STRUCTURED OPTIONS PRODUCT DISCLOSURE STATEMENT

26th June 2017

This document provides important information about Structured Options to help you decide whether you want to enter into a specific Structured Options product. There is other useful information about this offer at www.business.govt.nz/disclose.

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

Western Union Business Solutions (Australia) Pty Limited (NZ Branch) has prepared this document in accordance with the Financial Markets Conduct Act 2013.

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Issued by Western Union Business Solutions (Australia) Pty Limited (NZ Branch) (Company Number 3527631, FSP 168204)

1. KEY INFORMATION SUMMARY

What is this?

This is a product disclosure statement for Structured Options provided by Western Union Business Solutions (Australia) Pty Ltd (NZ Branch) (referred to in this document as 'Western Union Business Solutions (Australia) Pty Ltd (NZ Branch)', 'WUBS', 'we', 'us', and 'our'). Structured Options are derivatives, which are contracts between you and WUBS that may require you or WUBS to make payments or deliver currency. The amounts that must be paid or received (or both) will depend on the price or level of the underlying currency that is purchased or sold. The contract specifies the terms on which those payments must be made.

WARNING

Risk that you may owe money under the derivative

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

Your liability to make Initial Margin and Margin Call payments

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

Risks arising from issuer's creditworthiness

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

About WUBS

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

Which derivatives are covered by this PDS?

This PDS covers Structured Options. A Structured Option is a binding agreement between you and WUBS to exchange a specified amount of one currency for another currency at an Exchange Rate determined in accordance with the mechanisms set out in the structure at an agreed time (Expiry Time) on an agreed date (Expiry).

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

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

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2. KEY FEATURES OF THE DERIVATIVES

2.1. Nature and effect of Structured Options

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

A Structured Option is an agreement to exchange a specified amount of one currency in exchange for another currency at a foreign Exchange Rate (the value of one currency for the purpose of conversion to another currency) that is determined by reference to agreed mechanisms within each particular Structured Option product. WUBS offers thirteen (13) Structured Options products, each of which is described further in this PDS.

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

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

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

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

You can ask WUBS to provide you with a Window at any time before you enter into a Structured Option. If a Window is nominated the Spot Rate, which is the Exchange Rate for a foreign exchange transaction with a settlement date of up to two (2) Business Days, may trade at or beyond the Trigger Rate before the trigger is live without you being knocked in or knocked out. The Spot Rate will only be compared to the Trigger Rate during the Window. By choosing a Window, the Trigger Rate will be less favourable to you than if there were no Window in place. The Protection Rate, which is the agreed worst case Exchange Rate that applies to a Structured Option, will also be less favourable to you than if there were no Window in place. These rates will be less favourable the shorter the period of the Window.

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

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

Set out below is a description of each of the thirteen (13) Structured Options products that we provide.

2.1.1. Collar

a) How a Collar works

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 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 a Participation Rate. The Participation Rate is the agreed most favourable Exchange Rate that applies to a Collar.

A Collar is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a corresponding Call Option to WUBS at the Participation Rate. A Collar always provides you with protection at the Protection Rate.

On Expiry of a Collar:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate and less favourable than the Participation Rate you will trade at the Spot Rate (although there is no obligation to do so).

- If the Spot Rate is equal to or more favourable than the Participation Rate you will be obligated to trade at the Participation Rate.

b) Benefits of a Collar

- There is protection at all times with a known worst case Exchange Rate (the Protection Rate).
- An ability to participate in favourable Exchange Rate movements to the level of the Participation Rate.

2.1.2. Participating Forward

a) How a Participating Forward works

The 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 Exchange Rate (the "Protection Rate"). It also gives you the ability to participate in favourable movements in the Spot Rate by allowing you to trade a portion of the predetermined NZD or foreign currency amount to be bought or sold (the "Notional Amount") at a favourable Spot Rate at Expiry.

A Participating Forward is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate. The Call Option that you sell will be for a percentage of the Notional Amount of your Put Option (the "Obligation Percentage"). A Participating Forward always provides you with protection at the Protection Rate.

On Expiry of a Participating Forward:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage at the Protection Rate and may trade the remainder ("Participation Percentage"), at the more favourable Spot Rate.

b) Benefits of a Participating Forward

- There is an ability to partially participate in favourable Exchange Rate movements.
- There is protection at all times with a known worst case Exchange Rate.

2.1.3. Participating Collar

a) How a Participating Collar works

The 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 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.

A Participating Collar is structured by entering into three concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate. The Call Option that you sell to us will be for a percentage of the Notional Amount of your Put Option (the "Obligation Percentage"). In the third you sell a Call Option to WUBS at the Participation Rate. The Notional Amount of the third Call Option will be equal to the Notional Amount of the first Put Option bought from us, less the Notional Amount of the second Call Option.

A Participating Collar always provides you with protection at the Protection Rate.

On Expiry of a Participating Collar:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate but less favourable than the Participation Rate you will be obligated to trade the Obligation Percentage at the Protection Rate. The remainder can be traded at the more favourable Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Participation Rate you will be obligated to trade the Obligation Percentage at the Protection Rate and the remainder at the Participation Rate.

b) Benefits of a Participating Collar

- The Protection Rate is more favourable than the Protection Rate applicable to a comparable Participating Forward.
- There is the ability to partially participate in favourable Exchange Rate movements up to the level of the Participation Rate.
- There is protection at all times with a known Protection Rate.

