



NAB

PRODUCT DISCLOSURE STATEMENT

**Deliverable Spot CNY and Spot and Forward CNH
Foreign Exchange Transactions**

Dated 26 June 2019

Issuer: National Australia Bank Limited ABN 12 004 044 937, AFSL and Credit Licence 230686

IMPORTANT INFORMATION

Issuer and contact details

This Product Disclosure Statement (**PDS**) is issued by **National Australia Bank Limited (NAB) ABN 12 004 044 937, AFSL 230686**, and is dated 26 June 2019. It provides important information about Renminbi (RMB) Spot FX Transactions and Forward FX Transactions (FX Transactions) and should be read before making a decision to enter into these FX Transactions. You can obtain more information by speaking to your NAB foreign exchange specialist on **1800 307 827**.

Updated information

The information in this PDS is subject to change. If the change relates to the inclusion of or an increase in fees or charges or is otherwise adverse to you, NAB will notify you by publishing an updated or supplementary PDS no less than 30 days before the change takes effect, otherwise, NAB will notify you of changes as soon as practicable. Please check NAB's website regularly, and before entering into a contract, for the latest PDS.

Whenever an updated PDS is published we will tell you by giving you written notice with information about the changes. We may give a shorter period of notice, or no notice, if we believe that doing so is necessary for us to avoid or reduce a material increase in our credit risk or our loss, subject to our legal obligations.

You can also access the latest version of this PDS, or request a free paper copy by calling NAB on **13 10 12** or by speaking to your NAB foreign exchange specialist.

Australian distribution only

This PDS is intended for distribution in Australia only. Anyone who comes into possession of this PDS, who is not in Australia, may be restricted by local law and should seek advice.

General information only

The information set out in this document is general in nature. By providing this PDS, NAB does not intend to provide financial advice or any financial recommendations. It has been prepared without taking into account your objectives, financial situation or needs.

Before acting on this information, you should consider its appropriateness, having regards to your objectives, financial situation and needs. You should carefully read and consider all of the information in this PDS and seek independent expert financial, legal and tax advice before making any decision about whether or not a FX Transaction is suitable for you.

Privacy policy

We'll collect your personal information from you directly whenever we can, for example when you fill out a form with us, when you've given us a call, used our websites (including via cookies) or mobile applications or dropped into one of our branches or used our online or mobile banking services (including collection of information about your use of technology, when you access these services (such as location data) and information about how you use your devices). (See our Cookies Policy www.nab.com.au/cookies for more information). Sometimes we collect your personal information from third parties. You may not be aware that we have done so. If we collect information that can be used to identify you, we will take reasonable steps to notify you of that collection.

For more information about how NAB collects, uses, shares and handles your personal information see our Privacy Policy at www.nab.com.au/privacy and Privacy Notification at nab.com.au/privacy-notification. Information in these documents includes how you can:

- access and correct your information;
- make a complaint about how we manage your information; and
- view the overseas locations NAB discloses personal information to.

Note that we may also be required to provide personal information and copies of documents that you have supplied to correspondent banks or regulatory authorities in Hong Kong and the People's Republic of China, which is described in more detail in paragraph (f) of the Acknowledgements section of this PDS.

Telephone recording

Please note calls to or from your NAB foreign exchange specialist and settlement and confirmations departments are recorded. This is standard market practice to ensure we have complete records of the details of the FX Transaction which can be used if there is a dispute, and for staff training and monitoring purposes. If you wish not to be recorded, you will need to advise your NAB foreign exchange specialist, however we will not enter into any FX Transaction over the telephone unless it is recorded.

Banking Code of Practice (Banking Code)

The Banking Code applies to NAB's relationship with you if you are an individual or a small business referred to in the Banking Code.

You can obtain from us, on request:

- information on our current rates and standard fees and charges relating to these Products;
- general descriptive information concerning our banking services (including about cheques, account opening procedures, bank cheques, our confidentiality obligations and complaint handling procedures) and concerning the importance of reading the terms and conditions for each banking service we provide to you and informing us promptly when you are in financial difficulty;
- general descriptive information about the identification requirements of the *Anti-Money Laundering & Counter Terrorism Financing Act 2006* (Cth) (AML/CTF Act) and the options available to you under the tax file number legislation; and
- a copy of the Banking Code.

To find out more about the Banking Code, visit nab.com.au and look up "Banking Code".

Anti-Money Laundering and Counter-Terrorism Financing

In accordance with NAB's obligations under the AML/CTF Act, we may require you to provide additional information, or to verify information relating to your identity or your transaction(s) at any time. We may be required to block or suspend your account without notice, or to provide transaction and identification information to regulators or other parties.

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

We are required to collect information about your tax residency status, including whether you are a US citizen or resident for US tax purposes, and other relevant information to determine your reporting status under the FATCA and the CRS rules. If you identify yourself as a foreign resident for tax purposes (including a US citizen or tax resident), your account information may be reported to the relevant tax authorities. You are required to inform us of any changes to your tax residency status within 30 days of such change.

Cooling off period

There is no cooling off period after entering into FX Transactions. FX Transactions may be cancelled, terminated early, or varied and may be subject to the risk that additional costs may be incurred which can be detailed at the time. Cancellation, early termination or other variations of a FX Transaction are at NAB's discretion. See 'Varying and Terminating a Transaction' on page [19] for more information.

Defined terms

Capitalised words and expressions are defined in the Glossary section of this PDS.

Examples

Examples in this PDS are used for illustrative purposes only and do not reflect current prices, outcomes, forecasts or predictions.

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KEY INFORMATION

Main purpose

NAB is able to offer exchange rates in:

- **CNY:** Value today, Value tomorrow and Spot FX Transaction for Mainland China trade payments and;
- **CNH:** Value today, Value tomorrow, Spot FX Transactions, Forward FX Transactions and FX Swaps for Mainland China and cross-border trade payments and assist with the conversion of CNY trade receipts from the People's Republic of China via CNY or CNH back to other currencies such as AUD or USD.

Even though FX Transactions can be booked as CNY or CNH, all payments for these transactions are sent as CNY, the only payment code for the RMB.

There is a mandatory regulatory requirement to verify that any CNY remittance into or from an onshore account in Mainland China is for an eligible trade transaction (within the meaning of the RMB foreign exchange rules) with a suitably regulated Chinese enterprise and provide NAB with supporting documentation or proof of that underlying commercial transaction on request for all CNY Spot FX Transactions or CNH Spot FX Transactions and Forward FX Transactions.

CNY payments that are deliverable outside of Mainland China (booked as CNH) are still facilitated by our clearing bank who are regulated by the People's Republic of China. Whilst it is expected that these FX Transactions may be made for non-trade purposes it is up to our clearer to decide if the payment is processed. If the FX Transactions do not meet these requirements, the payment may be returned and NAB may subsequently unwind it and you will be liable for your own and NAB's costs in doing so.

FX Transactions help you manage risks associated with your exposure to volatility in foreign exchange markets. They are not designed for exchange rate speculation.

Please call your NAB foreign exchange specialist if you would like to discuss our product offering.

