

Product Disclosure Statement

Foreign Exchange Contracts

Convera Canada ULC

Updated: August 15, 2023

Table of contents

1. Purpose.....	6
2. Important Information	7
2.1 Copies	7
2.2 Updates relating to this PDS	7
2.3 Your Counterparty	7
2.4 Risk Disclosure.....	7
2.5 Hedging and Speculation.....	7
2.6 Financial Amounts	7
2.7 Glossary of Terms.....	7
3. Convera Services.....	8
3.1 How to Access our Services	8
3.2 Online Platforms.....	8
3.3 Spot Foreign Exchange Transactions.....	8
3.4 Holding Balances.....	8
3.5 Additional Information	8
4. Foreign Exchange Overview	8
4.1 The Foreign Exchange Market	9
4.2 Currency Limitations	9
4.3 International Funds Transfer.....	9
4.3.1 Advantages	9
4.3.2 Disadvantages and risks	9
4.3.3 Can an International Funds Transfer be recalled?	10
4.3.4 Costs and Fees.....	10
5. Forward Exchange Contracts (FECs)	10
5.1 Types of FECs	10
5.2 FEC - Example	11
5.3 Non-Deliverable Forward (NDF) - Example	12
5.4 Pre-Delivery of a FEC and NDF Contract.....	13
5.5 Extension of a FEC and NDF Contract	13
5.6 Cancellation of a FEC and NDF Contract.....	13
5.7 Termination of a FEC or NDF Contract.....	13
6. Types of Options.....	13

6.1 What is a Vanilla Option?	13
6.1.1 Exercising a Vanilla Option.....	13
6.1.2 Pre-Delivery of a Vanilla Option	14
6.1.3 Terminating or Closing a Vanilla Option.....	14
6.2 What is a Structured Option?.....	14
6.2.1 Pre-Delivery of Structured Options	14
6.2.2 Option Restructures	14
6.2.3 Pricing for Pre-Delivery or Restructures	15
6.2.4 Additional Information and Approvals.....	15
6.3 Option Trigger Events	15
6.4 Leverage Ratios	16
7. Convera Options.....	16
7.1 Vanilla Option.....	16
7.2 Vanilla Option Knock-In	17
7.3 Synthetic Forward	18
7.4 Participating Forward	20
7.5 Accelerator	21
7.6 Collar and Leveraged Collar.....	22
7.7 Collar Plus and Leveraged Collar Plus	23
7.8 Participating Collar and Leveraged Participating Collar	24
7.9 Knock-In and Leveraged Knock-In.....	25
7.10 Knock-In Participator and Leveraged Knock-In Participator	26
7.11 Knock-Out Convertible and Leveraged Knock-Out Convertible	27
7.12 Participating Knock-Out Convertible and Leveraged Participating Knock-Out Convertible.....	28
7.13 Knock-In Collar and Leveraged Knock-In Collar.....	29
7.14 Knock-In Convertible and Leveraged Knock-In Convertible	30
7.15 Knock-In Improver and Leveraged Knock-In Improver.....	31
7.16 Knock-In Reset and Leveraged Knock-In Reset.....	32
7.17 Knock-Out Reset and Leveraged Knock-Out Reset	33
7.18 Extendible Forward and Leveraged Extendible Forward.....	34
7.19 Ratio Forward	35
7.20 Tracker and Leveraged Tracker.....	36
7.21 Capped Forward with Protection and Leveraged Capped Forward with Protection	37
7.22 Enhanced Forward and Leveraged Enhanced Forward	38

7.23 Target Accrual Redemption Forward (TARF) and Leveraged TARF	39
7.24 TARF Full Final Fixing and Leveraged TARF Full Final Fixing	41
7.25 TARF Guaranteed Count and Leveraged TARF Guaranteed Count	43
7.26 Variable Strike TARF and Leveraged Variable Strike TARF	45
7.27 Variable Notional TARF and Leveraged Variable Notional TARF	47
7.28 European Knock-In TARF and Leveraged European Knock-In TARF	49
8. Cost of Foreign Exchange Contracts	51
8.1 Interest	51
8.2 Premium	51
8.2.1 Vanilla Options	51
8.2.2 Vanilla Option Premiums	51
8.2.3 Structured Options	51
8.3 Exchange Rate	51
8.4 Transaction Fees	52
9. Benefits of Foreign Exchange Contracts	52
9.1 FECs and NDFs	52
9.2 Vanilla Options	52
9.3 Structured Options	52
10. Significant Risks associated with Foreign Exchange Contracts	53
11. Credit Requirements	54
11.1 Initial Margins	54
11.2 Margin Calls	54
11.3 Credit Limits	55
12. Instructions, Orders, Confirmations and Telephone Conversations	55
12.1 Orders	55
12.2 Confirmations	55
12.3 Telephone Conversations	55
13. Terms and Conditions and Other Documentation	56
13.1 Other Information	56
14. Complaints, Errors and Dispute Resolution	56
15. Conflicts of Interest, Incentives and Risks	57
16. Taxation	58
17. Privacy	58

18. Glossary of Terms.....58

1. Purpose

This Product Disclosure Statement (**PDS**) is dated 15th August 2023.

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

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

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

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

You should read all of this PDS and the **Terms and Conditions**, which are located on our compliance webpage as set out in section 2 of this PDS before making a decision to enter into any Foreign Exchange Contracts offered under this PDS. We recommend that you contact us if you have any questions arising from this PDS, or the Terms and Conditions, prior to entering into any transactions with us.

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

Some Structured Options described in this PDS have features which result in either **Enhanced Rates** in one or more of the **Exchange Rate** variables through the application of a **Leverage Ratio** or the potential loss of protection from a **Trigger Rate** event or a combination of both. This increases the risks of these Financial Products compared to standard Vanilla Options or Structured Options (collectively "Options"). If you are not confident about your understanding of the Options, described in detail in section 7 of this PDS, or foreign exchange and related markets, we strongly suggest you obtain independent advice before making a decision about engaging with these products.

Consideration should be given to all the potential outcomes of specific Foreign Exchange Contracts and strategies before entering into any Foreign Exchange Contracts described in this PDS. We encourage you to obtain independent financial advice which takes into account the particular reasons you are considering entering into Foreign Exchange Contracts from Convera. Independent taxation and accounting advice should also be obtained in relation to the impact of possible foreign exchange gains and losses in light of your particular financial situation.

The distribution of this PDS and the entering into of the Foreign Exchange Contracts described in this PDS may be restricted by law in certain jurisdictions. We do not represent that this PDS may be lawfully distributed, or that any Foreign Exchange Contracts may be lawfully sold or entered into, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such transaction. In particular, no action has been taken by us that would permit a public offering of any Foreign Exchange Contracts or distribution of this PDS in any jurisdiction where action for that purpose is required. Accordingly, no Foreign Exchange Contracts may be sold, directly or indirectly, and neither this PDS nor any advertisement, offering material or other material may be distributed or published in any jurisdiction, except under

circumstances that will result in compliance with any applicable laws and regulation. Persons into whose possession this PDS comes must inform themselves about and observe any such restrictions.

We recommend that you contact us if you have any questions arising from this PDS or the Terms and Conditions prior to entering into any transactions with us. If you have any questions or require more information, please contact your **Convera Representative**.

2. Important Information

2.1 Copies

Copies of this PDS are available free of charge. You can download a copy of this PDS from <https://www.convera.com/en-ca/compliance-legal/compliance> or request a copy from your Convera Representative or by contacting Convera using the contact details in section 2.3 "Your Counterparty" of this PDS.

This PDS supersedes and replaces any product disclosure statements we have previously provided to you.

2.2 Updates relating to this PDS

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

If we issue a supplementary or new PDS, we will notify you by posting the supplementary PDS or new PDS on our website. Alternatively, we may notify you by sending a written notice to your email address as notified to us by you.

2.3 Your Counterparty

Convera Canada ULC has approved and prepared this document and is your **Counterparty** to the Foreign Exchange Contracts that are the subject of this document.

Convera Canada ULC - Toronto

1 Toronto Street, Suite 800, Toronto, ON, M5C 2V6

Convera Canada ULC is not registered under the securities, commodity futures or derivatives laws of any jurisdiction of Canada, and our **Customers'** assets are not protected under the Canadian Investor Protection Fund (CIPF), the U.S. Securities Investor Protection Corporation, or equivalent protections. In the Provinces of Ontario, Newfoundland and Labrador, and Prince Edward Island, as well as in the Northwest Territories, Nunavut, and Yukon, we sell Foreign Exchange Contracts pursuant to a decision issued by the Ontario Securities Commission (the "OSC Decision"). A copy of the OSC Decision can be found here <https://www.osc.ca/en/securities-law/orders-rulings-decisions/convera-canada-ulc>

2.4 Risk Disclosure

When you enter into Foreign Exchange Contracts with Convera, you are exposed to risk. This PDS constitutes a "Risk Disclosure Document" for purposes of the OSC Decision, described in section 2.3. We have described the particular risks that attach to International Funds Transfers in section 4.3, FEC transactions in section 5, and Options that Convera provides in section 7. In addition, we have provided you with general risks of Foreign Exchange Contracts in section 10. You should not transact in Foreign Exchange Contracts unless you understand their nature and the extent of your exposure to risk. We recommend that you contact us if you have any questions arising from the risks described in this PDS.

2.5 Hedging and Speculation

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

2.6 Financial Amounts

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

2.7 Glossary of Terms

Words that are capitalized in this PDS, other than headings, have defined meanings. These meanings are found in Section 18 "Glossary of Terms". We put each defined term in **bold** the first time we use it in this PDS.

3. Convera Services

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

3.1 How to Access our Services

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

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

3.2 Online Platforms

We provide a number of **Online Platforms** to access our different services with varying degrees of accessibility. For eligibility and qualification for these Online Platforms please contact a Convera Representative. You should consider the risks detailed in this PDS and any additional information available on the website prior to accessing any Online Platform.

In some instances, you may incur a monthly Online Platform fee, or a monthly fee charged according to the number of transactions effected through the Online Platforms. For more information, contact your Convera Representative.

3.3 Spot Foreign Exchange Transactions

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

3.4 Holding Balances

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

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

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

3.5 Additional Information

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

4. Foreign Exchange Overview

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

Exchange transaction instruments such as a Spot Foreign Exchange (for settlement within the next two Business Days), a FECs (for settlement at **Maturity Dates** from three Business Days to one year) or an Option contract (which gives you the right but not the obligation to purchase/sell a specified amount of currency) to assist you to manage your Foreign Exchange exposures.

4.1 The Foreign Exchange Market

Foreign Exchange Contracts are not entered into on an authorized exchange such as a stock market. There is no official benchmark Exchange Rate for foreign currencies. The foreign exchange market is referred to as an **Over-The-Counter** or **OTC** market, which means that Exchange Rates will often vary when compared between providers.

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

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

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

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

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

4.2 Currency Limitations

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

4.3 International Funds Transfer

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

4.3.1 Advantages

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

4.3.2 Disadvantages and risks

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

4.3.3 Can an International Funds Transfer be recalled?

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

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

4.3.4 Costs and Fees

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

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

Please refer to your Fee Schedule for further details.

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

You will not be charged any other direct fees.

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

5. Forward Exchange Contracts (FECs)

When you have a foreign payable or receivable that has a term of say 30, 60, 90 days or more, there is a likelihood that the price of that foreign currency will change during the term – either upwards or downwards. If you are an importer, strengthening of the home currency would result in lower costs. However, if you are an exporter, strengthening of the home currency would result in foreign currency receipts being worth less. By using a Forward Exchange Contract ("FEC"), you can lock in a **Forward Exchange Rate** determined today for Settlement at a future date to match the terms of your payable or receivable. This action protects you from exchange rate fluctuations. Convera's FECs can have a **Tenor** from 3 Business Days up to 12 months.

