Product Disclosure Statement
Structured Foreign Exchange Option Products
1 April 2019

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1. INTRODUCTION

This Product Disclosure Statement ("**PDS**") is dated 1 April 2019 and has been prepared and issued by Moneytech Limited (ABN 77 106 249 852). Moneytech Limited holds an Australian Financial Services Licence which authorises it to issue foreign exchange contracts and derivatives (AFSL No: 421414).

All products described in this PDS are issued by Moneytech Limited (referred to as "we", "our" or "us").

Moneytech FX Pty Ltd ACN 151 337 852 is an authorised representative for the provision of foreign exchange products and services (**Authorised Representative**).

The authorised representative number for Moneytech FX Pty Ltd is **405948.**

Our Authorised Representative will be acting on our behalf when processing FX Transactions. Our Authorised Representative is authorised to provide you with general product advice regarding Forward Contracts, Spot FX Contracts and FX Structured Options. Our Authorised Representative is authorised to *arrange* for you to purchase FX Structured Options, Forward Contracts and Spot FX Transactions from the issuer, Moneytech Limited.

The Authorised Representative has given its written consent to be named as the Authorised Representative in this PDS in the form and context in which it is named and the Authorised Representative has not withdrawn its consent as at the date of this PDS.

2 ABOUT THIS PDS

2.1 Purpose and Contents of this PDS

The purpose of this PDS is to provide you with sufficient information for you to determine whether to acquire any of the financial products set out in this PDS. The information in this PDS should assist you to:

- decide if the product meets your needs; and
- compare the product with similar products.

2.2 General Information Only

The information contained in this PDS is general only and does not constitute a recommendation, advice or opinion. It does not take into account your individual objectives, financial situation, needs or circumstances. Options are complex financial products. They may not be suitable for you if you are unfamiliar with foreign exchange markets or the way that option products work. Before making a decision to enter into **FX Structured Option** contemplated by this PDS, Moneytech strongly recommends that you obtain your own legal, tax and investment advice, taking into account your particular needs and financial circumstances.

2.3 Other Important Documents

You should read all of this PDS, the **Financial Services Guide** and the Moneytech **Terms and Conditions** before entering into a foreign exchange transaction with us. The FSG and Terms and Conditions are available at our website: www.moneytech.com.au.

If you receive this document electronically or if you receive any updated information other than in writing, we will provide a paper copy free on request.

2.4 Currency of Information

The information in this PDS is current as at **1 April 2019** and may be updated from time to time.

Where that information is not materially adverse to clients we will post the information on our website at www.moneytech.com.au and you may request, free of charge, a paper copy of any information updated in this manner.

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

2.5 Use of Examples in this PDS

The use of examples in this PDS are provided for illustrative purposes only and do not necessarily reflect current or future market prices or the prices that we will apply to your foreign exchange transaction; nor how such foreign exchange transactions may impact on your personal circumstances.

2.6 Contact Details

You can contact our office at any time by any of the means listed below:

Writing to us:	Moneytech Limited PO BOX 2015 North Sydney NSW 2060 Australia
Phone:	1300 858 905
Fax:	+61 2 8907 2599
Email:	legal@moneytech.com.au

2.7 Counterparty Credit Risk

You will be exposed to Counterparty risk against Moneytech when you enter into a Structured Option with Moneytech. Counterparty credit risk is the risk that Moneytech might fail to meet the obligations that it owes to you under the relevant FX Structured Option. In order to assess Moneytech's financial status you can obtain a copy of our financial statements, free of charge by emailing your request to legal@moneytech.com.au

3 FOREIGN EXCHANGE OVERVIEW

A Foreign Exchange transaction ("**FX Transaction**") is a transaction that involves a contract for the exchange of one currency for another at an agreed Exchange Rate ("**FX Contract**"). An Exchange Rate is the price of one currency in terms of another currency. Separate from the Exchange Rate, you will need to consider the relevant fees associated with your transaction. Our fees for FX Structured Options are described in Section 9 of this PDS.

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

4 PRODUCT OVERVIEW

4.1 Spot FX Contracts

Depending on whether you wish to enter into a Spot FX Contract, a Value Today contract or a Value Tomorrow contract, Moneytech or its Authorised Representative will quote you a spot exchange rate, value today exchange rate or value tomorrow exchange rate for delivery of specified currency on the relevant date.

For example:
Assume today is Monday. You wish to enter into a Spot FX Contract to buy 200,000 United States Dollars ("USD") and sell Australian Dollars ("AUD") on Wednesday. The spot exchange rate for AUD/USD quoted by Moneytech or its Authorised Representative is AUD/USD 1.0450. Acceptance of this quote will create a Spot FX Contract between you and Moneytech.

On Wednesday, you are required to buy USD200,000 and sell AUD191,387.55. i.e.: USD200,000 ÷ AUD/USD 1.0450 = AUD191,387.55.

This same example could be applied for a Value Today or Value Tomorrow exchange rate for settlement on the same business day or the next business day respectively, with the spot exchange rate adjusted by the relevant forward margin.

4.2 What is a Forward?

A **Forward Contract** or a **Forward** is a non-standardised contract between two parties to buy or to sell an asset at a specified future time at a price previously agreed upon.

4.3 What is an Option?

An **Option** or **Vanilla Option** is an agreement between two parties where the buyer of the option has the right (but not the obligation) to exchange one specified currency for another specified currency at an agreed rate on an agreed future date (the **Expiry Date**). A Vanilla Option may be a **Put Option** or a **Call Option.**

Vanilla Options enable you to protect against a worst case **Exchange Rate**. They allow 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 on the Expiry Date.

4.4 What is a Structured Option?

A FX Structured Option is created through the simultaneous sale and purchase of two or more **Call Options** and/ or **Put Options**. They have been developed as foreign exchange risk management alternative tools to Forward Contracts and Vanilla Options.

These structured options are, in general, grouped into two types, one without a Trigger and another with Trigger(s). FX Structured Options may involve vanilla and/or exotic options, may have the use of **Leverage** (ratio), and they can be structured as zero cost options. That is, there is no premium payable for the option.

5 MONEYTECH STRUCTURED OPTIONS WITHOUT TRIGGER

- Participating Forward
- Ratio Forward
- Collar
- Participating Collar
- Ratio Collar

A description of each, with examples of how they work in practice, is provided below.

The examples used below are for information purposes only and use rates and figures selected to demonstrate how each product would work for an Australian importer. In order to assess the merits of any particular FX Structured Option you should use the actual rates and figures quoted at the relevant time.

5.1 Participating Forward

A **Participating Forward** allows you to set a worst case Exchange Rate referred to as a **Protection Rate**, whilst still giving you the flexibility to benefit from favourable market moves for a pre-defined percentage of the total volume of currency traded.

Risks:

- The Protection Rate will be less favourable than a comparable Forward Exchange Rate.
- If, at the Expiry Date, the Spot Rate (the Exchange Rate for a FX Transaction with a settlement date of up to two Business Days) is more favourable than the Protection Rate, your ability to participate in the more favourable rate is limited to your predetermined participating portion of the total **Protection Amount**.

Benefits:

- If, at the Expiry Date, the Spot Rate has moved into a favourable scenario the Participating Forward will allow you to benefit from such favourable exchange rate movements for a predetermined portion of the total volume of currency traded (**Partial Participation**). This will provide you with a better average Exchange Rate than your original desired Protection Rate.
- A participating forward structure provides protection on 100% of your exposure (i.e. your Protection Amount) at all times when the **Spot Rate** moves in an adverse direction beyond your worst case scenario.

