

LEVERAGED STRUCTURED OPTIONS NO. 1

Convera Product Disclosure Statement

Issued by Convera Australia Pty Ltd, NZ Branch (Company Number 3527631, FSP 168204)

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This document replaces the Leveraged Structured Options No. 1 Product Disclosure Statement dated 26th May 2023.

This document provides important information about Leveraged Structured Options to help you decide whether you want to enter into Leveraged Structured Options. There is other useful information about this offer [at www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

Derivatives are complex and high risk financial products that are not suitable for most retail investors. If you do not fully understand a derivative described in this document and the risks associated with it, you should not enter into it. You can also seek advice from a financial adviser to help you make your decision. You should ask if that adviser has experience with these types of derivatives.

Convera Australia Pty Ltd, NZ Branch has prepared this document in accordance with the Financial Markets Conduct Act 2013.

1. KEY INFORMATION SUMMARY

What is this?

This is a product disclosure statement (PDS) for Leveraged Structured Options provided by Convera Australia Pty Ltd, NZ Branch (We refer to ourselves as "Convera", "we", "our", or "ours"). Leveraged Structured Options are derivatives, which are contracts between you and Convera that may require you or Convera to make payments or deliver currency. The amounts that must be paid or received (or both) will depend on the price or level of the underlying currency that is purchased or sold. The contract specifies the terms on which those payments must be made.

WARNING

Risk that you may owe money under the derivative

If the price or level of the underlying currency changes you may suffer losses. In particular, unlike most other kinds of financial products you may end up owing significant amounts of money. You should carefully read Section 2 of this PDS on how payments are calculated.

Your liability to make Initial Margin and Margin Call payments

Convera may require you to make additional payments (referred to as margin) to contribute towards your future obligations under these derivatives. These payments may be required at short notice and can be substantial. You should carefully read Section 2.3 of this PDS about your obligations.

Risks arising from issuer's creditworthiness

When you enter into derivatives with Convera, you are exposed to a risk that Convera cannot make payments as required. You should carefully read Section 3 of the PDS (risks of these derivatives) and consider Convera's creditworthiness. If Convera runs into financial difficulty the margin you provide may be lost.

About Convera

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

Which derivatives are covered by this PDS?

This PDS covers Leveraged Structured Options. A Leveraged Structured Option is a binding agreement between you and Convera 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 an agreed time (Expiry Time) on an agreed date (Expiry Date).

One mechanism that applies to each Leveraged Structured Option product is the application of a Leverage Ratio, to the amount of currency that you are purchasing or selling. The inclusion of a Leverage Ratio means that you may be required to purchase or sell a multiple of that amount on the Expiry Date of your product. Leveraged Structured Options as a result are inherently more risky than equivalent Structured Options products. They do however enable you to receive an enhanced Protection Rate in comparison to the equivalent Structured Options product.

Leveraged Structured Options 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 unfavourable foreign exchange movements between the Trade Date and the Expiry 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.

Leveraged Structured Options are also flexible; Expiry Date, Notional Amounts and the Leverage Ratio can be tailored to meet your requirements. You also have additional flexibility to participate in certain favourable Exchange Rate movements and may be able to achieve an enhanced Exchange Rate comparable to the equivalent Structured Option depending on the Option product you enter into and Leverage Ratio that you agree.

By entering into a Leveraged Structured Option, you may be required to purchase or sell currency at an Exchange Rate that is less favourable than the prevailing Exchange Rate on the Value Date of your contract. The amount that you are required to trade may be multiplied by the Leverage Ratio.

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2. KEY FEATURES OF THE DERIVATIVES

2.1. Nature and effect of Leveraged Structured Options

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

A Leveraged Structured Option is an agreement to exchange a specified amount of one currency in exchange for another currency at a foreign Exchange Rate (the value of one currency for the purpose of conversion to another currency) that is determined by reference to agreed mechanisms within each particular Leveraged Structured Option product.

Convera offers fifteen (15) Leveraged Structured Option products, nine (9) of which are described further in this PDS. The other six (6) Leveraged Structured Option products are: (i) Leveraged Collar, which is described at Section 2.1.1 of the Leveraged Structured Options No. 2 PDS; (ii) Leveraged Participating Collar, which is described at Section 2.1.2 of the Leveraged Structured Options No. 2 PDS; (iii) Leveraged Knock-Out Convertible, which is described at Section 2.1.3 of the Leveraged Structured Options No. 2 PDS; (iv) Leveraged Knock-Out Participating, which is described at Section 2.1.4 of the Leveraged Structured Options No.2 PDS; (v) Leveraged Knock-Out, which is described at Section 2.1.2 of the Knock-Out Structured Options PDS; and (vi) Leveraged Knock-Out Collar, which is described at Section 2.1.4 of the Knock-Out Structured Options PDS.

You can access and download our PDS documents from our website: <https://www.convera.com/en-nz/compliance-legal/compliance>

A Leveraged Structured Option is created through the concurrent sale and purchase of two or more Call Options and/or Put Options. A Call Option is an agreement that gives the buyer the right (but not the obligation) to buy a currency at a specified price at a specified time. A Put Option is an agreement that gives the buyer the right (but not the obligation) to sell a currency at a specified price at a specified time. In any particular structure, you may be referred to as both the "Buyer" of the Option and/or the "Seller" of the Option. Notwithstanding the use of these terms Convera is always the Issuer of the Leveraged Structured Option product.

Leveraged Structured Options have the same basic features as their equivalent Structured Options with the exception that a Leveraged Ratio is applied as a multiple to the Notional Amount of certain Put or Call Options within the product. The Notional Amount is the predetermined NZD or foreign currency amount to be bought or sold. As a result of the Leverage Ratio a Leveraged Structured Option provides an enhanced Exchange Rate in comparison to the equivalent standard Structured Option. However, there is also additional risk associated with the Leverage Ratio. If the relevant Put or Call Options are Exercised you will be required to trade a multiple of the Notional Amount of the contract at an Exchange Rate that will be less favourable than the prevailing market Exchange Rate.

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

Our default position is that where a Trigger Rate is applicable it will apply for the term of the Leveraged Structured 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 Leveraged Structured Option), "last week" (where the Trigger Rate is only effective in the last week of the Leveraged Structured Option), "last day" (where the Trigger Rate is only effective in the last day of the Leveraged Structured Option), and "at Expiry" (where the Trigger Rate is only effective at the Expiry Time on the Expiry Date of the Leveraged Structured Option).

You can ask Convera to provide you with a Window at any time before you enter into a Leveraged Structured 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, 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 will be less favourable to you than if there were no Window in place. The Protection Rate, which is the agreed worst case Exchange Rate that applies to a Leveraged Structured Option, will also be less favourable to you than if there were no Window in place. These Rates will be less favourable the shorter the period of the Window.

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

Exchange Rates quoted in the media generally refer to Interbank Exchange Rates and will usually differ from Exchange Rates quoted to you.

