



NAB **FOREIGN EXCHANGE TRANSACTIONS**

Product Disclosure Statement

Dated 28 June 2018

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 ABN 12 004 044 937, AFSL 230686 (NAB)** and is dated 28 June 2018. It provides important information about Foreign Exchange (FX) Transactions and should be read before making a decision to enter into these transactions. More information can be obtained by speaking to your NAB foreign exchange specialist, calling **1800 307 827** or speaking to your banker.

Updated information

The information in this PDS is subject to change. If the change is materially adverse, NAB will provide updated information by issuing a supplementary or replacement PDS which will be made available on our website, <https://www.nab.com.au/business/international-and-foreign-exchange/financial-markets/foreign-exchange>.

If the change is not materially adverse, NAB will publish a notice of the change at www.nab.com.au. You can also access this updated information by calling NAB on **13 10 12**, speaking to your NAB foreign exchange specialist or your banker.

You can get a paper copy of any updated information without charge by calling **13 10 12**.

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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 product 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 regard 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 a decision about whether or not a FX Transaction is suitable for you.

Privacy policy

For more information about how NAB collects, uses, shares and handles your personal information see our Privacy Policy www.nab.com.au/privacy and Privacy Notification www.nab.com.au/privacynotification. 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.

You can ask us for a copy of these documents at any time by calling **13 10 12**.

Telephone Recording

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

Code of Banking Practice

NAB voluntarily subscribes to the Code of Banking Practice (**Code**) which lays down standards of good banking practice for dealing with small businesses and individuals. A copy of the Code can be obtained by calling **13 10 12**.

Anti-Money Laundering and Counter Terrorism Financing

National Australia Bank Limited aims to prevent the facilitation of money laundering and terrorism financing. We may require you to confirm certain information relating to your identity before entering into FX Transactions with you.

Foreign Account Tax Compliance Act (FACTA) 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 for FX Transactions. FX Transactions may be terminated early and are subject to the risk that additional costs may be incurred. Cancellation, early termination or other variations of a FX transaction are at NAB's discretion.

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

Key information	
Main purpose	FX Transactions enable cash flows denominated in foreign currencies to be fixed in a selected currency. This removes uncertainty created by movements in exchange rates.
Suitability	FX Transactions may be suited to importers, exporters and customers who have loans, investments, expenses, cash flows or profits denominated in foreign currencies.
FX Transaction cost	<p>The exchange rate NAB quotes to you incorporates an inter-bank market derived rate and a margin to compensate NAB for its costs and risks in entering into the relevant FX Transaction.</p> <p>See 'FX Transaction Costs' on page 9 for more information.</p>
Significant benefits	<p>FX Transactions allow future cash flows to be fixed in the selected currency at an agreed exchange rate on an agreed date.</p> <p>See 'Significant benefits of FX Transactions' on page 14 for more information.</p>
Significant risks	<p>Movements in exchange rates can result in the agreed exchange rate being more expensive or of less value to you compared to the spot rate at the date of settlement.</p> <p>Changes in the Settlement Date for FX Transactions may result in additional early termination or extension costs.</p> <p>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.</p> <p>See 'FX Transaction Costs' on page 9 and 'Significant risks of FX Transactions' on page 17 for more information.</p>
Significant features	<p>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.</p> <p>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 'FX Transaction Costs' on page 9 for more information.</p>
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 FX Transactions is your responsibility, including monitoring the current value of the FX Transaction.

SPOT AND FORWARD EXCHANGE TRANSACTIONS

What is a Foreign Exchange Transaction?

A foreign exchange transaction (**FX Transaction**) can be used to exchange one currency for another currency at an agreed exchange rate on an agreed date. FX Transactions are classified by the time period between the date on which the transaction is entered into and the Settlement Date.

Settlement Date	FX Transaction Classification
Same day as Transaction Date	Value today
1 Business Day after Transaction Date	Value tomorrow
2 Business Days after Transaction Date	Spot
More than 2 Business Days after Transaction Date	Forward

References in this PDS to Spot FX Transactions incorporate **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 'FX Transaction Costs' on page 9.

Uses

FX Transactions should be considered by customers who are:

- importers or exporters where invoice payments are quoted in foreign currencies;
- borrowers under loans where principal and/or interest is denominated or quoted in foreign currencies;
- investors in overseas assets that are denominated in foreign currencies;
- repatriating overseas profits; or
- paying or receiving other foreign currency amounts.

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 AUD and USD is AUD/USD 0.7500 this means that for every 1 AUD exchanged you will receive 0.7500 USD.