5.1 Types of FECs

FECs are available in four forms:

a) Fixed FEC

A Fixed FEC is where you purchase a fixed amount of currency, at a fixed Forward Exchange Rate on a fixed Value Date in the future. Unlike an **Open Date FEC**, as the buyer you are unable to deliver on the contract before the specified Value Date unless meeting the requirements of Sections 5.6, 5.7, or 5.8 of this PDS.

b) Open Date FEC

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

c) Future Payments

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

d) Non-Deliverable Forward ("NDF")

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

5.2 FEC - Example

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

5.2.1 FEC Variables

Currency Pair: USDCAD

Forward Rate: 1.3500

Notional Amount (Amount): \$1,000,000 USD

Open Forward Future Payment Window Period:

Maturity Date: 3 months

5.2.2 Possible Outcomes at Maturity or during a window

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

5.2.3 Benefits of a FEC

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

5.2.4 Risks of a FEC

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

5.2.5 Costs of a FEC

- Convera applies a Mark-Up on FEC. Please see section 8.3 "Exchange Rates" of this PDS.
- In most circumstances you will be charged a transaction fee for using our International Funds Transfer service at the maturity and settlement of your FEC. Please see section 4.3.4 "Cost and Fees" of this PDS.

5.3 Non-Deliverable Forward (NDF) - Example

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

5.3.1 NDF -Variables

Currency Pair: USDBRL

Contract Rate: 5.2000

Settlement Currency: USD

Notional Amount (Amount): BRL 5,000,000

Fixing Date: 16 January 2023

Value Date: 18 January 2023

5.3.2 Possible Outcomes at Maturity

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

5.3.3 Benefits of an NDF

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

5.3.4 Risks of an NDF

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

5.3.5 Costs of an NDF

- Convera applies a Mark-Up on NDFs. Please see section 8.3 "Exchange Rates" of this PDS.

5.3.6 Other Important information for an NDF

- NDFs are cash-settled. This means that at maturity, no actual currency exchange occurs.
- The Fixing Rate for each particular Currency Pair is sourced from independent market rate sources used by the financial markets industry – please contact us to confirm these sources using the contact details set out in Section 2 of this PDS.
- The Contract Rate does not represent a forecast that Convera has made, nor is it a guarantee of future Exchange Rate.

5.4 Pre-Delivery of a FEC and NDF Contract

You may draw down or pre-deliver a portion or all of or the total value of the FEC or NDF Contract prior to the Maturity or Value Date of the contract. This may result in an adjustment of the exchange rate based on time and the difference in interest rates between the two currencies. If only part of the FEC or NDF Contract has been pre-delivered, the remaining balance of the FEC or NDF will be settled on the Maturity or Value Date.

5.5 Extension of a FEC and NDF Contract

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

5.6 Cancellation of a FEC and NDF Contract

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

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

5.7 Termination of a FEC or NDF Contract

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

- Failure to pay an **Initial Margin** or Margin Call;
- If you are insolvent, appoint a receiver or administrator to your business or cease to carry on your business;
- If you dispute the validity of a FEC or NDF; or
- For any other reason set out in the Terms and Conditions. Where Convera terminates a FEC or NDF for any of these reasons you will be liable for any losses and expenses that Convera incurs as a result.

6. Types of Options

6.1 What is a Vanilla Option?

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

When you buy a Vanilla Option from Convera, you will be required to pay a non-refundable **Premium** (see section 8.2 “Premium” of this PDS) for the Vanilla Option on the **Premium Payment Date**. By buying a Vanilla Option you have purchased the right but not the obligation to **Exercise** the Vanilla Option, you will not have to effect **Settlement** of the Vanilla Option if you elect not to Exercise. A Vanilla Option allows you to protect against a worst-case Exchange Rate. It allows you to **Hedge** your currency exposure by providing protection against unfavourable currency movements between the time that you buy a Vanilla Option and the Expiry Date. At the same time, you are also able to participate in any favourable currency movements that exist up to the Expiry Date.

6.1.1 Exercising a Vanilla Option

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

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

If the Vanilla Option is **In-The-Money (“ITM”)** with respect to you (i.e. the prevailing Exchange Rate is less favourable than the Strike Rate), we will Exercise the Vanilla Option without providing to you or receiving from you an Exercise Notice. If a Vanilla Option is not Exercised, it will lapse at the **Expiry Time**.

6.1.2 Pre-Delivery of a Vanilla Option

In some circumstances, and if Convera agrees, you may be permitted to take pre-delivery of the underlying currency before the Expiry Date of the Vanilla Option. A pre-delivery of a Vanilla Option is achieved by us booking two offsetting FECs (one buy, one sell) on the required pre-delivery date against the Notional Amount at the Strike Rate. At the Expiry Date of the Vanilla Option, your right or obligation to settle at the Strike Rate will be diminished by the offsetting FEC that matures at the same time; however, it is important that you understand the Vanilla Option itself remains in force until the Expiry Date, regardless of pre-delivered amounts. When you are the buyer and the Vanilla Option is exercised at Expiry, the FECs and the Vanilla Option will offset each other with zero settlement. Alternatively, if the Vanilla Option is not exercised (if the market has moved in your favor) then there may be a net Settlement payable to you, as the FEC will be ITM. While we have not provided examples of a predelivery of a Vanilla Option, we can provide you with examples on request.

6.1.3 Terminating or Closing a Vanilla Option

You may ask us to close a Vanilla Option at any time up to the Expiry Time on the Expiry Date. Convera will provide you with a quote for the cost of such cancellation. These costs may be significant. Convera’s quote will be based on the cost of reversing or offsetting your Vanilla Option at the time of your request. The same variables that are relevant to the determination of the Premium will be relevant to determining this cost. These are set out in section 8.2 “Premium” below. If you accept the quote, the Vanilla Option will be terminated, and you may lose money as a result.

6.2 What is a Structured Option?

A Structured Option describes a group of Option contracts that have been developed as foreign exchange risk management alternatives to FECs and Vanilla Options. A Structured Option is an agreement to exchange a specified amount of one currency for another currency at an Exchange Rate that is determined by reference to agreed mechanisms within each particular Structured Options product.

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

6.2.1 Pre-Delivery of Structured Options

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

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

6.2.2 Option Restructures

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

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

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

6.2.3 Pricing for Pre-Delivery or Restructures

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

6.2.4 Additional Information and Approvals

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

6.3 Option Trigger Events

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

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

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

6.4 Leverage Ratios

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

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

7. Convera Options

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

The examples that are used within the description of each Option product in this section 7 are for illustrative purposes only and use Exchange Rates and figures that we have selected to demonstrate how each product works from the perspective of Customer buying USD against the CAD. Convera will provide specific examples of the requested Option upon request.

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

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

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

7.1 Vanilla Option

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

7.1.1 Vanilla Option - Client Buys Example

Currency Pair: USDCAD
Strike Rate: 1.35
Notional Amount (Amount): USD100,000
Expiry Date: 3 Months
Premium: CAD \$2700

7.1.2 Possible Outcomes at Expiry

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

7.1.3 Benefits of a Vanilla Option

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

7.1.4 Risks of a Vanilla Option

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

7.1.5 Costs of a Vanilla Option

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

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

7.2 Vanilla Option Knock-In

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

7.2.1 Vanilla Option Knock-In - Example

Currency Pair: USDCAD

Strike Rate: 1.3500

Knock-In Rate or Trigger Rate: 1.2900

Notional Amount (Amount): USD100,000

Expiry Date: 3 Months

Premium: CAD\$800

7.2.2 Possible Outcomes at Expiry

If the Trigger Rate has been triggered prior to the Expiry Date:

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

If the Trigger Rate has not been triggered the Option will lapse at the Expiry Time and there is no obligation on either party.

7.2.3 Benefits of a Vanilla Option Knock-In

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

7.2.4 Risks of a Vanilla Option Knock-In

- As further set out in the paragraph “Risks of a Vanilla Option” outlined in section 7.1.4 above.
- As further set out in the paragraph “Risks of FECs and Options” in section 10 of this PDS.
- Trigger Rate risk: For Vanilla Options that have a Trigger Rate, there is the risk that the Vanilla Option may not exist at Expiry because a Trigger Rate has not been triggered.

7.2.5 Costs of a Vanilla Option Knock-In

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

7.3 Synthetic Forward

A Synthetic Forward Contract uses option contracts to replicate a standard FEC. Like a standard FEC, a Synthetic Forward enables you to fix Exchange Rates to Hedge your currency exposure by providing protection against unfavourable Exchange Rate movements and negating the uncertainty associated with Exchange Rate fluctuations.

Unlike a standard Forward Contract, a Synthetic Forward can only be set for a fixed date in the future, it is not possible to specify an Open Date Forward (i.e. a contract that sets a Window of time during which any portion of the contract can be settled). As a result of this reduced flexibility, Convera does not market Synthetic Forwards as a standalone product; however, a Synthetic Forward may be used to facilitate the **Pre-Delivery** of another Option Structure (see section 6.2.1) or as part of an Option Restructure (see section 6.2.2).

7.3.1 Synthetic Forward Example

Currency Pair: USDCAD

Strike Rate: 1.3500

Notional Amount (Amount): USD100,000

Expiry Date: 3 Months

7.3.2 Outcome at Expiry

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

7.3.3 Benefits of a Synthetic Forward

- Synthetic Forward provides protection against unfavourable movements in the Spot Rate during the term of the contract.

7.3.4 Risks of a Synthetic Forward

- You will not be able to participate in any favourable Exchange Rates beyond the Strike Rate.
- You cannot amend or change the Expiry Date of a Synthetic Forward. In that regard it is less flexible than some other foreign exchange hedging products.
- As further set out in section 10 “Risks of FECs and Options” of this PDS.

7.4 Participating Forward

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

7.4.1 Participating Forward Example

Protection Rate/Strike Rate: 1.3700

Expiry Date: 6 months

Notional Amount (Amount): USD100,000

Obligation Percentage: 50%

7.4.2 Possible Outcomes at Expiry

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

7.4.3 Benefits of a Participating Forward

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

7.4.4 Risks of a Participating Forward

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

7.5 Accelerator

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

7.5.1 Accelerator Example

Protection Rate/Strike Rate: 1.3600

Limit Rate/Strike Rate: 1.3200

Expiry Date: 6 months

Notional Amount (Amount): USD100,000

Obligation Percentage: 50%

Limit Amount: USD50,000

7.5.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Protection Rate/Strike Rate you will transact USD100,000 at 1.3600.
- If the Spot Rate is between the Protection Rate/Strike Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD50,000 (Amount multiplied by the Obligation Percentage) at 1.3600 and can transact the remaining USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Limit Rate/Strike Rate, you are obligated to transact USD50,000 at an adjusted Protection Rate/Strike Rate of 1.3400, as calculated by Convera (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference (between the Spot Rate and the Limit Rate/Strike Rate), you will be obligated to transact USD50,000 at Protection Rate/Strike Rate of 1.3600. You may also transact the remaining USD50,000 at the Spot Rate (although there is no obligation to do so).