For example:
Assume that you are an Australian importer who has agreed to purchase US goods in USD, however, payment is not to occur for 6 months. Your budget cost rate for AUD/USD is at 0.7500 for the next 6 months. If the Spot Rate is still above that budget rate, the importer can consider using the following **Participating Forward**:

Protection amount: purchase of 200,000 USD against AUD
Obligation amount: purchase of 100,000 USD against AUD
Protection Rate: 0.7515
Expiry Date: 6 months
Outcome at Expiry Date (6 months):

Scenario 1: If the Spot Rate is above 0.7515, say for example it is at 0.8000 (the AUD has appreciated), you will be obligated to buy 100,000USD at 0.7515, and will have the option to buy the other 100,000USD at the Spot Rate of 0.8000. This will result in an approximate average Exchange Rate of 0.7750.While you were only able to partially participate in the favourable market movement you were able to secure an average Exchange Rate that exceeds your desired Protection Rate.

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Scenario 2: If the Spot Rate falls below 0.7515 (the AUD has depreciated), to 0.7250, you will be protected for 100% of your exposure at 0.7515 as you will be entitled to purchase 200,000USD at the Protection Rate. You will be in a favourable position as you will be able to purchase 200,000USD for less AUD than you would have been able to at the current Spot Rate.

5.2 Ratio Forward

A **Ratio Forward** is a structured option which provides an enhanced Protection Rate comparable to a standard Forward Contract. This enhanced rate is achieved by using Leverage, which means if, at expiry, the Spot Rate is above the Protected Rate then you receive the Protected Rate on 100% of the agreed exposure, however, you are obliged to buy a Notional Amount greater than your initial Protection Amount. If, however, the Spot Rate is below the Protected Rate, pre-agreed ratio (e.g. 50%) is secured at that Protected Rate while you are entitled to purchase the remainder at the prevailing Spot Rate.

Risks:

- If, at the Expiry Date, the Spot Rate is above the enhanced rate, you will be obligated to buy a larger Notional Amount at the enhanced rate.
- Prior to the Expiry Date, there is always uncertainty of the Notional Amount to be exchanged at the Expiry Date, as the actual obligation amount is only calculable at the Expiry Date by comparing the Spot Rate to the enhanced rate.
- You will not be able to participate in favourable exchange rate movements beyond the enhanced rate. Therefore, if the Spot Rate is more favourable than the enhanced rate, you will be obligated to purchase a multiple of the Notional Amount at the less favourable enhanced rate.

Benefits:

- The enhanced rate will be more favourable than the current Forward Exchange Contract rate available in the market.
- A Ratio Forward provides protection on 100% of your exposure (i.e. your Protection Amount) at all times when the Spot Rate moves in an adverse direction beyond your worst case rate.

For example:
You are an Australian importer who imports goods from the US and you need to pay 200,000USD in six months time to your supplier. You wish to have your desired AUD/USD rate at 0.7800 locked in, for some of your exposure, above the current Spot Rate (which is trading below 0.7800). You cannot achieve this objective with a standard Forward Contract as the current Forward Exchange Contract Rate is .7700. You are not concerned with having a Notional Amount double the original Protection Amount at this enhanced rate of 0.7800.

Protection amount: purchase of 100,000USD against AUD
Leverage amount: purchase of 200,000USD against AUD
Enhanced rate: 0.7800
Expiry Date: 6 months.
Outcome at Expiry Date (6 months):

Scenario 1: If, at the Expiry Date, the Spot Rate is above the enhanced rate, at 0.7900, (the AUD has appreciated), you will be obligated to buy 200,000USD (being the leverage amount) at 0.7800. While you are required to purchase USD at a less favourable enhanced rate than the Spot Rate you were able to secure your desired Protected Rate.

Scenario 2: If, at the Expiry Date, the Spot Rate is below the enhanced rate, at 0.7550, (the AUD has depreciated), you can buy 100,000USD (being the Protection Amount) at the enhanced rate of 0.7800.

5.3 Collar

A **Collar** is a structured option which affords the holder guaranteed protection from adverse exchange rate movements that exceed their predetermined Protection Rate while allowing the holder to benefit from any favourable movements in the Spot Rate, up to a **Participating Cap Rate**.

Risks:

- The Protection rate is generally less favourable than the comparable Forward Exchange Contract Rate.

- Your ability to benefit in favourable market movements is capped at the participation rate. This means that if the Spot Rate is more favorable than the **Participation Rate**, you will be obligated to deal at the participating rate.

Benefits:

- You are able to participate in favourable rate movements up to the Participating Rate which will be higher than a comparable **Forward Exchange Contract Rate**.
- The **Collar** provides certainty in knowing that you are not exposed to adverse market movements that exceed your worst case rate.

For example:
As an importer of US goods, you are contracted to pay 100,000USD to your supplier in six months time. The current AUD/USD Spot Rate is at 0.7500; you would like to have your cost rate of 0.7500 protected, however, you would also like to benefit from favourable market movements (if the AUD were to appreciate) up to 0.8000.

Protection Amount: purchase of 100,000USD against AUD
Protection Rate: 0.7500
Participating Cap Rate: 0.8000
Expiry Date: 6 months.

Outcome at Expiry Date (6 months):

Scenario 1: If the Spot Rate is above 0.8000 at 0.8100 (the AUD has appreciated), you will be obligated to buy 100,000USD amount at the Participating Cap Rate of 0.8000. While the Spot Rate exceeded the Participating Cap rate you were still able to obtain some benefit from the favourable market movement.

Scenario 2: If the AUD depreciates and the Spot Rate drops below your Protection Floor Rate of 0.7500, say at 0.7200 you can buy 100,000USD at the Protection Rate of 0.7500. Therefore, despite the AUD depreciating below your worst case rate you are able to purchase your Protection Amount at the more favourable Participating Cap Rate.

Scenario 3: If the Spot Rate is between 0.7500 and 0.8000, say at 0.7700, you will not be obligated, but you are entitled, to buy 100,000USD at the Spot rate of 0.7700.

5.4 Participating Collar

A **Participating Collar** is a structured option which allows you to have a worst case rate secured while still allowing Partial Participation for favorable exchange rate movements capped at the Participating Rate.

Risks:

- The Protection Rate is usually less favourable than the comparable Forward Exchange Contract Rate
- Participation in favourable market movements is capped at the participation rate should the Spot Rate moves in a favourable direction.
- Upside participation is only at a portion of the protection amount, which means you will still be obligated to deal at the less favourable Protection Rate for the obligation amount.

Benefits:

- Allows Partial Participation for a favourable rate up to the participating rate, which is higher than the comparable Forward Exchange Contract rate.
- Provides protection for 100% of exposure (i.e. the protection amount) at all times, with a known worst case rate(i.e. the Protection Rate)
- The Protection Rate is generally more favourable than the Protection Rate applicable to a comparable Participating Forward as well as a Comparable Collar.

For example:
As an Australian who imports US goods you have contracted to pay 100,000USD to your supplier in six months time. You have a cost rate at 0.7600 which you would like secured. The AUD/US Spot Rate is also currently above 0.7600. However, you would also like to obtain some benefit in the event the AUD/USD Spot Rate increases favourably. However, obtaining a good Protection Rate is more important to you; you are therefore happy for only a portion of your protection

amount to participate in favourable market movements capped at 0.8000.

Protection amount: purchase of 100,000USD against AUD
Obligation Amount: purchase of 50,000USD against AUD
Participation Amount: purchase of 50,000USD against AUD
Protection Rate: 0.7600
Participating Cap Rate: 0.8000
Expiry Date: 6 months.

Outcome at Expiry Date (6 months):

Scenario 1: If the AUD appreciates and the AUD/USD Spot Rate is above 0.8000, say at 0.8100, you will be obligated to purchase 50,000USD (being the obligation amount) at 0.7600 as well as 50,000USD (representing the participation amount) at 0.8000. You will have an average Exchange Rate of .7800

Scenario 2: If the AUD depreciates leaving the AUD/USD Spot Rate below 0.7600, say at 0.7300, you can buy 100,000USD protection amount at 0.7600.