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

Scenario 1	
Scenario	You wish to exchange USD100,000 for AUD
Exchange Rate	The AUD/USD Spot Rate is 0.7500
Settlement Calculation	The AUD equivalent is calculated by dividing the USD amount by the current AUD/USD Spot Rate: $USD100,000 \div AUD/USD 0.7500 = AUD133,333.33$
What you will receive	You will receive AUD 133,333.33 in exchange for your USD100,000 in 2 Business Days' time.

Scenario 2	
Scenario	You wish to exchange AUD133,689.84 for USD
Exchange Rate	The AUD/USD Spot Rate is 0.7480
Settlement Calculation	The USD equivalent is calculated by multiplying the AUD amount by the current AUD/USD Spot Rate: $AUD133,689.84 \times AUD/USD 0.7480 = USD100,000.00$
What you will receive	You will receive USD100,000 in exchange for your AUD133,689.84 in 2 Business Days' time.

How is the Exchange Rate determined?

The Spot Rate and Forward Rate 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 Margin should result in the currency with the higher interest rate having Forward Rates that are at a discount to the Spot Rate.

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

Scenario 1	
Scenario	You wish to exchange AUD100,000 for USD in 30 days' time.
Exchange Rate	The AUD/USD Spot Rate is 0.7480.
Forward Margin	The Forward Margin is at a discount when AUD interest rates are higher than USD interest rates. In this example the AUD/USD 30 day Forward Margin is -0.0020, making the AUD/USD 30 day Forward Rate 0.7460.
AUD/USD 30 day Forward Rate	The AUD/USD 30 day Forward Rate is 0.7460
Settlement Calculation	The USD equivalent is calculated by multiplying the AUD amount by the calculated AUD/USD 30 day Forward Rate.
AUD/USD 30 day Forward Rate	$AUD100,000 \times AUD/USD\ 0.7460 = USD74,600$
What you will receive	You will receive USD74,600 in exchange for your AUD100,000 in 30 days' time.

Scenario 2	
Scenario	You wish to exchange AUD100,000 for USD in 30 days' time.
Exchange Rate	The AUD/USD Spot Rate is 0.7480.
Forward Margin	The Forward Margin is at a premium of 0.0020 when AUD interest rates are lower than USD interest rates. In this example the AUD/USD 30 day Forward Margin is +0.0020, making the AUD/USD 30 day Forward Rate 0.7500.
AUD/USD 30 day Forward Rate	The AUD/USD 30 day Forward Rate is 0.7500.
Settlement Calculation	The USD equivalent is calculated by multiplying the AUD amount by the calculated AUD/USD 30 day Forward Rate.
AUD/USD 30 day Forward Rate	$AUD100,000 \times AUD/USD\ 0.7500 = USD75,000$
What you will receive	You will receive USD75,000 in exchange for your AUD100,000 in 30 days' time.

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.

What is the Settlement Date?

The Settlement Date is the date on which the currencies will be exchanged at the agreed exchange rate. The Settlement Date may be varied to a date other than the agreed Settlement Date via a Pre-delivery (known as Settlement 'brought forward') or via an Extension (known as Settlement 'moved out'). See section 'Can the Settlement Date be varied after the FX Transaction has been entered into?' on page 8.

How is the FX Transaction settled?

FX Transactions will usually be physically settled, that is, by exchange of the relevant currency by each party. You will need to provide NAB with either foreign currency or AUD. You must ensure that you have sufficient Cleared Funds. You can provide foreign currency either by telegraphic transfer, direct debit from account or as agreed with NAB. However, if you do not deliver the required currency on the Settlement Date, you will be taken to have selected cash settlement of the relevant transaction (even if you initially selected physical settlement for the relevant transaction). NAB will notify you of the Cash Settlement Amount, and the party owing the Cash Settlement Amount must pay the Cash Settlement Amount to the other party by the next Business Day after notification by NAB.

Examples of cash settlement and calculation of the Cash Settlement Amount are set out on pages 11-12.

Can the FX Transaction be cancelled after it has been entered into?

You can cancel a FX Transaction on request subject to your acceptance of the costs of cancellation. An example is included in the section 'FX Transaction Costs' on page 9.

Can the Settlement Date be varied after the FX Transaction has been entered into?

After a FX Transaction is entered into the Settlement Date can be varied via a **Pre-delivery** or an **Extension**. The variation can relate to the total currency amount or partial currency amount of the original FX Transaction. If the variation relates to only part of the FX Transaction, the remaining part of the original transaction continues unchanged.