Suitability

FX Transactions are suitable for importers and exporters and can help to protect your business from unfavourable movements in the exchange rate.

Significant benefits

Spot FX Transactions allow you to exchange a present foreign currency cash flow for your chosen currency at today's Spot Rate to satisfy your business needs.

Forward FX Transactions protect you against the risk that the Spot Rate in the future becomes less favourable than the Forward Rate that you agree today. This is done by allowing you to exchange a future foreign currency cash flow for your chosen currency at today's Forward Rate.

For more information please refer to the section 'Significant Benefits of FX Transactions' on page 12.

Significant risks

The main risk of Forward FX Transactions is that movements in exchange rates can result in the agreed Forward Rate being more expensive or of less value to you compared to the Spot Rate on the Settlement Date.

RMB is subject to exchange rate risks, a changeable regulatory framework and the availability of RMB in the market.

Changes in the Settlement Date for FX Transactions may result in additional early termination or extension costs.

There is no cooling off period. When you enter into a FX Transaction with us, you are locked into the terms of that FX Transaction.

If your foreign currency needs change because an underlying commercial transaction is cancelled or substantially altered, you will still need to settle on the Settlement Date (unless we agree otherwise with you). Non-delivery of currencies by you on the Settlement Date or failure to pay the Cash Settlement Amount when due may result in additional costs for you.

Varying or terminating a FX Transaction may result in you incurring additional costs.

For more information, please refer to the section 'Significant Risks of FX Transactions' on page 15.

Significant features

FX Transactions must be settled on an agreed Settlement Date. On the Settlement Date you are required to deliver the specified currency to be exchanged unless a variation to the Settlement Date has been negotiated and agreed. If you do not deliver the specified currency on the Settlement Date, the Cash Settlement Amount will be payable.

Settlement Dates can be extended or shortened (or the amount of currency can be increased or reduced), subject to agreement with NAB on terms including revised exchange rates and additional costs. See 'Product Costs' on page 11 for more information.

What Settlement Dates are available?

On the Transaction Date, NAB will agree the Settlement Date with you and specify it in the Confirmation.

What currencies can NAB agree to exchange?

On request NAB can agree to FX Transactions in most currencies. The current list of exchangeable currencies can be obtained from your NAB foreign exchange specialist.

Important note

FX Transactions should only be entered into if their use is consistent with your risk management strategy and financial circumstances. Monitoring of any risks associated with your FX Transactions is your responsibility, including the current value of the FX Transaction.

FOREIGN EXCHANGE TRANSACTIONS

What is a foreign exchange transaction?

A FX Transaction is used to exchange one currency for another currency at an agreed Exchange Rate on an agreed Settlement Date.

For example, if the agreed Exchange Rate of the Australian Dollar (**A\$** or **AUD**) and Chinese RMB (**CNY**) is AUD/CNY 4.8, this means that for every A\$100,000 you exchange you will receive CNY 480,000.

FX Transactions are classified by the time period between the Transaction Date and the Settlement Date as shown in the table below.

Settlement Date	FX Transaction Classification
Same day as the Transaction Date	Value today
One Business Day after the Transaction Date	Value tomorrow
Two Business Days after the Transaction Date	Spot
More than two Business Days after the Transaction Date	Forward

References in this PDS to Spot FX Transactions include Value today, Value tomorrow and Spot FX Transactions.

Spot FX Transactions allow you to fix the Spot Rate. A Forward FX Transaction allows you to fix the Forward Rate. This is discussed in the section 'Product Costs' on page 11.

USES

FX Transactions should be considered by customers who are importers or exporters where invoice payments are quoted in foreign currencies.

What is an Exchange Rate?

The Exchange Rate (spot or forward) is the price payable by you on an agreed date, for exchanging the agreed currencies.

For example, if the agreed exchange rate of the Australian Dollar (**A\$** or **AUD**) and Chinese RMB (**CNY**) is AUD/CNY 4.8, this means that for every A\$100,000 you exchange you will receive CNY 480,000.

How is the Exchange Rate determined?

The CNY Spot Rate is determined by the onshore inter-bank market in China and is adjusted to pay NAB for its costs and risk in entering into the relevant FX Transaction. The inter-bank rate is communicated to NAB via our Chinese Agent Bank in order to access the onshore market.

The CHN Spot Rate and Forward Rates offered are linked to the inter-bank market rate and adjusted to pay NAB for its costs and risk in entering into the relevant FX Transaction. The Spot Rate or Forward Rate is, therefore, expressed as the inter-bank market rate plus a margin.

The inter-bank market is restricted to authorised foreign exchange dealers and banks, including NAB, which regularly quote foreign exchange rates to each other at wholesale rates and in minimum parcel sizes.

You should note that NAB, as part of its business, regularly trades for its own account and the accounts of other customers in this market which may affect the inter-bank market rate set.

Spot Rates

Spot Rates are arm's length rates derived from the inter-bank market which fluctuates according to the interaction of market supply and demand factors. External factors that influence the inter-bank market exchange rates include, but are not limited to:

- investment inflows/outflows;
- economic and political circumstances;
- market sentiment or expectations; and
- import/export of goods and services.

To the extent the interaction of these factors increases demand for a currency, then, all other things being equal, the price of that currency should increase. To the extent the interaction of these factors decreases demand for a currency, then, all other things being equal, the price of that currency should fall.

Forward Rates

The Forward Rate differs from the Spot Rate by the **Forward Margin**. The Forward Margin is derived from the difference between the interest rates that can be earned in the respective countries of the currencies being exchanged. It compensates the buyer of the currency with the higher interest rates for extra interest that could have been earned if exchange had occurred earlier and the proceeds had been invested at the higher rate of interest. The greater the differential in the interest rates for the two currencies, the larger the Forward Margin is likely to be. Conversely, the lesser the differential, the smaller the Forward Margin is likely to be.

The Forward Margin can lead to the Forward Rate being at a discount or premium to the Spot Rate depending on whether the currency you are buying or selling has a higher or lower interest rate in relation to the other currency being exchanged. The forward rate should result in the currency with the higher interest rate having Forward Rates that are at a discount to the Spot Rate.

PRODUCT DESCRIPTION

Spot FX Transactions

A Spot FX Transaction (or Spot) is an agreement to exchange:

- a specified amount of one currency for another currency, one of these currencies being RMB;
- at an Exchange Rate that is determined now; and
- with the exchange to occur today (and usually settled in two Business Days' time).

It allows you to fix the value of a present foreign currency cash flow at a known Exchange Rate (i.e. today's Spot Rate). We agree the Spot Rate with you before entering into the Spot FX Transaction, and specify it in the Confirmation.