Scenario 3. If the AUD has appreciated slightly and the AUD/USD Spot Rate is between 0.7600 and 0.8000, say at 0.7800, you are obligated to buy 50,000USD obligation amount at 0.7600 and you may buy the 50,000USD participation amount at a favourable Spot Rate 0.7800.

5.5 Ratio Collar

A **Ratio Collar** is a structured option which allows you to have a worst case rate protected, while still participating in favorable exchange rate movements up to the participating rate. However, if the spot price is more favourable than the Participation Cap Rate at the Expiry Date holders of a Ratio Collar structure are obligated to buy a larger Notional Amount at what will be a less favourable Participation Cap Rate.

Risks:

- Upside participation is capped at the Participation Cap Rate should the Spot Rate move in a favourable direction.
- There is uncertainty on the obligated Notional Amount; if the Spot Rate become more favorable than the Participation Cap Rate the buyers will be obligated to buy a Notional Amount larger than their Protection Amount and at a less favourable Participation Cap Rate.

Benefits:

- Allows participation for a favourable rate up to the Participating Cap Rate which is higher than the comparable Forward Exchange Contract Rate.
- Provides protection for 100% of exposure (i.e. the protection amount) at all times, with a known Protection Rate.
- The use of Leverage in a Ratio Collar will generally provide you with a higher Protection Rate and Participating Cap Rate than what you would obtain with a comparable Collar.

For example:
As an importer of US goods, you wish to enter into a Ratio Collar contract to have your cost rate at 0.7600 protected as the AUD/US Spot Rate is still above 0.7600. You also want to participate partially up to your desired rate of 0.8000 if the spot AUD/USD rate goes up. You also think that it is unlikely for the AUD/USD Spot Rate to exceed 0.8000.

Protection Amount: purchase of 100,000USD against AUD
Leverage amount: purchase of 200,000USD against AUD
Protection Rate: 0.7600
Participating Cap Rate: 0.8000
Expiry Date: 6 months.

Outcome at Expiry Date (6 months):

Scenario 1: If the Spot Rate is above 0.8000, say at 0.8100, you will be obligated to buy 200,000USD (being the leverage amount) at 0.8000.

Scenario 2: If the AUD depreciates leaving the AUD/USD Spot Rate below 0.7600, say at 0.7300, you can buy 100,000USD (being the protection amount) at 0.7600.

Scenario 3: If the Spot Rate is in between 0.7600 and 0.8000, say at 0.7800, you do not have any obligation to do anything. However, you are entitled to buy the

100,000USD (representing the protection amount) at a Spot Rate more favourable than your cost rate.

6 MONEYTECH STRUCTURED OPTIONS WITH TRIGGER(S)

- Knock-in Forward
- Ratio Knock-in Forward
- Knock-in Participating Forward
- Knock-out Enhanced Forward
- Ratio Knock-out Enhanced Forward
- Convertible Forward
- Ratio Convertible Forward

A description of each, with examples of how they work in practice, is provided below. FX Structured Options with trigger(s), due to the uncertainty around the trigger event, are considered to be Exotic Options. Moneytech, therefore, requires clients to be risk profiled before allowing any clients to use these options for hedging purposes. Risk profiling is run by Moneytech's client suitability matrix test.

6.1 Knock-in Forward

With a **Knock-in Forward** you will have a worst case rate protected although your Protection Rate will be marginally less favourable than the current market Forward Exchange Contract Rate. You will also have full participation in favourable movements up to the pre-set Knock-in Barrier. If the Knock-in Barrier is triggered at any time during the life of the contract, the structure will revert to a standard Forward Contract whereby the option holder will be required to deal at the less favourable Protection Rate.

Risks:

- The Protection Rate will be marginally less favourable than a comparable Forward Exchange Contract Rate.
- Participation in a favourable Spot Rate is capped at the Knock-in Barrier.
- If the Knock-in Barrier triggers, the buyer will be obligated to buy at the Protection Rate which could be significantly worse off when compared to the prevailing Spot Rate.

Benefits:

- If the Knock-in Barrier is not triggered, the contract does not give rise to any obligations.
- If, at the Expiry Time, the Spot Rate has moved into a favourable scenario, and provided the Knock-in Barrier has not been triggered, you can participate with the full amount of your protection amount at a rate more favourable than the Protection Rate.
- Provides certainty that you are protected for 100% of your exposure (i.e. your protection amount) at all times, with a guaranteed Protection Rate.

For example:
Now assume that you are an Australian importer of US goods with a budget cost rate of AUD/USD 0.7500 for the next 6 months. You would like protection over your cost rate and would also like to participate in favourable market movements. However, you think that it is unlikely for the AUD/US Spot Rate to reach 0.8100. Provided the current Spot Rate is above your budget rate you can consider using the following Knock-in Forward:

Protection amount: purchase of 100,000 USD against AUD
Protection Rate: 0.7500
Knock-in Barrier: 0.8100
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If the AUD/US Spot Rate is above 0.7500, say at 0.8000, and the 0.8100 knock-in barrier has never been traded, you will not have any obligations under the contract, however, you may buy the 100,000USD (representing the Protection Amount) at the Spot Rate of 0.8000.

Scenario 2: If the Spot Rate is below your Protection Rate of 0.7500, say at 0.7250, regardless of whether the 0.8100 Knock-in Barrier ever traded, you will be fully protected at the Protection Rate of 0.7500 for 100,000USD, which you are entitled to buy.

Scenario 3: If the 0.8100 Knock-in Barrier is triggered, you will have an obligation to buy 100,000USD at the less favourable 0.7500 Protection Rate regardless of the value of the AUS/USD Spot Rate at the Expiry Date.

6.2 Ratio Knock-in Forward

With a **Ratio Knock-in Forward** you have a worst case rate protected while still having the opportunity to participate up to the Knock-in Barrier. If the Knock-in Barrier is triggered, the structure will be reverted to a standard **Ratio Forward** at the Protection Rate.

Risks:

- The Protection Rate is generally marginally less favourable than a comparable Forward Exchange Contract Rate
- Participation in a favourable spot exchange rate is capped at rate of the Knock-in Barrier.
- If the Knock-in Barrier triggers, the buyer will be obligated to buy at the Protection Rate which could be significantly worse off compared with the prevailing Spot Rate.
- If the Knock-in Barrier triggers and the Spot Rate moves in a direction more favourable than the Protection Rate, the buyer could not only end up liable to pay a greater Notional Amount (relative to the protection amount) but this notional amount would also be calculated by reference to the less favourable Protection Rate (relative to the Spot Rate).

Benefits:

- Provides a higher Protection Rate as compared to a Knock-in Forward.
- If Knock-in Barrier is not triggered, the contract does not give rise to any obligations.
- If, at the Expiry Date, the Spot Rate has moved into a favourable scenario (i.e. higher than the Protection Rate) but never triggered the Knock-in Barrier, you have the option to purchase the full protection amount at the Spot Rate which will be more favourable than your Protection Rate.
- Provides protection for 100% of exposure (i.e. the protection amount) at all times, with a known worst case rate (i.e. at the Protection Rate).

For example:

Assume that as an importer of US goods you have a budget cost rate of 0.7500 for the next 6 months; but you desire to have a Protection Rate similar to the Forward Exchange Rate. However, given the Spot Rate is still above that budget rate, you are also interested in having some exposure to favourable market movements, capped a certain level. You would like a hedging option with a higher Protection Rate than what is available with a Knock-in Forward. To achieve these objectives you can consider using the following Ratio Knock-in Forward:

Protection amount: purchase of 100,000 USD against AUD
Leverage amount: purchase of 200,000USD against AUD
Protection Rate: 0.7600
Knock-in rate: 0.8100
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If the Spot Rate is above 0.7600, say at 0.8000, and the 0.8100 knock-in barrier has never been traded, you won't have any obligation and you may buy the 100,000USD protection at Spot Rate of 0.8000.