When you buy a Leveraged Structured Option we will agree the following elements of the contract:

- The Currency Pair – the currency that is bought and the currency that is sold if the Leveraged Structured Options is exercised.
- Notional Amount – the amount of currency to be purchased or sold if the Leveraged Structured Option is exercised.
- Leverage Ratio – the multiple of the Notional Amount to be purchased or sold (e.g. 1:2).
- Exchange Rates – depending on the type of Leveraged Structured Option could include Protection Rate, Knock-In and/or Knock-Out Rate, Participation Rate, and Enhanced Rate. The Participation Rate is the most favourable Exchange Rate that can potentially be achieved. The Enhanced Rate is the Exchange Rate that is more favourable than the comparable Structured Option Exchange Rate at the Expiry Date.
- Expiry Date – the date that the Leveraged Structured Option will expire.

Convera only offers "European" style Leveraged Structured Options. This means that you may only Exercise the Leveraged Structured Option on the Expiry Date. Convera, at its sole discretion, may allow you to close a Leveraged Structured Option prior to the Expiry Date. This is explained further in Section 2.6 of this PDS.

Set out below is a description of nine (9) Leveraged Structured Options, out of the fifteen (15) Leveraged Structured Option products that we provide.

2.1.1. Ratio Forward

a) How a Ratio Forward works

A Ratio Forward is a Leveraged Structured Option that gives you the ability to trade at an enhanced Exchange Rate (the "Enhanced Rate") relative to a comparative Forward Exchange Contract (FEC). A Ratio Forward will always provide you with a guaranteed worst case Exchange Rate allowing you to protect against the risk that the Spot Rate is less favourable on Expiry.

Because there is a ratio component associated with a Ratio Forward you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Ratio Forward is structured by entering into two concurrent Options. In the first you buy a Put Option from Convera at the Enhanced Rate. In the second you sell a Call Option to Convera at the Enhanced Rate. The Notional Amount of the Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought from Convera multiplied by the Leverage Ratio. A Ratio Forward always provides you with protection at the Enhanced Rate.

Your ability to enter into a Ratio Forward with us is subject to our prior approval and agreement.

On the Expiry Date of a Ratio Forward:

- If the Spot Rate is less favourable than the Enhanced Rate you will trade at the Enhanced Rate.
- If the Spot Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount at the less favourable Enhanced Rate.

b) Benefits of a Ratio Forward

- An ability to achieve an Enhanced Rate relative to the comparative Forward Exchange Rate.
- Protection at all times with a known worst case Exchange Rate.

2.1.2. Leveraged Knock-In

a) How a Leveraged Knock-In works

A Leveraged Knock-In is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate on Expiry.

Because there is a leverage component associated with a Leveraged Knock-In you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-In is structured by entering into two concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate. In the second you sell a Call Option to Convera at the Protection Rate with a Knock-In Rate (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during any Window)). The Notional Amount of the Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought multiplied by the Leverage Ratio. A Leveraged Knock-In always provides you with protection at the Protection Rate.

Your ability to enter into a Leveraged Knock-In with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In:

i. If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will let the Option lapse and may trade at the Spot Rate.

ii. If the Knock-In Rate has been triggered:

- If the Spot Rate is more favourable than the Protection Rate you will be obligated to buy a multiple of the Notional Amount at the Protection Rate.
- If the Spot Rate is less favourable than the Protection Rate you will buy the Notional Amount at the Protection Rate.

b) Benefits of a Leveraged Knock-In

- An ability to achieve an enhanced Protection Rate comparative to standard Knock-In structure.
- An ability to participate in favourable Exchange Rate movements to the level of the Knock-In Rate.
- Protection at all times with a known worst case Exchange Rate.

2.1.3. Leveraged Knock-In Collar

a) How a Leveraged Knock-In Collar works

A Leveraged Knock-In Collar is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate. If the Knock-In Rate trades prior to Expiry (or within a Window) you are Knocked into a Leveraged Collar Structure on Expiry.

Because there is a leverage component associated with a Leveraged Knock-In Collar you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-In Collar is structured by entering into two concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate. In the second you sell a Call Option to Convera at the Participation Rate with a Knock-In Rate (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during a Window)). The Notional Amount of the Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought multiplied by the Leverage Ratio. A Leveraged Knock-In Collar always provides you with protection at the Protection Rate.

Your ability to enter into a Leveraged Knock-In Collar with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In Collar:

i. If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will let the Option lapse and may trade at the Spot Rate.

ii. If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Participation Rate you will be obligated to buy a multiple of the Notional Amount at the Participation Rate.
- If the Spot Rate is more favourable than the Protection Rate but less favourable than the Participation Rate you may trade at the Spot Rate (although you have no obligation to do so).

b) Benefits of a Leveraged Knock-In Collar

- An ability to achieve an enhanced Protection Rate comparative to standard Knock-In Collar.
- An ability to participate in favourable Exchange Rate movements provided the Knock-In Rate does not trade.
- Protection at all times with a known worst case Exchange Rate.

2.1.4. Leveraged Knock-In Participating

a) How a Leveraged Knock-In Participating works

A Leveraged Knock-In Participating is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate on a portion of your exposure.

Because there is a leverage component associated with a Leveraged Knock-In Participating you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-In Participating is structured by entering into three concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate. In the second you sell a Call Option to Convera at the Protection Rate. The Notional Amount of this Call Option will be a percentage of the Notional Amount of the Put Option (Obligation Percentage). In the third you sell a Call Option to Convera at the Protection Rate with a Knock-In Rate (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during a Window)). The Notional Amount of the third Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought multiplied by the Leverage Ratio.

Your ability to enter into a Leveraged Knock-In Participating with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In Participating:

i. If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you be obligated to trade a percentage of the Notional Amount at the Protection Rate.

ii. If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade a multiple of the Notional Amount at the Protection Rate.

b) Benefits of a Leveraged Knock-In Participating

- An ability to achieve an enhanced Protection Rate comparative to a standard Knock-In Participating.
- An ability to participate in favourable Exchange Rate movements provided the Knock-In Rate does not trade.
- Protection at all times with a known worst case Exchange Rate.

2.1.5. Leveraged Knock-In Reset

a) How a Leveraged Knock-In Reset works

A Leveraged Knock-In Reset is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window if applicable), you may be obligated to trade a multiple of the Notional Amount at the Reset Rate.

Because there is a leverage component associated with a Leveraged Knock-In Reset you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-In Reset is structured by entering into three concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate with a Knock-Out Rate. This Put Option will cease to exist if the Knock-Out Rate trades prior to Expiry (or during a Window). In the second you buy another Put Option from Convera at the Reset Rate with a Knock-In Rate at the same level as the Knock-Out Rate (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during a Window)). The Notional Amount of this Put Option will be the same as the Notional Amount of the first Put Option. In the third you sell a Call Option to Convera at the Reset Rate with the same Knock-In Rate. The Notional Amount of

the Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought multiplied by the Leverage Ratio.

Your ability to enter into a Leveraged Knock-In Reset with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In Reset:

i. If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be able to trade at the Spot Rate (although you have no obligation to do so).

ii. If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Reset Rate you will trade the Notional Amount at the Reset Rate.
- If the Spot Rate is more favourable than the Reset Rate you will be obligated to buy a multiple of the Notional Amount at the Reset Rate.

b) Benefits of a Leveraged Knock-In Reset

- An ability to achieve an enhanced Protection Rate comparative to standard Knock-In Reset.
- An ability to participate in favourable Exchange Rate movements provided the Knock-In Rate does not trade.
- Protection at all times with a known worst case Exchange Rate.