2.1.4. Knock In

a) How a Knock In works

A Knock In is a Structured Option which allows you to protect against the risk that the Spot Rate will be less favourable than your nominated Exchange Rate (the "Protection Rate") whilst giving you the potential to take advantage of favourable currency movements to the level of the Knock In Rate. If the Knock In Rate is triggered at any time before Expiry (or during a Window), you will be obligated to trade at the Protection Rate on Expiry.

A Knock In is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate with a Knock In Rate (an option to buy contingent upon the Spot Rate triggering the Knock In Rate in the foreign exchange market before Expiry (or during a Window)). The Call Option will only come into existence if the Spot Rate triggers the Knock In Rate.

On Expiry of a Knock In:

If the Knock In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you can trade at the Spot Rate (although there is no obligation to do so).

If the Knock In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate.

b) Benefits of a Knock In

- An ability to participate in favourable Exchange Rate movements to the level of the Knock In Rate.
- Protection at all times with a known worst case Exchange Rate (Protection Rate).

2.1.5. Knock In Collar

a) How a Knock In Collar works

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 in to a collar structure.

A Knock In Collar is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Participation Rate with a Knock In Rate (an option to buy contingent upon the Spot Rate triggering the Knock In Rate before Expiry (or during a Window)). This Call Option will only come into existence if the Spot Rate triggers the Knock In Rate during the term of the Knock In Collar.

On Expiry of a Knock In Collar:

If the Knock In Rate has not been triggered:

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

If the Knock In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate and less favourable than the Participation Rate you can trade at the Spot Rate (although there is no obligation to do so).
- If the Spot Rate is more favourable than the Participation Rate you will be obligated to trade at the Participation Rate.

b) Benefits of a Knock In Collar

- An ability to participate in favourable Exchange Rate movements to the level of the Knock In Rate. When the Knock In Rate has been triggered participation in favourable movements to the Participation Rate remains possible.
- Protection at all times with a known worst case Exchange Rate.

2.1.6. Knock In Participating Forward

a) How a Knock In Participating Forward works

The Knock In 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 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 Notional Amount provided that a Knock In Rate is not triggered during the term of the structure (or during a Window).

A Knock In Participating Forward is structured by entering into three concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate. The Call Option that you sell to us will be for a percentage of the Notional Amount of your Put Option (the "Obligation Percentage"). In the third you sell a Call Option to WUBS at the Protection Rate with a Knock In Rate (an option that is contingent upon the Spot Rate triggering the Knock In Rate before Expiry (or during a Window)). The amount of the third option will be equal to the Notional Amount of the first option less the Obligation Percentage of the second option.

On Expiry of a Knock In Participating Forward:

If the Knock In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage at the Protection Rate and may trade the remainder at the more favourable Spot Rate.

If the Knock In Rate has been triggered:

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

b) Benefits of a Knock In Participating Forward

- There is the ability to partially participate in favourable Exchange Rate movements, provided the Knock In Rate has not been triggered.
- There is protection at all times with a known Protection Rate. The Protection Rate and/or the Participation Percentage are more favourable than the rates applicable to a comparable Participating Forward.

2.1.7. Knock In Reset

a) How a Knock In Reset works

The 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 will be required to deal at an agreed rate (the "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.

A Knock In Reset is structured by entering into three concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate with a Knock Out Rate (an option to sell that ceases to exist if the Spot Rate triggers the Knock Out Rate at any time before Expiry (or during a Window)). In the second you buy a Put Option from WUBS at the Reset Rate with a Knock In Rate (an option that is contingent upon the Spot Rate triggering the Knock In Rate before Expiry (or during a Window)). In the third you sell a Call Option to WUBS at the Reset Rate with a Knock In Rate (an option that is contingent upon the Spot Rate triggering the Knock In Rate before Expiry (or during a Window)). All options will have the same Notional Amount, and the Knock Out and Knock In Rates will be at the same Exchange Rate.

On Expiry of a Knock In Reset:

If the Knock In Rate has not been triggered:

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

If the Knock In Rate has been triggered:

- If the Spot Rate is less favourable than the Reset Rate you will trade at the Reset Rate.
- If the Spot Rate is more favourable than the Reset Rate you will be obligated to trade at the Reset Rate.

b) Benefits of a Knock In Reset

- There is the ability to participate in favourable Exchange Rate movements on the full Notional Amount, provided the Knock In Rate has not been triggered.
- There is protection at all times with a known Protection Rate.
- Should the Knock In Rate be triggered, you will be knocked in to the Reset Rate that is more favourable to you than the Protection Rate available for a standard Knock In.

2.1.8. Knock In Convertible

a) How a Knock In Convertible works

The 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 at any time during the term (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 and no obligation. A PDS for Vanilla Options issued by WUBS dated 21 May 2015 is available from http://business.westernunion.co.nz/about/compliance/

A Knock In Convertible is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate with a Knock In

Rate and a Knock Out Rate (an option to buy contingent upon the Spot Rate triggering the Knock In Rate prior to Expiry that will cease to exist if the Spot Rate triggers the Knock Out Rate prior to Expiry (or during a Window)).

On Expiry of a Knock In Convertible:

i. **If the Knock Out Rate has not been triggered and the Knock In Rate has been triggered:**
   - If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
   - If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate.

ii. **If the Knock In Rate has not been triggered:**
   - If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
   - If the Spot Rate is more favourable than the Protection Rate you may trade at the Spot Rate.

iii. **If the Knock Out Rate has been triggered:**
   - If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
   - If the Spot Rate is more favourable than the Protection Rate you may trade at the Spot Rate.

b) Benefits of a Knock In Convertible

- Protection at all times with a known worst case Exchange Rate.
- Ability to participate in favourable currency movements.
- If the Knock Out Rate has triggered or the Knock In Rate has not triggered, participation in favourable movements is possible to any level.