Example

How a CNY Spot FX Transaction works

Importer example	Exporter example
<p>You are an Australian importer due to pay CNY 1,000,000 today for goods bought overseas. You need to sell your A\$ to buy CNY.</p> <ul style="list-style-type: none">• Today's AUD/CNY Spot Rate is 4.7600 <p>If you exchange the money today, then you will need to pay A\$210,084.03 (i.e. CNY 1,000,000/4.7600) on the Settlement Date.</p>	<p>You are an Australian exporter due to receive CNY 1,000,000 today for goods sold overseas. You need to sell your CNY to buy A\$.</p> <ul style="list-style-type: none">• Today's AUD/CNY Spot Rate is 4.8000 <p>If you exchange the money today, then you will receive A\$208,333.33 (i.e. CNY 1,000,000/4.8000) on the Settlement Date.</p>

Example

How a CNH Spot FX Transaction works

Importer example	Exporter example
<p>You are an Australian importer due to pay CNH 1,000,000 today for goods bought overseas. You need to sell your A\$ to buy CNH.</p> <ul style="list-style-type: none">• Today's AUD/CNH Spot Rate is 4.7700 <p>If you exchange the money today, then you will need to pay A\$209,643.61 (i.e. CNH 1,000,000/4.7700) on the Settlement Date.</p>	<p>You are an Australian exporter due to receive CNH 1,000,000 today for goods sold overseas. You need to sell your CNH to buy A\$.</p> <ul style="list-style-type: none">• Today's AUD/CNH Spot Rate is 4.8100 <p>If you exchange the money today, then you will receive A\$207,900.21 (i.e. CNH 1,000,000/4.8100) on the Settlement Date.</p>

All examples are for illustrative purposes only and do not reflect current prices or outcomes.

Forward FX Transactions

A Forward FX Transaction (or Forward) is an agreement to exchange:

- a specified amount of one currency for another currency, one of these currencies being RMB;
- at an Exchange Rate that is determined now; and
- with both the exchange and settlement to occur in the future.

It allows you to fix the value of a future foreign currency cash flow at a known Exchange Rate (i.e. today's Forward Rate). We agree the Forward Rate with you before entering into the Forward FX Transaction, and specify it in the Confirmation.

A Forward protects you against the risk that the Spot Rate in the future becomes less favourable than the Forward Rate that you agree today.

The Exchange Rate is fixed on the Transaction Date, so a Forward will protect you from unfavourable movements in the exchange rate, but you will not benefit from favourable movements.

Example

How a Forward FX Transaction works

Importer example	Exporter example
<p>You are an Australian importer due to pay CNH 1,000,000 in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy CNH.</p> <ul style="list-style-type: none">• Today's AUD/CNH Spot Rate is 4.7700• Today's AUD/CNH three month Forward Rate is 4.7600 <p>If you do not have a Forward</p> <p>If you do not manage your exchange rate risk, then the amount of A\$ you will have to pay for the CNH depends on the Spot Rate in three months' time.</p> <ul style="list-style-type: none">• If the Spot Rate moves favourably (e.g. it rises to 4.800), then you need less A\$ to pay for the CNH. So, on the Settlement Date you pay A\$208,333.33 (i.e. CNH 1,000,000/4.8000).• If the Spot Rate moves unfavourably (e.g. it falls to 4.7000), then you need more A\$ to pay for the CNH. So on the Settlement Date you pay A\$212,765.96 (i.e. CNH 1,000,000/4.7000).	<p>You are an Australian exporter due to receive CNH 1,000,000 in three months' time for goods sold overseas. At that time, you need to sell your CNY to buy A\$.</p> <ul style="list-style-type: none">• Today's AUD/CNH Spot Rate is 4.8000• Today's AUD/CNH three month Forward Rate 4.8100 <p>If you do not have a Forward</p> <p>If you do not manage your exchange rate risk, then the amount of A\$ you will receive for the CNH depends on the Spot Rate in three months' time.</p> <ul style="list-style-type: none">• If the Spot Rate moves favourably (e.g. it falls to 4.7800), then you receive more A\$ on the sale of the CNH. So, on the Settlement Date you receive A\$209,205.02 (i.e. CNH 1,000,000/4.7800).• If the Spot Rate moves unfavourably (e.g. it rises to 4.8400), then you receive less A\$ for the CNY. So on the Settlement Date you only receive A\$ 206,611.57 (i.e. CNH 1,000,000/4.8400).
<p>If you have a Forward</p> <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ falling against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none">• You agree today to exchange A\$ for CNH in three months' time at the Forward Rate of 4.7600.• That rate is fixed today and so in three months' time you pay A\$210,084.03 (i.e. CNH 1,000,000/4.7600), irrespective of the Spot Rate today and the Spot Rate in three months' time.	<p>If you have a Forward</p> <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ rising against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none">• You agree today to exchange CNH for A\$ in three months' time at the Forward Rate of 4.8100.• That rate is fixed today and so in three months' time you receive A\$207,900.21 (i.e. CNH 1,000,000/4.8100), irrespective of the Spot Rate today and the Spot Rate in three months' time.

All examples are for illustrative purposes only and do not reflect current prices or outcomes.

PRODUCT COSTS

What is the cost of entering a FX Transaction?

The cost of entering a FX Transaction is the Exchange Rate that NAB quotes you. This Exchange Rate is based on the inter-bank market rate and then adjusted to include a margin.

There are no direct charges for entering into a FX Transaction, for example there are no establishment fees or a fixed dollar amount to transact. NAB covers its costs and derives its profit by adding a margin to the inter-bank market rate for the currencies that are being exchanged. In effect, you pay for the FX Transaction by accepting the exchange rate quoted by NAB.

If you do not deliver a currency on the agreed Settlement Date or fail to pay the Cash Settlement Amount when it is due (if it is payable by you), then you may be liable for an interest charge to compensate NAB for your non-delivery or non-payment. Interest on any overdue amounts will be calculated at a rate determined by us in a commercially reasonable manner.

What is the margin?

The margin covers NAB's internal costs for entering into the FX Transaction, compensates us for the risks we assume under the FX Transaction, including the risk in entering into the relevant FX Transaction, and provides us with a profit. The size of the margin varies from customer to customer and from transaction to transaction and is influenced by a range of factors including, but not limited to:

- the type of product;
- the size of the FX Transaction;
- counterparty credit risk;
- market volatility and/or liquidity;
- the Currency Pair;
- the time zone traded in;
- internal costs and profit margin; and
- any other relevant transaction costs (for example, specific client service).

What costs are applicable to Cancellations, Pre-deliveries, Extensions?

A Cancellation

A Cancellation requires you to enter into one or more offsetting FX Transactions in order to reverse the effect of the original FX Transaction.

The Forward Margin for an offsetting Forward FX Transaction may be different to the Forward Margin for the original Forward FX Transaction because the forward period is different and interest rates may have changed affecting Forward Margins across the market.

The Spot Rate is also likely to have moved since the Transaction Date, or Transaction Time, for the original Forward FX Transaction.

NAB will adjust the payment amounts and time for payments to reflect the movements above (this will include our margin). This may result in either a benefit or cost to you depending on the difference between the Forward Rates for each Forward FX Transaction.

Any benefit or cost on the Cancellation of the original Forward FX Transaction is paid to, or paid by, you on the Cancellation date.

A Pre-delivery

A Pre-Delivery of a Forward FX Transaction requires NAB to vary the Forward Rate to reflect the altered Settlement Date (this will include our margin).