2.1.6. Leveraged Knock-In Convertible

a) How a Leveraged Knock-In Convertible works

A Leveraged Knock-In Convertible is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window), you may be obligated to trade a multiple of the Notional Amount at the Protection Rate unless a Knock-Out Rate has also been triggered. If the Knock-Out Rate is triggered, you are left with a Vanilla Option at the Protection Rate.

Because there is a leverage component associated with a Leveraged Knock-In Convertible you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-In Convertible is structured by entering into two concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate. In the second you sell a Call Option to Convera at the Protection Rate. This Call Option has a Knock-In and a Knock-Out Rate and is contingent upon the Spot Rate triggering the Knock-In Rate prior to Expiry. This Call Option will also cease to exist if the Spot Rate triggers the Knock-Out Rate prior to Expiry (or during a Window). The Notional Amount of the Call Option that you sell to Convera will be equal to the Notional Amount of the Put Option that you have bought multiplied by the Leverage Ratio.

Your ability to enter into a Leveraged Knock-In Convertible with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In Convertible:

i. If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be able to trade at the Spot Rate (although you have no obligation to do so).

ii. If the Knock-In Rate has been triggered and the Knock-Out Rate has not:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to buy a multiple of the Notional Amount at the Protection Rate.

iii. If the Knock-Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you are able to trade at the Spot Rate (although you have no obligation to do so).

b) Benefits of a Leveraged Knock-In Convertible

- An ability to achieve an enhanced Protection Rate comparative to standard Knock-In Convertible.
- An ability to participate in favourable Exchange Rate movements provided the Knock-In Rate does not trade.
- Ability to participate in favourable Exchange Rate movements if the Knock-Out Rate trades.
- Protection at all times with a known worst case Exchange Rate.

2.1.7. Leveraged Knock-Out Reset

a) How a Leveraged Knock-Out Reset works

A Leveraged Knock-Out Reset is a Leveraged Structured Option that allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") provided the Spot Rate remains within a specified range prior to Expiry. Should the Spot Rate trade outside of the specified range prior to Expiry, your original protection and potential obligation remain, however the Rate of protection changes to a less favourable Reset Rate.

Because there is a leverage component associated with a Leveraged Knock-Out Reset you may be obligated to exchange an amount of currency that is greater than the Notional Amount (i.e. the contract Notional Amount multiplied by a Leverage Ratio).

A Leveraged Knock-Out Reset is structured by entering into four concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate with two Knock-Out Rates. In the second you sell a Call Option to Convera at the Protection Rate with the same two Knock-Out Rates. Both these Options will cease to exist if either of the Knock-Out Rates trades prior to Expiry (or during a Window). In the third you buy a Put Option from Convera at the Reset Rate with two Knock-In Rates at the same levels as the Knock-Out Rates (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during a Window)). In the fourth you sell a Call Option to Convera at the Reset Rate with two Knock-In Rates at the same level as the Knock-Out Rates (an Option to buy contingent upon the Spot Rate being triggered before the Expiry Date (or during any Window)). The Notional Amount of each of the Call Options that you sell to Convera will be equal to the Notional Amount of the Put Options that you have bought multiplied by the Leverage Ratio.

Your ability to enter into a Leveraged Knock-Out Reset with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-Out Reset:

i. If either of the Knock-Out Rates have not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will buy the Notional Amount at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you buy a multiple of the Notional Amount at the Protection Rate.

ii. If either of the Knock-Out Rates have been triggered:

- If the Spot Rate is less favourable than the Reset Rate you will buy the Notional Amount at the Reset Rate.
- If the Spot Rate is more favourable than the Reset Rate you will be obligated to buy a multiple of the Notional Amount at the Reset Rate.

b) Benefits of a Leveraged Knock-Out Reset

- An ability to achieve an enhanced Protection Rate comparative to a standard Knock-Out Reset.
- Protection at all times with a known worst case Exchange Rate.

2.1.8. Leveraged Extendible Forward

a) How a Leveraged Extendible Forward works

A Leveraged Extendible Forward offers an enhanced Protection Rate relative to the Extendible Forward. The reason for this is that if the Spot Rate does trigger the Knock-In Rate on the first Expiry Date (or during a Window), you will be obligated to trade a multiple of the Notional Amount at an Exchange Rate that is less favourable than the prevailing Spot Rate. The amount that you will be required to trade will depend on the Leverage Ratio that you have agreed to. The maximum Leverage Ratio that Convera offers is 2:1.

A Leveraged Extendible Forward is a Structured Option, which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate) whilst giving you the potential to have additional protection for a portion of your exposure, which we refer to as the 'Extendible Amount', for an additional period(s) after the first Expiry Date depending on the level of the Spot Rate on the first Expiry Date (or during a Window).

A Leveraged Extendible Forward is structured by entering into four concurrent Options. In the first you buy a Put Option from Convera at the Protection Rate for the first Expiry Date. In the second you sell a Call Option to Convera at the Protection Rate for the first Expiry Date. In the third you buy a Put Option from Convera, giving you the right to purchase the Extendible Amount on the second Expiry Date at the Protection Rate. The Extendible Amount will be the same value as the Notional Amount multiplied by the Leverage Ratio. This Option has a Knock-In Rate, which means that this Option is contingent upon the Spot Rate triggering the Knock-In Rate on the first Expiry Date (or during a Window). In the fourth you sell a Call Option to Convera giving Convera the right to sell the Extendible Amount to you on the second Expiry Date at the Protection Rate. The Extendible Amount will be the same value as the amount in the third Option above. This Option has a Knock-In Rate, which means that the Option is contingent upon the Spot Rate triggering the Knock-In Rate on the first Expiry Date (or during a Window).

Your ability to enter into a Leveraged Extendible Forward with us is subject to our prior approval and agreement.

On the first Expiry Date and the second Expiry Date

i. If the Knock-In Rate has not been triggered:

- you will trade the Notional Amount at the Protection Rate.
- There will be no obligations on the Second Expiry Date as the third and fourth Options will cease to exist.

ii. If the Knock-In Rate has been triggered

- On the first Expiry Date, you will trade the Notional Amount at the Protection Rate. If the Spot Rate is less favourable than the Protection Rate, you will Exercise the first Option and if the Spot Rate is more favourable than the Protection Rate, Convera will Exercise the second Option.
- On the second Expiry Date, you will trade the Extendible Amount at the Protection Rate. If the Spot Rate is less favourable than the Protection Rate, you will Exercise the third Option and if the Spot Rate is more favourable than the Protection Rate, Convera will Exercise the fourth Option.

b) Benefits of a Leveraged Extendible Forward

- There is protection out to the first Expiry Date at a known worst case Protection Rate.
- A Leveraged Extendible Forward provides an enhanced Exchange Rate (Protection Rate) relative to a comparative FEC and standard Extendible Forward for both the first Expiry Date and the second Expiry Date.