2.1.9. Knock Out Participating

a) How a Knock Out Participating works

The Knock Out Participating 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 during the term of the structure.

A Knock Out Participating is structured by entering into three concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second you sell a Call Option to WUBS at the Protection Rate. The Call Option that you sell to us will be for a percentage of the Notional Amount of your Put Option (the “Obligation Percentage”). In the third you sell a Call Option to WUBS at the Protection Rate with a Knock Out Rate (an option to buy that ceases to exist if the Spot Rate triggers the Knock Out Rate prior to Expiry (or during a Window)). The Notional Amount for the Call Option that you sell to us will be equal to the Notional Amount of the first option less the Notional Amount of the second option (calculated by applying the Obligation Percentage).

On Expiry of a Knock Out Participating:

If the Knock Out Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate.

If the Knock Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage at the Protection Rate and may trade the remainder at the more favourable Spot Rate.

b) Benefits of a Knock Out Participating

- An ability to participate in favourable Exchange Rate movements on a portion of your exposure if the Knock Out Rate is triggered.
- Protection at all times with a known worse case Exchange Rate.
- The Protection Rate and/or Participation Percentage are more favourable than the Exchange Rates applicable to a comparable standard Participating Forward.

2.1.10. Knock Out Reset

a) How a Knock Out Reset works

The 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 for the entire term of the structure. 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 on Expiry of the contract.

A Knock Out Reset is structured by entering into the following four concurrent options:

i. You buy a Put Option from WUBS at the Enhanced Rate with a double Knock Out Rate (an option to sell that ceases to exist if either Knock Out Rate triggers at any time before Expiry (or during a Window)).

ii. You sell a Call Option to WUBS at the Enhanced Rate with a double Knock Out Rate (an option to sell that ceases to exist if either Knock Out Rate is triggered at any time before Expiry (or during a Window)).

iii. You buy a Put Option from WUBS at the Reset Rate with a double Knock In Rate (an option to sell that only exists if either Knock In Rate is triggered at any time before Expiry (or during a Window)).

iv. You sell a Call Option to WUBS at the Reset Rate with a double Knock In Rate (an option to buy that only exists if either Knock In Rate is triggered at any time before Expiry (or during a Window)).

On Expiry of a Knock Out Reset:

- If the higher or lower Knock Out Rate has not been triggered you will trade at the Enhanced Rate.
- If the higher or lower Knock Out Rate has been triggered you will trade at the Reset Rate.

b) Benefits of a Knock Out Reset

- Ability to achieve an Enhanced Rate over the comparative Forward Exchange Rate if the Knock In/Out Rate has not been triggered.
- Protection at all time with a known worst case Exchange Rate.

2.1.11. Knock Out Convertible

a) How a Knock Out Convertible works

The 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 during the term of the structure.

A Knock Out Convertible is structured by entering into two concurrent options. In the first you buy a Put Option from WUBS at the Protection Rate. In the second, you sell a Call Option to WUBS at the Protection Rate with a Knock Out Rate (an option to buy that ceases to exist if the Knock Out Rate is triggered before Expiry (or during a Window)).

On Expiry of a Knock Out Convertible:

If the Knock Out Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate.

If the Knock Out Rate has been triggered:

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

b) Benefits of a Knock Out Convertible

- An ability to participate in favourable Exchange Rate movements if the Knock Out Rate has been triggered.
- Protection at all times with a known worst case Exchange Rate.

2.1.12. Extendible Forward

a) How an Extendible Forward works

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

i. You buy a Put Option, giving you the right to purchase the Notional Amount from WUBS at the Protection Rate on the first Expiry.

ii. You sell a corresponding Call Option to WUBS, giving WUBS the right to sell the Notional Amount to you at the Protection Rate on the first Expiry.

iii. You buy a Put Option, giving you the right to purchase the Extendible Amount on the second Expiry at the Protection Rate. The Extendible Amount will be the same value as or less than the Notional Amount. This option has a Knock In Rate, which means that this option is contingent upon the Spot Rate triggering the Knock In Rate on the first Expiry (or during a Window).

iv. You sell a Call Option to WUBS giving WUBS the right to sell the Extendible Amount to you on the second Expiry at the Protection Rate. The Extendible Amount will be the same value as the amount in the third option above. This option has a Knock In Rate, which means that the option is contingent upon the Spot Rate triggering the Knock In Rate on the first Expiry (or during a Window).

On the first Expiry and the second Expiry of an Extendible Forward:

If the Knock In Rate has not been triggered

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

If the Knock In Rate has been triggered:

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

b) Benefits of an Extendible Forward

- There is protection out to the first Expiry at a known worst case Protection Rate.
- Protection is at an Exchange Rate enhanced to a comparable FEC for both the first Expiry and the second Expiry.

2.1.13. Knock In Improver

a) How a Knock In Improver works

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 the Knock In Rates or the Knock Out Rates not be triggered.