7.5.3 Benefits of an Accelerator

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

7.5.4 Risks of an Accelerator

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

7.6 Collar and Leveraged Collar	
A Collar is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate between the Protection Rate and the Participation Rate at Expiry.	
7.6.1 Collar Example	7.6.1(a) Leveraged Collar Example
Protection Rate/Strike Rate: 1.3600 Participation Rate/Strike Rate: 1.3300 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3500 Participation Rate/Strike Rate: 1.3200 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.6.2 Possible Outcomes at Expiry	7.6.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD100,000 at the Protection Rate/Strike Rate of 1.3600. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate 1.3300. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact USD100,000 at the Spot Rate (although there is no obligation to do so). 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD50,000 at the Protection Rate/Strike Rate of 1.3500. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate 1.3200. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact either Amount at the Spot Rate (although there is no obligation to do so).
7.6.3 Benefits of a Collar	7.6.3(a) Additional Benefits of a Leveraged Collar
<ul style="list-style-type: none"> • There is protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements to the level of Participation Rate. 	<ul style="list-style-type: none"> • An ability to achieve more favourable Protection Rate and/or Participation Rate compared to a Collar with a non-Leverage Ratio structure.
7.6.4 Risks of a Collar	7.6.4(a) Additional Risks of a Leveraged Collar
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than the comparable FEC. • Participation in favourable Exchange Rate movements is capped at the Participation Rate. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade at the less favourable Participation Rate. 	<ul style="list-style-type: none"> • If the Spot Rate at Expiry is less favourable than the Protection Rate you will be protected for only the Notional Amount. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to a Collar with no Leverage Ratio, FEC and other Structured Options without a Leverage Ratio.

7.7 Collar Plus and Leveraged Collar Plus	
The Collar Plus is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the potential to achieve an Exchange Rate more favorable than the Spot Rate if the Spot Rate is between the Protection Rate and the Participation Rate at Expiry.	
7.7.1 Collar Plus Example	7.7.1(a) Leveraged Collar Plus Example
Protection Rate/Strike Rate: 1.3650 Participation Rate/Strike Rate: 1.3350 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3550 Participation Rate/Strike Rate: 1.3250 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.7.2 Possible Outcomes at Expiry	7.7.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD100,000 at the Protection Rate/Strike Rate of 1.3650. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate 1.3350. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact USD100,000 at the Participation Rate/Strike Rate of 1.3350. 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will be able to transact USD50,000 at the Protection Rate/Strike Rate of 1.3550. • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD100,000 at the Participation Rate/Strike Rate of 1.3250. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be able to transact USD50,000 at the Participation Rate/Strike Rate of 1.3250.
7.7.3 Benefits of a Collar Plus	7.7.3(a) Additional Benefits of a Leveraged Collar Plus
<ul style="list-style-type: none"> • There is protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements to the level of Participation Rate. 	<ul style="list-style-type: none"> • An ability to achieve more favourable Protection Rate and/or Participation Rate compared to a Collar without a Leverage Ratio structure.
7.7.4 Risks of a Collar Plus	7.7.4(a) Additional Risks of a Leveraged Collar Plus
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than the comparable FEC and comparable Collar Structure. • Participation in favourable Exchange Rate movements is capped at the Participation Rate. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade at the less favourable Participation Rate. 	<ul style="list-style-type: none"> • If the Spot Rate at Expiry is less favourable than the Protection Rate you will be protected for only the Notional Amount. • If the Spot Rate at Expiry is more favourable than the Participation Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to a Collar Plus with no Leverage Ratio, FEC and other Structured Options without a Leverage Ratio.