The new Forward Rate may be a less, or more, favourable rate to you.

An Extension

An Extension requires you to firstly cancel the original FX Transaction by entering into one or more off-setting FX Transactions. You must also enter into a new FX Transaction for the new term at a new Spot Rate and Forward Margin for the remaining time period.

Other costs

You must deliver the full amount of the relevant currency to NAB on the Settlement Date or pay the Cash Settlement Amount. If you do not, you may be liable to pay us an interest charge to compensate us for your non-delivery. Please refer to the Master Agreement for the details of the interest rate that we charge in these circumstances.

You may request us to cancel or vary a FX Transaction. If at our discretion we agree to cancel or vary the FX Transaction, you may be liable to pay us for additional costs including any fees or charges. If you are varying the FX Transaction, you may need to pay a less favourable Exchange Rate. You may be liable for costs and expenses in unwinding your FX Transaction if it is not in accordance with the Applicable Renminbi Provisions or does not satisfy any of the mandatory requirements for a CNY FX Transaction deliverable into or from a Mainland China account.

SIGNIFICANT BENEFITS OF FX TRANSACTIONS

Your risk strategy

The benefits of entering into a FX Transaction will depend on how it satisfies your risk management strategy and financial circumstances.

FX Transactions

The primary benefit of Spot FX Transactions is that they allow you to exchange a present foreign currency cash flow for your chosen currency at today's Spot Rate to satisfy your business needs.

The primary benefit of Forward FX Transactions is that they allow you to exchange a future foreign currency cash flow for your chosen currency at today's Forward Rate to satisfy your business needs. Forwards therefore protect you against the risk that the Spot Rate in the future becomes less favourable than the Forward Rate that you agree today.

Timing

The further away the date for making the FX payment, the greater is the possibility of an unfavourable movement in the Exchange Rate all other things being equal. Forwards may therefore offer greater benefits than Spot if you have a future foreign currency cash flow all other things being equal.

Natural hedge

A natural hedge exists if you receive inflows and outflows of a particular currency that offset each other so that the impact of movements in the exchange rate is neutralised. However, if there is a material degree of uncertainty about the timing and level of the offsetting currency flows a FX Transaction may still be effective for risk management purposes.

Before entering into a FX Transaction, you should obtain independent advice to ensure that the proposed FX Transaction meets your objectives and is consistent with your financial circumstances, risk management strategy and needs.

Realisation of benefits

The benefits of FX Transactions are realised when the currencies are delivered and exchanged. This can be either at the original Settlement Date or on a varied Settlement Date.

Examples are used for illustrative purposes only and do not reflect current prices, outcomes, forecasts or predictions.

The following examples illustrate the main uses of the FX Transaction from an importer or exporter viewpoint.

Example 1 – Importer Scenario

Scenario	Assume you are an Australian based importer due to pay CNH 1,000,000 in 3 months' time for goods bought from overseas. At that time you will need to convert your AUD into CNH.
If I do nothing, what exchange rate risks do I face?	If you do nothing, the amount of AUD you will need to pay in 3 months' time for the required amount of CNH will depend on the exchange rate quoted for value that day.
If the AUD/CNY exchange rate moves down	If the AUD/CNH exchange rate moves down, the CNH will become more valuable. As a result you will need more AUD when it comes time to pay for the CNH.
Spot Rate	Assume in this example that the AUD/CNH Spot Rate is 4.7700 in 3 months' time, meaning you will pay: A\$209,643.61 (i.e. CNH 1,000,000/4.7700)
If the AUD/CNY exchange rate goes up	If however the AUD/CNH Spot Rate is 4.9200 in 3 months' time, you will pay: A\$203,252.03 (i.e. CNH 1,000,000/4.9200)
How will a Forward FX Transaction alter this scenario?	If you wish to enter into a Forward FX Transaction and fix a known amount of AUD you will have to pay, then you will need to ask NAB for a quote based on a Settlement Date of 3 months in the future. Assuming the Forward Rate quoted is 4.8500, in 3 months' time you will buy from NAB CNH 1,000,000 in order to pay for your goods at a Forward Rate of 4.8500. Regardless of where the Spot Rate is trading at that time, you will pay: A\$206,185.57 (i.e. CNH 1,000,000/4.8500).
Realisation of benefit	If you use a FX Transaction to fix foreign currency cash flows, then the movements in exchange rates do not eliminate the main benefit from entering into a FX Transaction. However, movements in exchange rates create the potential for you to receive additional cash flow benefit or to suffer forgone benefits.

The following table provides an illustration of the potential benefits (or benefits foregone) of entering into a FX Transaction in relation to an AUD conversion of CNH 1,000,000.

Amount CNH	Forward Rate	Spot Rate on the Settlement Date	AUD payable at Spot Rate	AUD payable at Forward Rate	Benefit of FX Transaction (Benefit Forgone)
1,000,000	4.8500	4.7700	209,643.61	206,185.57	3,458.04
1,000,000	4.8500	4.8500	206,185.57	206,185.57	Nil
1,000,000	4.8500	4.9200	203,252.03	206,185.57	(2,933.54)

Example 2 – Exporter Scenario

Scenario	Assume you are an Australian based exporter due to receive CNH 1,000,000 in 3 months' time for goods sold overseas. At that time you will need to convert your CNH into AUD.
If I do nothing, what exchange rate risks do I face?	If you do nothing, the amount of AUD you will receive in 3 months' time for your underlying CNH exposure will depend on the Spot Rate quoted for settlement that day.
If the AUD/CNY exchange rate goes up	If the AUD/CNH exchange rate goes up, the CNH will become less valuable. As a result you will receive less AUD when it comes time to exchange the CNH.
Spot Rate	Assume in this example that the AUD/CNH Spot Rate is 4.9200 in 3 months' time, meaning you will receive: A\$203,252.03 (i.e. CNH 1,000,000/4.9200)
If the AUD/CNY exchange rate goes down	If the AUD/CNH exchange rate goes down, the opposite occurs and you will receive more AUD. Assume the AUD/CNH exchange rate falls to 4.7200, then you will receive: A\$211,864.41 (i.e. CNH 1,000,000/4.7200).
How will a Forward FX Transaction alter this scenario?	If you wish to enter into a Forward FX Transaction and fix a known amount of AUD you will receive, then you will need to ask NAB for a quote based on a Settlement Date of 3 months in the future. Assume the Forward Rate quoted is 4.8500 in 3 months' time. On that day you will sell NAB CNH 1,000,000 received from selling goods at a Forward Rate of 4.8500. Regardless of where the Spot Rate is trading at that time you will receive: A\$206,185.57 (i.e. CNH 1,000,000/4.8500)
Realisation of benefit	If you use a FX Transaction to fix foreign currency cash flows, then the movements in exchange rates do not eliminate the main benefit from entering into a FX Transaction. However, movements in exchange rates create the potential for you to receive additional cash flow benefit or to suffer forgone benefits.

The following table provides an illustration of the potential benefits (or benefits forgone) of entering into a FX Transaction in relation to an AUD conversion of CNH 1,000,000.