A Knock In Improver is structured by entering into three concurrent options.

i. You buy a Put Option from WUBS giving you the right to purchase the Notional Amount from WUBS at the Protection Rate.

ii. You sell a Call Option to WUBS giving WUBS the right to sell the Notional Amount to you at the Protection Rate. This Call Option has two Knock In Rates, which means that the option is contingent upon the Spot Rate triggering at least one of the Knock In Rates prior to Expiry (or during a Window if applicable).

iii. You buy an additional Put Option from WUBS giving you the right to purchase the Notional Amount from WUBS at the Protection Rate. This Put Option has two Knock Out Rates, which means that the option is contingent upon the Spot Rate triggering at least one of the Knock Out Rates prior to Expiry (or during a Window if applicable). We refer to this option as the "improving" option because if: (i) the Knock Out Rates have not been triggered prior to Expiry (or during a Window); and (ii) the Spot Rate is less favourable than the Protection Rate at Expiry, this Put Option is closed out at market. The In The Money (ITM) value from this Put Option is then used to improve the overall Protection Rate at Expiry of the first Put Option.

On Expiry of a Knock In Improver:

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

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

If either of the Knock In or Knock Out Rates have been triggered:

- If the Spot Rate is less favourable than the Protection Rate you will trade at the Protection Rate.
- If the Spot Rate is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate.

b) Benefits of a Knock In Improver

- An ability to transact at the market Spot Rate at Expiry (should either the Knock In Rate or the Knock Out Rate not be triggered).
- Protection at all times with a known worst case Exchange Rate (Protection Rate).

2.2. Benefits under Structured Options

We have described the particular benefits that attach to each Structured Option that WUBS provides. The following are general key benefits of Structured Options:

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

2.3. Amounts payable under a Structured Option

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

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

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

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

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

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

When you enter into a Structured Option with WUBS, you immediately create a liability to us (at the Trade Date not the Value Date), which can increase with adverse Exchange Rate movements. Over the life of a Structured Option, as the Spot Rate moves, the Marked to Market value of the contract may be In The Money (ITM) or Out of The Money (OTM) or At The Money (ATM). That is, if the contract had to be cancelled at any time, it would result in a gain (if ITM), a loss (if OTM) or breakeven (if ATM). To manage this Market Risk, WUBS may initially secure the contract by requiring you to pay an amount of money, which shall be determined by WUBS at its sole discretion and deposited with WUBS as security in connection with a Structured Option. We call this an Initial Margin.

During the term of the contract WUBS may also require you to make additional payments to further secure your Structured Options(s), Leveraged Structured Options and any Forward Exchange Contracts you hold with us. We call these payments Margin Calls. Alternatively, WUBS may apply a Credit Limit against the Market Risk or a combination of a Credit Limit, Initial Margin and/or Margin Call. All Initial Margin and Margin Call payments will be applied to satisfy your payment obligation on the Value Date.

Initial Margin

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

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

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

- your credit standing, as assessed by WUBS;
- Currency Pair and amount you are transacting (more exotic currencies or those currencies that are not commonly exchanged may require a larger Initial Margin);
- the Expiry of your Structured Option (the longer the date of Expiry 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 WUBS may require a higher Initial Margin); and

- the frequency with which you transact with WUBS (where your credit history with WUBS dictates the Initial Margin required).

Margin Call

We will monitor the Marked to Market value of your foreign exchange positions with us on an ongoing basis. Should your contracts move OTM in excess of the Initial Margin or your Credit Limit, or a combination of both, WUBS 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 WUBS to reduce its risk exposure to a level acceptable to WUBS. If a Margin Call is required, WUBS will advise you immediately. In the absence of default by you of your payment obligations to WUBS, all Margin Call amounts will be applied at the Value Date to the Settlement of your Structured Option. A Margin Call is not a deposit and WUBS does not pay interest on a Margin Call.

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

Credit Limits

WUBS 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 WUBS' sole discretion. WUBS may review and amend your Credit Limit at any time.

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

2.4. Term of a Structured Option

The term of a Structured Option can range between Trade Date and one (1) year depending on your needs and your credit terms with WUBS. A term longer than one (1) year may be considered by WUBS on a case by case basis.

WUBS at its sole discretion WUBS will determine whether it will offer you a facility to be able to transact in Structured Options including the maximum time frame (Trade Date to Expiry). Generally, we will take into account a number of factors including but not limited to:

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

2.5. How to enter into a Structured Option

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

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

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

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

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

2.6. Rights to alter or terminate a Structured Option

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

After entering into a Structured Option you may wish to bring the agreed Value Date forward on all, or a portion of the Notional Amount of your Structured Option. This is called a Pre Delivery. If WUBS agrees to the Pre Delivery we may carry out an Exchange Rate adjustment to the original Structured Option to reflect this earlier delivery or Value Date. You should note that while in normal trading conditions an adjustment for Pre Deliveries may be marginal, in times of Volatility in the foreign exchange market the adjustment may be significant.

There is a contract to effect full delivery of the Structured Option no later than the Value Date and any agreement to effect a Pre Delivery is at WUBS' sole discretion. A Pre Delivery is only available with respect to certain Structured Options and in certain circumstances.

2.6.2. Close out/Cancellation of a Structured Option

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

2.6.3. Termination of a Structured Option

Once entered into a Structured Option may only be terminated by WUBS in limited circumstances, which are set out 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 Structured Option; or
- For any other reason set out in the Terms and Conditions.

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

2.7. Examples of Structured Options

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

Each of the examples below assumes the following:

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

2.7.1. Collar

The importer enters into a Collar with the following terms:

- Protection Rate: 0.6600.
- Participation Rate: 0.7350.
- Expiry: 6 months.