7.8 Participating Collar and Leveraged Participating Collar	
A Participating Collar is a Structured Option, which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a portion of your exposure between the Protection Rate and the Participation Rate at Expiry.	
7.8.1 Participating Collar Example	7.8.1(a) Leveraged Participating Collar Example
Protection Rate/Strike Rate: 1.3600 Participation Rate/Strike Rate: 1.3000 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3500 Participation Rate/Strike Rate: 1.2900 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Obligation Percentage 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.8.2 Possible Outcomes at Expiry	7.8.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be obligated to transact USD50,000 at Protection Rate/Strike Rate. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD50,000 at 1.3600 and USD50,000 at 1.3000. 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is between the Protection Rate/Strike Rate and the Participation Rate/Strike Rate, you will be obligated to transact USD25,000 at Protection Rate/Strike Rate. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate/Strike Rate, you will be obligated to transact USD25,000 at 1.3500 and USD75,000 at 1.2900.
7.8.3 Benefits of a Participating Collar	7.8.3(a) Additional Benefits of Leveraged Participating Collar
<ul style="list-style-type: none"> • There is protection at all times at the Protection Rate. • The Protection Rate is likely to be more favourable than the Protection Rate applicable to comparable Participating Forward and Collar products. • An ability to partially participate in favourable Exchange Rate movements up to the level of the Participation Rate. 	<ul style="list-style-type: none"> • The Protection Rate and/or Participation Rate is more favourable than the Protection Rate and/or Participation Rate applicable to a comparable Participating Collar without a Leverage Ratio.
7.8.4 Risks of a Participating Collar	7.8.4(a) Additional Risks of a Leveraged Participating Collar
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than the comparable FEC. • If the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade a portion of the Notional Amount at the less favourable Protection Rate. • If the Spot Rate on the Expiry Date is more favourable than the Participation Rate you will be obligated to trade a second amount, determined by the Obligation Percentage, at the less favourable Participation Rate. 	<ul style="list-style-type: none"> • If the Spot Rate is more favourable than the Participation Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.9 Knock-In and Leveraged Knock-In	
<p>A Knock-In is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than the Protection Rate whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered at any time before Expiry (or during a Window) you will be obligated to transact at the Protection Rate on Expiry. A Leveraged Knock-In offers an enhanced Protection Rate and/or Knock-In Rate relative to the Knock-In.</p>	
7.9.1 Knock-In Example	7.9.1(a) Leveraged Knock-In Example
Protection Rate/Strike Rate: 1.3500 Knock-In Rate/Trigger Rate: 1.2900 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3400 Knock-In Rate/ Trigger Rate: 1.2700 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.9.2 Possible Outcomes at Expiry	7.9.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3500. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be able to transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at Protection Rate/Strike Rate of 1.3500. 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3400. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be able to transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at Protection Rate/Strike Rate of 1.3400.
7.9.3 Benefits of a Knock-In	7.9.3(a) Additional Benefits of a Leveraged Knock-In
<ul style="list-style-type: none"> • Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate has not been triggered. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Protection Rate comparative to a Knock-In without a Leverage Ratio.
7.9.4 Risks of a Knock-In	7.9.4(a) Additional Risks of a Leveraged Knock-In
<ul style="list-style-type: none"> • Participation in favourable Exchange Rate movements is capped at the Knock-In Rate. • The Protection Rate will be less favourable than the comparable FEC. • If the Spot Rate triggers the Knock-In Rate you will be obligated to trade at the Protection Rate, which may be less favourable than the Spot Rate at Expiry. 	<ul style="list-style-type: none"> • If the Knock-In Rate is triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.10 Knock-In Participator and Leveraged Knock-In Participator	
A Knock-In Participator is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a percentage of your Notional Amount provided that a Knock-In Rate is not triggered at any time before Expiry (or during a Window).	
7.10.1 Knock-In Participator Example	7.10.1(a) Leveraged Knock-In Participator Example
Protection Rate/Strike Rate: 1.3600 Knock-In Rate/Trigger Rate: 1.2900 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3500 Knock-In Rate/Trigger Rate: 1.2700 Expiry Date: 6 months Notional Amount (Amount): USD 50,000 Obligation Percentage 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.10.2 Possible Outcomes at Expiry	7.10.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be obligated to transact USD 50,000 at 1.3600. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will transact USD100,000 at 1.3600. 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you will be obligated to transact USD25,000 at 1.3500. You will then be able to transact the remaining USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will transact USD100,000 at 1.3500.
7.10.3 Benefits of a Knock-In Participator	7.10.3(a) Additional Benefits of a Leveraged Knock-In Participator
<ul style="list-style-type: none"> • Protection at all times with a known worse-case Exchange Rate (Protection Rate). • An ability to partially participate in favourable Exchange Rate movements, provided the Knock-In Rate has not been triggered. • The Protection Rate and/or the Obligation Percentage are more favourable than the those of a comparable Participating Forward. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Protection Rate and/or Obligation Percentage relative to a comparable Knock-In Participating Forward without a Leverage Ratio.
7.10.4 Risks of a Knock-In Participator	7.10.4(a) Additional Risks of a Leveraged Knock-In Participator
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than a comparable FEC even when applying the Knock-In Rate. • If the Spot Rate at Expiry is more favourable than the Protection Rate, a percentage of the Notional Amount, the Obligation Percentage, must be transacted at the less favourable Protection Rate. • If the Spot Rate triggers the Knock-In Rate before Expiry (or during a Window) and the Spot Rate is more favourable than the Protection Rate you will be obligated to trade the full Notional Amount at the less favourable Protection Rate. 	<ul style="list-style-type: none"> • If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.11 Knock-Out Convertible and Leveraged Knock-Out Convertible	
A Knock-Out Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate provided that a Knock-Out Rate is triggered before Expiry (or during a Window).	
7.11.1 Knock-Out Convertible Example	7.11.1(a) Leveraged Knock-Out Convertible
Protection Rate/Strike Rate: 1.3600 Knock-Out Rate/Trigger Rate: 1.3700 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3500 Knock-Out Rate/Trigger Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.11.2 Possible Outcomes at Expiry	7.11.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3600. If the Knock-Out Rate/Trigger Rate has not been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600. If the Knock-Out Rate/Trigger Rate has been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you may transact USD at the Spot Rate (although there is no obligation to do so). 	<ul style="list-style-type: none"> If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3500. If the Knock-Out Rate/Trigger Rate has not been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3500. If the Knock-Out Rate/Trigger Rate has been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you may buy USD at the Spot Rate (although there is no obligation to do so).
7.11.3 Benefits of a Knock-Out Convertible	7.11.3(a) Additional Benefits of a Leveraged Knock-Out Convertible
<ul style="list-style-type: none"> Protection at all times with a known worst-case Exchange Rate (Protection Rate). An ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is triggered. 	<ul style="list-style-type: none"> An ability to achieve an enhanced Protection Rate relative to a comparable Knock-Out Convertible without a Leverage Ratio.
7.11.4 Risks of a Knock-Out Convertible	7.11.4(a) Additional Risks of a Leveraged Knock-Out Convertible
<ul style="list-style-type: none"> The Protection Rate will be less favourable than the comparable FEC. There is no ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is not triggered. 	<ul style="list-style-type: none"> If the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.12 Participating Knock-Out Convertible and Leveraged Participating Knock-Out Convertible	
<p>A Participating Knock-Out Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate on a percentage of your Notional Amount provided that a Knock-Out Rate has been triggered before Expiry (or during a Window).</p>	
7.12.1 Participating Knock-Out Convertible Example	7.12.1(a) Leveraged Participating Knock-Out Convertible Example
Protection Rate/Strike Rate: 1.3700 Knock-Out Rate/Trigger Rate: 1.3700 Expiry Date: 6 months Notional Amount (Amount): USD100,000 Obligation Percentage: 50%	Protection Rate/Strike Rate: 1.3600 Knock-Out Rate/Trigger Rate: 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Obligation Percentage: 50% Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.12.2 Possible Outcomes at Expiry	7.12.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3700. If the Knock-Out Rate/Trigger Rate has not been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3700. If the Knock-Out Rate/Trigger Rate has been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD50,000 at 1.3700. You may also transact the remaining USD50,000 at the Spot Rate (although there is no obligation to do so). 	<ul style="list-style-type: none"> If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3600. If the Knock-Out Rate/Trigger Rate has not been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600. If the Knock-Out Rate/Trigger Rate has been triggered: <ul style="list-style-type: none"> If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you will be obligated to transact USD25,000 at 1.3600. You may also transact the remaining USD75,000 at the Spot Rate (although there is no obligation to do so).
7.12.3 Benefits of a Participating Knock-Out Convertible	7.12.3(a) Additional Benefits of Leveraged Participating Knock-Out Convertible
<ul style="list-style-type: none"> Protection at all times with a known worst-case Protection Rate. An ability to participate in favourable Exchange Rate movements on a percentage of the Notional Amount if the Knock-Out Rate is triggered. The Protection Rate and/or the Obligation Percentage are more favourable relative to a comparable Participating Forward. 	<ul style="list-style-type: none"> The Protection Rate and/or the Obligation Percentage are more favourable relative to a comparable Participating Knock-Out Convertible without a Leverage Ratio.
7.12.4 Risks of a Participating Knock-Out Convertible	7.12.4(a) Additional Risks of Leveraged Participating Knock-Out Convertible
<ul style="list-style-type: none"> The Protection Rate will be less favourable than a FEC. There is no ability to participate in favourable Exchange Rate movements if the Knock-Out Rate is not triggered. If the Knock-Out Rate is not triggered and the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade at the less favourable Protection Rate. If the Knock-Out Rate is triggered and the Spot Rate at Expiry is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage of the Notional Amount at the less favourable Protection Rate. 	<ul style="list-style-type: none"> If the Knock-Out Rate has not been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry and you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.13 Knock-In Collar and Leveraged Knock-In Collar	
A Knock-In Collar is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window) you are knocked into a Collar structure (see section 7.6 of this PDS).	
7.13.1 Knock-In Collar Example	7.13.1(a) Leveraged Knock-In Collar Example
Protection Rate /Strike Rate: 1.3600 Participation Rate /Strike Rate: 1.3400 Knock-In Rate /Trigger Rate: 1.2900 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate /Strike Rate: 1.3500 Participation Rate /Strike Rate: 1.3300 Knock-In Rate /Trigger Rate: 1.2700 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.13.2 Possible Outcomes at Expiry	7.13.2(a) Possible Outcomes at Expiry
If the Knock-In Rate /Trigger Rate has not been triggered: <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is between the Protection Rate /Strike Rate and the Knock-In Rate/Trigger Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate/Trigger Rate has been triggered: <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is between the Protection Rate /Strike Rate and the Participation Rate /Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate /Strike Rate, you will be obligated to transact USD100,000 at 1.3400. 	If the Knock-In Rate /Trigger Rate has not been triggered: <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is between the Protection Rate /Strike Rate and the Knock-In Rate/Trigger Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). If the Knock-In Rate /Trigger Rate has been triggered: <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is between the Protection Rate /Strike Rate and the Participation Rate /Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Participation Rate /Strike Rate, you will be obligated to transact USD100,000 at 1.3300.
7.13.3 Benefits of a Knock-In Collar	7.13.3(a) Additional Benefits of a Leveraged Knock-In Collar
<ul style="list-style-type: none"> • Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-In Rate has been triggered, participation in favourable movements to the Participation Rate remains possible. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Protection Rate and/or Participation Rate relative to a comparable Knock-In Collar without a Leverage Ratio.
7.13.4 Risks of a Knock-In Collar	7.13.4(a) Additional Risks of a Leveraged Knock-In Collar
<ul style="list-style-type: none"> • Participation in favourable Exchange Rate movements is capped at Participation Rate if the Knock-In Rate is triggered. • The Protection Rate will be less favourable than a FEC. • You will be obligated to trade at the Participation Rate if the Spot Rate triggers the Knock-In Rate before expiry (or during a Window). 	<ul style="list-style-type: none"> • If the Knock-In Rate has been triggered, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the Participation Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.14 Knock-In Convertible and Leveraged Knock-In Convertible	
<p>A Knock-In Convertible is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements to the level of a Knock-In Rate. If the Knock-In Rate is triggered before Expiry (or during a Window), you will be obligated to trade at the Protection Rate on Expiry unless a Knock-Out Rate has also been triggered. If the Knock-Out Rate is triggered, you are left with a Vanilla Option giving you the right but no obligation to trade at the Protection Rate. See section 7.1 for information on Vanilla Options.</p>	
7.14.1 Knock-In Convertible Example	7.14.1(a) Leveraged Knock-In Convertible Example
Protection Rate /Strike Rate: 1.3600 Knock-In Rate/Trigger Rate: 1.2900 Knock-Out Rate/Trigger Rate: 1.3800 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3500 Knock-In Rate/Trigger Rate: 1.2700 Knock-Out Rate/Trigger Rate: 1.3700 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.14.2. Possible Outcomes at Expiry	7.14.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD100,000 at 1.3600, regardless of whether a Trigger Rate has been triggered. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-Out Rate/Trigger Rate has been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so). 	<ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate /Strike Rate, you will transact USD50,000 at 1.3500, regardless of whether a Trigger Rate has been triggered. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-In Rate/Trigger Rate has not been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so). • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, and the Knock-In Rate/Trigger Rate has been triggered, you will be obligated to transact USD100,000 at 1.3500. • If the Spot Rate is more favourable than the Protection Rate /Strike Rate, and the Knock-Out Rate/Trigger Rate has been triggered, you can transact USD at the Spot Rate (although there is no obligation to do so).
7.14.3 Benefits of a Knock-In Convertible	7.14.3(a) Additional Benefits of a Leveraged Knock-In Convertible
<ul style="list-style-type: none"> • Protection at all times with a known worse-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-Out Rate has been triggered, then participation in favourable movements is possible to any level. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Protection Rate relative to a comparable Knock-In Convertible without Leverage Ratio.
7.14.4 Risks of a Knock-In Convertible	7.14.4(a) Additional Risks of a Leveraged Knock-In Convertible
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than a FEC. • There is no ability to participate in favourable Exchange Rate movements if only the Knock-In Rate is triggered. 	<ul style="list-style-type: none"> • If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Protection Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.15 Knock-In Improver and Leveraged Knock-In Improver	
<p>A Knock-In Improver is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate) whilst giving you the potential to take advantage of favourable currency movements or improve the Protection Rate should either of the Knock-In Rate or the Knock-Out Rate not be triggered before the Expiry Date (or during a Window). The improvement created will be determined by the prevailing Spot Rate relative to the Protection Rate and Knock-In Rate and Knock-Out Rate on the Expiry Date.</p>	
7.15.1 Knock-In Improver Example	7.15.1(a) Leveraged Knock-In Improver
Protection Rate/Strike Rate: 1.3500 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.2900 and 1.3700 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3400 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.2700 and 1.3600 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.15.2 Possible Outcomes at Expiry	7.15.2(a) Possible Outcomes at Expiry
<p>If a Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at the improved Protection Rate/Strike Rate, as calculated by Convera which improves your Protection Rate by the difference between the Spot Rate and the Strike Rate. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). <p>If a Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3500. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3500. 	<p>If a Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at the improved Protection Rate/Strike Rate, as calculated by Convera which improves your Protection Rate by the difference between the Spot Rate and the Strike Rate. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). <p>If a Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3400. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3400.
7.15.3 Benefits of a Knock-In Improver	7.15.3(a) Additional Benefits of a Leveraged Knock-In Improver
<ul style="list-style-type: none"> • Protection at all times with a known worst-case Protection Rate. • An ability to see the overall Protection Rate improve if the Spot Rate is less favourable than the Protection Rate and either the Knock-In or Knock-Out Rate is not triggered. • An ability to potentially transact at favourable Exchange Rates on the Expiry Date should either the Knock-In or the Knock-Out Rates not trigger. 	<ul style="list-style-type: none"> • An ability to achieve a more favourable Protection Rate relative to a comparable Knock-In Improver without a Leverage Ratio.
7.15.4 Risks of a Knock-In Improver	7.15.4(a) Additional Risks of a Leveraged Knock-In Improver
<ul style="list-style-type: none"> • The Protection Rate will be less favourable than the comparable FEC. • There is no ability to participate in favourable Exchange Rate movements if the Knock-In or Knock-Out Rate is triggered, and you will be obligated to trade at a potentially unfavourable Protection Rate. 	<ul style="list-style-type: none"> • If the Knock-In or Knock-Out Rate is triggered you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at a potentially unfavourable Protection Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.16 Knock-In Reset and Leveraged Knock-In Reset	
<p>A Knock-In Reset is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Protection Rate). It also gives you the ability to participate in favourable movements in the Spot Rate provided that a Knock-In Rate is not triggered. If the Knock-In Rate is triggered, then you must transact at an agreed Reset Rate, which would be similar to the Exchange Rate of a comparable FEC. The Reset Rate will be more favourable than the Protection Rate and less favourable than the Knock-In Rate.</p>	
7.16.1 Knock-In Reset Example	7.16.1(a) Leveraged Knock-In Reset Example
Protection Rate/Strike Rate: 1.3600 Reset Rate/Strike Rate: 1.3400 Knock-In Rate/Trigger Rate: 1.2900 Expiry Date: 6 months Notional Amount (Amount): USD100,000	Protection Rate/Strike Rate: 1.3500 Reset Rate/Strike Rate: 1.3300 Knock-In Rate /Trigger Rate: 1.2700 Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000
7.16.2 Possible Outcomes at Expiry	7.16.2(a) Possible Outcomes at Expiry
<p>If the Knock-In Rate/Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). <p>If the Knock-In Rate/Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3400. 	<p>If the Knock-In Rate/Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is more favourable than the Protection Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so). <p>If the Knock-In Rate/Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3300.
7.16.3 Benefits of a Knock-In Reset	7.16.3(a) Additional Benefits of a Leveraged Knock-In Reset
<ul style="list-style-type: none"> • Protection at all times with a known worst-case Exchange Rate (Protection Rate). • An ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered. • If the Knock-In Rate is triggered, you will transact at the Reset Rate, which is more favourable to you than the Protection Rate. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Protection Rate relative to a comparable Knock-In Reset without a Leverage Ratio. • If the Knock-In Rate is triggered you will transact at the Reset Rate, which is more favourable than the Protection Rate or the Reset Rate for a comparable Knock-In Reset without a Leverage Ratio.
7.16.4 Risks of a Knock-In Reset	7.16.4(a) Additional Risks of a Leveraged Knock-In Reset
<ul style="list-style-type: none"> • There is no ability to participate in favourable Exchange Rate movements if the Knock-In Rate is triggered. You will transact at the Reset Rate, which could be less favourable to you than the Spot Rate at Expiry. • The Protection Rate will be less favourable than the comparable FEC. 	<ul style="list-style-type: none"> • If the Knock-In Rate has been triggered and the Spot Rate is more favourable than the Reset Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Reset Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.17 Knock-Out Reset and Leveraged Knock-Out Reset	
<p>A Knock-Out Reset is a Structured Option that gives you the benefit of achieving an enhanced Exchange Rate (the Enhanced Rate) compared to the equivalent Forward Exchange Rate provided that the Spot Rate remains within a specified range before Expiry (or during a Window) of the structure. If the Exchange Rate trades outside the specified range before Expiry (or during a Window), the Enhanced Rate will no longer be achievable, and you will be obligated to trade at the Reset Rate. A Knock-Out Reset will always provide you with a guaranteed worst-case Exchange Rate allowing you to protect against the risk that the Spot Rate is less favourable at Expiry of the contract.</p>	
7.17.1 Knock-Out Reset Example	7.17.1(a) Leveraged Knock-Out Reset Example
<p>Enhanced Rate/Strike Rate: 1.3200 Reset Rate/Strike Rate: 1.3600 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.2900 and 1.3900 Expiry Date: 6 months Notional Amount (Amount): USD100,000</p>	<p>Enhanced Rate/Strike Rate: 1.3100 Reset Rate/Strike Rate: 1.3500 Knock-In Rate and Knock-Out Rate/Trigger Rates: 1.2800 and 1.4000. Expiry Date: 6 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000</p>
7.17.2 Possible Outcomes at Expiry	7.17.2(a) Possible Outcomes at Expiry
<p>If a Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD100,000 at 1.3200. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3200. <p>If a Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD100,000 at 1.3600. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600. 	<p>If a Trigger Rate has not been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3100. • If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3100. <p>If a Trigger Rate has been triggered:</p> <ul style="list-style-type: none"> • If the Spot Rate is less favourable than the Reset Rate/Strike Rate, you will transact USD50,000 at 1.3500. • If the Spot Rate is more favourable than the Reset Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3500.
7.17.3 Benefits of a Knock-Out Reset	7.17.3(a) Additional Benefits of a Leveraged Knock-Out Reset
<ul style="list-style-type: none"> • Protection at all times with a known worst-case Exchange Rate (Reset Rate). • Ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate if the Knock-In or Knock-Out Rate has not been triggered. 	<ul style="list-style-type: none"> • An ability to achieve an enhanced Exchange Rate comparative to a Knock-Out Reset without a Leverage Ratio. • If the Knock-In or Knock-Out Rate is triggered the Reset Rate will provide protection at an Exchange Rate that is more favourable than the Protection Rate or the Reset Rate for a comparable Knock-Out Reset without a Leverage Ratio. • Flexibility in how the Leverage Ratio can be applied to the Strike Rates.
7.17.4 Risks of a Knock-Out Reset	7.17.4(a) Additional Risks of a Leveraged Knock-Out Reset
<ul style="list-style-type: none"> • If either Knock-In or Knock-Out Rate is triggered, you will be transacting at the Reset Rate that is less favourable than the comparative Forward Exchange Rate and could be less favourable than the Spot Rate at Expiry. 	<ul style="list-style-type: none"> • If the Knock-In or Knock-Out Rate is triggered and the Spot Rate is more favourable than the Reset Rate at Expiry, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Reset Rate. • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.18 Extendible Forward and Leveraged Extendible Forward	
<p>An Extendible Forward is a Structured Option, which allows you to protect against the risk that the Spot Rate will be less favourable than the nominated Exchange Rate (the Protection Rate). It provides you with the potential to have additional protection for a portion of your exposure, which we refer to as the Extendible Amount, for a further period of time after the first Expiry Date depending on whether the Knock-In Rate has been triggered before the first Expiry Date (or during a Window). Typically, the Knock-In Rate is the same level as the Protection Rate and is only observed at the Expiry Time on Expiry Date.</p>	
7.18.1 Extendible Forward Example	7.18.1(a) Leveraged Extendible Forward Example
<p>Enhanced Rate/Strike Rate: 1.3300 Knock-In Rate/Trigger Rate: 1.3200 First Expiry Date: 6 months Second Expiry Date: 9 months Notional Amount (Amount): USD100,000</p>	<p>Enhanced Rate/Strike Rate: 1.3200 Knock-In Rate/Trigger Rate: 1.3000 First Expiry Date: 6 months Second Expiry Date: 9 months Notional Amount (Amount): USD50,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount): USD100,000</p>
7.18.2 Possible Outcomes at Expiry	7.18.2(a) Possible Outcomes at Expiry
<ul style="list-style-type: none"> On the first Expiry Date (6 months) you will transact USD100,000 at 1.3300. If the Knock-In Rate/Trigger Rate has not been triggered, the contract will cease to exist, and you will have no further obligation. If the Knock-In Rate/Trigger Rate has been triggered you will be obligated to transact an additional USD100,000 at 1.3300 on the second Expiry Date (9 months). 	<ul style="list-style-type: none"> On the first Expiry Date (6 months) you will transact USD50,000 at 1.3200. If the Knock-In Rate/Trigger Rate has not been triggered, the contract will cease to exist, and you will have no further obligation. If the Knock-In Rate/Trigger Rate has been triggered you will be obligated to transact an additional USD100,000 at 1.3200 on the second Expiry Date (9 months).
7.18.3 Benefits of an Extendible Forward	7.18.3(a) Additional Benefits of a Leveraged Extendible Forward
<ul style="list-style-type: none"> There is protection out to the first Expiry Date at a known worst-case Exchange Rate (Enhanced Rate). Protection is at an Exchange Rate enhanced to a comparable FEC for both the first Expiry Date and the second Expiry Date. The Notional Amount on the second Expiry Date can be less than the Notional Amount on the first Expiry Date. 	<ul style="list-style-type: none"> An ability to achieve a more favourable Enhanced Rate relative to a comparable Extendible Forward without a Leverage Ratio. The Leverage Ratio could be applied to the Notional Amount on both Expiry Dates as an additional obligation.
7.18.4 Risks of an Extendible Forward	7.18.4(a) Additional Risks of a Leveraged Extendible Forward
<ul style="list-style-type: none"> If the Spot Rate is more favourable than the Enhanced Rate at the first Expiry Date, you will be obligated to trade at the less favourable Enhanced Rate. If the Knock-In Rate is triggered on (or during a window, before the) Expiry Date, you will have an obligation to trade at a potentially unfavourable Enhanced Rate on the second Expiry Date. If the Knock-In is not triggered on (or during a window, before the) Expiry Date, you will not be protected for the Notional Amount on the second Expiry Date. 	<ul style="list-style-type: none"> If the Knock-In is triggered on (or during a window, before the) Expiry Date, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at a potentially unfavourable Enhanced Rate on the second Expiry Date. Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.19 Ratio Forward