Scenario 2: If the Spot Rate is below 0.7600, say at 0.7250, regardless if the 0.8100 knock-in barrier ever traded, you will be fully protected at 0.7600 for 100,000USD that you can buy.

Scenario 3: If the 0.8100 Knock-in Barrier triggered, and the Spot Rate is above 0.7600, you will be obligated to buy 200,000USD (representing the leverage amount) at the Protection Rate of 0.7600.

6.3 Knock-in Participating Forward

A **Knock-in Participating Forward** provides you, as the option holder, with protection in case of adverse market movements by securing a pre-determined portion at your Protection Rate; while still giving you the flexibility to participate with the remaining portion of your protection amount ("**Partial Participation**") up to the Spot Rate of the Knock-in Barrier. If the knock-in Barrier is triggered, the structure will revert to a standard Forward Contract with the exchange to occur at the Protection Rate at the Expiry Date.

Risks:

- The Protection Rate will be less favourable than the comparable Forward Exchange Contract Rate
- Participation in a favourable spot exchange rate is capped at the knock-in rate. You will also only get exposure to favourable market movements for a portion a portion of the total protection amount.
- If the knock-in barrier is triggered, the buyer will be obligated to buy the total protection amount, at the Protection Rate, which is comparably less favourable to the prevailing Spot Rate.

Benefits:

- If Knock-in Barrier is not triggered, the contract allows Partial Participation for a favourable Exchange Rate.
- The Protection Rate is usually very close to a standard Forward Exchange Contract Rate which will generally be slightly more favourable than the Protection Rate available for a comparable Knock-in Forward and even the Knock-in Ratio Forward.
- Provides protection for 100% of exposure (i.e. the protection amount) at all times, with a known worst case rate (i.e. the Protection Rate).

For example:
You are an Australian importer of US goods. You have contracted with your supplier to purchase goods in 6 months time for 100,000USD. You have budgeted for an AUD/USD cost rate of 0.7500. You consider that over the next 6 months the AUD will appreciate relative to the USD, however, not to such a level that it will reach the Knock-in Rate. You would like to participate with a pre-determined portion of your Protection Amount (e.g. 50%) in any favourable market movements. However, you require some certainty and therefore would like to have the remaining 50% of your protection amount secured at a Protection Rate of 0.7600. Provided that the current Spot Rate is above that budget rate, you can consider using the following Knock-in Participating Forward:

Protection amount: purchase of 100,000USD against AUD
Obligation amount: Purchase of 50,000USD against AUD
Participation amount: Purchase of 50,000USD against AUD
Protection Rate: 0.7600
Knock-in rate: 0.8100
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If the Spot Rate is above 0.7600, say at 0.8000, and the 0.8100 Knock-in Barrier has never been traded, you are only obligated to buy the 50,000USD obligation amount at 0.7600 and you may buy the 50,000USD participation amount at Spot Rate of 0.8000, hence your average rate is at 0.7800.

Scenario 2: If the Spot Rate is below 0.7600, say at 0.7250, regardless if the 0.8100 knock-in barrier ever traded, you will be fully protected at 0.7600 for 100,000USD that you can buy.

Scenario 3: If the 0.8100 Knock-in Barrier is triggered, you will have an obligation to buy 100,000USD, at the Protection Rate of 0.7600, regardless of what the Spot Rate is at the Expiry Date, as the option structure will have reverted into a standard Forward Exchange Contract.

6.4 Knock-Out Enhanced Forward

With a **Knock-out Enhanced Forward** you have the potential of obtaining a more favourable rate than a comparable Forward Exchange Contract Rate. However, if the Knock-out Barrier is triggered, the structure will be terminated leaving you with no protection; it is therefore not a recommended hedging option structure. This structure is better suited to a scenario where the client already has other hedging options in place. In such a case, the appeal of a Knock-Out Enhanced Forward is its upside potential in increasing the client's overall hedging rate.

Risks and Restraint:

- If the Knock-Out Barrier is triggered, you will be left without any protection for an adverse rate environment from this structure.
- If the Spot Rate finishes in a more favourable position than the enhanced rate, you will be

obligated to deal at the relatively less favourable enhanced rate.

- The Knock-out Enhanced Forward does not allow pre-delivery as the knock-out event is unknown.

Benefits:

- When the Knock-out Barrier is not triggered, the enhanced rate gives a better rate than a comparable Forward Exchange Contract Rate.

For example:
Assume that as an importer of US goods you already have a 400,000USD forward hedge in place for the next 6 months with an average hedging rate at 0.7500. However, you are still required to pay 100,000USD. As the spot is now at 0.7700, which is considerably higher than your average hedging rate, you are more interested in averaging up your current hedging rate than protecting yourself from adverse market movements. Further, you consider it unlikely that the AUD/USD Spot Rate will drop significantly (i.e. past the Knock-out Rate) in the next 6 months. In such circumstances, you can consider using the following Knock-out Enhanced Forward:

Notional amount: purchase of 100,000USD against AUD
Enhanced rate: 0.7850
Knock-out rate: 0.7000
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If, during the life of the contract, the AUD/US Spot Rate never reaches 0.7000, you will be obligated to purchase 100,000USD at the enhanced rate of 0.7850. However, you are also obligated to buy at 0.7850, even if the Spot Rate is higher than 0.7850 at the Expiry Date.

Scenario 2: If the Spot Rate ever trades below 0.7000 from now to expiry, the Knock-out Barrier will be triggered, and the contract will be terminated leaving you without any obligations, however, you will also have no protection.

6.5 Ratio Knock-Out Enhanced Forward

A **Ratio Knock-out Enhanced Forward** is a structured option contract that has the potential to provide you with a better Exchange Rate than what you would receive from a standard Forward Exchange Contract (for a pre-defined ratio amount. The enhanced rate is also better than the enhanced rate of a Knock-out Enhanced Forward due to the use of a Leverage component. However, if the Knock-out Barrier gets triggered, the structure will be automatically terminated.

Consequently, it is not recommended as a hedging option structure. It works in a better scenario when the client always has other hedging options in place, so that the structure has the potential to significantly improve the client's overall hedging rate. Generally, a person will only decide to purchase a Ratio Knock-Out Enhanced Forward if they consider the outright Forward Exchange Rate to be too low.

Risks and Restraint:

- If the knock-out barrier is triggered, you will be left without any protection for an adverse rate environment from this structure.
- If the Spot Rate finishes more favourably than the enhanced rate, you will still be obligated to deal at the relatively less favourable enhanced rate for the leverage amount
- There is an element of uncertainty in respect of the size of the notional amount payable at the time of expiry. This is because the potential occurrence of a knock-out trigger event may leave the client liable to pay a leverage component which will effectively be double the original notional amount.
- The Ratio Knock-out Enhanced Forward does not accommodate pre-delivery due to the uncertainty surrounding whether the knock-out event will be triggered prior to the Expiry Date.

Benefits:

- When the Knock-out Barrier is not triggered, the enhanced rate gives a better rate than a comparable Forward Exchange Contract Rate.

For example:
Assume that as an importer of US goods, you already have a 400,000USD forward hedge in place for the next 6 months. This forward hedge has an average hedging rate of 0.7500. However, is this is well below the

current AUD/USD Spot Rate of 0.7750. You are also required to make a future payment amount of 100,000-200,000USD in 6 months time. Given that your pre-existing Forward Contract is trading favourably, you are now more interested in taking advantage of the appreciating AUD and increasing your average hedge rate than protecting yourself from adverse market movements.