On Expiry:

- If the Spot Rate is less favourable than the Protection Rate say 0.6300, the importer will buy USD100,000 at 0.6600.
- If the Spot Rate is more favourable than the Participation Rate (0.7350), say 0.7700, the importer will be obligated to buy USD100,000 at 0.7350.
- If the Spot Rate lies between the Protection Rate (0.6600) and the Participation Rate (0.7350), say 0.7000, the importer will buy USD100,000 at the Spot Rate (0.7000) on the day (although the importer is not obligated to do so).

2.7.2. Participating Forward

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

- Protection Rate: 0.6950.
- Obligation Percentage: 50%.
- Participation Percentage: 50%.
- Expiry: 6 months.

On Expiry:

- If the Spot Rate is less favourable than the Protection Rate (0.6950), say 0.6500, the importer will buy USD100,000 at 0.6950.
- If the Spot Rate is more favourable than the Protection Rate (0.6950), say 0.7600, the importer will be obligated to buy USD50,000 (USD100,000 x 50%) at 0.6950. The importer will then be able to buy the remaining USD50,000 at the more favourable Spot Rate of 0.7600 (although the importer is not obligated to do so).

2.7.3. Participating Collar

The importer enters into a Participating Collar with the following terms:

- Protection Rate: 0.7000.
- Participation Rate: 0.7350.
- Participation Percentage: 50%.
- Expiry: 6 months.

On Expiry:

- If the Spot Rate is less favourable than the Protection Rate (0.7000), say 0.6800, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than

the Protection Rate (0.7000), and below the Participation Rate (0.7350), say 0.7250, the importer will be obligated to buy USD50,000 at 0.7000. The importer will then be able to buy the remaining USD50,000 at the more favourable Spot Rate (although there is no obligation to do so).

- If the Spot Rate is more favourable than the Participation Rate (0.7350), say 0.7800, the importer will be obligated to buy USD50,000 at 0.7000, and will be obligated to buy the balance USD50,000 at 0.7350.

2.7.4. Knock In

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

- Protection Rate: 0.7000.
- Knock In Rate: 0.7425.
- Expiry: 6 months.

On Expiry:

If the Knock In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6700, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7350, the importer will be able to buy USD100,000 at 0.7350 (although there is no obligation to do so).

If the Knock In Rate has been triggered:

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

2.7.5. Knock In Collar

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

- Protection Rate: 0.6900.
- Knock In Rate: 0.7400.
- Participation Rate: 0.7150.
- Expiry: 6 months.

On Expiry:

If the Knock In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6700, the importer will buy USD100,000 at 0.6900.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7350, the importer will be able to buy USD100,000 at 0.7350 (although there is no obligation to do so).

If the Knock In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6700, the importer will buy USD100,000 at 0.6900.
- If the Spot Rate is more favourable than the Participation Rate, say 0.7500, the importer will be obligated to buy USD100,000 at 0.7150.
- If the Spot Rate lies between the Protection Rate and the Participation Rate, say 0.7000, the importer will be able to buy USD100,000 at 0.7000 (although there is no obligation to do so).

2.7.6. Knock In Participating Forward

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

- Protection Rate: 0.7025.
- Knock In Rate: 0.7475.
- Participation Percentage: 50%.
- Expiry: 6 months.

On Expiry:

If the Knock In Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD100,000 at 0.7025.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7350, the importer will be obligated to buy USD50,000 at 0.7025. The importer will then be able to buy the remaining USD at the more favourable Spot Rate of 0.7350 (although there is no obligation to do so).

If the Knock In Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD100,000 at 0.7025;
- If the Spot Rate is more favourable than the Protection Rate, say 0.7700, the importer will be obligated to buy USD100,000 at 0.7025.

2.7.7. Knock In Reset

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

- Protection Rate: 0.6900.
- Reset Rate: 0.7100.
- Knock In Rate: 0.7425.
- Knock Out Rate: 0.7425.
- Expiry: 6 months.

On Expiry:

If the Knock In/Out Rate has not been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6700, the importer will buy USD100,000 at 0.6900.

- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will be able to buy USD100,000 at 0.7300 (although there is no obligation to do so).

If the Knock In/Out Rate has been triggered:

- If the Spot Rate is less favourable than the Reset Rate, say 0.7000, the importer will buy USD100,000 at the Reset Rate of 0.7100;
- If the Spot Rate is more favourable than the Reset Rate, say 0.7700, the importer will be obligated to buy USD100,000 at the Reset Rate of 0.7100.

2.7.8. Knock In Convertible

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

- Protection Rate: 0.7000.
- Knock In Rate: 0.7400.
- Knock Out Rate: 0.6600.
- Expiry: 6 months.

On Expiry:

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

- If the Spot Rate is less favourable than the Protection Rate, say 0.6850, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer will be obligated to buy USD100,000 at 0.7000.

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

- If the Spot Rate is less favourable than the Protection Rate, say 0.6850, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7250, the importer will be able buy USD100,000 at 0.7250 (although there is no obligation to do so).

If the Knock Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6550, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7800, the importer will be able to buy USD100,000 at 0.7800 (although there is no obligation to do so).

2.7.9. Knock Out Participating

The importer enters into a Knock Out Participating with the following terms:

- Protection Rate: 0.7050.
- Knock Out Rate: 0.7050.
- Participation Percentage: 50%.
- Expiry: 6 months.

On Expiry:

If the Knock Out Rate has not been triggered:

- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer will be obligated to buy USD100,000 at 0.7050.
- If the Spot Rate is less favourable than the Protection Rate, say 0.7025, the importer will buy USD100,000 at 0.7050.