Variations to the Settlement Date are generally a response to changes in the nature, amount and timing of an underlying commercial transaction. Variations allow you to respond to changing circumstances on the condition that you must accept the revised terms and

conditions including, if applicable, any increased costs (refer to 'FX Transaction Costs' on page 9 for more information). The revised terms and conditions will generally reflect the inter-bank market rates at the date of variation.

An Extension is normally achieved by cancellation of the existing FX Transaction and entering into a replacement FX Transaction with the new Settlement Date. The exception to this is referred to as a Historical Rate Rollover (**HRR**).

A Historical Rate Rollover allows you to extend the Settlement Date of the original FX Transaction without the need for you to cancel the transaction and enter into a new transaction at current Spot Rates and Forward Rates. For NAB to consider a proposed Historical Rate Rollover, the proposed extension must be related to genuine foreign exchange hedging activities or trade related transactions. They will not be allowed for speculative reasons. Examples of the pricing of variations are included in the section 'FX Transaction Costs' on page 9.

Approval for a Historical Rate Rollover is at NAB's sole discretion and is not usually available.

Optional period transactions or 'Time Options'

You may decide that you need some flexibility in the Settlement Date for forward delivery of currencies. To accommodate this requirement you can negotiate upfront a Time Option, which is an optional settlement period prior to the expiry of the contract. The rate quoted is the same as the Forward Rate for either the beginning date or the end date of the settlement period.

The date used to determine the Forward Rate will be the end date if the Forward Rate is at a discount to the Spot Rate, or the beginning date if the Forward Rate is at a premium to the Spot Rate.

FX TRANSACTION COSTS

What is the cost of entering into a FX Transaction?

The cost of entering into a FX Transaction is the exchange rate quoted to you which incorporates the inter-bank Spot Rate for a Spot FX Transaction and the inter-bank Forward Rate for a Forward FX Transaction, in each case plus 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 transaction costs and compensation for the risk it assumes under the FX Transaction, including the risk in entering into the relevant FX Transaction. 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 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 or Time Options?

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.

Any benefit or cost on the Cancellation of the original FX Transaction is paid to, or paid by, you at the time of Cancellation. Movements in Spot Rates and Forward Rates since the original Transaction Date for the FX Transaction may mean that the new rate is a more, or less, favourable rate to you.

Historical Rate Rollovers

An Extension based off an Historical Rate includes an **interest adjustment** to the Forward Margin to the extended Settlement Date from the original Settlement Date. The Forward Margin to the extended Settlement Date from the original Settlement Date will be applied to the original Spot Rate or Forward Rate. The **interest adjustment** is calculated taking into account the following:

- the amount of any cash settlement due had the original FX Transaction been cancelled rather than extended;
- the Notional Interest Payment Amount (which means NAB's loan rate for an equivalent loan to you if a payment was due from you), or
- the Notional Interest Receipt Amount (which means NAB's standard deposit rate for an equivalent deposit if a payment was due to you); and
- the term from the original Settlement Date to the extended Settlement Date.

If the cash settlement would have been an amount payable to you then the Forward Margin will be adjusted in your favour to take account of the Notional Interest Receipt Amount. If the cash settlement would have been an amount payable by you then the Forward Margin will be adjusted against you to take account of the Notional Interest Payment Amount.

Examples of costs applicable to Cancellations, Pre-deliveries, Cash Settlement and Historical Rate Rollovers.

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

You have a Forward FX Transaction requiring you to deliver USD100,000 to NAB and receive AUD133,333.33 from NAB based on a Forward Rate agreed on the Transaction Date of AUD/ USD 0.7500. The Settlement Date is in 30 days' time.

Pre-delivery	
Scenario	You have received the USD early and would like to vary the Settlement Date to today so you can receive your AUD now.
Exchange Rate	current Forward Rate: 0.7500 pre-delivery points*: +0.0010 pre-delivery rate: 0.7510 *the pre-delivery points reflect the interest rate difference and the margin for the 30 day period between AUD and USD
Rate at Settlement Date	You will now settle your transaction at a rate of AUD/USD 0.7510
Settlement Calculation on original Settlement Date	On the original Settlement Date you would have received: AUD133,333.33 (USD100,000 / 0.7500 = AUD133,333.33)
Settlement Calculation on varied Settlement Date	On the varied Settlement Date you will now receive: AUD133,155.79 (USD 100,000 / 0.7510 = AUD133,155.79)
What you will receive	Under the pre-delivery rate you will receive AUD177.54 less for your USD100,000