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

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

7.19.1 Ratio Forward Example

Enhanced Rate/Strike Rate: 1.3200

Expiry Date: 6 months

Notional Amount (Amount): USD50,000

Leverage Ratio: 1:2

Leveraged Notional Amount (Amount): USD100,000

7.19.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3200.
- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3200.

7.19.3 Benefits of a Ratio Forward

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

7.19.4 Risks of a Ratio Forward

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

7.20 Tracker and Leveraged Tracker

A Tracker is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst case Exchange Rate (the Protection Rate), whilst giving you the potential to improve the Protection Rate should the Spot Rate be more favourable than the Limit Rate.

7.20.1 Tracker Example

Protection Rate/Strike Rate: 1.3600
Limit Rate/Strike Rate: 1.3000
Expiry Date: 6 months
Notional Amount (Amount): USD100,000
Limit Amount: USD100,000

7.20.1(a) Leveraged Tracker Example

Protection Rate/Strike Rate: 1.3500
Limit Rate/Strike Rate: 1.2900
Expiry Date: 6 months
Notional Amount (Amount): USD50,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount): USD100,000
Limit Amount: USD100,000

7.20.2 Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD100,000 at 1.3600.
- If the Spot Rate is between the Protection Rate/Strike Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600.
- If the Spot Rate is more favourable than the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at an adjusted Protection Rate/Strike Rate, as calculated by Convera (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference between the Spot Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3600.

7.20.2(a) Possible Outcomes at Expiry

- If the Spot Rate is less favourable than the Protection Rate/Strike Rate, you will transact USD50,000 at 1.3500.
- If the Spot Rate is between the Protection Rate/Strike Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3500.
- If the Spot Rate is more favourable than the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at an adjusted Protection Rate/Strike Rate, as calculated by Convera (which has been favourably adjusted to account for the difference between the Limit Rate/Strike Rate and the Spot Rate). Alternatively, if you elect to cash settle the difference between the Spot Rate and the Limit Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3500.

7.20.3 Benefits of a Tracker

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

7.20.3(a) Additional Benefits of a Leveraged Tracker

- An ability to achieve a more favourable Protection Rate and/or a Limit Rate relative to a Tracker without a Leverage Ratio.

7.20.4 Risks of a Tracker

- The unadjusted Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If the Spot Rate at Expiry is more favourable than the Protection Rate or the Limit Rate you will be obligated to trade at an unfavourable Exchange Rate relative to the Spot Rate (although this Exchange Rate may be adjusted favourably if the Spot Rate is more favourable than the Limit Rate).
- Participation in favourable Exchange Rate movements is reduced by the difference between the Limit Rate and the Protection Rate.

7.20.4(a) Additional Risks of a Leveraged Tracker

- If the Spot Rate at Expiry is more favourable than the Protection Rate, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Protection Rate.
- Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.21 Capped Forward with Protection and Leveraged Capped Forward with Protection

A Capped Forward with Protection is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated worst-case Exchange Rate (the Protection Rate), whilst giving you the potential to transact at an Enhanced Rate. If the Spot Rate is less favourable than a Variation Rate at Expiry, the Enhanced Rate will be adjusted for the difference in the Variation Rate and the Spot Rate. Due to this feature, the Enhanced Rate obtained on Expiry may be less favourable than the Enhanced Rate agreed at Trade Date. This deterioration in the Enhanced Rate will cease if the Spot Rate is less favourable than the Protection Rate.

7.21.1 Capped Forward with Protection Example

Enhanced Rate/Strike Rate: 1.3300
Variation Rate/Strike Rate: 1.3500
Protection/Strike Rate: 1.3700
Expiry Date: 6 months
Notional Amount (Amount): USD100,000
Variation Amount: USD100,000

7.21.1(a) Leveraged Capped Forward with Protection Example

Enhanced Rate/Strike Rate: 1.3200
Variation Rate/Strike Rate: 1.3500
Protection Rate/Strike Rate: 1.3700
Expiry Date: 6 months
Notional Amount (Amount): USD50,000
Variation Amount: USD50,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount): USD100,000

7.21.2 Possible Outcomes at Expiry

- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3300.
- If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you will transact USD100,000 at 1.3300.
- If the Spot Rate is between the Variation Rate/Strike Rate and the Protection/Strike Rate, you will transact USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate).
- If the Spot Rate is less favourable than the Protection/Strike Rate, you will transact USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Protection/Strike Rate).

7.21.2(a) Possible Outcomes at Expiry

- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you are obligated to transact USD100,000 at 1.3200.
- If the Spot Rate is between the Enhanced Rate/Strike Rate and the Variation Rate/Strike Rate, you will transact USD50,000 at 1.3200.
- If the Spot Rate is between the Variation Rate/Strike Rate and the Protection/Strike Rate, you will transact USD50,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Spot Rate).
- If the Spot Rate is less favourable than the Protection/Strike Rate, you will transact USD100,000 at an adjusted Enhanced Rate/Strike Rate (adjusted for the difference in the Variation Rate/Strike Rate and the Protection/Strike Rate).

7.21.3 Benefits of a Capped Forward with Protection

- An ability to achieve an Enhanced Rate relative to an FEC.
- The Enhanced Rate will always be more favourable than the Protection Rate.
- There is always protection with a known worst case Exchange Rate.

7.21.3(a) Additional Benefits of a Leveraged Capped Forward with Protection

- An ability to achieve a more favourable Enhanced Rate and/or Variation Rate and/or Protection Rate than the Capped Forward with Protection without a Leverage Ratio.

7.21.4 Risks of a Capped Forward with Protection

- The Enhanced Rate will deteriorate as the Spot Rate moves unfavourably below the Variation Rate.
- The contract cannot be pre-delivered at the Enhanced Rate before Expiry.
- If the Spot Rate at Expiry is more favourable than the Enhanced Rate you will be obligated to trade at the Enhanced Rate.

7.21.4(a) Additional Risks of a Leveraged Capped Forward with Protection

- If the Spot Rate at Expiry is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate.
- Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.22 Enhanced Forward and Leveraged Enhanced Forward

An Enhanced Forward is a Structured Option that gives you the ability to obtain an enhanced Exchange Rate relative to a comparative FEC at an Expiry Date in the future (first Expiry Date). If the Spot Rate is less favourable than the Enhanced Rate on a subsequent date (Second Expiry Date), you will be obligated to transact a second Notional Amount. An Enhanced Forward will always provide you with a guaranteed worst-case Exchange Rate (the Enhanced Rate) on the first Expiry Date.