In such circumstances, you can consider using the following Ratio Knock-Out Enhanced Forward:

Notional amount: purchase of 100,000USD against AUD
Ratio amount: purchase of 200,000USD against AUD
Enhanced rate: 0.8000
Knock-out rate: 0.7000
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If, for the life of the contract, the Spot Rate never touches AUD/USD 0.7000 and at the time of expiry the spot is below 0.8000, the client can purchase 100,000USD at the enhanced rate of 0.8000.

Scenario 2: If, for the life of the contract, the Spot Rate never touches 0.7000, and at the Expiry Date the Spot Rate is above 0.8000, the client is obligated to purchase 200,000USD leverage amount at 0.8000 enhanced rate.

Scenario 3: if the Spot Rate ever trades below 0.7000 from now to expiry, the knock-out barrier will be triggered, and the contract will be terminated; while, you will have no obligations under the contract you will also be left without leaving the importer without any protection.

6.6 Convertible Forward

A **Convertible Forward** affords you protection for your worst case scenario by putting in place a Protection Rate. It also allows you to take advantage of favourable market movements by allowing the structure to convert into a Vanilla Option which has unlimited participation for a favourable spot movement but also continues to provide downside protection up until the Expiry Date.

Risks

- The Protection Rate is generally less favourable than the comparable Forward Exchange Contract Rate.
- If the convertible trigger never traded prior to the Expiry Date, you will be obligated to deal at the Protection Rate which could be less favourable than the Spot Rate at expiry.

Benefits:

- Provides protection for 100% of your exposure (i.e. your protection amount) at all times should the spot rate moves in an adverse direction beyond your worst case rate.
- If the convertible trigger ever trades, you will have a Vanilla Option which gives you the protection at the Protection Rate, but no obligation; hence you can participate in any favourable spot price movement without any limits/caps.

For example:
Assume that as an importer of US goods you already have an AUD/US budget rate of 0.7500, and the Spot Rate is currently exceeding that budget rate at 0.7650. You would still like to participate in favourable market movement, however, you have a strong view that the AUD/USD will be volatile and will very likely to go down to 0.7550 at some point in the future. In such circumstances, you can consider using the following Convertible Forward:

Protection amount: purchase of 100,000USD against AUD
Protection Rate: 0.7550
Convertible Trigger rate: 0.7550
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If, for the life of the contract the spot price never trades a 0.7550, the client is obligated to purchase 100,000USD at the Protection Rate of 0.7550.

Scenario 2: If, for the life of the contract, the spot price never trades at 0.7550, the convertible trigger rate will be triggered, and the contract will convert into a

Vanilla Option. This option gives the importer 100% protection at the Protection Rate of 0.7550 does not incur any obligations.

6.7 Ratio Convertible Forward

A Ratio Convertible Forward allows you to have your worst case rate protected while still affording you the possibility of the structure converting to a Vanilla Option. The Protection Rate will be higher than a standard Convertible Forward due to a leverage component being built into the structure. If the convertible trigger trades, the structure is converted into a Vanilla Option which will provide the option holder with the ability to take advantage of favourable market movements while still affording you protection, up until the Expiry Date, against adverse market movements.

Risks

- The Protection Rate is generally less favourable than the comparable Forward Exchange Contract Rate.
- If, prior to the Expiry Date, the convertible trigger never trades, you will be obligated to buy the leverage amount, which will be higher than the protection amount, at the Protection Rate, which may be less favourable than the Spot Rate at the Expiry Date.
- The existence of a leverage component creates uncertainty as to the obligation amount payable; you could end up buying a larger notional amount at a less favourable rate.

Benefits:

- Provides protection for 100% of your exposure (i.e. your protection amount) at all times should the Spot Rate moves in an adverse direction beyond your worst case rate.
- Protection Rate will be better than a comparable convertible Forward Exchange Rate.
- If the convertible trigger ever trades, you will have a Vanilla Option which provides you protection (at the Protection Rate) but with no obligation. Consequently, you are given the flexibility to participate in any favourable spot rate movements without any limits or caps.

For example:

Assume that as an importer of US goods, you have an AUD/USD budget rate of 0.7600. The current Spot Rate is exceeding this budget rate and is sitting at 0.7650. You would like to participate in any favourable market movements if possible and do not mind assuming the risk of purchasing double the Protection Rate if it provides you with a better rate than what would be available with a Convertible Forward. However, you also hold strong view that AUD/USD will be volatile and is likely to drop to 0.7600 at some point in the future. You would like to participate in any favourable market movements if possible and do not mind assuming the risk of purchasing double the Protection Rate if it provides you with a better rate than what would be available with a Convertible Forward. In such circumstances, the importer can consider using the following ratio convertible forward:

Protection amount: purchase of 100,000USD against AUD
Leverage amount: purchase of 200,000USD against AUD
Protection Rate: 0.7600
Convertible Trigger rate: 0.7600
Trigger window: Live to expiry
Expiry Date: 6 months

Outcome at Expiry Date (6 months):

Scenario 1: If, for the life of the contract, the Spot Rate never drops to 0.7600, you will be obligated to purchase 200,000USD leverage amount at 0.7600 Protection Rate.

Scenario 2: If, for the life of the contract, the Spot Rate ever trades at 0.7600, the convertible trigger rate will be triggered; the contract will be converted into a Vanilla Option, which gives the importer 100% protection for the protection amount 100,000USD at the Protection Rate of 0.7600 without incurring any obligations to purchase.

6.8 Target Accrual Redemption Forward

A Target Accrual Redemption Forward ("***TARF***") is a series of forward expiries involving a nominated currency pair that is subject to a set of parameters agreed with you. A TARF contract provides you with protection to a certain extent against unfavourable currency movements by allowing you to exchange one currency at a rate (the **Enhanced Rate**) more attractive than the prevailing forward exchange rate (the **Spot Rate**).

When you enter into a TARF contract, you nominate two currencies to be exchanged. These currencies are known as the Currency Pair and must be acceptable to Moneytech. You also nominate the following parameters:

- the Enhanced Rate which is the rate at which you will exchange amounts with Moneytech;
- the Expiry Dates and Cut-Off Time to determine the Spot Rate;
- the Target Points which if reached would terminate the TARF contract;
- the Notional Amount which is the amount you may exchange at the Enhanced Rate; and
- the Expiry Term for your TARF contract.

The protection afforded by the TARF contract is expressed as a number of basis points and is limited to an agreed maximum level (the **Target Points**). That is, on each Expiry Date points equal to an amount being the difference between the Spot Rate (as at the cut-off time on the Expiry Date) and the Enhanced Rate are calculated and counted towards the total Target Points that may be accrued.

Where the Spot Rate is above the Enhanced Rate, you will be obligated to deal at the Enhanced Rate with no points accruing towards the total Target Points. However, since in that scenario nothing accrues towards the Target Points, you will have the benefit of the protection in the event that the exchange rate relevant to the nominated currency pairing eventually deteriorates against the Enhanced Rate (but subject to the total number of points that you have previously accrued).

Similarly, you will not have this protection once you accrue points up to the maximum level of Target Points. This can occur on any given Expiry Date during the term of the TARF contract, with such Expiry Date serving as the final Expiry Date on which the TARF contract consequently expires. On that final Expiry Date, the client will exchange the nominated currency on a pro-rata basis, i.e. in an amount equal to the Target Points remaining before expiry divided by the difference between the Spot Rate (as at the cut-off time on the final Expiry Date) and the Enhanced Rate as at the final Expiry Date, multiplied by the applicable Notional Amount as at that final Expiry Date (see paragraph (iii) of Scenario 2 below).

In any event, the TARF contact will be subject to an Expiry Term and will terminate at the end of this Term if you have not accrued the Target Points.

Risks

- Early maturity: the TARF contract may mature early (i.e. once the overall Target Points are fully utilised) leaving you with an unhedged position.
- Opportunity loss: you cannot benefit from exchange movements above the Enhanced Rate. Given that a TARF generally has a term typically greater than 6 months, there is a greater risk of likelihood that the prevailing Spot Rate may be more favourable than the Enhanced Rate.