2.1.9. Leveraged Knock-In Improver

a) How a Leveraged Knock-In Improver works

A Leveraged Knock-In Improver offers an enhanced Protection Rate relative to the Knock-In Improver. The reason for this is that if the Spot Rate triggers either of the Knock-In Rates or the Knock-Out Rates before Expiry (or during a Window) you may be obligated to trade a multiple of the Notional Amount at an Exchange Rate that is less favourable than the prevailing Spot Rate. The amount that you will be required to trade will depend on the Leverage Ratio that you have agreed to. The maximum Leverage Ratio that Convera offers is 2:1.

A Leveraged Knock-In Improver is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements, or improve the Protection Rate should either of the Knock-In Rates or the Knock-Out Rates not be triggered.

A Leveraged Knock-In Improver is structured by entering into the following three concurrent Options.

Firstly, you buy a Put Option from Convera giving you the right to purchase the Notional Amount from Convera at the Protection Rate. Secondly, you sell a Call Option to Convera giving Convera the right to sell the Notional Amount to you at the Protection Rate. This Call Option has two Knock-In Rates, which means that the Option is contingent upon the Spot Rate triggering at least one of the Knock-In Rates prior to Expiry (or during a Window). The Notional Amount of this Option will be for the same Notional Amount as the first Put Option multiplied by the Leverage Ratio. Thirdly, you buy an additional Put Option from Convera giving you the right to purchase the Notional Amount from Convera at the Protection Rate. This Put Option has two Knock-Out Rates, which means that the Option is contingent upon the Spot Rate triggering at least one of the Knock-Out Rates prior to Expiry (or during a Window). We refer to this Option as the "improving" Option because if: (i) the Knock-Out Rates have not been triggered prior to Expiry (or during a Window); and (ii) the Spot Rate is less favourable than the Protection Rate at Expiry, this Put Option is closed out at market. The In-The-Money (ITM) value from this Put Option is then used to improve the overall Protection Rate at Expiry of the first Put Option.

Your ability to enter into a Leveraged Knock-In Improver with us is subject to our prior approval and agreement.

On the Expiry Date of a Leveraged Knock-In Improver:

i. If the Knock-In Rates and the Knock-Out Rates have not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate plus the ITM amount of the "Improving" third Option that was closed out at the Spot Rate (this adjustment is set out in your term sheet, reflecting where the Spot Rate was when the third Option was closed out).
- If the Spot Rate is more favourable than the Protection Rate you may trade at the Spot Rate (although you have no obligation to do so).

ii. If either the Knock-In Rate or the Knock-Out Rate has been triggered:

- If the Spot Rate is more favourable than the Protection Rate, Convera will Exercise its Call Option you will be obligated to trade a multiple of the Notional Amount at the Protection Rate.
- If the Spot Rate is less favourable than the Protection Rate you will trade the Notional Amount at the Protection Rate.

b) Benefits of a Leveraged Knock-In Improver

- Protection at all times at a known worst case Protection Rate.
- An ability to transact at the market Spot Rate at Expiry (should either the Knock-In Rate or the Knock-Out Rate not be triggered).
- An ability to see the overall Protection Rate improve if the Spot Rate is less favourable than the Protection Rate and either the Knock-In Rate or the Knock-Out Rate is not triggered.
- An ability to achieve a Protection Rate that is significantly enhanced than achievable under a Forward Exchange Contract.

2.2. Benefits under a Leveraged Structured Option

We have described the particular benefits that attach to each Leveraged Structured Option that Convera provides above. In addition, the following are general key benefits of Leveraged Structured Options:

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

2.3. Amounts payable under a Leveraged Structured Option

Convera, in consultation with you, sets the Protection Rate or Enhanced Rate and any Participation Rate, Knock-In and/or Knock-Out Rates and the Leverage Ratios associated with any Leveraged Structured Option at particular levels in order to create a "No Premium" cost structure.

When setting those Rates, Convera takes into account a variety of factors on a case by case basis, including:

- the Currency Pair;
- the Notional Amount and Leverage Ratio;
- the Protection Rate, Enhanced Rate, or Participation Rate;
- the Trigger Rates;
- the Expiry Date;
- the current market Exchange Rate of the underlying Currency Pair;
- the interest rate differential of the countries whose currencies make up the Currency Pair;
- the pace at which the Exchange Rate of the Currency Pair moves higher or lower ("Volatility"); and
- the ability to buy or sell a Currency Pair without impacting the price ("Liquidity").

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

you enter into the transaction. Where applicable, Premiums must be paid in cleared funds within two (2) Business Days of the Trade Date.

The amounts to be exchanged pursuant to a Leveraged Structured Option will depend on the particular structure, movement in the applicable Spot Rate during the term of the Leveraged Structured Option and the Spot Rate at the Expiry Date. We have described potential outcomes on the Expiry Date with respect to each Leveraged Structured Option in section 2.1 above and have included worked examples to illustrate this in Section 2.7 below.

In addition to the currency exchange obligations and any Premium other fees or charges may apply for related services such as telegraphic transfers or drafts that are made or issued in connection with the Leveraged Structured Option. Further details with respect to these costs are set out in Section 4 of this PDS.

When you enter into a Leveraged Structured Option with Convera, you immediately create a liability to us (at the Trade Date not the Value Date), which can increase with adverse Exchange Rate movements. Over the life of a Leveraged Structured Option, as the Spot Rate moves, the Marked to Market value of the contract may be In-The-Money (ITM) or Out-of-The-Money (OTM) or At-The-Money (ATM). That is, if the contract had to be cancelled at any time, it would result in a gain (if ITM), a loss (if OTM) or breakeven (if ATM). To manage this Market Risk Convera may initially secure the contract by requiring you to pay an amount of money, which shall be determined by Convera at its sole discretion and deposited with Convera as security in connection with a Leveraged Structured Option. We call this an Initial Margin. During the term of the contract Convera may also require you to make additional payments to further secure your Leveraged Structured Option(s) and any Structured Options or Forward Exchange Contracts you hold with us. We call these payments Margin Calls. Alternatively, Convera may apply a Credit Limit against the Market Risk or a combination of a Credit Limit, Initial Margin and/or Margin Call.

All Initial Margin and Margin Call payments will be applied to satisfy your payment obligation on the Value Date.

Initial Margin

An Initial Margin is an amount of money that is payable to Convera, calculated as a percentage of the leveraged Notional Amount of your Leveraged Structured Option. If you are required to pay an Initial Margin we will notify you at the time you enter into a Leveraged Structured Option.

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

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

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

Margin Call

We will monitor the Marked to Market value of all of your foreign exchange positions with us on an ongoing basis. Should your contracts move OTM in excess of the Initial Margin or your Credit Limit, or a combination of both, Convera may secure the resulting increased risk through a Margin Call.

A Margin Call is an amount of money that you are required to pay to Convera to reduce its risk exposure to a level acceptable to Convera. If a Margin Call is required, Convera will advise you immediately. In the absence of default by you of your payment obligations to Convera all Margin Call amounts will be applied at the Value Date to the Settlement of your Leveraged Structured Option. A Margin Call is not a deposit and Convera does not pay interest on a Margin Call.

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

Credit Limits

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

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

2.4. The term of a Leveraged Structured Option

The term of a Leveraged Structured Option can range between Trade Date 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 Leveraged Structured Options 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:

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

2.5. How to enter into a Leveraged Structured Option

Before entering into a Leveraged Structured Option, you must first provide us with a completed Application for Foreign Exchange Trading. Further details with respect to this are set out in Section 9 of this PDS.