7.22.1 Enhanced Forward Example

Enhanced Rate/Strike Rate: 1.3200
First Expiry Date: 3 months
Second Expiry Date: 6 months
Notional Amount (Amount): USD100,000

7.22.1(a) Leveraged Enhanced Forward Example

Enhanced Rate/Strike Rate: 1.3100
First Expiry Date: 3 months
Second Expiry Date: 6 months
Notional Amount (Amount): USD50,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount): USD100,000

7.22.2 Possible Outcomes at Expiry

First Expiry Date: 3 months

- You will be obligated to transact USD100,000 at the Enhanced Rate/Strike Rate of 1.3200.

Second Expiry Date: 6 months

- If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3200.

7.22.2(a) Possible Outcomes at Expiry

First Expiry Date: 3 months

- If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you will transact USD50,000 at 1.3100.
- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3100.

Second Expiry Date: 6 months:

- If the Spot Rate is less favourable than the Enhanced Rate/Strike Rate, you can transact USD at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Enhanced Rate/Strike Rate, you will be obligated to transact USD100,000 at 1.3100.

7.22.3 Benefits of an Enhanced Forward

- Protection at a known worst-case Exchange Rate on the first Expiry Date.
- An ability to achieve an Enhanced Rate relative to the comparative FEC.
- The maximum obligation on the contracts can be realised across different Expiry Dates, minimising cash flow impact.

7.22.3(a) Additional Benefits of a Leveraged Enhanced Forward

- The Enhanced Rate will be more favourable than the Enhanced Forward without a Leverage Ratio.
- The Leverage Ratio can be applied to either the First Expiry Date or Second Expiry Date.

7.22.4 Risks of an Enhanced Forward

- Participation in favourable Exchange Rate movements is limited to the Enhanced Rate.
- There is no protection if the Spot Rate is less favourable than the Enhanced Rate on the second Expiry Date.
- If the Spot Rate is more favourable than the Enhanced Rate on the second Expiry Date you will be obligated to transact at the less favourable Enhanced Rate.

7.22.4(a) Additional Risks of a Leveraged Enhanced Forward

- If the Spot Rate at the agreed Expiry Date is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate.
- Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

Please note that prior to Convera agreeing to enter into any of the products described in sections 7.23 – 7.28 below, we will require you to complete a declaration form acknowledging that you have received, read, and understood this PDS, due to the special features associated with these products.

7.23 Target Accrual Redemption Forward (TARF) and Leveraged TARF								
A TARF is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Foreign Exchange Points (“Points”) . Once the Target Bucket has been redeemed, the TARF will terminate.								
7.23.1 TARF Example					7.23.1(a) Leveraged TARF Example			
Enhanced Rate/Strike Rate: 1.3100 Target Bucket: 1,000 Points Fixing Frequency: monthly Notional Amount (Amount) per fixing: USD100,000 Maximum Notional Amount: USD600,000 Fixing Date: 30 th (or next valid Business Day) of each month for six months					Enhanced Rate/Strike Rate: 1.3000 Target Bucket: 1,000 Points Fixing Frequency: monthly Notional Amount (Amount) per fixing: USD50,000 Maximum Notional Amount: USD300,000 Leverage Ratio: 1:2 Leveraged Notional Amount (Amount) per fixing: USD100,000 Maximum Leveraged Notional Amount: USD600,000 Fixing Date: 30 th (or next valid Business Day) of each month for six months			
7.23.2 Outcomes at each Fixing Date (TARF and Leveraged TARF)								
If the Target Bucket has not been fully redeemed on a Fixing Date one of the following outcomes will occur:								
<ul style="list-style-type: none">If the Fixing Rate is more favourable than the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) per fixing at 1.3100 or Leveraged Notional Amount (Amount) per fixing at 1.3000 (as applicable) and the Target Bucket will be unchanged.								
If the Fixing Rate is less favourable than the Enhanced Rate/Strike Rate:								
<ul style="list-style-type: none">If the Points remaining within the Target Bucket are equal to or exceed the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact the Notional Amount (Amount) at the Enhanced Rate/Strike Rate and the Target Bucket Points balance will be reduced by an amount equivalent to the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate.If the Points balance within the Target Bucket are less than the number of Points between the Fixing Rate and the Enhanced Rate/Strike Rate, you will transact at the Enhanced Rate/Strike Rate, but the Notional Amount (Amount) transacted will be reduced to account for the value of the remaining Points in the Target Bucket. As the Target Bucket is fully redeemed, the TARF is terminated.								
7.23.3 Example of Possible Outcomes at Fixing Dates					7.23.3(a) Example of Possible Outcomes at Fixing Dates			
Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.31	1.3350	250	250	1000	750	100,000	1.31
Month 2	1.31	1.2946	-154	0	750	750	100,000	1.31
Month 3	1.31	1.3510	410	410	750	340	100,000	1.31
Month 4	1.31	1.2984	-116	0	340	340	100,000	1.31
Month 5	1.31	1.3640	540	Remaining 340	340	0	62,963	1.31
Month 6	1.31	Contract was terminated at Month 5 Fixing. No further trades.						
Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.30	1.34	400	400	1000	600	50,000	1.30
Month 2	1.30	1.2996	-4	0	600	600	100,000	1.30
Month 3	1.30	1.3560	560	560	600	40	50,000	1.30
Month 4	1.30	1.3034	34	0	40	40	100,000	1.30
Month 5	1.30	1.3690	690	Remaining 40	40	0	2,899	1.30
Month 6	1.30	Contract was terminated at Month 5 Fixing. No further trades.						
7.23.4 Benefits of a TARF					7.23.4(a) Additional Benefits of a Leveraged TARF			
<ul style="list-style-type: none">An ability to achieve an Enhanced Rate relative to an FEC.The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio.Some level of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket.					<ul style="list-style-type: none">An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a TARF without a Leverage Ratio.The Enhanced Rate is likely to be more favourable than other leveraged products.			

TARF and Leveraged TARF (continued)

7.23.5 Risks of a TARF	7.23.5(a) Additional Risks of a Leveraged TARF
<ul style="list-style-type: none"> • Once the Target Bucket has been redeemed there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate. 	<ul style="list-style-type: none"> • If the Fixing Rate is more favourable than the Enhanced Rate on the Fixing Date, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate. • Due to the Leverage Ratio that is applied, there may be less protection compared to a TARF without a Leverage Ratio and other Structured Option products without a Leverage Ratio.

7.24 TARG Full Final Fixing and Leveraged TARG Full Final Fixing

A TARG Full Final Fixing is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than a nominated Exchange Rate (the Enhanced Rate) on certain nominated Fixing Dates during an agreed term provided that an agreed level of gain (the Target Bucket) has not already been reached. Convera expresses the Target Bucket as a number of Points. Once the Target Bucket has been redeemed, the TARG will terminate. Should a fixing occur where remaining Points in the Target Bucket are insufficient to meet the difference between the Fixing Rate and the Enhanced Rate, there is no adjustment in Notional Amount as per the TARG (see section 7.23.5) and you will transact the full Notional Amount and the TARG will terminate.

7.24.1 TARG Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.3200
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD100,000
 Maximum Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.24.1(a) Leveraged TARG Full Final Fixing Example

Enhanced Rate/Strike Rate: 1.3100
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD50,000
 Maximum Notional Amount: USD300,000
 Leverage Ratio: 1:2
 Leveraged Notional Amount (Amount) per fixing: USD100,000
 Maximum Leveraged Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.24.2 Outcomes at each Fixing Date TARG (Full Final Fixing and Leveraged TARG Full Final Fixing)

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

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

7.24.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.32	1.3425	225	225	1000	775	100,000	1.32
Month 2	1.32	1.3021	-179	0	775	775	100,000	1.32
Month 3	1.32	1.3585	385	385	775	390	100,000	1.32
Month 4	1.32	1.3059	-141	0	390	390	100,000	1.32
Month 5	1.32	1.3715	515	Remaining 390	390	0	100,000	1.32
Month 6	1.32	Contract was terminated at Month 5 Fixing. No further trades.						

7.24.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.31	1.3425	325	325	1000	675	50,000	1.31
Month 2	1.31	1.3021	-79	0	675	675	100,000	1.31
Month 3	1.31	1.3585	485	485	675	190	50,000	1.31
Month 4	1.31	1.3059	-41	0	190	190	100,000	1.31
Month 5	1.31	1.3715	615	Remaining 190	190	0	50,000	1.31
Month 6	1.31	Contract was terminated at Month 5 Fixing. No further trades.						

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

7.24.4 Benefits of a TARF Full Final Fixing	7.24.4(a) Additional Benefits of Leveraged TARF Full Final Fixing
<ul style="list-style-type: none"> • An ability to achieve an Enhanced Rate relative to an equivalent FEC. • The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio. • A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket. • Guaranteed full final fixing for the Notional Amount when final fixing difference exceeds the Points remaining. • A TARF Full Final Fixing can be deleveraged. 	<p>An ability to achieve an Enhanced Rate or more Target Bucket Points relative to an TARF Full Final Fixing without a Leverage Ratio.</p> <ul style="list-style-type: none"> • An ability to achieve an Enhanced Rate or more Target Bucket Points relative to a TARF Full Final Fixing without a Leverage Ratio.
7.24.5 Risks of a TARF Full Final Fixing	7.24.5(a) Additional Risks of Leveraged TARF Full Final Fixing
<ul style="list-style-type: none"> • Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date. • If the Fixing Rate is more favourable than the Enhanced Rate on any Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A TARF Full Final Fixing generally has an extended Tenor compared to other Structure Option products and as a result there is a greater risk that during the term of a TARF Full Final Fixing the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate. 	<p>If the Fixing Rate is more favourable than the Enhanced Rate on the Fixing Date you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate.</p> <ul style="list-style-type: none"> • Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.25 TARF Guaranteed Count and Leveraged TARF Guaranteed Count

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

7.25.1 TARF Guaranteed Count Example

Enhanced Rate/Strike Rate: 1.3200
Guaranteed Fixings: 3
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD100,000
Maximum Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.25.1(a) Leveraged TARF Guaranteed Count Example

Enhanced Rate/Strike Rate: 1.3100
Guaranteed Fixings: 3
Fixing Frequency: monthly
Notional Amount (Amount) per fixing: USD50,000
Maximum Notional Amount: USD300,000
Leverage Ratio: 1:2
Leveraged Notional Amount (Amount) per fixing: USD100,000
Maximum Leveraged Notional Amount: USD600,000
Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

7.25.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Above or Below Enhanced Rate	Guaranteed Count Used:	Guaranteed Counts Available Pre-Fix	Guaranteed Counts Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.32	1.335	Above	Yes	3	2	100,000	1.32
Month 2	1.32	1.35	Above	Yes	2	1	100,000	1.32
Month 3	1.32	1.3050	Below	No	1	1	100,000	1.32
Month 4	1.32	1.31	Below	No	1	1	100,000	1.32
Month 5	1.32	1.3250	Above	Yes	1	0	100,000	1.32
Month 6	1.32	Contract was terminated at Month 5 Fixing. No further trades.						

7.25.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Above or Below Enhanced Rate	Guaranteed Count Used:	Guaranteed Counts Available Pre-Fix	Guaranteed Counts Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.31	1.335	Above	Yes	3	2	50,000	1.31
Month 2	1.31	1.3050	Below	No	2	2	100,000	1.31
Month 3	1.31	1.325	Above	Yes	2	1	50,000	1.31
Month 4	1.31	1.29	Below	No	1	1	100,000	1.31
Month 5	1.31	1.36	Above	Yes	1	0	50,000	1.31
Month 6	1.31	Contract was terminated at Month 5 Fixing. No further trades.						