Cancellation	
Scenario	You are no longer receiving USD so you decide to cancel the Forward FX Transaction.
Exchange Rate	current Forward Rate: 0.7500 pre-delivery points*: +0.0010 pre-delivery rate: 0.7510 *the pre-delivery points reflect the interest rate difference and the margin for the 30 day period between AUD and USD
Close out contract	You would have sold USD100,000 at a rate of AUD/USD 0.7510, however, you now want to cancel the contract so you need to enter into an opposite transaction to buy USD100,000 at the prevailing Spot Rate. You buy at the Spot Rate of AUD/USD 0.7400
Settlement Calculation	If you settled the contract at the pre-delivery rate of AUD/USD 0.7510 you would have received $USD100,000 / 0.7510 = AUD133,155.79$.
Cancellation	To cancel this transaction you will need to buy USD100,000 at AUD/USD 0.7400 costing you $USD100,000 / 0.7400 = AUD135,135.14$
Net Effect	The net effect of this Cancellation is: $AUD133,155.79 - AUD135,135.14 = AUD1,979.35$ This amount is payable by you to NAB.

Cash Settlement – negative Cash Settlement Amount (NAB pays you)	
Scenario	On the Settlement Date you do not deliver to NAB the USD100,000 and you have made no other arrangements with NAB.
Exchange Rate	current Spot Rate: 0.9000
Delivery	You were due to deliver USD100,000 at 0.7500 to NAB and receive AUD133,333.33 from NAB. At the current Spot Rate USD100,000 is now equal to AUD111,111.11.
Cash Settlement Amount Calculation	NAB will credit your AUD account with AUD22,222.22, being the difference between the amount of AUD payable to you by NAB and the current AUD equivalent of USD100,000 that was not delivered by you to NAB on the Settlement Date.

Cash Settlement – positive Cash Settlement Amount (you pay NAB)	
Scenario	On the Settlement Date you do not deliver to NAB the USD100,000 and you have made no other arrangements with NAB.
Exchange Rate	current Spot Rate: 0.6000
Delivery	You were due to deliver USD100,000 to NAB and receive AUD133,333.33 from NAB. At the current Spot Rate USD100,000 is now equal to AUD166,666.67.
Cash Settlement Amount Calculation	NAB will debit your AUD account with AUD33,333.34, being the difference between the amount of AUD payable to you by NAB and the current AUD equivalent of USD100,000 that was not delivered by you to NAB on the Settlement Date.

Historical Rate Rollover	
Scenario	On the original Settlement Date you are not able to deliver NAB the USD100,000 because of a change in your underlying commercial transaction. You request that NAB agree to extend the contract for another 30 days on a Historical Rate Rollover basis. NAB agrees to your request.
Exchange Rate	current Forward Rate: 0.7500
Forward margin	Forward margin to new Settlement Date*: - 0.0008 *the Forward Margin reflects the interest rate difference for the 30 day period between AUD and USD
Forward margin	Interest adjustment* is : +0.0001 *an explanation of interest adjustment can be found under the section Historical Rate Rollovers on page 10
Settlement of transaction	You will now settle your transaction at a rate of: AUD/USD 0.7500 - 0.0008 + 0.0001 = AUD/USD 0.7493
Settlement Calculation	At settlement you will receive USD100,000/0.7493 = AUD133,457.89. Without the interest adjustment you would have received USD100,000/0.7492 = AUD133,475.71.

CURRENCY ORDERS

NAB may accept your order for foreign exchange where you specify in advance the Spot Rate or Forward Rate and amount at which you will buy or sell a specified currency against another specified currency. NAB will attempt to execute the order when the Spot Rate or Forward Rate is reached. The Spot Rate includes the margin and the Forward Rate includes the Forward Margin (described on page 6) and the margin (described on page 9).

NAB is not obliged to accept an order and at any given time may only offer the service on some currencies that it trades.

NAB will do its best to fill your order but its ability to do so may be limited by prevailing market conditions. Price volatility may be extreme and/or liquidity may be poor, thus preventing NAB from filling an order that may otherwise be filled. NAB will not be liable to you for any inability or failure to fulfil your order. NAB may contact you and advise that it cannot hold your order open and will advise you of the reason why.

Your order must be for a minimum amount of AUD 100,000 or its equivalent in a foreign currency, or as agreed by NAB. Your order will remain in place for up to 30 days, or as agreed by NAB, until it can be filled or until you notify NAB of a Cancellation. You may place an order with NAB that has a time limit for NAB to fill it but this cannot exceed 30 days, or as agreed by NAB. At the expiry of the time limit you have given NAB, any unfilled portion of the order will lapse. You must notify your NAB foreign exchange specialist by phone of your intention to cancel an order or renew an order at expiry.

An order cannot be cancelled after NAB has filled it. If NAB has partially filled an order, only the unfilled portion may be cancelled.