Benefits

- Protection: a TARF provides you with protection against unfavourable exchange rate movements from the time you enter into a TARF contract during the Expiry Term subject to the overall Target Points being fully utilised. This can assist you in managing your foreign currency exposure.
- Coverage: TARFs are available for a wide range of currencies. Please contact us to confirm your desired currency to cover.
- Potential to outperform forward exchange rates: a TARF allows you to exchange at the Enhanced Rate which may be more favourable than the comparative prevailing forward exchange rate (but only up until the overall Target Points are fully utilised).
- Flexibility: TARFs are flexible. Key variables which include the Currency Pair, Enhanced Rate, Target Points, Notional Amount, Expiry

Date, and Expiry Term can all be tailored to meet your particular needs.

For example:

As an Australian importer of US goods, you require USD100,000 per month. The current average forward rate for the next 12 months is 0.7200, and you would like to outperform this forward rate (a worst case is not important). You enter into a TARF contract with the following agreed set of parameters including an enhanced rate of 0.7500 and a 5 percent accrual target.

Notional Amount:	USD100,000
Currency Pairing:	USD(Buy)/AUD(Sell)
Expiry Term:	12 months
Expiry Date:	last day of each month end (subject to Following Business Day Convention)
Fixing Frequency:	Monthly

Enhanced Rate: 0.7500
Target Points: 500bps

Scenario 1 - Such that, if the Spot rate (AUD/USD) as at the cut-off time on:

i. Expiry Date 1: is at 0.7200 (i.e. less than the Enhanced Rate), you buy USD100,000 at 0.7500 resulting in 300 points accruing towards the overall Target Rate (with 200 points of protection remaining for the Expiry Term); and

ii. Expiry Date 2: is at 0.7400 (i.e. less than the Enhanced Rate), you buy USD100,000 at 0.7500 resulting in 100 points accruing towards the Target Rate (with 100 points of protection remaining for the Expiry Term); and

iii. Remainder of the Expiry Term: strengthens above the Enhanced Rate, you buy USD100,000 at 0.7500 given the Spot is more favourable than the pre-determined Enhanced Rate.

Scenario 2 - Such that, if the Spot rate (AUD/USD) as at the cut-off time on:

i. Expiry Date 1: is at 0.7100 (i.e. less than the Enhanced Rate), then you buy USD100,000 at 0.7500 resulting in 400 points accruing towards the overall Target Rate (with 100 points of protection remaining for the Expiry Term); and

ii. Expiry Date 2: is at 0.7000 (i.e. less than the Enhanced Rate, the overall Target Points fully utilised, and this Expiry Date serving as the final Expiry Date) then you buy USD20,000 being an amount calculated on a pro rata basis and bought at 0.7500 (i.e. 0.01/(0.75 - 0.70)*USD100,000 = USD20,000). On this Expiry Date, the TARF contract is deemed to have expired.

(These examples are illustrative only and use rates and figures selected to demonstrate how the product works.)

6.9 Ratio Target Accrual Redemption Forward

With a Ratio Target Accrual Redemption Forward ("**Ratio TARF**") you will agree with Moneytech for the purposes of the Notional Amount, an Enhanced Rate at a rate higher than what you would receive from a standard TARF but subject to an agreed Leverage Amount. Other than this higher Enhanced Rate and additional Leverage Amount, all other features of the Ratio TARF are similar to the standard TARF (as set out in section 6.8 above, the 'Standard TARF').

A Ratio TARF can be more attractive as it has the potential to provide you with a better exchange rate than what you would receive from a Standard TARF. In a scenario where the Spot Rate is unfavourable compared with the Enhanced Rate, it would afford you more protection against unfavourable exchange rate movements than a Standard TARF, up to an agreed level of Target Points.

Similarly, the risk is greater in a Ratio TARF than in a Standard TARF. That is, if the Spot Rate finishes more favourably than the Enhanced Rate, you will be obliged to buy or sell at a greater Notional Amount (expressed as the Leverage Amount) in the same market conditions in comparison to a Standard TARF.

Risks:

- There may be an opportunity loss for you in a TARF (with or without the agreed leverage component) as you cannot benefit from exchange movements above the Enhanced Rate. This opportunity loss would be greater in a Ratio TARF because as indicated above, as you may be obliged to buy or sell at the greater Leverage Amount. Given that a TARF (with or without the agreed leverage component) generally has a term typically greater than 6 months, there is a greater risk of likelihood that the prevailing Spot Rate may be more favourable than the Enhanced Rate.

Benefits:

- Where the Target Points have not been fully utilised, you will be provided a higher Enhanced Rate as compared to a Standard TARF.
- TARFs in general are flexible. Key variables which include the Currency Pair, Enhanced Rate, Target Points, Notional Amount, Expiry Date, and Expiry Term can all be tailored to meet your particular needs.

For example:

As an Australian importer of US goods, you require USD100,000 per month. The current average forward rate for the next 12 months is 0.7200, and you would like to outperform this forward rate (a worst case is not important). You enter into a TARF contract with the following agreed set of parameters including an enhanced rate of 0.7500 and a 5 percent accrual target.

Notional Amount:	USD100,000
Leverage Amount:	USD200,000
Currency Pairing:	USD(Buy)/AUD(Sell)
Leverage:	1:2
Expiry Term:	12 months
Expiry Date:	last day of each month end (subject to Following Business Day Convention)
Fixing Frequency:	Monthly
Enhanced Rate:	0.7500
Target Points:	500bps

Scenario 1 - Such that, if the Spot rate (AUD/USD) as at the cut-off time on:

i. Expiry Date 1: is at 0.7200 (i.e. less than the Enhanced Rate), you buy USD100,000 at 0.7500 resulting in 300 points accruing towards the overall Target Rate (with 200 points of protection remaining for the Expiry Term); and

ii. Expiry Date 2: is at 0.7400 (i.e. less than the Enhanced Rate), you buy USD100,000 at 0.7500 resulting in 100 points accruing towards the Target Rate (with 100 points of protection remaining for the Expiry Term); and

iii. Remainder of the Expiry Term: strengthens above the Enhanced Rate, you buy USD200,000 at 0.7500 given the Spot is more favourable than the pre-determined Enhanced Rate.

Scenario 2 - Such that, if the Spot rate (AUD/USD) as at the cut-off time on:

i. Expiry Date 1: is at 0.7100 (i.e. less than the Enhanced Rate), then you buy USD100,000 at 0.7500 resulting in 400 points accruing towards the overall Target Rate (with 100 points of protection remaining for the Expiry Term); and

ii. Expiry Date 2: is at 0.7000 (i.e. less than the Enhanced Rate, the overall Target Points fully utilised, and this Expiry Date serving as the final Expiry Date) then you buy USD20,000 being an amount calculated on a pro rata basis and bought at 0.7500 (i.e. 0.01/(0.75 - 0.70)*USD100,000 = USD20,000). On this Expiry Date, the TARF contract is deemed to have expired.

(These examples are illustrative only and use rates and figures selected to demonstrate how the product works.)

7 CLIENT AGREEMENT

7.1 How do I enter into a FX Transaction with Moneytech?

In order to enter into a FX Transaction, you will need to open a Trading Account with Moneytech and will be required to sign the **Application Form**, under which you agree to be bound by the **Client Agreement**. The Client Agreement is an important legal document containing the terms and conditions which govern Moneytech's relationship with you.

Alternatively, you may hold a **Moneytech Account** for the provision of inventory and trade finance. If you enter an FX Transaction using your Moneytech

Account the Client Agreement will apply, in addition to the terms and conditions which govern your use of the Moneytech Account.