Upon acceptance of your application you may enter into a Leveraged Structured Option with us by delivering an Instruction. An Instruction will only be effective once it has been accepted by Convera.

You may deliver an Instruction verbally over the phone or via email to your Convera Representative, or in any other manner set out in our Terms and Conditions. The commercial terms of a particular Leveraged Structured Option will be agreed and binding from the time your Instructions are received and accepted by us.

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

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

2.6. Rights to alter or terminate a Leveraged Structured Option

2.6.1. Pre-Delivery/Partial Pre-Delivery of a Leveraged Structured Option

After entering into a Leveraged Structured Option, you may wish to bring the agreed Value Date forward on all, or a portion of the Notional Amount of your Leveraged Structured Option. This is called a Pre-Delivery.

If Convera agrees to the Pre-Delivery we may carry out an Exchange Rate adjustment to the original Leveraged Structured Option to reflect this earlier delivery or Value Date. You should note that while in normal trading conditions an adjustment for Pre-Deliveries may be marginal, in times of Volatility in the foreign exchange market the adjustment may be significant.

If you Pre-Deliver all or part of your Notional Amount the leverage component of the Leveraged Structured Option will reflect the exact Notional Amount pre-delivered at the original Value Date, not the pre-delivery Notional Amount multiplied by the Leverage Ratio.

It should be also be noted that there is a contract to effect full delivery of the Leveraged Structured Option no later than the Value Date and any agreement to effect a Pre-Delivery is at Convera' sole discretion. A Pre-Delivery is also only available with respect to certain Leveraged Structured Options and in certain circumstances.

2.6.2. Close-out/Cancellation of a Leveraged Structured Option

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

2.6.3. Termination of a Leveraged Structured Option

Once you have entered into a Leveraged Structured Option it may only be terminated by Convera in limited circumstances, which are set out in full in our Terms and Conditions. These circumstances include:

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

Where Convera terminates a Leveraged Structured Option for any of these reasons you will be liable for any losses and expenses that Convera incurs as a result.

2.7. Example of Leveraged Structured Options

The following examples are for illustrative purposes only and use Rates and figures that we have selected to demonstrate how a Leveraged Structured Option works. They provide an example of one situation only and do not reflect the special circumstances or obligations that may arise under a Leveraged Structured Option that you enter into with us. In order to assess the merits of any particular Leveraged Structured Option you should use the actual Rates and figures quoted at the relevant time.

Each of the examples below assumes the following:

- An importer is buying goods from the United States and is scheduled to make a payment of USD100,000 in six (6) months' time.
- The current Spot Rate NZD/USD is 0.7100.
- The six (6) month Forward Exchange Rate is 0.7050.

2.7.1. Ratio Forward

The importer enters into a Ratio Forward with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Enhanced Rate: 0.7200
- Expiry Date: 6 months
- Ratio (bought/sold): 1:2

On Expiry:

- If the Spot Rate is less favourable than the Enhanced Rate, say 0.6800, the importer will buy USD50,000 at 0.7200.
- If the Spot Rate is more favourable than the Enhanced Rate, say 0.7550, the importer will be obligated to buy USD100,000 at 0.7200.

2.7.2. Leveraged Knock-In

The importer enters into a Leveraged Knock-In with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Protection Rate: 0.7050

- Knock-In Rate: 0.7500
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7050.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7400, the importer will be able to buy USD at 0.7400 (although the importer is not obligated to do so).

b) If the Knock-In Rate has been triggered:

- If the Spot Rate is more favourable than the Protection Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7050.
- If the Spot Rate is less favourable than the Protection Rate, say 0.6700, the importer will buy USD50,000 at 0.7050.

2.7.3. Leveraged Knock-In Collar

The importer enters into a Leveraged Knock-In Collar with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Protection Rate: 0.6950
- Participation Rate: 0.7250
- Knock-In Rate: 0.7425
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.6950.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will be able to buy USD at 0.7300 (although the importer is not obligated to do so).

b) If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.6950.
- If the Spot Rate is more favourable than the Protection Rate, but less favourable than the Participation Rate, say 0.7100, the importer will be able to buy USD at 0.7100 (although the importer is not obligated to do so).
- If the Spot Rate is more favourable than the Participation Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7250.

2.7.4. Leveraged Knock-In Participating

The importer enters into a Leveraged Knock-In Participating with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Obligation Percentage: 50%
- Protection Rate: 0.7100
- Knock-In Rate: 0.7525
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7100.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will be obligated to buy USD25,000 at 0.7100 and be able to buy USD75,000 at 0.7300 (although the importer is not obligated to do so).

b) If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7100.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7100.

2.7.5. Leveraged Knock-In Reset

The importer enters into a Leveraged Knock-In Reset with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Protection Rate: 0.7000
- Reset Rate: 0.7175
- Knock-In Rate: 0.7425
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will be able to buy USD100,000 at 0.7300 (although the importer is not obligated to do so).

b) If the Knock-In Rate has been triggered:

- If the Spot Rate is less favourable than the Reset Rate, say 0.6800, the importer will buy USD50,000 at 0.7175.
- If the Spot Rate is more favourable than the Reset Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7175.

2.7.6. Leveraged Knock-In Convertible

The importer enters into a Leveraged Knock-In Convertible with the following terms:

- Notional Amount: USD50,000
- Contingent Amount: USD50,000
- Protection Rate: 0.7100
- Knock-In Rate: 0.7400
- Knock-Out Rate: 0.6600
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If the Knock-In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7100.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will be able to buy USD100,000 at 0.7300 (although the importer is not obligated to do so).

b) If the Knock-In Rate has been triggered and the Knock-Out Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7100.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7100.

c) If the Knock-In Rate and the Knock-Out Rate have both been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD50,000 at 0.7100.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7800, the importer will be able to buy USD100,000 at 0.7800 (although the importer is not obligated to do so).

2.7.7. Leveraged Knock-Out Reset

The importer enters into a Leveraged Knock-Out Reset with the following terms:

- Notional Amount: USD50,000

- Contingent Amount: USD50,000
- Protection Rate: 0.7500
- Reset Rate: 0.7000
- Knock-Out Rates: 0.6800 & 0.7600
- Knock-In Rates: 0.6800 & 0.7600
- Expiry Date: 6 months
- Leverage Ratio: 1:2

On Expiry:

a) If neither of the Knock-Out Rates have been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6900, the importer will buy USD50,000 at 0.7500.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7550, the importer will be obligated to buy USD100,000 at 0.7500.

b) If either of the Knock-Out Rates have been triggered:

- If the Spot Rate is less favourable than the Reset Rate, say 0.6500, the importer will buy USD50,000 at 0.7000.
- If the Spot Rate is more favourable than the Reset Rate, say 0.7600, the importer will be obligated to buy USD100,000 at 0.7000.