There are 2 types of orders that NAB can accept:

- A **'take profit order'**. A take profit order is an order placed by you with a specified Spot Rate or Forward Rate which is more favourable to you than the prevailing Spot Rate or Forward Rate. This is an order that NAB will attempt to fill at your specified Spot Rate or Forward Rate. Prevailing market conditions may mean that the order is only partially filled. Once filled, any opportunity to participate in favourable market moves is forgone for this FX Transaction.
- A **'stop loss order'**. A stop loss order is an order placed by you with a specified Spot Rate or Forward Rate which is unfavourable to you when compared to the prevailing Spot Rate or Forward Rate. Such an order would be used by you to endeavour to limit unfavourable movements in the Spot Rate or Forward Rate whilst you wait for a more favourable Spot Rate or Forward Rate. This is an order that NAB will fill, subject to market conditions, if your specified Spot Rate or Forward Rate is reached. If NAB is unable to fill the order at your specified Spot Rate or Forward Rate and there are further exchange rate movements unfavourable to you, NAB will fill the order at more unfavourable rates. In such circumstances NAB **will** endeavour to fill your order at the first available opportunity.

SIGNIFICANT BENEFITS OF FX TRANSACTIONS

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

The primary benefit of a FX Transaction include allowing you to:

- make foreign currency payments and receive foreign currency receipts thus allowing you to engage in foreign trade and other financial transactions offshore; and
- fix the financial impact of currency inflows or outflows in order to enhance the predictability of future cash flows.

The further away the date for making the foreign exchange payment the greater the likelihood of adverse exchange rate movements occurring. Forward FX Transactions may therefore offer greater benefits to users than Spot FX Transactions.

Financial circumstances

A natural hedge exists if you receive inflows and outflows of a particular currency that offset each other so that the impact of exchange rate movements 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

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 USD100,000 in 3 months' time for goods bought from overseas. At that time you will need to convert your AUD into USD.
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 USD will depend on the exchange rate quoted for value that day.
If the AUD/USD exchange rate moves down	If the AUD/USD exchange rate moves down, the USD will become more valuable. As a result you will need more AUD when it comes time to pay for the USD.
Spot Rate	Assume in this example that the AUD/USD Spot Rate is 0.7500, in 3 months' time you will pay: $USD100,000 \div 0.7500 = AUD133,333.33$
Movement in Spot Rate	If however the AUD/USD Spot Rate is 0.7200, in 3 months' time you will pay: $USD100,000 \div 0.7200 = AUD138,888.89$
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 0.7350, in 3 months' time, on that day you will buy from NAB USD100,000 in order to pay for your goods at a Forward Rate of 0.7350. Regardless of where the Spot Rate is trading at that time you will pay: $USD100,000 \div 0.7350 = AUD136,054.42$.
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 USD100,000.

Amount USD	Forward Rate	Spot Rate on the Settlement Date	AUD payable at Spot Rate	AUD payable at Forward Rate	Benefit of FX Transaction (benefit foregone)
100,000	0.7350	0.7200	138,888.89	136,054.42	2,834.47
100,000	0.7350	0.7350	136,054.42	136,054.42	Nil
100,000	0.7350	0.7500	133,333.33	136,054.42	(2,721.09)

2 – Exporter Scenario

Scenario	Assume you are an Australian based exporter due to receive USD100,000 in 3 months' time for goods sold overseas. At that time you will need to convert your USD 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 USD exposure will depend on the Spot Rate quoted for settlement that day.
If the AUD/USD exchange rate goes up	If the AUD/USD exchange rate goes up, the USD will become less valuable. As a result you will receive less AUD when it comes time to exchange the USD.
Spot Rate	Assume in this example that the AUD/USD exchange rate is 0.7500, in 3 months' time you will receive: $USD100,000 \div 0.7500 = AUD133,333.33$
If the AUD/USD exchange rate goes down	If the AUD/USD exchange rate goes down, the opposite occurs and you will receive more AUD. Assume the AUD/USD exchange rate falls to 0.7200, then you will receive: $USD100,000 \div 0.7200 = AUD138,888.89$
How will a Forward FX Transaction alter this?	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.
Forward Rate in 3 months' time	Assume the Forward Rate quoted is 0.7350 in 3 months' time. On that day you will sell NAB USD100,000 received from selling goods at a Forward Rate of 0.7350. Regardless of where the Spot Rate is trading at that time you will receive: $USD100,000 \div 0.7350 = AUD136,054.$
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 USD100,000.