We recommend that you consider seeking independent legal advice before entering into the Client Agreement, as the terms and conditions detailed therein are important and affect your dealings with us.

You are taken to accept the terms of the Client Agreement when you book or place an FX Transaction with Moneytech.

We note the following key terms in the Client Agreement, many of which have been summarised throughout this PDS:

- Client acknowledgements regarding knowledge and suitability to trade foreign exchange products
- Client representations and warranties
- Partial Payment requirements for Forward Contracts and our rights in respect of them
- Client obligations regarding Confirmations
- Our rights following a default event
- Client Indemnity in favour of us
- Fees and charges
- Restrictions on assignment of agreement
- Telephone recordings
- Governing law

7.2 Instructing Moneytech, Confirmations and Recorded Telephone Calls

The commercial terms of a particular FX Transaction will be agreed and binding at the time of dealing. This may occur verbally over the phone, electronically or in any other manner set out in the Client Agreement.

Shortly after entering into an FX Transaction, Moneytech will send you a Confirmation, outlining the commercial terms of the deal. This Confirmation is intended to reflect the transaction that you have entered into with Moneytech. You should note that there is no cooling-off period with respect to a FX Transactions and that you will be bound once your original instruction has been accepted by Moneytech regardless of whether you sign or acknowledge the Confirmation.

If the Confirmation contains any discrepancies, it is important that you raise this with Moneytech within one (1) hour of receipt, failing which the FX Transaction details in the Confirmation will be deemed correct.

Telephone conversations with our dealers are recorded. We do this to ensure that we have complete records of the FX Transactions. The telephone calls will be reviewed in the event of a dispute and for staff monitoring purposes.

If you do not wish to be recorded, please advise the Moneytech dealer. Moneytech will not enter into any FX Transaction over the telephone unless it is recorded.

Once you have accepted a Confirmation from Moneytech in respect of an FX Transaction and enter into an FX Contract with Moneytech, you are obligated to honour your obligations under the Client Agreement.

Should you have any queries relating to your Confirmations, we encourage you to contact us on 1300 858 904.

7.3 Client Money Obligations

Moneytech is required to hold all money paid to it by retail clients in connection with FX Structured Options and Forward Contracts in a separate client money account and only withdraw such monies in limited circumstances in accordance with the governing legislation.

Where client funds are held by Moneytech in a client money account, Moneytech will retain and be entitled to any interest earned on the client money account.

8 SIGNIFICANT BENEFITS AND RISKS OF FX TRANSACTIONS

8.1 Benefits include:

- ***Exchange rate certainty*** — locking in a certain exchange rate for the purchase or sale of foreign currency amounts will reduce or eliminate exchange rate uncertainty and provide cash flow certainty. This can provide you with protection against negative foreign exchange movements between the time that you deal and the settlement date. This may also assist you in managing your cash flow by eliminating the uncertainty associate with exchange rate fluctuations for the certainty of a specified cash flow.

- ***Diversity*** — FX Transactions are available for a wide range of currencies.
- ***Flexibility*** — FX Transactions are flexible and Settlement Dates can be tailored to meet your requirements.

8.2 Disadvantages Include:

- ***Opportunity Loss*** — once the FX Structured Option contract has been entered into, you will not be able to take advantage of subsequent preferential Exchange Rate movements that occur prior to the Expiry Date.
- ***Market Volatility*** — the foreign exchange markets in which Moneytech operates are OTC and change rapidly. These markets are speculative and volatile with the risk that prices may move quickly. As a result, when this occurs, the value of your FX Structured Option may be significantly less than when you entered into the contract. Moneytech cannot guarantee that any unrealised profit or loss will remain unchanged for the term of the FX Structured Option. Moneytech cannot guarantee that you will not make losses.
- ***Amendments*** — variations can be made on request, but will be subject to our approval, and at our sole discretion. We will need to undertake a credit assessment before we accept variations. Our decision will depend upon the credit assessment.
- ***Default Risk*** — in accordance with the Terms and Conditions if you fail to provide Settlement by the Settlement Date you will be liable for interest.
- ***Exercise of Option*** — in accordance with the Terms and Conditions, should you decide to exercise the FX Structured Option you will have until 12:00pm on the Settlement Date to notify Moneytech by either telephone, orally or in writing by email. In the event that no notification is received by Moneytech by 12:00pm on the Settlement Date, the FX Structured Option will expire at the time even if you had unrealised gains in relation to that product.
- ***Market Risk*** — in certain market conditions, it can become difficult or impossible to liquidate a position (this can, for example, happen when there is a significant change in prices over a short period of time). You will suffer a loss if the underlying foreign exchange rate moves unfavourably.
- ***Counterparty Risk*** — counterparty risk is the risk that another party may default on their contractual obligations. In the event of a default due to bankruptcy, fraud, or liquidation of a company you may recover less than the amounts owing to you.

  In entering into a foreign exchange contract, you are responsible for assessing the credit standing and capacity of the other party.
- ***Operational Risk*** — operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or external events. Disruptions in our processing may lead to delays in the execution and settlement of your FX Transaction. You do have a counterparty risk in so far as you rely on Moneytech to perform its obligations on the Settlement Date.
- ***Conflict of Interest*** — Moneytech may enter into transactions with a number of different Clients and counterparties that may be in conflict with your interests under the FX Structured Option contracts you have entered into. Moneytech is not required to prioritise your interests when dealing in FX Structured Options with you.
- ***Forward and Structured Option Contracts*** — Moneytech considers that Forward Contracts and FX Structured Option contracts are only suitable for persons who understand and accept the risks involved in investing in financial products involving foreign exchange rates. Moneytech recommends that you obtain financial and legal advice before entering into a Forward Contract and Structured Option Contracts. The following are the significant risks associated with a Forward Contract and Structured Option Contracts:

  i. There is no cooling off period. This means that, except in certain circumstances, once you enter into a FX Transaction with us you will not be able to terminate or vary the FX Transaction without our consent even if you no longer need or want the FX Transaction.

ii. Once entering into the derivative contracts, you are legally obligated to exchange the currency for the obligation amount at the rate depending at the outcomes of the structured options.
iii. Cancellations may result in a financial loss to you. Moneytech will provide a quote for such services based on market conditions prevailing at the time.

9 FEES AND OTHER COSTS

Moneytech will derive a financial benefit in respect of the FX Transactions by incorporating a margin into the relevant exchange rate it quotes. Because Moneytech deals as principal, the exchange rate offered to you may not be the same as the rate Moneytech obtains itself.

The rate offered to you may depend upon a number of factors including transaction size, term of the product, our business relationship with you, the prevailing market rates and the differing interest rates applicable to the currency pair involved in the FX Transaction. Details of fees and costs will be disclosed to you prior to receiving any advice or entering into a FX Transaction.

You will not be charged any establishment fees or commissions in connection with FX Transactions which you enter into with Moneytech. However, other fees or charges may apply to a FX Transaction and you will need to take them into account when deciding whether to enter a FX Transaction with Moneytech:

a) ***Margin:*** The margin will vary from time to time and from currency to currency. It is not a separate amount that you have to pay, rather it is built in to the exchange rate.

b) ***Transaction Fees:*** Moneytech does not charge transaction fees except for transactions under AUD$2,000.00 (or foreign currency equivalent) we charge a fixed fee of up to AUD$50.00 depending on the transaction. Additionally, if applicable, we may also charge up to AUD$10 as a dishonoured cheque fee, a telegraphic transfer fee up to AUD$15, and an express delivery fee up to AUD$25. If such fee is payable it will be added to the total amount you are required to settle. We will disclose to you details of all fees and costs prior to providing you with any advice or before you enter into a FX Transaction with us.

c) ***Third Party Transaction Fees:*** Moneytech does not charge you additional third party transaction fees. They are built into Moneytech's margin. However, in some cases, the intermediary banks Moneytech uses to process payments may deduct transaction fees that Moneytech has not anticipated. Therefore, you may find in some cases that the total amount you expect to receive in your Beneficiary Account is slightly less because such fees have been deducted. Moneytech will try to advise you of these additional fees, if aware of them.