Amount CNH	Forward Rate	Spot Rate on the Settlement Date	AUD receivable at Spot Rate	AUD receivable at Forward Rate	Benefit of FX Transaction (Benefit Forgone)
1,000,000	4.8500	4.7200	211,864.41	206,185.57	(5,678.84)
1,000,000	4.8500	4.8500	206,185.57	206,185.57	Nil
1,000,000	4.8500	4.9200	203,252.03	206,185.57	2,933.54

Movements in the exchange rate

The main risk of Spot FX Transactions is the Exchange Rate achieved on a FX Transaction may be less favourable than the exchange rate that you could have achieved by transacting at another time. For example, if the Spot Rate moves favourably for you in the future, you may have been better off exchanging the foreign currency at that time.

The main risk of Forward FX Transactions is that the Exchange Rate achieved on a Forward FX Transaction may be less favourable than the exchange rate that you could have achieved by simply transacting in the future at the Spot Rate. For example, if the Spot Rate in the future is more favourable to you than the Exchange Rate for your Forward FX Transaction, you will still need to exchange currencies at the Exchange Rate.

Timing risk

If your business requires a certain amount of a currency on a specific date, you will need to ensure that your FX Transaction settles before this time. For example, if the Settlement Date occurs after you need to pay an amount owing under your commercial transaction, then there is a risk that you may not have sufficient funds to fulfil your obligations.

You should note in this regard that CNY remittances cannot take place on public holidays in the People's Republic of China. Such public holidays include the Spring Festival holidays (also known as Chinese New Year holidays), which dates are determined by the Lunisolar calendar, and varies from year to year. NAB recommends that you ascertain the dates of public holidays in the People's Republic before scheduling any CNY remittances.

Need for sufficient funds on the Settlement Date

Each FX Transaction must be settled on the Settlement Date. If you suffer a delay in the receipt of cash from your underlying commercial transaction, then you may not have the required amount of currency to deliver to us on the Settlement Date. It is your responsibility to ensure that you are able to settle your FX Transaction on the Settlement Date.

Changes to your foreign currency needs

Your foreign currency needs may change after the Transaction Date. For example, an underlying commercial transaction may be cancelled or substantially altered and so you no longer need to exchange the same amount of currency. Unless we agree to your request to vary or cancel a FX Transaction, you will still need to settle on the Settlement Date.

If your foreign currency needs change after you enter into a FX Transaction, you should contact your NAB foreign exchange specialist immediately.

Regulatory and market risk

Conversion of RMB and the cross-border remittance of RMB are subject to regulations relating to foreign exchange control of the People's Republic of China which may change from time to time. You and your related Chinese counterparty are responsible for obtaining all relevant governmental regulatory approvals/licences, verification and/or registrations themselves for the purpose of cross-border remittance of RMB (including, but not limited to, any which may be required by Chinese regulators) and complying with all relevant laws and regulations (including, but not limited to, the Administrative Rules on Settlement of Cross-border Trades in RMB and its related implementation rules) and any specific regulatory measures imposed on any particular Chinese counterparty by Chinese regulators. Neither NAB nor any of its affiliates shall be liable for any non-compliance of applicable laws or regulations by you or your related Chinese counterparty.

Conversion and cross-border remittance of RMB is subject to:

1. the availability of RMB outside the People's Republic of China;
2. the Applicable Renminbi Provisions; and
3. any force majeure events which may render the conversion and cross-border remittance of RMB impossible or impracticable, such as any event which materially restricts or hinders the ability of NAB or its affiliates to obtain, convert, remit or transfer RMB, or to provide or perform the settlement of the FX Transaction due to any reason beyond the control of NAB or its affiliates.

If NAB or any of its affiliates are unable to settle your FX Transaction due to:

1. any regulatory or other restrictions on the conversion or remittances of RMB imposed by the applicable authorities or RMB clearing or settlement bank(s) or agent(s); or
2. the inability to connect, or delay in connecting, with relevant funds transfer systems, because of system failure or other reasons not caused by NAB; or
3. any errors or omission of an administrative or operational nature, NAB shall not be required to settle the FX Transaction unless and until such time as such RMB remittance restrictions, system disruption, system failure, or administrative or operational errors or omissions are resolved.

You agree that the involvement of Other Banks in connection to settlement of your FX Transaction(s), and any possible delay, suspension or termination of settlement is entirely at your risk. You agree, to the fullest extent permitted under applicable laws, that NAB and its affiliates are not liable for any loss of any kind you may incur in connection with such involvement of Other Banks or any such delay, suspension or termination of settlement of your FX Transaction.

Counterparty and credit risk

NAB has operational and financial performance obligations under FX Transactions. You need to be satisfied as to NAB's creditworthiness and NAB's ability to meet those obligations when due. We are an authorised deposit taking institution regulated by the Australian Prudential Regulation Authority. Our website contains further information about us: <https://www.nab.com.au/>.

Liquidity Risk

The foreign exchange market may be subject to trading limits or restrictions imposed which may have adverse effects. A FX Transaction may not be able to be settled on the agreed Settlement Date and there may be an additional cost to you to cancel or vary the FX Transaction.

Legal, tax and regulatory risks

Changes to the law (including tax laws) and regulatory changes may occur during the term of a FX Transaction, which may have adverse effects. You should seek independent legal and tax advice prior to entering into a FX Transaction.

Country risk

The markets in which NAB may trade transactions are subject to varying degrees of 'country risk', being the risk of adverse changes in the business, legal or investment environment in a particular country as a result of government action (e.g. governmental control over the economy, nationalisation, expropriation of assets, confiscatory or withholding taxation and controls on investment, repatriation and currency exchange). If you enter into a FX Transaction there is a risk you will be exposed to such adverse changes.

ACKNOWLEDGEMENTS

When you enter into a FX Transaction you agree and acknowledge that:

- (a) RMB is subject to substantial exchange rate risk;
- (b) as applicable, you will at all times comply with the Applicable Renminbi Provisions and that any proposed CNY or CNH trade will be for an eligible trade transaction within the meaning of the Applicable Renminbi Provisions. If the FX Transaction does not meet these requirements, the payment may be returned and NAB may subsequently unwind it and you will be liable for your own and NAB's costs in doing so;
- (c) you are acting for your own account, and you have made your own independent decision to enter into the FX Transaction and as to whether the FX Transaction is appropriate or proper for you is based upon your own judgement and upon advice from such advisers as you have deemed necessary. You are not relying on any communication (written or oral) of NAB as investment advice or as a recommendation to enter into that FX Transaction, it being understood that information and explanations related to the terms and conditions of that FX Transaction shall not be considered to be investment advice or a recommendation to enter into the FX Transaction. No communication (written or oral) received from NAB shall be deemed to be an assurance or guarantee as to the expected results of that FX Transaction;
- (d) you are capable of assessing the merits of and understanding (on your own behalf or through independent professional advice), and you understand and accept the terms and conditions and risks of that FX Transaction. You are also capable of assuming, and assume, the risks of RMB FX Transactions;
- (e) NAB is not acting as an adviser or fiduciary for you;
- (f) NAB or its affiliates are authorised to disclose and report all and any transaction data and/or information regarding you, your account(s), your account relationship with NAB and/or any other RMB related services and copies of any supporting trade documents that you provide to NAB to the relevant regulatory authorities, government agencies, clearing or settlement banks or agents or professional bodies governing or offering RMB related activities or services, or NAB's affiliated RMB participating banks, wherever it is situated (including the People's Republic of China regulators and RMB clearing and settlement banks where applicable);
- (g) the conversion and settlement of RMB will involve Other Banks;
- (h) the remittance of RMB will be subject to the practical circumstances of transmission and geographical location of Other Banks; and
- (i) conversion of RMB and settlement of your FX Transaction may be delayed, suspended or terminated due to changes in the Applicable Renminbi Provisions or other applicable laws or regulations, acts or decisions of the People's Republic of China or other regulators, or acts, omission, default or non-compliance with the Applicable Renminbi Provisions or other applicable laws by Other Banks.