Amount USD	Forward Rate	Spot Rate on the Settlement Date	AUD receivable at Spot Rate	AUD receivable at Forward Rate	Benefit of FX Transaction (benefit forgone)
100,000	0.7350	0.7200	138,888.89	136,054.42	(2,834.47)
100,000	0.7350	0.7350	136,054.42	136,054.42	Nil
100,000	0.7350	0.7500	133,333.33	136,054.42	2,721.09

SIGNIFICANT RISKS OF FX TRANSACTIONS

Exchange rates

All FX Transactions involve the risk that exchange rates over time will move differently from the rate at which the FX Transaction is transacted at. The examples on page 15 and 16 demonstrate how this can result in benefits forgone (the cost of a forgone alternative as illustrated in the last column) where you cannot participate in a favourable exchange rate movement occurring during the term of the agreed FX Transaction.

Whether you perceive benefits forgone to be a risk depends on your reason for entering into the FX Transaction.

Pre-delivery, Extension or Cancellation

Pre delivering, extending, or cancelling FX Transactions may result in additional costs to you and these costs may be material to you.

Any off-setting FX Transactions are subject to adverse movements in exchange rates compared to the exchange rates on which the original FX Transactions were based.

Change in your underlying commercial transaction

If you entered into a FX Transaction to fix the inflow or outflow of cash flows from foreign currencies and the underlying commercial transaction has been cancelled or changed, you may suffer loss from adverse movements in exchange rates. If your underlying commercial transaction is cancelled or changed then you should contact your NAB foreign exchange specialist or your banker.

Timing of underlying commercial transaction

The Settlement Date of a FX Transaction may differ from the date that you need the cash to pay for your underlying commercial transaction. This may mean that you will not have the funds to fulfil your commercial obligations.

Conversely, you may suffer a delay in the receipt of cash from your underlying commercial transaction. This may mean that you will not have the required currency to deliver on the Settlement Date of your **FX Transaction** and will need to source the foreign currency from elsewhere. It is your responsibility to ensure that you are able to settle your **FX Transaction** on the Settlement Date.

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.

Currency restrictions

Some currencies may be subject to legal and regulatory requirements. It is your responsibility to ensure any laws and regulations are complied with.

Market Risk

The markets in which NAB trades FX Transactions can be volatile due to a number of factors, including government regulations, political factors and market sentiment. Market risk is the risk that the value of a FX Transaction will fluctuate as a result of movements in market prices.

If you enter into a FX Transaction for a purpose other than exchanging a cash flow for hedging purposes, you may be exposed to changes in that foreign exchange market. There is a risk you may not be able to benefit from favourable movements in the relevant foreign exchange market if the exchange rate is more favourable to you than the agreed exchange rate in your FX Transaction.

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 the FX Transaction.

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 Standard Master Agreement.

Where the FX Transaction is terminated by agreement between you and NAB, the amount payable is determined as outlined in section 'FX Transaction Costs' on page 9.

Where the FX Transaction is terminated in accordance with the Standard Master Agreement, then NAB will calculate in good faith the mark-to market value of the 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 negative number.

Legal, tax and regulatory risks

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

Country risk

The markets that NAB may trade FX Transactions in 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 (for example, 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.

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**;
- calling your banker; or
- through a NAB approved internet dealing portal.

How are the terms and conditions negotiated?

In addition to the contracts governing the terms and conditions of your **FX Transactions** dealings with NAB (see 'Documentation preconditions' below), the terms of a specific **FX Transaction** are agreed verbally over the telephone, or using online internet or an online dealing portal. Once we have reached an agreement, both you and NAB are bound by the terms which have been agreed.

If you use online internet or online dealing portals, the terms are agreed using the online internet facility which gives access to currency prices, movements in these prices and the ability to execute the FX Transaction without contacting dealers on the telephone or otherwise.

What are the preconditions for acceptance?

NAB is not obliged to enter into a FX Transaction with you. Acceptance by NAB is subject to credit and documentation 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 transaction.

Credit preconditions

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

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 are a business customer you will also need to provide details as to which of your staff are authorised to deal on your behalf.

These documents govern your dealing relationship with NAB and set out the terms and conditions that apply to any **FX Transactions** you enter into. In particular, they describe how agreed **FX Transactions** are evidenced, the circumstances in which agreed **FX Transactions** can be varied and how agreed **FX Transactions** are priced.

You can obtain copies of NAB's Standard Master Agreement for **FX Transactions** and the online dealing terms and conditions from your NAB foreign exchange specialist or banker on request, at no charge.

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 the documents.

Other Documentation

If you wish to enter into Historical Rate Rollovers you will be required to sign NAB's standard HRR documentation. Signing this documentation does not guarantee NAB will agree to the HRR.