10 NO COOLING OFF

There is no cooling off regime which applies to any of the products described in this PDS. You should be aware that when you enter into a FX Transaction with Moneytech, even though the settlement may not occur until a later date, you are obligated to the terms of the FX Transaction at the time of contracting.

11 TAXATION CONSIDERATIONS

FX Transactions and products may have tax implications. The taxation consequences of FX Transactions and products can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in relation to the impact of foreign exchange transactions and products on your particular financial situation.

12 PRIVACY

Moneytech is committed to protecting your privacy. The information you provide to Moneytech and any other information provided by you in connection with your FX Transactions will primarily be used for the processing of your Application Form and for complying with certain laws and regulations, including client money reconciliation and reporting obligations and derivative transaction reporting to ASIC. We have systems and processes in place which safeguard against the unauthorised use or disclosure of your personal information.

We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Our Privacy Policy and Credit Reporting Policy sets out how we look after your personal information generally as well as containing specific details as to how we look after your credit related personal information. It is available online at www.moneytech.com.au or in soft copy, on request.

You have a right to request to see or obtain a copy of the personal information we hold, for which we may charge a small fee. You can also correct, amend or ask us to destroy or restrict our use of information which is incomplete, inaccurate or out of date.

13 DISPUTES AND COMPLAINTS

Moneytech prides itself on its customer service standards. Whether you are providing feedback, paying a compliment or making a complaint your input is important.

If you believe a transaction is wrong, or unauthorised, or there is an error in any Confirmation or have encountered a problem and want to tell us about it, your first port of call is to make it known to your account manager or dealer, who should be able to resolve your problem.

While we seek to resolve complaints quickly and fairly, if your complaint has not been resolved to your satisfaction, please contact our Complaints Manager via telephone on 1300 858 904 or post your complaint to:

Moneytech Limited
PO BOX 2015
North Sydney NSW 2059
Attn: Complaints Manager

We will investigate your complaint and provide you with our decision, and the reasons on which it is based, in writing. We will seek to resolve your complaint within 14 days. However, If you are dissatisfied with the outcome, and a resolution to the complaint cannot be reached within 45 days of making the complaint, then you have the right to lodge your complaint with the Australian Financial Complaints Authority ("**AFCA**") (details below), which provides fair and independent financial services complaint resolution that is free to consumers, or take whatever other action you believe is appropriate. However, if your complaint has been lodged with the Financial Ombudsman Services ("***FOS***") prior to **1 November 2018**, that complaint will not carry over to AFCA but will remain with FOS until resolved.

Website:	https://www.afca.org.au
Email:	info@afca.org.au
Telephone:	1800 931 678 (free call)
In writing to:	Australian Financial Complaints Authority GPO Box 3, Melbourne VIC 3001

14 ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

Under anti-money laundering and counter-terrorism financing legislation we must be sure of your identity and hold certain information about you. So that we can comply with the law, you agree that we may:

- require you to provide to us, or otherwise obtain, any additional documentation or other information;
- suspend, block or delay transactions on your account, or refuse to provide services to you with no liability if we suspect that any transaction may breach any law in Australia or another country; and
- report any, or any proposed, transaction or activity to any body authorised to accept such reports relating to anti-money laundering and counter-terrorism financing or any other law.

15 KEY TERMS

Application Form means jointly and severally, the Trading Account application form and Moneytech Account application form which Client completes and submits to Moneytech for the purposes of using the Services.

ASIC means Australian Securities and Investments Commission.

AUD means Australian Dollar.

Beneficiary Account means the bank account nominated by you to which we send your funds, which could be an account in your name or an account of a third party such as a supplier.

Call Option means an option whereby you have the right but not the obligation to buy the nominated currency. For example, an Australian exporter may enter into an AUD Call/USD Put. This means you have the right to exchange USD for AUD (sell USD and buy AUD).

Client means the entity that signs the Application Form and agrees to transact with Moneytech on the terms and conditions defined therein, and includes the successors, administrators or assigns of the client to that person.

Client Agreement means the agreement between the Client and Moneytech containing the terms and conditions which govern Moneytech's relationship with the Client usually contained in the deal confirmation ticket.

Close Out means cancelling the Transaction and selling back the currency we have bought for you when you entered into the Transaction.

Confirmation means written or electronic advice from Moneytech that sets out the commercial terms of a FX Transaction.

Deliver means payment to Moneytech of the full amount of the currency you are exchanging.

Exchange Rate is the value of one currency for the purpose of conversion to another. For example, the Exchange Rate of AUD/USD.8000 means that one AUD is worth 0.8000 USD.

Expiry Date means the date on which a FX Structured Option expires.

Expiry Time means the time on the Expiry Date on which the FX Structured Option expires.

FSG means the 'FSG – Foreign Exchange Products' (issued 15 January 2019) by Moneytech

Forward Exchange Rate is the currency rate at which Moneytech agrees to exchange one currency for another at a future date when it enters into a Forward Contract

Forward Contract means a legally binding agreement in which Moneytech agrees to exchange money at an agreed exchange rate and at an agreed time which is between 48 hours and twelve (12) months from the time the Forward Contract is entered into.

FX Structured Option has the meaning given to it in section 4.4 of this PDS.

FX Transaction means a legally binding agreement between Client and Moneytech to effect a foreign exchange transaction which includes, but is not limited to a Spot FX Contract, a Forward Contract, or an options contract, in accordance with the Client's instructions.

Hedge means activity initiated in order to mitigate or reduce currency exposure to adverse unfavourable price or currency movements, by taking a related off setting or mitigating position.

Knock-in Barrier is the pre-defined upper limit of a FX Structured Option, which if the Spot Rate reaches it, will require you to trade at the Protection Rate._

Knock-out Barrier is the pre-defined lower limit of a FX Structured Option, which if the Spot Rate reaches it, will automatically terminate the FX Structured Option.

Moneytech Account means the inventory or trade finance account that is provided by Moneytech to the Client against which charges are made in accordance with the Moneytech Buyer Terms and Conditions and/or Moneytech Seller Terms or Conditions.

Notional Amount means the AUD or foreign currency amount to be bought or sold pursuant to a FX Transaction.

Partial Participation is the ability to participate in Exchange Rate movements for a predetermined portion of the total volume of currency traded

PDS means Product Disclosure Statement.

Protection Rate means the pre-defined worst case Exchange Rate in respect of a FX Structured Option at which you will be entitled to trade.

Put Option means an option whereby you have the right but not the obligation to sell the nominated currency. For example, an Australian importer may enter into an AUD Call/USD Put. This means you have the right to exchange AUD for USD (sell AUD and buy USD).

Services means the provision of FX Transaction services.

Settlement Date means the date you wish to exchange the two currencies you bought or sold.

Spot FX Contract means a foreign exchange contract where the exchange of two (2) currencies is to occur two (2) banking days from the date it is entered.

Spot Rate means at any time, the Exchange Rate determined and quoted by us for settlement in two Business Days from the date of quotation.

Terms and Conditions means the 'Foreign Exchange Terms & Conditions dated January 2019 issued by Moneytech as updated from time to time.

Trading Account means the account that is provided by Moneytech to the Client against which charges are made for the Services in accordance with these Terms and also includes a Moneytech Account.

USD means United States Dollar.

Value Today is where the Settlement Date and the value date are the same day.

Value Tomorrow means the Settlement Date is one Business Day after the value date.

We/we, Our or our, Us or us, Moneytech means Moneytech Limited ABN 77 106 249 852.

You/you, Your/your means the Client.