ENTERING INTO A FX TRANSACTION

How do I enter into a FX Transaction?

You can initiate a FX Transaction by:

- calling your NAB foreign exchange specialist on 1800 307 827; or
- booking the FX transaction through a NAB approved internet dealing portal if you have been allowed access.

Before entering into a FX Transaction, NAB advises you to obtain independent advice to ensure that the proposed FX Transaction meets your objectives and needs and is consistent with your financial circumstances and risk management strategy. Once the FX Transaction has been agreed, both you and NAB are bound by these terms.

What are the preconditions for acceptance?

NAB is not obliged to enter into a FX Transaction with you. Acceptance by NAB is subject to our credit and documentation preconditions and any applicable mandatory regulatory preconditions. NAB does not accept trades for speculative reasons. There needs to be an underlying business need. NAB has sole discretion not to accept a FX Transaction.

Credit preconditions

Before entering into a FX Transaction, NAB will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. NAB will advise you of the outcome of this review as soon as practicable.

If your application is successful, you are required to enter into NAB's standard documentation. This documentation must be consistent with the terms of the relevant credit approval and other matters relevant to your application.

Documentation preconditions

You may need to sign NAB's standard Master Agreement and documents associated with online dealing portals if you have not already done so. If you are a business customer you will also need to provide details as to which of your staff are authorised to deal on your behalf.

Our standard documentation for use in FX Transactions (including the standard Master Agreement) governs your dealing relationship with us and sets out terms and conditions that apply to any FX Transaction. In particular, they describe how FX Transactions are priced and outline the circumstances in which FX Transactions can be varied or cancelled.

You will need to sign a letter agreement binding you to the Acknowledgements as set out on page 17.

You can obtain a copy of these documents (including the Master Agreement) from your NAB foreign exchange specialist. You must read the terms and conditions of these documents carefully before entering into any FX

Transaction. You should obtain independent legal advice if you do not understand any aspect of these documents.

There are mandatory preconditions for all customers entering into FX Transactions deliverable into or from an onshore Mainland China account.

You will be obliged to verify to NAB that any CNY remittance into or from an onshore account in the People's Republic of China is for an eligible trade transaction (within the meaning of the RMB foreign exchange rules) with a requisite Chinese enterprise (incorporated in mainland China or if the transaction concerns the export of goods the enterprise also needs to have an export licence) and provide NAB with supporting documentation upon request (such as a sales invoice, third party trade documents or (for service trades) proof of the supply of service and location of the service provider and service receiver) after entry into a FX Transaction.

An eligible trade transaction is one that is for a cross-border trade transaction with one leg touching the People's Republic of China. Note that the timing and sequence of CNY conversion and the trade payments and receipts associated with the delivery of goods or service must be consistent and must occur within three months of the FX transaction Settlement Date. If the FX Transaction does not meet these requirements, then NAB may subsequently unwind it and you will be liable for your own and NAB's costs in doing so.

What information is required to enter into a FX Transaction?

The information that you will need to provide will include:

- which product you are buying (for example, Forward);
- which currency you are buying;
- which currency you are selling;
- the relevant Currency Pair (for example, A\$ and CNY);
- the Transaction Amount (for example, A\$100,000); and
- the Settlement Date.

How do I ensure the executed FX Transaction agrees with what has been negotiated?

Shortly after entering into a FX Transaction, NAB will send you a Confirmation outlining the commercial terms of the FX Transaction (even if you don't receive a Confirmation, the FX Transaction is still binding).

It is extremely important that you check the Confirmation to make sure that it accurately records the terms agreed by you and NAB. In the case of any error, contact your NAB foreign exchange specialist or the NAB settlements team immediately.

COMPLETING A FX TRANSACTION

On the Settlement Date, you will need to deliver the relevant currency to NAB. You must deliver the currency in Cleared Funds.

If you and NAB owe each other amounts in the same currency on the same day, then the party owing the higher amount must pay the other the difference between those amounts (unless we agree otherwise with you). In these circumstances, the other party would not make a payment. Please contact your NAB foreign exchange specialist if you cannot deliver the relevant currency to us on the Settlement Date and the FX Transaction will not be cash settled because it does not involve AUD.

VARYING OR TERMINATING A FX TRANSACTION

A FX Transaction may be terminated prior to the Settlement Date either:

- by agreement between you and NAB; or
- in accordance with the Master Agreement as a consequence of an 'Event of Default' or a 'Termination Event' (each as defined in the Master Agreement).

Termination or variation of a FX Transaction by agreement

There is no cooling off period after entering into a FX Transaction.

To vary or terminate a FX Transaction, please contact your NAB foreign exchange specialist or your banker. You cannot vary or terminate a FX Transaction without NAB's agreement.

If at our discretion we agree to your request, we will provide a quote to you for the costs of such termination or variation. You must accept any costs of varying or terminating the FX Transaction (including any fees or charges) and agree to the terms and conditions of any replacement FX Transaction prior to varying or terminating the FX Transaction. When the revised terms are agreed, we will send you an additional Confirmation.

Our costs may include:

- compensating us for adjusting the risks that we assume under the FX Transaction (including our arrangements with other parties in the inter-bank market);
- our internal costs and profit; and
- the cost to reverse or offset the remaining term of the FX Transaction in the prevailing market conditions.

If you seek to vary or terminate a FX Transaction and the prevailing market conditions at that time have moved since the Transaction Date, then our costs will reflect that movement. If this movement has been unfavourable, then your costs of varying the FX Transaction will be more (all other things being equal). If the movement has been favourable, then your costs of varying the FX Transaction will be less (all other things being equal). In some circumstances, if the movement has been sufficiently favourable, there might be a gain which we will pass onto you.

See 'Example of varying a Forward Transaction' on page 20.

Termination by NAB following an Event of Default or Termination Event

If an 'Event of Default' or a 'Termination Event' (each as defined in the Master Agreement) occurs, NAB may terminate a FX Transaction prior to its maturity in accordance with the Master Agreement.