What transaction information is required to execute a FX Transaction?

You will need to give us the following information:

- which currency you are buying;
- which currency you are selling;
- the amount of currency to be exchanged; and
- the Settlement Date.

In addition you will need to inform us whether you want to take advantage of the currency order or Time Option.

If wishing to leave a currency order you will need to inform us of the specified Spot Rate or Forward Rate and whether you require a take profit or stop loss order.

For a Time Option you will need to inform us of the range in days of settlement flexibility you require.

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 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, the NAB settlements team or your NAB banker immediately.

VARYING A FX TRANSACTION

COMPLETING A FX TRANSACTION

Varying a FX Transaction

If you wish to vary a **FX Transaction** by requesting a Cancellation, Pre-delivery, Partial Pre-delivery or Extension you must contact your NAB foreign exchange specialist, or call **1800 307 827** or your banker. NAB is not obliged to accept your request.

If your request is accepted you must accept any costs of varying the **FX Transaction** and agree to the terms and conditions of any replacement **FX Transaction**. When revised **FX Transaction** terms have been agreed you will receive an additional confirmation outlining the varied terms.

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 do not deliver the required currency on the Settlement Date, NAB will notify you of the Cash Settlement Amount and the party owing the Cash Settlement Amount must pay the Cash Settlement Amount to the other party by the next Business Day after notification by NAB. The Cash Settlement Amount will be paid by NAB debiting or crediting your account (as applicable) with the Cash Settlement Amount in accordance with your Standard Master Agreement for FX Transactions with NAB.

Please contact your NAB foreign exchange specialist or banker immediately if you cannot deliver the relevant currency to NAB on the Settlement Date.

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 who sell this product are salaried employees of NAB and 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 which may depend on the overall performance of the NAB group of companies. Non-monetary benefits or rewards for staff members and their partners may include gift vouchers, film tickets, restaurant meals, attendance at an annual conference or other functions.

Whether staff members receive any such benefits and rewards depend on a number of performance related factors including the level of remuneration generated for NAB from sales of products as a consequence of the staff member's assistance.

It is not possible to determine at any given time whether a staff member will receive such benefits or rewards nor is it possible to quantify them. They are generally not directly attributable to any particular product on which the staff member has given assistance.

Significant taxation implications

You may be liable for government charges and taxes relating to transactions entered into under this PDS. The tax implications of these 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 these transactions.

Dispute resolution

For information about resolving problems or disputes, please contact your NAB foreign exchange specialist or your banker, or contact NAB on **1800 307 827**.

If your concerns haven't been resolved to your satisfaction, you can lodge a complaint with:

the Financial Ombudsman Service (**FOS**) if lodged before 1 November 2018.

Website: fos.org.au
Email: info@fos.org.au
Telephone: 1800 367 287 (toll free)
In writing to: Financial Ombudsman Service,
GPO Box 3,
Melbourne Victoria 3001

OR

with the Australian Financial Complaints Authority (AFCA) if lodged on or after 1 November 2018.

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 (**FOS**), the Credit and Investments Ombudsman (**CIO**) and the Superannuation Complaints Tribunal (**SCT**) so that consumers have access to a single EDR scheme.

You can also contact the Australian Securities & Investments Commission (**ASIC**) to make a complaint and to find further information on your rights. To obtain further information they may be contacted at:

Telephone: 1300 300 630
Website: www.asic.gov.au

GLOSSARY

AUD means Australian Dollar.

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.

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 transaction.

Forward FX Transaction means a forward foreign exchange transaction.

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

Forward Rate means the value of foreign currency cash flows in the future by adjusting the Spot Rate to incorporate a premium or discount dependent on the currencies exchanged.

FX Transaction means a Spot FX Transaction and/or a Forward FX Transaction.

Historical Rate Rollover means an extension to the Settlement Date of an existing FX Transaction without the need for a Cancellation.

NAB/‘us’ refers to National Australia Bank Limited ABN 12 004 044 937, AFSL 230686.

Notional Interest Payment Amount means in respect of the calculation of an interest adjustment for extensions based on Historical Rate Rollovers, means NAB’s loan rate, for an equivalent loan to you if a payment was due from you.

Notional Interest Receipt Amount means in respect of the calculation of an interest adjustment for extensions based on Historical Rate Rollovers, means NAB’s standard deposit rate for an equivalent deposit if a payment was due to you.

Partial Pre-delivery means a Pre-delivery, except that the remaining balance of the currency amount of the original Spot FX Transaction or Forward FX Transaction continues under the same terms and conditions.

PDS means Product Disclosure Statement.