2.7.8. Leveraged Extendible Forward

The importer has an additional payment in nine months' time and enters into a Leveraged Extendible Forward with the following terms:

- Notional Amount: USD50,000
- Extendible Amount: USD50,000
- Protection Rate: 0.7200
- Knock-In Rate: 0.7200
- First Expiry Date: 6 months
- Second Expiry Date: 9 months
- Leverage Ratio: 1:2

On the First Expiry Date and the Second Expiry Date:

a) If the Knock-In Rate has not been triggered:

- The importer will buy USD50,000 at 0.7200 on the First Expiry Date.
- There will be no obligations on the Second Expiry Date as the third and fourth Options will cease to exist.

b) If the Knock-In Rate has been triggered:

- On the First Expiry Date, the importer will buy USD50,000 at 0.7200. If the Spot Rate is less favourable than the Protection Rate the importer will Exercise the first Option and if the Spot Rate is more favourable than the Protection Rate, Convera will Exercise the second Option.
- On the Second Expiry Date the importer will buy an additional USD100,000 at 0.7200. If the Spot Rate is less favourable than the Protection Rate the importer will Exercise the third Option and if the Spot Rate is more favourable than the Protection Rate, Convera will Exercise the fourth Option.

2.7.9. Leveraged Knock-In Improver

The importer enters into a Leveraged Knock-In Improver with the following terms:

- Notional Amount: USD50,000
- Protection Rate: 0.7150.
- Knock-In Rates: 0.7400 and 0.6500
- Knock-Out Rates: 0.7400 and 0.6500
- Expiry Date: 6 months.
- Leverage Ratio: 2:1.

On Expiry:

a) If the Knock-In Rates and the Knock-Out Rates have not been triggered (i.e. neither of the two rates have been triggered):

- If the Spot Rate is less favourable than the Protection Rate, say 0.6600, you will buy USD50,000 at 0.7800 which is the Protection Rate (0.7150) adjusted to include the ITM amount from the "improving" third Option that was closed out at 0.6600 (this adjustment is set out in your term sheet, reflecting where the Spot Rate was when the third Option was closed out).
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer can buy USD100,000 at 0.7300, (although there is no obligation to do so).

b) If the Knock-In Rate or Knock-Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6300, you may buy USD50,000 at 0.7150.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, you are obligated to buy USD100,000 at 0.7150.

3. RISKS OF THESE DERIVATIVES

Convera considers that Leveraged Structured Options are only suitable for persons with a very good understanding of the risks involved in investing in foreign exchange Rate derivatives and the use of leverage. Convera recommends that you obtain independent financial and legal advice from an adviser that has experience with these types of derivatives, before buying a Leveraged Structured Option.

3.1. Product Risks

Risks of a Ratio Forward

- You will be obligated to trade a multiple (ratio) of the Notional Amount at the Enhanced Rate if the Spot Rate is more favourable than the Enhanced Rate at Expiry.
- You are unable to participate in favourable currency movements beyond the Enhanced Rate.
- If the Spot Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount at the less favourable Enhanced Rate.

Risks of a Leveraged Knock-In

- Participation in favourable currency movements is capped at the level of the Knock-In Rate.
- If the Knock-In Rate is triggered during the term and the Spot Rate is more favourable than the Protection Rate at the Expiry Date you will be obligated to trade a multiple of the Notional Amount at the less favourable Protection Rate.

Risks of a Leveraged Knock-In Collar

- Participation in favourable moves in the Spot Rate is dependent on the Knock-In Rate not trading prior to Expiry and if traded is capped to the level of the Participation Rate.
- Due to the Leverage Ratio, there is less protection compared to the Knock-In Collar, Forward Exchange Contract and other unleveraged Structured Option products.
- If the Spot Rate is more favourable than the Participation Rate and the Knock-In Rate has traded you will be obligated to trade a multiple of the Notional Amount at the less favourable Participation Rate.

Risks of a Leveraged Knock-In Participating

- A portion of your exposure must always be traded at the Protection Rate.
- Participation in favourable moves in the Spot Rate is dependent on the Knock-In Rate not trading prior to Expiry and if traded is capped to the level of the Participation Rate.
- Due to the Leverage Ratio, there is less protection compared to the Knock-In Participating, Forward Exchange Contract and other unleveraged Structured Option products.
- If the Spot Rate is more favourable than the Participation Rate and the Knock-In Rate has traded you will be obligated to trade a multiple of the Notional Amount at the less favourable Enhanced Rate.

Risks of a Leveraged Knock-In Reset

- Participation in favourable moves in the Spot Rate is dependent on the Knock-In Rate not trading prior to Expiry and if traded is capped to the level of the Reset Rate.

- Due to the Leverage Ratio, there is less protection compared to the Knock-In Reset, Forward Exchange Contract and other unleveraged Structured Option products.
- If the Spot Rate is more favourable than the Reset Rate and the Knock-In Rate has traded you will be obligated to trade a multiple of the Notional Amount at the less favourable Reset Rate.

Risks of a Leveraged Knock-In Convertible

- Participation in favourable moves in the Spot Rate is dependent on either the Knock-In Rate not trading or the Knock-Out Rate trading prior to Expiry.
- If the Knock-In Rate trades without the Knock-Out Rate trading you may be obligated to deal a multiple of the Notional Amount at a less favourable level.
- Due to the Leverage Ratio, there is less protection compared to the Knock-In Convertible, Forward Exchange Contract and other unleveraged Structured Option products.

Risks of a Leveraged Knock-Out Reset

- If either of the Knock-Out Rates trigger, you will trade at the Reset Rate which is worse than the Protection Rate.
- If the Knock-Out Rate trades you may be obligated to deal a multiple of the Notional Amount at a less favourable level.
- Due to the Leverage Ratio, there is less protection compared to the Knock-Out Reset, Forward Exchange Contract and other unleveraged Structured Option products.

Risks of a Leveraged Extendible Forward

- If the Spot Rate is more favourable than the Protection Rate at the First Expiry Date, you will be obligated to trade at the less favourable Protection Rate.
- You will have an obligation to trade at a multiple of the Notional Amount at a potentially unfavourable Spot Rate at the Second Expiry Date if the Knock-In Rate is triggered on the First Expiry Date (or during a Window).
- If the Knock-In Rate is not triggered on the First Expiry Date (or during a Window) you will not be protected for the Extendible Amount.

Risks of a Leveraged Knock-In Improver

- If the Spot Rate is more favourable at Expiry than the Protection Rate, and either the Knock-In Rate or the Knock-Out Rate is triggered, you will be obligated to trade a multiple of the Notional Amount at a less favourable Exchange Rate than the market Spot Rate at Expiry.
- If either the Knock-In Rate or Knock-Out Rate is triggered you will be obligated to trade at a potentially unfavourable Protection Rate.
- Due to the Leverage Ratio, there is less protection compared to the Knock-In Reset, Forward Exchange Contract and other unleveraged Structured Option products.

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 Leveraged Structured Option may be significantly less than when you entered into the contract. Convera cannot guarantee that you will not make losses, (where your Leveraged Structured Option is OTM) or that any unrealised profit or losses will remain unchanged for the term of the Leveraged Structured Option. You need to monitor your Leveraged Structured Option with Convera carefully providing Convera with Instructions before unacceptable losses occur.

Hedge Risk. It is difficult to effectively Hedge the entire amount of your foreign currency exposure given the risk that you will be required to trade a multiple of the Notional Amount at Expiry.

Amendments/Cancellations. Pre-Deliveries or the close-out/ cancellation of a Leveraged Structured Option may result in a financial loss to you. Convera will provide a quote for such services based on market conditions prevailing at the time of your request.