In this case, NAB will calculate in good faith the mark-to-market value of the FX Transaction (using applicable market rates) as chosen by NAB having regard to what it determines to be the value for another party to take over your rights and obligations under the terminated FX Transaction, had it not been terminated. If the value is expressed as a positive number, you must pay NAB an amount equal to the positive number and if the value is expressed as a negative number, NAB must pay you an amount equal to the absolute value of the negative number.

If more than one FX Transaction is terminated, NAB will calculate the sum of the mark-to-market values. If the sum value is expressed as a positive number, you must pay NAB an amount equal to the positive number and if the sum value is expressed as a negative number, NAB must pay you an amount equal to the absolute value of the negative number.

See 'Example of cancelling a Forward Transaction' on page 21.

Example of varying a Forward Transaction

Importer example	Exporter example
<p>You are an Australian importer due to pay CNH 1,000,000 in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy CNH.</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate 4.7700 • Today's AUD/CNH three month Forward Rate is 4.7600 <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ falling against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell A\$ to buy CNH in three months' time at the Forward Rate of 4.7600 <p>Changing requirements: One month later</p> <p>One month after the Transaction Date, you now expect to only require CNH 700,000 for goods bought overseas and so need to buy less CNH.</p> <p>You request that we amend the Forward by decreasing the Transaction Amount to CNH 700,000</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate is 4.8000 • Today's AUD/CNH two month Forward Rate is 4.7950 <p>At our discretion, we agree to your request, but you must meet the costs in doing so.</p> <ul style="list-style-type: none"> • The AUD cost of closing out the unwanted CNH 300,000 is calculated as $(300,000/4.7600) - (300,000/4.7950) = \text{A\\$}460.04$ • The total AUD cost therefore for purchasing CNH 700,000 is $(700,000/4.7600) + 460.04 = \text{A\\$}147,518.86$ 	<p>You are an Australian exporter due to receive CNH 1,000,000 in three months' time for goods sold overseas. At that time, you will need to sell your CNH to buy A\$.</p> <ul style="list-style-type: none"> • The AUD/CNH Spot Rate is 4.8200 • The AUD/CNH three month Forward Rate is 4.8100 <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ rising against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell CNH to buy A\$ in three months' time at the Forward Rate of 4.8100 <p>Changing requirements: One month later</p> <p>One month after the Transaction Date, you now expect to only receive CNH 700,000 for goods sold overseas and so need to sell less CNH.</p> <p>You request that we amend the Forward by decreasing the Transaction Amount to CNH 700,000</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate is 4.7800 • Today's AUD/CNH two month Forward Rate is 4.7750 <p>At our discretion, we agree to your request, but you must meet the costs in doing so.</p> <ul style="list-style-type: none"> • The AUD cost of closing out the unwanted CNH 300,000 is calculated as $(300,000/4.8100) - (300,000/4.7750) = \text{A\\$}457.17$ • The total AUD receipt therefore from converting CNH 700,000 is $(700,000/4.8100) - 457.17 = \text{A\\$}145,072.98$

All examples are for illustrative purposes only and do not reflect current prices or outcomes.

Example of cancelling a Forward Transaction

Importer example	Exporter example
<p>You are an Australian importer who expects to have to pay CNH 1,000,000 in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy CNH.</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate is 4.7700 • Today's AUD/CNH three month Forward Rate is 4.7600 <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ falling against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell A\$ to buy CNH in three months' time. <p>Changes to your circumstances.</p> <p>Your underlying transaction is cancelled so you no longer need to exchange the currency at the future time.</p> <p>You request that we cancel the Forward.</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate is 4.8000 • Today's AUD/CNH two month Forward Rate is 4.7950 <p>At our discretion, we agree to your request, but you must meet the costs in doing so.</p> <p>Costs are calculated as $CNH\ 1,000,000/4.7600\ (A\\$210,084.03) - CNH\ 1,000,000/4.7950\ (A\\$208,550.57) = A\\$1533.46.$</p> <p>You will be required to pay us a break cost of A\$1,533.46 when the transaction is cancelled.</p>	<p>You are an Australian exporter due to receive CNH 1,000,000 in three months' time for goods sold overseas. At that time, you need to sell your CNH to buy A\$.</p> <ul style="list-style-type: none"> • The AUD/CNH Spot Rate is 4.8200 • The AUD/CNH three month Forward Rate is 4.8100 <p>As you decide to manage your exchange rate risk and protect yourself against the risk of the A\$ rising against the CNH, you enter into a Forward with NAB.</p> <ul style="list-style-type: none"> • You agree today to exchange CNH for A\$ in three months' time. <p>Changes to your circumstances.</p> <p>Your underlying transaction is cancelled so you no longer need to exchange the currency at the future time.</p> <p>You request that we cancel the Forward.</p> <ul style="list-style-type: none"> • Today's AUD/CNH Spot Rate is 4.7800 • Today's AUD/CNH two month Forward Rate is 4.7750 <p>At our discretion, we agree to your request, but you must meet the costs in doing so.</p> <p>Costs are calculated as $CNH\ 1,000,000/4.7750\ (A\\$209,424.08) - CNH\ 1,000,000/4.8100\ (A\\$207,900.21) = A\\$1523.87.$</p> <p>You will be required to pay us a break cost of A\$1,523.87 when the transaction is cancelled.</p>

All examples are for illustrative purposes only and do not reflect current prices or outcomes.

OTHER SIGNIFICANT INFORMATION

Financial Crimes Monitoring

You:

- undertake to provide us with all information and assistance that we request in order to manage our risks relating to money laundering, terrorism-financing or economic and trade sanctions or to comply with any laws or regulations in Australia or any other country;
- acknowledge that we have the right to delay or refuse any request or transaction if we believe that the request or transaction may be in breach of any of our obligations, or cause us to commit or participate in an offence under any law relating to, money laundering, terrorism-financing or economic and trade sanctions and we will have no liability to you or any associated party if we do so;
- agree that we may take any action that we reasonably believe is necessary to comply with any law relating to money laundering, terrorism-financing or economic and trade sanctions, including but not limited to disclosing any information that we hold about you to service providers whether in Australia or outside Australia, or to any relevant Australian or foreign regulator; and
- acknowledge that we may collect information about you from time to time (from you or from third parties) for the purposes of satisfying our obligations under any law relating to money laundering, terrorism-financing or economic and trade sanctions, and that we may use and disclose any such information as required.

Conflicts Management

Transaction execution may take place through many different channels and with market participants like NAB taking on different roles with regard to that execution. Regardless of their respective roles in executing a transaction, market participants (including NAB and its clients) are expected to behave with integrity and to support the effective functioning of the FX market. NAB as a market participant may handle a client order in one instance and place an order with other market participants in another.

FX traders may have divergent and conflicting interests to those of their counterparties. For example, NAB may from time to time act in several capacities with regard to financial products, such as market maker, calculation agent or hedge provider. Such functions can allow NAB to take different positions to a counterparty, which could raise potential conflicts of interest.

Other parts of NAB may act in different capacities with respect to the counterparty. NAB is obliged under its Australian financial services licence to have in place adequate arrangements to manage conflicts of interest that may arise in respect of its financial services business.