7.25.4 Benefits of a TARF Guaranteed Count

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

7.25.4(a) Additional Benefits of Leveraged TARF Guaranteed Count

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

TARF Guaranteed Count and Leveraged TARF Guaranteed Count (continued)

7.25.5 Risks of a TARF Guaranteed Count	7.25(a) Additional Risks of Leveraged TARF Guaranteed Count
<ul style="list-style-type: none">• Once all the Guaranteed Fixings are redeemed, there is no further protection. This may occur before the final Fixing Date.• If the Fixing Rate is more favourable than the Enhanced Rate on any Fixing Date (and the Guaranteed Fixings have not all been used) you will be obligated to trade at the less favourable Enhanced Rate.• A TARF Guaranteed Count generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a TARF Guaranteed Count the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate.	<ul style="list-style-type: none">• If the Fixing Rate is more favourable than the Enhanced Rate on the Fixing Date, you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate.• Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.26 Variable Strike TARF and Leveraged Variable Strike TARF

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

7.26.1 Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.26.3
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD100,000
 Maximum Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.26.1(a) Leveraged Variable Strike TARF Example

Enhanced Rate/Strike Rates: See table in 7.26.3(a)
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD50,000
 Maximum Notional Amount: USD300,000
 Leverage Ratio: 1:2
 Leveraged Notional Amount (Amount) per fixing: USD100,000
 Maximum Leveraged Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

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

7.26.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.30	1.33	300	300	1000	700	100,000	1.30
Month 2	1.30	1.2896	-104	0	700	700	100,000	1.30
Month 3	1.31	1.3560	460	460	700	240	100,000	1.31
Month 4	1.31	1.2934	-166	0	240	240	100,000	1.31
Month 5	1.32	1.3690	490	Remaining 240	240	0	100,000	1.32
Month 6	1.32	Contract was terminated at Month 5 Fixing. No further trades.						

7.26.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.29	1.3250	350	350	1000	650	50,000	1.29
Month 2	1.29	1.2820	-80	0	650	650	100,000	1.29
Month 3	1.30	1.3155	155	155	650	495	50,000	1.30
Month 4	1.30	1.2934	-66	0	495	495	100,000	1.30
Month 5	1.31	1.3690	590	Remaining 495	495	0	41,949	1.31
Month 6	1.31	Contract was terminated at Month 5 Fixing. No further trades.						

7.26.4 Benefits of a Variable Strike TARF

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

7.26.4(a) Additional Benefits of Leveraged Variable Strike TARF

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

Variable Strike TARF and Leveraged Variable Strike TARF (continued)

7.26.5 Risks of Variable Strike TARF	7.26.5(a) Additional Risks of Leveraged Variable Strike TARF
<ul style="list-style-type: none"> Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. Due to the variation in the Enhanced Rates across the Fixing Dates, you could be obligated at less favourable Exchange Rates in the future. A Variable Strike TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Strike TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate. 	<p>If the Fixing Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favourable Enhanced Rate.</p> <ul style="list-style-type: none"> Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.27 Variable Notional TARF and Leveraged Variable Notional TARF

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

7.27.1 Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.3200
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: See table in 7.27.3
 Maximum Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.27.1(a) Leveraged Variable Notional TARF Example

Enhanced Rate/Strike Rate: 1.3100
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: See table 7.27.3(a) below
 Maximum Notional Amount: USD300,000
 Leverage Ratio: 1:2
 Leveraged Notional Amount (Amount) per fixing: see table in 7.26.3(a)
 Maximum Leveraged Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

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

7.27.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	150,000	1.32	1.3425	225	225	1000	775	150,000	1.32
Month 2	150,000	1.32	1.3021	-179	0	775	775	150,000	1.32
Month 3	150,000	1.32	1.3585	385	385	775	390	150,000	1.32
Month 4	50,000	1.32	1.3059	-141	0	390	390	50,000	1.32
Month 5	50,000	1.32	1.3715	515	Remaining 390	390	0	37,864	1.32
Month 6	50,000	1.32	Contract was terminated at Month 5 Fixing. No further trades.						

7.27.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Notional Amount (USD)	Enhanced Rate/Strike Rate	Fixing Rate	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	150,000	1.31	1.34	300	300	1000	700	75,000	1.31
Month 2	150,000	1.31	1.2996	-104	0	700	700	150,000	1.31
Month 3	150,000	1.31	1.3560	460	460	700	240	75,000	1.31
Month 4	50,000	1.31	1.3034	-66	0	240	240	50,000	1.31
Month 5	50,000	1.31	1.3360	260	Remaining 240	240	0	23,077	1.31
Month 6	50,000	1.31	Contract was terminated at Month 5 Fixing. No further trades.						

7.27.4 Benefits of a Variable Notional TARF

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

7.27.4(a) Additional Benefits of Leveraged Variable Notional TARF

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

Variable Notional TARF and Leveraged Variable Notional TARF (continued)

7.27.5 Risks of a Variable Notional TARF	7.27.5(a) Additional Risks of Leveraged Variable Notional TARF
<ul style="list-style-type: none"> Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. If the Fixing Rate is more favourable than the Enhanced Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. A Variable Notional TARF generally has an extended Tenor compared to other Structured Option products and as a result there is a greater risk that during the term of a Variable Notional TARF, the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate. 	<p>If the Fixing Rate is more favourable than the Enhanced Rate you will be obligated to trade a multiple of the Notional Amount determined by the Leverage Ratio, at the less favourable Enhanced Rate.</p> <ul style="list-style-type: none"> Due to the Leverage Ratio, there may be less protection compared to other Structured Option products without a Leverage Ratio.

7.28 European Knock-In TARF and Leveraged European Knock-In TARF

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

7.28.1 European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.3300
 Knock-In Rate/Trigger Rate: 1.3000
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD100,000
 Maximum Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

7.28.1(a) European Knock-In TARF Example

Enhanced Rate/Strike Rate: 1.3200
 Knock-In Rate/Trigger Rate: 1.2900
 Target Bucket: 1,000 Points
 Fixing Frequency: monthly
 Notional Amount (Amount) per fixing: USD50,000
 Maximum Notional Amount: USD300,000
 Leverage Ratio: 1:2
 Leveraged Notional Amount (Amount) per fixing: USD100,000
 Maximum Leveraged Notional Amount: USD600,000
 Fixing Date: 30th (or next valid Business Day) of each month for six months.

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

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

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

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

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

7.28.3 Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.33	1.30	1.3610	NO	310	310	1000	690	100,000	1.33
Month 2	1.33	1.30	1.2988	YES	-312	0	690	690	100,000	1.33
Month 3	1.33	1.30	1.3530	NO	230	230	690	460	100,000	1.33
Month 4	1.33	1.30	1.3144	NO	-156	0	460	460	0	n/a
Month 5	1.33	1.30	1.3790	NO	490	Remaining 460	460	0	93,878	1.33
Month 6	1.33	1.30	Contract was terminated at Month 5 Fixing. No further trades.							

7.28.3(a) Example of Possible Outcomes at Fixing Dates

Fixing Date	Enhanced Rate/Strike Rate	Knock In Rate/Trigger Rate	Fixing Rate	Knocked In:	Points Above	Points Used	Points Available Pre-Fix	Points Available Post-Fix	Traded Amount (USD)	Traded Rate
Month 1	1.32	1.29	1.35	NO	300	300	1000	700	50,000	1.32
Month 2	1.32	1.29	1.2890	YES	-310	0	700	700	100,000	1.32
Month 3	1.32	1.29	1.3420	NO	220	220	700	480	50,000	1.32
Month 4	1.32	1.29	1.3050	NO	-150	0	480	480	0	n/a
Month 5	1.32	1.29	1.3720	NO	520	Remaining 480	480	0	46,154	1.32
Month 6	1.32	1.29	Contract was terminated at Month 5 Fixing. No further trades.							

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

7.28.4 Benefits of a European Knock-In TARF	7.28.4(a) Additional Benefits of Leveraged European Knock-In TARF
<ul style="list-style-type: none"> • An ability to achieve an Enhanced Rate relative to an equivalent FEC. • Ability to participate in favourable Exchange Rate movements, provided the Knock-In Rate is not triggered by the Fixing Rate on a Fixing Date. • The Enhanced Rate is likely to be more favourable than other products without a Leverage Ratio. • A degree of protection is guaranteed from the outset equivalent to the number of Points in the Target Bucket. • Potential for no obligation when the Fixing Rate is more favourable than the Enhanced Rate and the Knock-In Rate has not been triggered. 	<p>An ability to achieve a more favourable Enhanced Rate, Knock-In Rate or more Target Bucket Points relative to a European Knock-In TARF without a Leverage Ratio.</p> <ul style="list-style-type: none"> • The Enhanced Rate is likely to be more favourable than other leveraged products.
7.28.5 Risks of a European Knock-In TARF	7.28.5(a) Additional Risks of Leveraged European Knock-In TARF
<ul style="list-style-type: none"> • Once the Target Bucket has been redeemed, there is no further protection. This may occur before the final Fixing Date, which will mean that the Notional Amount traded at the Enhanced Rate will be less than the maximum Notional Amount. Consequently, you may need to trade at a less favourable Spot Rate. • If the Fixing Rate is more favourable than the Knock-In Rate on a Fixing Date (and the Target Bucket has not been redeemed) you will be obligated to trade at the less favourable Enhanced Rate. • A European Knock-In TARF generally has an extended Tenor compared to other Structured Option products and as a result, there is a greater risk that during the term of a European Knock-In TARF the Enhanced Rate will no longer be favourable when compared to the prevailing Spot Rate. 	<p>If the Fixing Rate is more favourable than the Knock-In Rate on the Fixing Date you will be obligated to trade a multiple of the Notional Amount, determined by the Leverage Ratio, at the less favourable Enhanced Rate.</p> <ul style="list-style-type: none"> • Due to the Leverage Ratio, there may be less protection than other Structured Option products.

8. Cost of Foreign Exchange Contracts

8.1 Interest

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

8.2 Premium

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

8.2.1 Vanilla Options

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

8.2.2 Vanilla Option Premiums

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

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

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

8.2.3 Structured Options

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

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

Where a “No Premium” structure is created, there is no up-front Premium payable for a Structured Option. If, however you wish to nominate an improved Strike Rate or any other Exchange Rate or variable associated with a particular Structured Option, an up-front non-refundable Premium may be payable. Convera will calculate the amount of the Premium and advise you of the amount before you enter into the transaction. Where applicable, Premiums must be paid in cleared funds within two (2) Business Days of the Trade Date.

8.3 Exchange Rate

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

We determine this Mark Up by taking into account a number of factors, including:

- the size of the transaction measured by Notional Amount, where the smaller the Notional Amount the larger the Mark Up may be;
- the Currency Pair where the less Liquidity in the pair the greater the Mark Up may be;
- market Volatility where high Volatility may result in an increased Mark Up;
- the Time Zone you choose to trade in where if trading on public holidays or weekends may see increased Mark Ups; and
- the frequency with which you trade with us, where the more frequently you transact the Mark Up may be reduced.

8.4 Transaction Fees

You may be charged some transaction fees upon Settlement or delivery of a Foreign Exchange Contract at Maturity or Expiry, if this is carried out via an International Funds Transfer (see section 4.3.4). Transaction fees for International Funds Transfer are in addition to the costs detailed in this section 8. More information on International Funds Transfer is available on the Convera compliance webpage as set out in section 2 above.

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

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

For more information in relation to the cost of Telegraphic Transfers in connection with delivery of your Foreign Exchange Contracts that may be applicable, contact your Convera Representative.

9. Benefits of Foreign Exchange Contracts

We have described the particular benefits that attach to each FEC and NDF in section 5 “Forward Exchange Contracts” and Options in section 7 “Convera Options” above. In addition, the following are general key benefits of FECs, NDFs and Options:

9.1 FECs and NDFs

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

- FECs and NDFs help you manage the risk inherent in currency markets by predetermining the Exchange Rate and Value Date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against adverse foreign exchange movements between the time that you deal (Trade Date) and the Value Date. They will also assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations impacting a specified cash flow.
- FECs and NDFs are flexible - Value Dates and Notional Amounts can be tailored to meet your requirements.
- NDFs can provide you with protection against foreign Exchange Rate movements for currencies that cannot otherwise be bought and sold freely.