Cooling-off. There is no cooling-off period. This means that once your Instruction to enter into a Leveraged Structured Option has been accepted by Convera you are unable to cancel your Leveraged Structured Option without incurring a cost.

Default Risk. 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 Leveraged Structured Option. In the event that we do you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your Leveraged Structured Option.

3.2. Issuer Risks

When you enter into a Leveraged Structured Option 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 Leveraged Structured Option. To aid in your assessment of this risk a copy of Convera's latest audited financial statements are publicly available from the Offer Register at <http://www.business.govt.nz/disclose>.

There is also a risk that the counterparties with whom Convera contracts to mitigate its exposure when acting as principal to the Structured Options (by taking related offsetting or mitigating positions) (our "Hedging Counterparties") may not be able to meet their contractual obligations to Convera. This means that Convera could be exposed to the insolvency of its Hedging Counterparties and to defaults by Hedging Counterparties. If a Hedging Counterparty is insolvent or defaults on its obligations to Convera, then this could give rise to a risk that Convera defaults on its obligations to you.

Convera's creditworthiness has not been assessed by an approved rating agency. This means that Convera has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

3.3. Risks when entering or settling the derivatives

3.3.1. Operational risk

Operational risk arises through your reliance on Convera systems and processes to price, settle and deliver your transactions efficiently and accurately. In the event of a breakdown of our systems or processes you may incur loss as a result of delays in the execution and Settlement of your transactions. You are also exposed to operational risk through Convera reliance on its Hedging Counterparties systems and processes to price, settle and deliver transactions efficiently and accurately. In the event of a breakdown of our Hedging Counterparties systems or processes you may also incur loss as a result of delays in the execution and Settlement of your transactions.

3.3.2. 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 Leveraged Structured Option you have entered into with us. Convera is not required to prioritise your interests when dealing in Leveraged Structured Option with you.

4. FEES

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

Where applicable, Premiums must be paid in cleared funds within two (2) Business Days of the Trade Date.

4.1. Retail versus wholesale Exchange Rates

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

- the size of the transaction measured by Notional Amount where the smaller the transaction size the larger the Mark Up may be;
- the Currency Pair where the less Liquidity in the pair the greater the Mark Up may be;
- Market Volatility where high Volatility will result in an increased Mark Up.
- the Time Zone you choose to trade in, where trading on public holidays or weekends may see increased Mark Ups;
- the frequency with which you trade with Convera, where the more frequently you transact the Mark Up may be reduced; and
- the country to which the funds are being sent, where in some instances we incur higher fees when transferring certain currencies.

The Retail Mark Up is how Convera makes a profit. Convera does not otherwise charge you any fees for transacting in Leveraged Structured Option with us.

4.2. Cost of a Leveraged Structured Option

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.

You will not be charged any additional entry fees for a Leveraged Structured Option at the Trade Date but other fees or charges may apply for related services such as telegraphic transfers/drafts that are made in connection with the Leveraged Structured Option.

Transaction fees for telegraphic transfers or drafts are in addition and are separate to the Exchange Rate conversion that will apply to converting one foreign currency to another. These fees are payable at the time we process a telegraphic transfer for you or issue you or your nominated beneficiary with a draft

The transaction fee we charge you will depend upon:

- the amount and type of foreign currency to be transferred (more exotic currencies usually incur higher fees); the number and frequency of transactions you conduct through Convera (an existing relationship may result in reduced fees); and
- the country that the funds are sent to (some countries are more expensive than others to deal with).

In addition to the fees charged by Convera for sending payments by telegraphic transfer or for issuing drafts for Leveraged Structured Option, any Correspondent, Intermediary or Beneficiary Bank(s) which facilitates the sending or payment of telegraphic transfers/drafts 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 Leveraged Structured Option that may be applicable, contact your Convera Representative using the details contained in Section 6 of this PDS.

5. HOW CONVERA TREATS FUNDS AND PROPERTY RECEIVED FROM YOU

All Initial Margin and Margin Call funds are held by us as Client Money in accordance with the New Zealand Client Money Rules. Consistent with the New Zealand Client Money Rules, Client Money will be held separately from our money, in one or more Segregated Accounts.

Convera undertakes a calculation on a daily basis to determine the amount of Initial Margin and Margin Call to be paid to Convera by its Customer and amounts that are to be repaid by Convera to its Customers and transfers an amount of NZD to or from our Client trust account equivalent to the net amount. This process is handled by Convera's Treasury team.

Separately on a daily basis a member of our Accounting team reconciles our records of Initial Margin and Margin Call funds with amounts that are held in our Client trust account and to the extent that there is a shortfall will notify our Treasury team and arrange for that shortfall to be immediately rectified while further investigations continue. We maintain a buffer in our Client trust account such that the likelihood of this occurring is very low.

We may withdraw or deduct Initial Margin and Margin Call funds where money is due and owing to us (for instance on Settlement or in the event that you default on any of your obligations to us and we close out your Leveraged Structured Option and incur a cost in doing so) or for any other reason authorised by the New Zealand Client Money Rules. This means that Convera may make payments out of the Segregated Account in the following circumstances:

- paying Convera money to which it is entitled. Once money withdrawn to pay Convera is paid to Convera, that money is Convera's own money (and is not held for you);
- making a payment to, or in accordance with, the written direction or Instruction of a person entitled to the money;
- making a payment that is otherwise authorised by law or pursuant to the operating rules of licensed market;
- and as otherwise permitted under the Convera Terms and Conditions or any other agreement put in place between Convera and you.

Please refer to Convera's Terms and Conditions for further information on how we deal with Client Money.

6. ABOUT CONVERA

Convera is a global leader in providing foreign exchange products and services and payment solutions and does business in New Zealand through Convera Australia Pty Ltd, NZ branch (company number 3527631 and FSP 168204). Convera's contact details are as follows:

Address: Spaces Commercial Bay
Level 17, PWC Tower, Unit 18-05
15 Customs Street West
Auckland 1010
Phone: 0800 436 739
Principal Contact: Compliance Department
Email: CustomerServiceNZ@convera.com
Website: <https://www.convera.com/en-nz>

7. HOW TO COMPLAIN

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

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

All complaints are logged at each stage of the process. Convera Complaints Handling Policy requires us to investigate and provide a resolution to you within 40 Business Days from you first making the complaint. Convera takes complaints seriously and strives to ensure efficient and fair resolution.

If you have any enquiries about our dispute resolution process, please contact your Convera Representative using the contact details in Section 6 of this PDS.

If you are dissatisfied with the resolution of a complaint you have the right to refer the complaint for investigation and resolution to the following approved independent dispute resolution scheme:

Financial Services Complaints Ltd
PO Box 5967, Lambton Quay, Wellington, 6145
Toll Free number: 0800 347 257
Website: www.fscl.org.nz
Email: info@fscl.org.nz

Financial Service Complaints Ltd will not charge a fee to you to investigate or resolve a complaint.

8. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Convera and the derivatives we offer is available from the Offer Register, including a copy of our latest audited financial statements. A copy of the information on the Offer Register is available on request to the Registrar at www.business.govt.nz/disclose.