Pre-delivery means a varied Settlement Date for a Spot FX Transaction or Forward FX Transaction, being a date which is prior to the initially agreed Settlement Date for that transaction.

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

Spot FX Transaction means spot foreign exchange transaction.

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

Standard Master Agreement refers to Master Agreement for Foreign Exchange and Derivative Transactions or other such agreement as agreed by NAB that governs the FX Transactions.

Time Option means an optional settlement period of up to 35 days beyond the Settlement Date for a Forward FX Transaction.

Transaction Date refers to the date on which you and NAB enter into the 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 trade date.

Value tomorrow means a FX transaction with a settlement date that is one Business Day after the trade 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



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

more
than
money



NAB FOREIGN EXCHANGE TRANSACTIONS NATIONAL AUSTRALIA BANK LIMITED

**Supplementary Product Disclosure
Statement**

Dated 24 June 2019

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

Issuer and contact details

This is a supplementary product disclosure statement (“SPDS”) issued by National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686) (“NAB”). This SPDS supplements the product disclosure statement issued by NAB for Foreign Exchange Transactions dated 28 June 2018 (“PDS”) and together they establish the terms of Foreign Exchange Transactions entered into on or after the date of this SPDS.

The terms of the PDS continue in full force and effect except to the extent that those terms are modified by this SPDS. You should read this SPDS together with the PDS. Terms defined in the Glossary section of the PDS have the same meanings in this SPDS.

The information in this SPDS is subject to change. If the change is materially adverse NAB will provide updated information by issuing a further supplementary PDS or a replacement PDS which will be made available on NAB’s website: <https://www.nab.com.au/content/dam/nabrwd/documents/pds/investment/foreign-exchange-transactions-product-disclosure.pdf> and <https://www.nab.com.au/business/international-and-foreign-exchange/financial-markets/financial-markets-disclosures>. If the change is not materially adverse NAB will publish a notice of the change at www.nab.com.au. You can also access this updated information by speaking to your NAB foreign exchange specialist or your banker. You can get a paper copy of any updated information without charge by calling 13 10 12.

THE PURPOSE OF THIS SPDS IS TO MAKE AMENDMENTS AS FOLLOWS:

1. Privacy notification

The privacy policy section under Important Information of the PDS is revised by adding the following after the heading 'Privacy policy' in the "Important Information" section:

"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."

2. Banking Code of Practice

The 'Code of Banking' section under the "Important Information" section of the PDS is deleted in its entirety and replaced with the following:

"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".

3. Staff incentives

The "Staff incentives" section under "Other Significant Information" of the PDS is deleted in its entirety and replaced with the following:

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. 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 & 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.

4. Labour standards and environmental, social and ethical considerations

A new section Labour standards and environmental, social and ethical considerations is inserted in the "Other Significant Information" section after "Significant taxation implications section" as follows:

"Labour standards and environmental, social and ethical considerations

NAB does not take into account labour, environmental, social or ethical standards when entering into a Product under this PDS. To learn more about NAB's commitment to our Corporate Responsibility and to review a copy of our latest sustainability report go to www.nab.com.au."

5. Making a complaint

A new section “Making a Complaint” is inserted in the “Other Significant Information” section after “Significant taxation implications”:

“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 foreign exchange specialist, your banker or contact NAB markets on 1800 307 827.

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

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

6. Dispute Resolution

The “Dispute Resolution” section under “Other Significant Information” of the PDS is deleted in its entirety and replaced with the following:

“Dispute resolution

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). AFCA is an external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system. AFCA provides fair and independent financial services complaint resolution that’s free to consumers.

Of course as a valued customer, we’d 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 within Australia, 9:00 am – 5:00 pm AEST weekdays)
Calls from an international number add +61. International calls may incur a charge from your carrier.

In writing to: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne, VIC 3001

You can also contact the Australian Securities & Investments Commission (ASIC) to make a complaint and to find further information on your rights. ASIC is an independent Australian government body that acts as Australia’s corporate regulator. To obtain further information they may be contacted at:

Telephone: 1300 300 630
Website: www.asic.gov.au”

7. Glossary

A new definition is added the glossary is in its correct alphabetical order as follows:

Key information	
Banking Code	Banking Code means the Banking Code of Practice, but before 1 July 2019 refers to the Code of Banking Practice (2013 version).
Australian Financial Complaints Authority or AFCA	“Australian Financial Complaints Authority or AFCA is the external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system.”
Australian Securities & Investments Commission	“Australian Securities & Investments Commission is an independent Australian government body that acts as Australia’s corporate regulator.”

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



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

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National Australia Bank Limited
Level 1
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Docklands VIC 3008