Staff incentives

NAB staff members are salaried employees of NAB and in most cases do not receive any proportion of any fees or commissions paid to NAB or any other company in the NAB group in connection with the products detailed in this PDS. Staff members may be entitled to receive additional monetary or non-monetary benefits and/or rewards resulting from participation in programs conducted by NAB.

Monetary benefits or rewards may include an annual bonus the level of which may depend on the overall performance of the NAB group of companies. Whether staff members receive any such benefits and rewards depends on a number of balanced performance and behavioural factors which may include a measure linked to sales of unspecified products and services provided to customers. Non-monetary benefits or rewards for eligible staff may be provided in the form of recognition points which can be redeemed for products from a regularly updated catalogue which may include items such as film tickets, home appliances, beauty and fashion products and personal experiences. It is not possible to determine at any given time whether a staff member will receive any form of benefit or reward or to quantify them. They are not directly attributable to any particular product or deal that the staff member has given advice on.

Significant taxation implications

You may be liable for government charges and taxes relating to FX Transactions in this PDS. The tax implications of these FX Transactions can be complex and may vary depending on your individual circumstances. You should discuss your specific taxation circumstances with, and obtain advice from, your independent tax adviser when considering whether to enter into a FX Transaction.

Labour standards and environmental, social and ethical considerations

NAB does take into account labour standards or environmental, social or ethical considerations when entering into an FX Transaction. To learn more about NAB's commitment to sustainability and to review our latest Sustainability Report go to <https://www.nab.com.au/about-us/corporate-responsibility/environment>.

Making a complaint

We are always trying to improve our customers' experience, but we know things do not always go the way they should. Your feedback about the services you receive from us and our products can help us understand and address issues we otherwise might not know about.

For information about making a complaint or resolving problems or disputes, please contact your NAB markets' specialist, your banker or contact NAB markets on 1800 269 973.

If you feel your contact has not resolved the issue, then the next step is to speak to our Customer Resolutions Team. Here is how:

1. Call us: call our dedicated Customer Resolutions Team any time between 8am and 7pm, Monday to Friday (AEST), on 1800 152 015.
2. Send us a form online: complete our online feedback form at nab.com.au, or email us at feedback@nab.com.au
3. Write to us at:
General Manager, NAB Resolve Reply Paid 2870
Melbourne VIC 8060

Dispute Resolution System

If you still feel your concerns have not been resolved to your satisfaction, you can raise your concerns with the independent external dispute resolution provider, the Australian Financial Complaints Authority (AFCA). Of course as a valued customer, we would much rather try to resolve the issue together first. In fact, AFCA will encourage you to resolve the issue with NAB before they start to investigate.

AFCA can be contacted at:

Website: 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

AFCA is a new external dispute resolution (EDR) scheme to deal with complaints from consumers. AFCA replaces the three existing EDR schemes of the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal so that consumers have access to a single EDR scheme.

GLOSSARY

The meanings of these expressions are provided to assist you with this PDS – however if any expression has a specific definition in any contract between you and NAB in relation to a FX Transaction, then the definition in that contract will apply to the legal rights and obligations between us.

AUD or A\$ means Australian Dollar.

Applicable Renminbi Provisions means any applicable laws, regulations, policies, guidelines or practice notes issued by any regulatory authorities, governmental agencies, clearing and settlement banks or agents, custodians or professional bodies governing or offering RMB related activities, clearing or services, and/or any applicable agreement for clearing and settlement of RMB, each as maybe amended or updated for time to time.

Business Day means a day on which commercial banks are open for general business (including dealings in foreign exchange) in each of the financial centres applicable to the currencies transacted or as specified in the Confirmation.

Cancellation means the effect of entering into one or more offsetting FX Transactions in order to reverse the effect of the original Spot FX Transaction or Forward FX Transaction.

Cash Settlement Amount means the difference between:

- the amount of the relevant currency that you are required to deliver to NAB on the Settlement Date; and
- the amount of the relevant currency that NAB is required to deliver to you on the Settlement Date,

calculated on the basis that the currency that is not AUD is converted into AUD at the Spot Rate on the Settlement Date.

Cleared Funds means funds that are immediately available on settlement.

Confirmation means the written notice from us confirming the terms of the FX Transaction.

Currency Pair means the two currencies that you wish to exchange in a FX Transaction.

CNH means RMB offshore currency for Mainland China and cross border payments (the payment is still made as CNY).

CNY means the International Standards Organisation currency code for RMB and is applied to all payments in RMB. It is also used to refer to RMB that is deliverable into or from a Mainland China account.

Exchange Rate means the price payable by you to exchange and deliver the Currency Pair.

Extension means the varied Settlement Date in respect of a FX Transaction, being a date which is after the initially agreed Settlement Date for that FX Transaction.

Forward FX Transaction means a forward foreign exchange transaction for the purchase or sale of CNH in the future.

Forward Margin means the margin which is the difference between the Forward Rate and the Spot Rate.

Forward Rate means the Exchange Rate that is set at a given time, and applies to a FX Transaction to exchange and deliver the Currency Pair in the future.

FX Transactions means Forward FX Transactions and Spot FX Transactions.

Mainland China or People's Republic of China excludes the Special Administrative Regions of Hong Kong and Macau and Taiwan for the purpose of the explanations given in this PDS.

Master Agreement means NAB's standard Master Agreement for Foreign Exchange and Derivatives Transactions or an International Swaps and Derivatives Association Master Agreement ("ISDA") or other such agreement as agreed by NAB that governs the FX Transactions.

NAB, us, we means National Australia Bank Limited ABN 12 004 044 937, AFSL 230686.

Other Banks means one or more other branches or affiliates of NAB and other financial providers who may or may not be appointed by NAB. Other Banks may in each case be local or overseas.

PDS means Product Disclosure Statement.

Pre-Delivery means a varied Settlement Date for a FX Transaction, being a date which is prior to the initially agreed Settlement Date for that FX Transaction.

Renminbi or RMB means the legal currency of Mainland China.

Settlement Date means the agreed date on which the Currency Pair will be delivered and exchanged under the FX Transaction.

Spot FX Transaction means a spot foreign exchange transaction for the purchase or sale of either CNH or CNY.

Spot Rate means the value of foreign currency cash flows in the present at a price determined by reference to current exchange rates.

Transaction Amount means the amount of one currency that you agree to exchange for another currency.

Transaction Date means the date on which you and NAB enter into a FX Transaction.

Transaction Time means the time on the Transaction Date on which you and NAB enter into a FX Transaction.

USD means US dollar.

Value today means a FX Transaction with a Settlement Date that is on the same day as the Transaction Date.

Value tomorrow means a FX Transaction with a Settlement Date that is one Business Day after the Transaction Date.

For more information call

13 13 12

8am – 8pm AEST, Monday to Friday
9am – 6pm AEST, Saturday and Sunday
or visit us at [nab.com.au](https://www.nab.com.au)



Hearing impaired customers
with telephone typewriters
can contact us on **1300 363 647**

The registered address of the issuer:
National Australia Bank Limited
Level 1
800 Bourke Street
Docklands VIC 3008