If the Knock Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6800, the importer will buy USD100,000 at 0.7050.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer will be obligated to buy USD50,000 at 0.7050. The importer may also buy the remaining USD50,000 at 0.7500 (although there is no obligation to do so).

2.7.10. Knock Out Reset

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

- Enhanced Rate: 0.7450.
- Reset Rate: 0.6900.
- Knock Out (and Knock In) Rates: 0.7550 and 0.6800.
- Expiry: 6 months.

On Expiry:

- If the higher Knock In/Out Rate (0.7550) or the lower Knock In/Out Rate (0.6800) has not triggered the importer will be obligated to buy USD100,000 at 0.7450.
- If the higher Knock In/Out Rate (0.7550) or the lower Knock In/Out Rate (0.6800) has triggered the importer will be obligated to buy USD100,000 at 0.6900.

2.7.11. Knock Out Convertible

The importer enters into a Knock Out Convertible with the following terms:

- Protection Rate: 0.7000.
- Knock Out Rate: 0.6900.
- Expiry: 6 months.

On Expiry:

If the Knock Out Rate has not triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6950, the importer will buy USD100,000 at 0.7000.
- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer will be obligated to buy USD100,000 at 0.7000.

If the Knock Out Rate has been triggered:

- If the Spot Rate is less favourable than the Protection Rate, say 0.6500, the importer will buy USD100,000 at 0.7000.

- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer may buy USD100,000 at 0.7500 (although there is no obligation to do so).

2.7.12. Extendible Forward

The importer has a requirement as stated above in six months' time and a further requirement of USD100,000 in nine months' time. The importer enters into an Extendible Forward with the following terms:

- Protection Rate: 0.7150.
- Knock In Rate: 0.7150.
- First Expiry: 6 months.
- Second Expiry: 9 months.
- Notional Amount: USD100,000
- Extendible Amount: USD100,000.

On the first Expiry and the second Expiry

If the Knock In Rate has not been triggered:

- The importer will be obligated to buy USD100,000 at 0.7150.
- There will be no obligations on the second Expiry as the third and fourth options will cease to exist.

If the Knock In Rate has been triggered:

- The importer will be obligated to buy USD100,000 at 0.7150 on the first Expiry. If the Spot Rate is less favourable than the Protection Rate the importer will Exercise the first option and if the Spot Rate is more favourable than the Protection Rate WUBS will Exercise the second option.
- The importer will be obligated to buy an additional USD100,000 at 0.7150 on the second Expiry. If the Spot Rate is less favourable than the Protection Rate the importer will Exercise the third option and if the Spot Rate is more favourable than the Protection Rate WUBS will Exercise the fourth option.

2.7.13. Knock In Improver

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

- Protection Rate: 0.7000.
- Knock In Rate: 0.7400 and 0.6500
- Knock Out Rate: 0.7400 and 0.6500
- Expiry: 6 months.

On Expiry

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

- If the Spot Rate is less favourable than the Protection Rate, say 0.6600, the importer will buy USD100,000 at 0.7451 which is the Protection Rate (0.7000) adjusted to include the ITM amount from the "improving" third option that was closed out at 0.6600 (this adjustment is set out in your term sheet, reflecting where the Spot Rate was when the third option was closed out).
- If the Spot Rate is more favourable than the Protection Rate, say 0.7300, the importer will buy USD100,000 at 0.7300, (although there is no obligation to do so).

If the Knock In Rate or Knock Out Rate has been triggered:

- If the Spot Rate is more favourable than the Protection Rate, say 0.7500, the importer is obligated to buy USD100,000 at 0.7000.
- If the Spot Rate is less favourable than the Protection Rate, say 0.6300, the importer will buy USD100,000 at 0.7000.

3. RISKS OF THESE DERIVATIVES

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

3.1. Product Risks

Risks of a Collar

- Participation in favourable Exchange Rate movements is capped at the Participation Rate.
- If the Spot Rate on Expiry is more advantageous than the Participation Rate you will be obligated to trade at the Participation Rate.

Risks of a Participating Forward

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable Forward Exchange Contract (FEC).
- If the Spot Rate on 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.

Risks of a Participating Collar

- The Protection Rate will be less favourable than the Forward Exchange Rate applicable to a comparable FEC.
- If the Spot Rate on Expiry is more favourable than the Protection Rate you will be obligated to trade the Obligation Percentage at the Protection Rate, which is less favourable to you.
- If the Spot Rate on Expiry is more favourable than

the Participation Rate you will be obligated to trade a second amount, the Participation Percentage, at the Participation Rate, which is less favourable to you.

Risks of a Knock In

- Participation in favourable Exchange Rate movements is capped at the Knock In Rate.
- The Protection Rate will be less favourable than the comparable Forward Exchange Rate.
- 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.

Risks of a Knock In Collar

- The Protection Rate will be less favourable than the comparable Forward Exchange Rate and the comparable standard Knock In.
- Participation in favourable movements in the Exchange Rate is capped to the level of the Participation Rate.
- If the Spot Rate triggers the Knock In Rate during the term (or during a Window) and the Spot Rate is more favourable than the Participation Rate on Expiry, you will be obligated to trade at the Participation Rate.

