the Vanilla or Barrier Option, you are obligated to deliver your currency to Convera at the Strike Rate, which will be at an exchange rate that is unfavourable to you. Furthermore, if Convera Exercises the Vanilla or Barrier Option and you do not have the currency you are required to deliver, you will need to purchase it at the unfavourable exchange rate, in order to meet your obligations.
    - **Unknown liability**: If you have to purchase currency at an unfavourable exchange rate to meet your obligations this will result in a cost to you. This cost is potentially unknown.
- **Structured Options and Options with fixings**

  Convera considers that Structured Options and Options with fixings are only suitable for persons who understand and accept the risks involved in transacting in financial products involving Foreign Exchange Rates. Convera recommends that you obtain independent financial and legal advice before entering into a Structured Option or Options with fixings.

  The following are the significant risks associated with a Structured Option or Options with fixings:
    - Premium is not refundable under any circumstances.
    - By entering into a Structured Option and Options with fixings you (the buyer) may be left with an obligation to trade on the Expiry Date at a level that may seem unfavourable when compared to the prevailing Spot Rate at that time.
    - Cancellation or termination of a Structured Option and Options with fixings may result in significant financial loss to you. Please see our explanatory document "Closing out of a Trade" for a further explanation of cancellation, which is available on our website or which Convera can provide to you upon request.
    - If you paid a Premium to enter into a Structured Option or Options with fixings, the resulting loss may be greater than that Premium. Convera will provide a quote for such services based on market conditions prevailing at the time.
    - There is no cooling off period.
    - If the **Mark to Market** value of your Option exceeds a predetermined level, given as a currency amount or a percentage of the Notional Amount (which would be agreed with you prior to entering a contract – for example, USD 100.000 or 10%) we may seek from you a Margin Call as an offset to bring your Option's risk exposure back to zero. For more information on Margin Calls please see section 13 below and please also refer to our explanatory pamphlet on Margin Calls which is available on our website or which Convera can provide to you upon request.
    - The Protection Rate of some of the Structured Options and Options with fixings we sell could be less advantageous than the exchange rate applicable to a comparable Forward Contract.

9 Further information

We have prepared the following explanatory pamphlets to describe various aspects of our Options Products:

1. A guide to Currency Options
2. Tailoring options to suit your needs
3. Closing out of a trade
4. How do I know if I'm getting a good deal?
5. Taking early delivery of an Option
6. What is a Margin Call

These pamphlets are available to download from our website. Alternatively, we are able to provide you with copies upon request.

10 Significant risks of Foreign Exchange Contracts

- **Market risk.** Foreign Exchange markets are subject to volatility. Entering a Foreign Exchange transaction exposes you to changes in the Foreign Exchange markets.
- **Operational risk.** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Possible disruptions in Convera's processes may lead to delays in the execution and settlement of your transaction.
- **Counter party risk.** In each Foreign Exchange transaction you enter into with us, we are your counterparty. This means that you will be relying on our ability to meet our financial obligations in the transaction.
- **Exchange Rate Risk.** In the case of Forward Contracts (and Spot Foreign Exchange Contracts not settled immediately), the date upon which you enter into a contract with us and the date on which that contract must be settled will be different. You must be aware when acquiring a product from us, that exchange rates may fluctuate between those dates. If you enter into a Forward Contract with us, and the exchange rate for your contract goes down, you must still settle your contract on the settlement date using the exchange rate which you agreed upon at the date of entry into your contract. Your agreed exchange rate may, because of fluctuations in exchange rates, be significantly higher, or lower, than the prevailing exchange rate.
- **Opportunity Loss.** Once the exchange rate has been set in some of our products, you will not be able to take advantage of preferential exchange rate movements that occur after the Trade Date and prior to the Value Date. By protecting against potential unfavourable exchange rate movements, you are not able to take advantage of favourable exchange rate movements and will be required to trade at an exchange rate that is less favourable to you than the prevailing exchange rate on the Value Date.
- **Market Volatility.** The foreign exchange markets in which Convera operates are OTC and can change raPIDly. These markets are speculative and volatile with the risk that prices will move quickly. When this occurs the value of your foreign exchange transaction(s) may be significantly less that than when you entered into the contract. Convera cannot guarantee that you will not make losses (where your foreign exchange transaction is OTM), or that any unrealised profit or losses will remain unchanged for the term of the foreign exchange transaction. You need to monitor your foreign exchange transactions with Convera carefully providing Convera with Instructions before potentially unacceptable losses occur.
- **Issuer Risk.** When you enter into a foreign exchange transaction you are relying on Convera's financial ability as Issuer to be able to perform its obligations to you. As a result, you are exposed to the risk that Convera becomes insolvent and is unable to meet its obligations to you under a foreign exchange transaction.
- **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 an Option and recover all costs and expenses incurred in connection with the Option, including payment of the Premium, which shall remain due and payable as a debt. If you fail to pay an Initial Margin or a Margin Call in accordance with the Terms and Conditions or fail to provide Settlement on the Value Date, we may terminate your foreign exchange transaction. In such event, you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your foreign exchange transactions.
- **Conflicts of interest**. Convera enters into transactions with a number of different Clients and Hedging Counterparties that may be in conflict with your interests under the product(s) you have entered into with us. Convera is not required to prioritise your interests when entering into foreign exchange transactions with you.