Copies of this PDS are available free of charge. You can download a copy of this PDS from our website at <https://www.convera.com/en-nz/compliance-legal/compliance> or request a copy by either email at CustomerServiceNZ@convera.com or by phone 0800 436 739.

A separate PDS is available for Forward Exchange Contracts, Vanilla Options and Structured Options. Please contact us if you require one of these PDS's, using contact information contained in Section 6 or download from our website at <https://www.convera.com/en-nz/compliance-legal/compliance>

Convera's Terms and Conditions are available on our website at <https://www.convera.com/en-nz/compliance-legal/compliance> or by contacting your Convera Representatives as outlined in Section 6 of this PDS.

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

You have a right to ask us to see and get a copy of your information, for which we may charge a small fee. You can also correct, erase or limit our use of the information which is incomplete, inaccurate or out of date.

If you would like further information about the way that Convera manages the handling of personal information, please contact our privacy officer:

Email: privacymatters@convera.com

Mail: Attention Privacy Officer
Address: Spaces Commercial
Bay, Level 17, PWC Tower, Unit
18-05, 15 Customs Street West
Auckland, 1010
Phone: 0800 436 739
Principal Contact: Compliance Department

9. HOW TO ENTER INTO CLIENT AGREEMENT

Each Leveraged Structured Option you enter into will be subject to the Terms and Conditions for doing business with Convera. You will be required to agree to these as part of our Application for Foreign Exchange Trading before entering into a Leveraged Structured Option with us for the first time.

The Terms and Conditions are a master agreement and set out all of the terms of the relationship between you and Convera that are applicable to the Leveraged Structured Options described in this PDS. The Terms and Conditions are important and you should read them carefully before entering into any transactions with Convera. They cover a number of important terms including how transactions are executed, our respective rights and obligations, events of default and rights of termination.

In addition to the Terms and Conditions you will also need to provide us with the following signed document together with other "Know Your Customer" information (including credit related information) that Convera may require:

- Direct Debit Request form.

A copy of this form can be obtained by contacting your Convera Representative.

Upon completion of these documents Convera will conduct an accreditation process. Accreditation and acceptance of a Customer is at Convera's sole discretion.

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

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

After your application has been accepted you may apply for a Leveraged Structured Option in accordance with the Terms and Conditions.

10. KEY TERMS

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

Application for Foreign Exchange Trading means the Terms and Conditions and any other application forms and identity documents that a Customer must complete and provide to Convera before Convera establishes a Customer trading facility, as determined by Convera.

At-The- Money or (ATM) where the entry price of a Leveraged Structured Option is at the current market price level.

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

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

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

Client Money means money paid to which Subpart 7 in Part 6 of the Financial Markets Conduct Act 2013 applies.

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

Correspondent Bank means a financial institution that provides services on behalf of another equal or unequal, financial institution, which performs services for Convera in connection with telegraphic transfers or drafts provided by Convera.

Credit Limit means a Client facility provided by Convera, at its sole discretion, for transacting in Leveraged Structured Options without the need for providing Initial Margin and/or Margin Calls, at the Trade Date or throughout the tenor of the Leveraged Structured Option.

Currency Pair means the currency that is bought and the currency that is sold in a foreign exchange contract.

Customer/Client means an entity or person who signs the Application for Foreign Exchange Trading.

Direct Debit Request a type of preauthorized payment under which a Client authorizes its bank to pay amounts to Convera for Settlement of Leveraged Structured Option obligations.

Enhanced Rate means the Exchange Rate applicable to a Leveraged Structured Option that is more favourable than the equivalent Structured Option or Forward Exchange Rate at the Expiry Date.

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

Exercise means to make use of the right, which is possessed by the buyer, as specified in a Leveraged Structured Option, e.g. the right to buy, in which case, once Exercised the seller of the Leveraged Structured Option is obligated to the buyer on the terms already agreed.

Expiry Date or Expiry means the date on which the Leveraged Structured Option expires.

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

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

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

Hedge means activity initiated in order to mitigate or reduce currency exposure to adverse unfavourable price or currency movements, by taking a related offsetting or mitigating position, such as a Leveraged Structured Option.

Hedging Counterparties the counterparties with whom Convera contracts to mitigate its exposure when acting as principal to the Structured Options by taking related offsetting or mitigating positions.

Initial Margin means an amount of money which shall be determined by Convera in its sole discretion and deposited with Convera as security in connection with a Leveraged Structured Option.

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

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

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

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

In-The-Money or (ITM) means when the current market price/ Exchange Rate for the Currency Pair in a Leveraged Structured Option is less favourable than the contractual price/Exchange Rate for the Leveraged Structured Option.

Issuer has the meaning of s11 of the Financial Markets Conduct Act 2013 and in this PDS is Convera.

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

Knock-Out Rate means, where applicable, the Exchange Rate that if traded at or through in the spot foreign exchange market before the Expiry Time will result in the buyer's right pursuant to a Call Option or a Put Option to terminate.

Leverage Ratio means the multiple used to increase the Notional Amount obligation at Expiry in a Leveraged Structured Option (e.g. 1:2).

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 Leveraged Structured Option.

Marked to Market refers to the market value of a Leveraged Structured Option prior to Expiry Date.

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

New Zealand Client Money Rules means all laws and regulations applicable to Client Money including but not limited to Subpart 7 in Part 6 of the Financial Market Conduct Act 2013 and the Financial Market Conduct Regulations 2014 as may be amended from time to time.

Notional Amount means the predetermined NZD or foreign currency amount to be bought or sold pursuant to a Leveraged Structured Option.

NZD means New Zealand Dollar.

Offer Register means the register maintained at <http://www.business.govt.nz/disclose> which includes offers of financial products, including Leveraged Structured Option issued by Convera.

Out-of-The-Money or (OTM) means when the current market price/Exchange Rate of the Currency Pair in a Leveraged Structured Option is more favourable than the contractual price/ Exchange Rate of the Leveraged Structured Option.

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

Participation Rate means the most advantageous Exchange Rate that can potentially be achieved in a Leveraged Structured Option as agreed by Convera and you.

PDS means Product Disclosure Statement.

Pre-Delivery is where after entering into an Leveraged Structured Option the agreed Value Date is brought closer to the Spot Rate Value Date.

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

Premium means the amount that is payable by the buyer to the seller on the Trade Date for enhanced variables of a Leveraged Structured Option.

Protection Rate means the worst case Exchange Rate that can be achieved in a Leveraged Structured Option as agreed by Convera and you.

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

Retail Mark Up or (Mark Up) an amount added to the Interbank Exchange Rate to obtain the Retail Price.

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

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

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

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

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

Structured Option 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 and as described in the Convera Structured Options PDS.

Terms and Conditions means Convera Australia Pty Ltd, NZ Branch Terms and Conditions as amended from time to time and located at <https://www.convera.com/en-nz/compliance-legal/compliance>

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

Trade Date is the day you and Convera agree to a Leveraged Structured Option.

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

USD means United States Dollars.

Value Date is the day where payment for currency is made.

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

Volatility is the pace at which prices move higher or lower.

Window has the meaning set forth in Section 2.1 of this PDS.

Convera is Convera Australia Pty Ltd, NZ Branch Company Number 3527631, FSP 168204.

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

Convera Representative a person designated to act on behalf of Convera in the provision of financial services specifically Leveraged Structured Option