Risks of a Knock In Participating Forward

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC even when applying the Knock In Rate.
- Part of your exposure must be traded at the Protection Rate on Expiry. If the Spot Rate on Expiry is more favourable than the Protection Rate you will be obligated to trade at the Protection Rate, which is less favourable for you.
- If the Spot Rate triggers the Knock In Rate during the term (or during a Window) and the Spot Rate is more favourable than the Protection Rate on Expiry you will be obligated to trade the full Notional Amount of the structure at the Protection Rate.

Risks of a Knock In Reset

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC and a comparable standard Knock In.
- If the Knock In Rate is triggered, you will be obligated to trade the full Notional Amount at the Reset Rate, which could be less favourable to you than the Spot Rate at that time.

Risks of a Knock In Convertible

- If the Knock Out Rate has not been triggered participation in favourable movements is capped at the Knock In Rate.
- If the Knock Out Rate has not been triggered and the Spot Rate triggers the Knock In Rate during the term (or during a Window) and the Spot Rate is more favourable than the Protection Rate on Expiry you will be obligated to trade at the less favourable Protection Rate.

Risks of a Knock Out Participating

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If the Spot Rate on Expiry is more favourable than the Protection Rate and the Knock Out Rate has not been triggered, you will be obligated to trade at the less favourable Protection Rate.
- If the Spot Rate on Expiry is more favourable than the Protection Rate and the Knock Out Rate has been triggered you will be obligated to trade the Obligation Percentage at the less favourable Protection Rate.

Risks of a Knock Out Reset

- If either Knock In/Out Rate is triggered you will be trading at a level that less favourable than the comparative Forward Exchange Rate (the Reset Rate).
- There is potential to be transacting at an Exchange Rate that is less favourable than the Spot Rate on Expiry.

Risks of a Knock Out Convertible

- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If the Spot Rate on Expiry is more favourable than the Protection Rate and the Knock Out Rate has not been triggered in the foreign exchange market, at any time between the Trade Date and Expiry (or during a Window), you will be obligated to trade at the Protection Rate.

Risks of an Extendible Forward

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

Risks of a Knock In Improver

- Participation in favourable Exchange Rate movements is capped at the Knock In Rate.
- The Protection Rate will be less favourable than the Exchange Rate applicable to a comparable FEC.
- If either the Knock In Rate or Knock Out Rate is triggered you will be obligated to trade at a potentially unfavourable Protection Rate.

Market Volatility. The foreign exchange markets in which WUBS 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 Structured Option may be significantly less that than when you entered into the contract. WUBS cannot guarantee that you will not make losses, (where your

Structured Option is OTM) or that any unrealised profit or losses will remain unchanged for the term of the Structured Option. You need to monitor your Structured Options with WUBS carefully providing WUBS with Instructions before unacceptable losses occur.

Amendments/Cancellations. Pre Deliveries or the close out/cancellation of a Structured Option may result in a financial loss to you. WUBS 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 Structured Option has been accepted by WUBS you are unable to cancel your Structured Option without incurring a cost.

Default Risk. If you fail to pay an Initial Margin or a Margin Call in accordance with the Terms and Conditions or fail to provide Settlement on the Value Date we may terminate your Structured Option. In the event that we do you will be liable for all costs that we incur including the payment of any OTM position that exists with respect to your Structured Option.

3.2. Issuer Risks

When you enter into a Structured Option you are relying on WUBS's financial ability as Issuer to be able to perform its obligation to you. You are exposed to the risk that WUBS becomes insolvent and is unable to meet its obligations to you under a Structured Option.

To aid in your assessment of this risk, a copy of WUBS's latest audited financial statements are publicly available from the Offer Register at http://www.business.govt.nz/disclose.

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

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

3.3. Risks when entering or settling the derivatives

3.3.1. Operational risk

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

3.3.2. Conflicts of interest

WUBS enters into transactions with a number of different Clients and Hedging Counterparties that may be in conflict with your interests under your Structured Option. WUBS is not required to prioritise your interests when dealing in Structured Options with you.

4. FEES

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

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

4.1. Retail versus wholesale Exchange Rates

WUBS sets its Exchange Rate to you by applying the Mark Up to the Interbank Exchange Rate that it receives from its Hedging Counterparties. WUBS determines this Mark Up by taking account of 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 WUBS, where the more frequently you transact the Mark Up may be reduced.

The Mark Up is how WUBS makes a profit. WUBS does not otherwise charge you any fees for transacting in Structured Options with us.

4.2. Cost of a Structured Option

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

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

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

The transaction fee we charge you will depend upon:

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

In addition to the fees charged by WUBS for sending payments by telegraphic transfer or for issuing drafts for Structured Options, any Correspondent, Intermediary or Beneficiary Bank(s) which facilitates the sending or payment of telegraphic transfers/drafts may impose their own additional fees or charges which may be deducted from the amount paid to you or your beneficiary.

For more information in relation to the cost of telegraphic transfers/drafts in connection with delivery of your Structured Option that may apply, contact your WUBS Representative using the details in Section 6 of this PDS.

5. HOW WUBS TREATS FUNDS AND PROPERTY RECEIVED FROM YOU

All Initial Margin and Margin Call funds are held by us as Client Money in accordance with the New Zealand Client Money Rules.

Consistent with the New Zealand Client Money Rules, Client Money will be held separately from our money, in one or more Segregated Accounts.

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

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

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

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

Please refer to the WUBS Terms and Conditions for further information on how we deal with Client Money.