11 Terms and Conditions and other documentation

Each transaction which you enter into will be subject to Convera's Terms and Conditions and Convera's FX Derivative Contract

Addendum. You will be required to agree and accept: (i) the Terms and Conditions by signing Convera's Application Form; and (ii) (where applicable) agreeing to Convera's FX Derivative Contract Addendum, before entering into any transaction with Convera.

You will also need to provide us with your most recent audited financial statements (no more than 12 months old) together with such other "Know your Customer" information that Convera may require. This may also include historical audited accounts if we do not already have a working relationship with you.

Upon receipt of all relevant documents, Convera will conduct an accreditation process. Accreditation and acceptance of a customer is at Convera' sole discretion and depends on a number of factors.

The main checks that are relevant to the accreditation of a customer are:

- Verification of a customer's identity in accordance with relevant Anti-Money Laundering /Counter-Terrorism Financing (AML/CTF) laws;
- A successful credit check conducted through a third party credit agency;
- An AML/CTF 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;
- A check of a customer's principal officers and beneficial owners against relevant government issued sanction lists.

12 Margin Calls and Credit

12.1 What is a Margin Call?

Over the life of any Forward Contract and/or Option Contract you enter into with Convera, as the Spot Rate moves, the contract may be ITM or OTM or **At The Money (ATM**). That is, if the transaction had to be cancelled at any time, it would result in a gain to you ITM or a loss to you OTM or break even (i.e. neither party would make a loss or a gain) ATM.

In order to secure Convera against any future financial loss we may incur as a result of entering into a transaction with you, you will either be asked to pay an upfront deposit or Initial Margin (which would usually be a percentage of the Notional Amount you want to deal), or you will need to have a credit line in place with us permitting a specified maximum position limit before a deposit becomes due.

Once you have open positions, we constantly monitor their market value to determine the difference between the original cost of buying the contract on your behalf and the present value should we have to sell it back. Known as the mark to market value, your net position may be positive ITM or negative OTM. When your net position with us is OTM, we count that against any deposit that we hold or OTM credit line that we have extended and if this is insufficient to cover the negative position value, we will seek to remove that risk by requesting additional deposit – also known as calling for margin, or a Margin Call.

12.2 Credit lines

When we extend you a credit line, we are allowing you to trade a given amount of currency – your Derivatives Trading Line (**DTL**) – that you can hedge over a given period without needing to pay an Initial Margin. The size of this line will usually be determined by the maximum OTM position we are prepared to risk by facilitating your trades without having security against them. This is known as the OTM Limit. Any OTM limit applied is typically expressed as a percentage of the DTL. If this is very low – say 1% or 2% - it is likely that you will be margin called sooner, and possibly more often thereafter. As a result, OTM limits of 5% or even 10% are more desirable, We will always give consideration to your likely ability to meet any Margin Calls at short notice before extending you credit terms.

12.3 Is this a cost?

No. Any margin that you deposit with us will either be returned to you prior to Expiry if it is no longer required or will be deducted from the Settlement balance due once the contract matures. It does, however, represent a cash flow impact which may come at an inconvenient time, so you should give due consideration to how you might meet a Margin Call before entering into a Foreign Exchange Transaction.

12.4 Does the product you use affect your chances of being Margin Called?

Yes. A Vanilla Option (where you pay a Premium) can never have a negative value and a Participator will move out of the money half as quickly as an equivalent Forward Contract meaning the market would have to move twice as far before you were Margin Called. On the other hand, Options with a Leverage Ratio – where the obligated amount is double the equivalent Forward Contract- will move out of the money more quickly. Please ask us for more information on this if needed.