9.2 Vanilla Options

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

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

9.3 Structured Options

- Structured Options can help you manage the risk inherent in currency markets by predetermining the Exchange Rate and Value Date on which you will purchase or sell a given amount of foreign currency against another currency. This can provide you with protection against unfavourable foreign Exchange Rate movements between the Trade Date and the Value Date. This may also

assist you in managing your cash flow by negating the uncertainty associated with Exchange Rate fluctuations for the certainty of a specified cash flow.

- **Structured Options** are flexible. Value Dates and Notional Amounts can be tailored to meet your requirements. You may have additional flexibility to participate in certain favourable Exchange Rate movements and may be able to achieve an enhanced Exchange Rate comparable to the equivalent Forward Exchange Rate depending on the Structured Option that you enter.

10. Significant Risks associated with Foreign Exchange Contracts

We have described the particular risks that attach to each FEC and NDF in Section 5 “Forward Exchange Contract” and each Option in section 7 “Convera Options” above. In addition, the following are general risks of FECs, NDFs and Options:

- **Opportunity Loss.** Once the Forward Exchange Rate has been set on a FEC or NDF, you will not be able to take advantage of preferential Exchange Rate movements that occur after the Trade Date and prior to the Maturity Date. By protecting against potential unfavourable Exchange Rate movements, you are not able to take advantage of favourable Exchange Rate movements and will be required to trade at an Exchange Rate that is less favourable to you than the prevailing Exchange Rate on the Value Date.
- **Premium.** If you paid a Premium to enter into an Option Contract, it is not refundable under any circumstances. Any gains from Options contracts may be less than the Premium paid.
- **Market Volatility.** The foreign exchange markets in which Convera operates are OTC and can change rapidly. These markets are speculative and volatile with the risk that prices will move quickly. When this occurs the value of your Foreign Exchange Contract(s) may be significantly less than when you entered into the contract. We cannot guarantee that you will not make losses, (where your Foreign Exchange Contract(s) is OTM) or that any unrealized gains or losses will remain unchanged for the term of a Foreign Exchange Contract. You need to monitor your Foreign Exchange Contract(s) with us carefully, providing us with Instructions in a timely fashion to the extent you want to make adjustments in response to market changes.
- **Counterparty Risk.** When you enter into a Foreign Exchange Contract you are relying on our financial ability as a Counterparty to be able to perform our obligations to you. As a result, you are exposed to the risk that we become bankrupt or insolvent and are unable to meet our obligations to you under the Foreign Exchange Contract.
- **Hedging Counterparty Risk.** There is also a risk that the Hedging Counterparties with whom Convera contracts to mitigate our exposure when acting as principal to Foreign Exchange Contracts with you (by taking related offsetting or mitigating positions) may not be able to meet their contractual obligations to us. This means that Convera could be exposed to the insolvency of our Hedging Counterparties and to defaults by Hedging Counterparties. If a Hedging Counterparty is insolvent or defaults on its obligations to us, then this could then give rise to a risk that Convera defaults on its obligations to you.
- **Operational Risk.** Operational risk arises through your reliance on our systems and processes to price, settle and deliver your transactions efficiently and accurately. In the event of a breakdown of our systems or processes you may incur loss as a result of delays in the execution and Settlement of your transactions. You are also exposed to operational risk through our reliance on our Hedging Counterparties systems and processes to price, settle and deliver transactions efficiently and accurately. In the event of a breakdown of our Hedging Counterparties systems or processes you may also incur loss as a result of delays in the execution and Settlement of your transactions.
- **Amendments/Cancellations.** Pre-Deliveries or the close-out/cancellation of a Foreign Exchange Contracts may result in a financial loss to you. Convera will provide a quote for such services based on market conditions prevailing at the time of your request.
- **Cooling-off.** There is no cooling-off period. This means that once your Instruction to enter into a Foreign Exchange Contract has been accepted by us, you are unable to cancel your Foreign Exchange Contract without incurring a cost.
- **Default Risk.** In accordance with the Terms and Conditions, if you fail to pay the Premium on the Premium Payment Date, Convera is not obliged to accept Exercise and may terminate a Vanilla Option and recover all costs and expenses incurred in connection with the Vanilla Option, including payment of the Premium, which shall remain due and payable as a debt. If you fail to pay an Initial Margin or a Margin Call in accordance with the Terms and Conditions or fail to provide Settlement on the Value Date, we may terminate your Foreign Exchange Contract. In the event that we do, you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your Foreign Exchange Contract.
- **Conflicts of Interest.** Convera enters into transactions with a number of different Customers and Hedging Counterparties that may be in conflict with your interests under the Foreign Exchange Contract you have entered into with us. Convera is not required to prioritize your interests when dealing in Foreign Exchange Contracts with you. See further detail under “Conflicts of Interests, Incentives and Risk” in Section 15 below.

- **Trigger Rate Risk.** For Options that have a Trigger Rate, there is the risk that the Option or part of the strategy may not exist at Expiry because a Trigger Rate has been triggered (in the case of a Knock-Out Rate) or not triggered (in the case of a Knock-In Rate).

11. Credit Requirements

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

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

All payments made in respect of your FECs, NDFs or Structured Options will be applied to satisfy your payment obligation on the Value Date, if applicable.

11.1 Initial Margins

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

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

Convera may determine the Initial Margin percentage at our discretion in accordance with the Terms and Conditions and any other applicable documentation (including any facilities letters). Factors that influence this include:

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

11.2 Margin Calls

We will monitor the Marked-to-Market value of all of your foreign exchange exposures with us on an ongoing basis. Should any of your FEC(s), NDF(s) or Structured Option(s) move OTM in excess of the Initial Margin or your Credit Limit, or a combination of both, we may secure the resulting increased risk through a Margin Call.

A Margin Call is an amount of money that you are required to pay to Convera to reduce our risk exposure (which may, subject to certain conditions, be calculated on a net basis where there are multiple transactions outstanding between us) to a level acceptable to us. If a Margin Call is required, we will advise you immediately. In the absence of default by you of your payment obligations to Convera, all Margin Call amounts will be applied to the Cash Settlement Amount of your NDFs (if a payment needs to be made to

Convera), or Settlement of your FEC(s) or Structured Option(s). A Margin Call is not a deposit and we do not pay interest on a Margin Call.

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

11.3 Credit Limits

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

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

12. Instructions, Orders, Confirmations and Telephone Conversations

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

12.1 Orders

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

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

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

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

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

12.2 Confirmations

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

12.3 Telephone Conversations

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

13. Terms and Conditions and Other Documentation

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

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

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

We recommend that you seek your own professional advice in order to fully understand the consequences of entering into a Foreign Exchange Contract.

13.1 Other Information

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

- Pre-authorized Debit (PAD) Agreement; and
- Online Platforms configuration form.

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

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

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

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

14. Complaints, Errors and Dispute Resolution

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

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

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

- **Phone:** 1-844-217-3455
- **Email:** CustomerServiceCA@convera.com

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

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

Convera Canada ULC is not a registered dealer in any jurisdiction in Canada, and as such we are not required to make available to our clients the services of an independent dispute resolution or mediation service such as the Ombudsman for Banking Services and Investments.

15. Conflicts of Interest, Incentives and Risks

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

We enter into transactions with a number of different Customers and Hedging Counterparties that may be in conflict with your interests under the Foreign Exchange Contract(s) you have entered into with us. We are not required to prioritize your interests over the interests of other Customers when dealing in Foreign Exchange Contracts with you.

We may offer product information solely incidental to entering into a Foreign Exchange Contract with you. Even if we offer such information, we are acting solely in our capacity as your Counterparty in an arm's length transaction and not as an advisor to you. It is important that you exercise your independent judgment in determining whether you should enter into a particular transaction or engage in a particular trading strategy. When you enter into a Foreign Exchange Contract with us, you are representing to us that the Foreign Exchange Contract you are entering into is consistent with your hedging needs and objectives and is compatible with your risk profile. You should ensure that you have appropriate policies and procedures in place at your organization to ensure that the persons responsible for making any trading decisions on your behalf are capable of doing so, and you are encouraged to seek independent advice. No communication (oral or written) made by us is an assurance or guarantee as to the expected results of a Foreign Exchange Contract. You should assume we have an economic incentive to be a Counterparty to a trade with you.

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

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

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

Representatives behaviour when dealing with or transacting with Customers. In addition, we have implemented oversight procedures and testing to validate that these procedures are being followed.

16. Taxation

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

17. Privacy

We will only collect personal information for the purpose of providing you with the products and services you have requested. If you don't provide us with the information we request, we may be unable to provide products and services to you. The information we obtain from you is for the purpose of entering into foreign exchange transactions and to comply with relevant laws. We will not sell, share or reveal any of your information to marketing organizations, unless you have requested that we do so.

You may contact us at any time to find out what personal information we hold about you and, if necessary, to correct any inaccurate or incomplete information.

A copy of our Privacy Policy can be viewed anytime on our website at: <https://www.convera.com/en-ca/compliance-legal/online-privacy-statement>.

18. Glossary of Terms

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

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

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

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

BRL means Brazilian Real.

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

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

CAD means Canadian Dollar.

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

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

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

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

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

Convera/'We/we, Our/our, Us/us' means Convera Canada ULC.

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

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

Counterparty means each party to a contract.

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

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

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

Customer Price is defined in Section 12 of this PDS.

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

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

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

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

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

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

Financial Products in this PDS are FECs, NDFs and Options.

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

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

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

Foreign Exchange Points or Points means the smallest pricing movement that can occur between a given Currency Pair.

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

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

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

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 FEC or Option.

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

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

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

Interbank Exchange Rate means the wholesale Spot Rate that we receive from the foreign exchange Interbank Market.

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

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

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

In-The-Money or ITM means where the current market value of the FEC or Option contract is positive.

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

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

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

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

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

Limit Amount means the Notional Amount applied to a Limit Rate for a Tracker Structured Option (as outlined in section 7.20 of this PDS).

Limit Rate is an alternative term for Strike Rate and means the Exchange Rate that determines if improvements to the Protection Rate apply, due to favourable movement in the Spot Rate, for an Accelerator Structured Option (as outlined in section 7.5 of this PDS) and a Tracker Structured Option (as outlined in section 7.21 of this PDS).

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

Margin Call is an additional payment required by us as security in connection with a FEC or Structured Option.

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

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

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

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

Maximum Notional Amount means the predetermined total CAD or foreign currency amount to be bought or sold during the term of a TARF (as outlined in section 7.23 to 7.28 of this PDS).

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

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

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

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

Out-of-The-Money or OTM means when the current market value of the Foreign Exchange Contract is negative. **Over-The-Counter or OTC** is a decentralized market, without a central physical location, where market participants trade with one another through various communication modes.

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

PDS means Product Disclosure Statement.

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

Premium means the amount payable by you to us on the Trade Date of a Vanilla Option or Structured Option.

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

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

Reference Currency means the nominated Settlement currency for an NDF.

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

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

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

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

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

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

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

Standing Order is defined in Section 12 of this PDS.

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

Structured Options means an agreement to exchange a specified amount of one currency for another currency at a foreign Exchange Rate created through the concurrent sale and purchase of two or more Call Options and/or Put Options as described in Section 7 of this PDS.

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

Telegraphic Transfer is an electronic way of transferring funds overseas.

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

Terms and Conditions means the Master Terms and Conditions Agreement and the Options Trading Terms and Conditions, including all attached schedules, as amended from time to time.

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

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

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

USD means United States Dollars.

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

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

Volatility is a measure of the frequency and extent of movements in related Foreign Exchange Contracts variables.

Window is defined in Section 11.1 "What is a Structured Option?".

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