6. ABOUT WUBS

Western Union Business Solutions (Australia) Pty Limited (NZ Branch) (Company number: 3527631, FSP number: 168204) is part of the Western Union group of companies, whose ultimate parent company is the Western Union Company (a New York Stock Exchange listed company headquartered in Denver, Colorado). It operates within Western Union Business Solutions, a business unit of the Western Union Company. Western Union Business Solutions is a leading provider of commercial foreign exchange and international payment products and services.

WUBS contact details are as follows:

Address: Level 5, Zurich House,
21 Queen St, Auckland, 1010.
Phone: +64 9 300 3567.
Principal Contact: Compliance Department.
Email: customerservicenz@westernunion.com
Website: http://business.westernunion.co.nz

7. HOW TO COMPLAIN

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

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

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

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

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

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

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

8. WHERE YOU CAN FIND MORE INFORMATION

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

Copies of this PDS are available free of charge. You can download a copy of this PDS from our website at http:// business.westernunion.co.nz/about/compliance/ or request a copy by either email at customerservicenz@westernunion.com or by phone +64 9 300 3567.

A separate PDS is available for Forward Exchange Contracts, Vanilla Options and Leveraged Structured Options. Please contact us if you require one of these PDS's, using contact information contained in Section 6 or download from our website at http://business.westernunion.co.nz/about/compliance/.

WUBS Terms and Conditions are available on our website at http://business.westernunion.co.nz/about/compliance/ or by contacting WUBS Representatives as outlined in Section 6 of this PDS.

To assess our financial ability to meet our obligations to you, you can obtain a copy of our financial statements, free of charge by contacting us through our website at http:// business.westernunion.co.nz/contact/general/

Information on credit and authorisation limits is available from our website at http://business.westernunion.co.nz/ about/ compliance/ or by contacting WUBS Representatives as outlined in Section 6 of this PDS.

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

WUBS is committed to complying with all privacy laws and regulations. Further information about WUBS's privacy practices can be found at http://business.westernunion. co.nz/ about/compliance/. If you would like further information about the way that WUBS manages the handling of personal information, please contact our privacy officer:

Email: privacy.anz@westernunion.com
Mail: Privacy Officer
Address: Level 5, Zurich House, 21 Queen St, Auckland
Phone: +64 9 300 3567
Principal Contact: Compliance Department

9. HOW TO ENTER INTO CLIENT AGREEMENT

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

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

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

- Direct Debit Request form.

This form can be obtained by contacting your WUBS Representative.

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

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

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

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

10. KEY TERMS

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

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

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

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

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

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

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

Confirmation: written or electronic correspondence from WUBS that specifies the agreed commercial details of a Structured Option.

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

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

Customer/Client: the entity or person who signs WUBS' Terms and Conditions.

Direct Debit Request: a type of preauthorised payment under which a Client authorises its bank to pay amounts to WUBS for Settlement of Structured Option obligations.

Enhanced Rate: the Exchange Rate applicable to a Structured Option that is more favourable than the equivalent Forward Exchange Rate at Expiry.

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

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

Expiry: the date on which the Structured Option expires.

Expiry Time: the time of day on Expiry that the Structured Option expires.

Extendible Amount: the predetermined NZD or foreign currency amount to be bought or sold on the second Expiry of an Extendible Forward.

Forward Exchange Contract or **(FEC)**: an agreement between Client and WUBS 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: the Exchange Rate at which a WUBS agrees to exchange one currency for another at a future date when it enters into a FEC.

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

Initial Margin: an amount of money determined by WUBS in its sole discretion and deposited with WUBS as security in connection with a Structured Option.

Instructions: a request by a Client for WUBS 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 WUBS' absolute discretion.

Interbank Exchange Rate: the wholesale Spot Rate that WUBS receives from the foreign exchange Interbank Market.

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

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

In The Money or **(ITM)**: where the current market price/Exchange Rate for the Currency Pair in a Structured Option is less favourable than the contractual price/Exchange Rate for the Structured Option.

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

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

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

Margin Call: an additional payment required by WUBS as security in connection with a Structured Option.

Marked to Market: the market value of a Structured Option prior to Expiry.

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

New Zealand Client Money Rules: all laws and regulations applicable to Client Money including Subpart 7 in Part 6 of the Financial Market Conduct Act 2013 and the Financial Market Conduct Regulations 2014 as may be amended from time to time.

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

Obligation Percentage: is 100% of the Notional Amount value less the Participation Percentage of a Structured Option.

Offer Register: the register maintained at http://www.business.govt.nz/disclose.

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

Over The Counter Market or **(OTC)**: a decentralised market, without a central physical location, where market participant's trade with one another through various communication modes.

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

Participation Percentage: the Notional Amount that will be able to participate in favourable currency movements at Expiry of the Structured Option.

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

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

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

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

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

Reset Rate: the Exchange Rate that will apply to the purchase or sale of a Currency Pair where an applicable Knock In Rate or Knock Out Rate has been triggered in a Structured Option.

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

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

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

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

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

Structured Options: 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 this PDS.

Terms and Conditions: WUBS's Terms and Conditions as amended from time to time and located at http://business.westernunion.com/about/compliance/.

Trade Date: the day you and WUBS agree to a Structured Option.

Trigger Rate: a Knock In Rate or a Knock Out Rate as applicable.

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

Vanilla Option: a Call Option or Put Option that has standardised terms and no special or unusual features.

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

WUBS Representative: a person designated to act on behalf of WUBS in the provision of financial services specifically Structured Options.

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BUSINESS

Issued by Western Union Business Solutions (Australia) Pty Limited (NZ Branch) (Company Number 3527631, FSP 168204)