12.5 How can you see your MTM position?

You can request an update of your mark to market position at any time either over the phone or via email.

12.6 Extensions

In order to apply for a credit increase, you should first discuss your requirement with your hedging manager or dealer. They will then apply for an increase to your credit line by submitting a business case to our Credit team. They may well require up to date financial statements in the form of audited year-end financial statements and more up to date management accounts.

12.7 What if you can't or won't pay?

If a Margin Call request is not met within the requisite 48 hour period, we will freeze your credit limit with us, prohibiting any new transactions or changes to the Maturity/Expiry Dates of existing deals until payment is received. Ultimately, continued failure/refusal to pay a Margin Call will result in us terminating all your contracts. We will also commence all actions necessary (including any legal proceedings) to recover the amounts required from you.

13 Instructions, Confirmations and telephone conversations

The commercial terms of a particular Foreign Exchange transaction will be agreed and binding at the time of dealing. Transactions can be completed using our online platforms or via a Convera Representative. The latter will occur verbally over the phone as set out in Convera's terms and conditions of business.

Shortly after entering into a Foreign Exchange transaction, Convera will send you a Confirmation outlining the commercial terms of the deal. 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. In the event that there is a discrepancy between your understanding of the Foreign Exchange transaction and the Confirmation, it is important that you raise this with Convera as a matter of urgency. The Confirmation will also describe costs and charges included in the transaction. Unless stated otherwise, these are for informational purposes only and do not require additional payment.

All telephone conversations with our representatives are recorded in accordance with standard market practice and regulatory requirements. We do this to ensure that we have complete records of the details of all transactions. Taped telephone conversations are retained for a period of time specified under regulations and are usually used when there is a dispute and for staff monitoring purposes. If you do not wish to be recorded you will need to inform your Convera representative. Convera will not, however, enter into any transaction over the telephone unless the conversation is recorded. Please refer to the FSG for further details on our telephone recording practices.

14 Complaint 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 products you have purchased from us or any service you have received from us. We would also like to hear from you if you would like to compliment one of our employees for providing exceptional customer service.

We have established procedures and policies to ensure that any complaint you may have is properly considered and appropriate measures are taken to address any issues. If you have a complaint, you can raise it with us by: (i) e-mail at: Customercare@contact.convera.com or (ii) +352 800 81 634; or (iii) visiting us in person at our offices (please see Section 2 of this PID for our office addresses), or (iv) writing to us at our office addresses.

Any complaint you make will be handled in accordance with our complaints handling policy, copies of which are available on our website or upon request from your usual Convera contact.

15 Key Terms

Advance Payment means a security payment required by Convera in connection with a Forward Contract or an Option Contract.

At Expiry when used to describe a Knock In or Knock Out barrier means that the barrier level will only be observed at the expiry time (usually 10am New York Time) on the Expiry Date. Previous breaches of the barrier will have no effect.

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

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

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

Call Option means a contract that gives the buyer the right, but not the obligation to buy a specified amount of currency.

Client Money Account is an account held by Convera with an authorised banking institution where Client's money in relation to the Settlement of the Swap Near Forward Leg is held separately from Convera money.

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

Contract Rate means the agreed exchange rate which will be used to calculate the Cash Settlement Amount for an NDF.

Contracted notional amount is the sum of currency that any option contract you enter into will give you the either right or obligation to buy or sell

Contingent notional amount is the sum of currency that a Structured Option contract will give you the right or obligation to buy or sell provided certain other specified conditions are met.

Convera 'We/we, Our/our, Us/us' means Convera Europe Financial S.A..

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

Currency Pair means the two currencies in a Foreign Exchange transaction.

Customer means the entity that signs the Application Form (and where applicable the FX Derivative Contract addendum) and that agrees to be bound by the Terms and Conditions (and where applicable the FX Derivative Contract addendum).

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

Enhanced Rate means, where applicable, 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.

Exercise means to make use of the right, which is possessed by a party, as specified in a Call Option or a Put Option, e.g. the right to buy, in which case, once exercised the seller of the option is obliged to the buyer on the terms already agreed.

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

Expiry Date or Expiry means the date on which a Option expires.

Expiry Time is the time of the day on the Expiry Date that a Option lapses.

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

Fixing Date means the date on which the Fixing Rate is applied to an NDF, 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 an NDF, TARF or Accumulator on the Fixing Date.

Foreign Exchange means the exchange of one currency for another or the conversion of one currency into another currency.

Foreign Exchange Rate means the rate at which a currency pair is exchanged.

Forward Contract means an agreement where one currency is bought or sold for another currency at an agreed Forward Exchange Rate for settlement at a specified date in the future.

Forward Exchange Rate means the Spot Rate adjusted to a future date having regard to the interest rates prevailing in the two countries in the Currency Pair and any other relevant factor.

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

FSG means our Financial Services Guide, which sets out further information about Convera and the products and services we offer.

Future Payments Transaction means an agreement entered into between the Customer and Convera in which: (i) Convera agrees to purchase a specific amount of funds in one currency and to settle on an agreed future date in a specific amount of funds in another currency at an agreed fixed exchange rate, and (ii) Convera agrees to transfer the purchased funds to a designated beneficiary or the Customer for an agreed service fee, if applicable.

FX Derivative Contract Addendum means the addendum setting out the terms and conditions that apply to any Forward Contract and/or Future Payments Transaction and/or Option Contract that the Customer enters into with Convera.

EUR or Euro means the lawful currency for the time being of Europe.

Holding Balance: funds temporarily held by Convera for you pending receipt from you or an authorised user of a request.

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

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

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

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

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

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

International Funds Transfer means an electronic transfer of funds into or out of the country you are situated in.

Knock In Rate means, where applicable, the exchange rate that we agree must be traded in the spot foreign exchange market before the Expiry Time for the Buyers right pursuant to a Call Option or Put Option to become effective.

Knock Out Rate means, where applicable, an agreed exchange rate that if traded in the spot foreign exchange market before the Expiry Time the Buyers right pursuant to a Call Option or Put Option cease to exist.

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

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

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

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

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

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

Mark to Market means the daily revaluation of a Forward Contract and/or an Option Contract to reflect its current market value rather than its original contract value.

Market Risk means the risk of adverse movements in the value of a transaction due to movements in the Spot Rate over time.

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

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

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

Option Contract means a Call Option or a Put Option.

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

Participation Rate means the most advantageous exchange rate that can potentially be achieved in any Structured Option that has a collar structure in place as agreed by you.

PID means this Product Disclosure Statement.

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

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

Protection Rate (also known as the Strike Rate) is the rate at which an option contract may be exercised. In the case of Structured Option contracts this will usually – but not necessarily always – be the worst case rate.

Put Option means contract that gives the buyer the right, but not the obligation to sell a specified amount of currency.

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

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

Settlement Risk means the risk that a counter party will be unable to fulfil its obligations on the Value Date.

Spot Exchange Rate or Spot Rate means the exchange rate for settlement on a Value Date of up to two (2) business days from the date the transaction was entered.

Strike Rate means, where applicable, 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.

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 5 of this PID.

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 Near Date means the date on which the Swap Near Forward Leg becomes due for delivery and settlement. The Swap Near Date must be a business day in all jurisdictions involved in the relevant Swap Contract, including both countries of the currencies involved.

Swap Near Date Forward 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 first Forward Confirmation.

Swap Near 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 Target Currency Amount on the Spot Date plus 1 business day, as stated in the 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 the client agrees to pay Convera for purchase of the Target Currency.

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.

Target Currency: In relation to a Swap, the currency as specified in the Swap Spot Confirmation which the Client agrees to buy from the Company in exchange for the Swap Settlement Currency.

Target Currency Amount: In relation to a Swap Contract, the amount owed by Convera in the Target Currency to the client as of the Swap Near Date for the purchase of the Swap Settlement Currency Amount under the Swap Near Forward Leg.

Telegraphic Transfer is an electronic way of transferring funds overseas.

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

Trading Limit means the provision of credit terms to you to cover the exposure emanating from the Settlement Risk.

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

Terms and Conditions means the Convera Europe Financial S.A. Terms and Conditions, as amended from time to time and located at the Convera compliance webpage https://convera.com/en-lu/compliance-legal/compliance/

USD or **United States Dollar** means the lawful currency for the time being of the United States of America.

Value Date means the date the Cash Settlement Amount is payable for an NDF or the day where payment for currency is made. The Value Date will always be the last date of the Window, if any.

Value Spot is where the Value Date is two (2) Business Days after the Trade Date.

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

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

Window when used to describe a Knock In or Knock Out barrier means that the barrier in question will only be observed during a specified period during the life of the option contract - for example, only the final month, or final day. Breaches of the barrier level outside of the window period will have no effect.

'You/you, Your/your' means the Customer.