

# NAB Foreign Exchange Products

## Variable Forward Plus Contract Product Disclosure Statement

Date: 16 January 2025

# 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 16 January 2025. It provides important information about Variable Forward Plus Contracts 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 or calling **1800 307 827**.

## Updated information

The information in this PDS is subject to change. If the change relates to 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 given you written notice with information about the changes. We may give a shorter period of notice, or no notice, if it is reasonable for us to give shorter notice, to manage an immediate and material risk, 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**, speaking to your NAB foreign exchange specialist or your banker.

## 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. The Products are sophisticated financial products and may not be appropriate for you if you are not familiar with foreign exchange products.

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 product 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](http://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](http://www.nab.com.au/privacy) and Privacy Notification at nab 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.

## 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.

## Banking Code of Practice

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

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;
- a copy of the 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 Transactions.

Transactions may be terminated early 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 Transaction are at NAB's discretion. See 'Varying or terminating a Transaction' on page 12 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.

# Table of Contents

Key Information	4
Product description	5
Importer example	6
Exporter example	7
Key benefits of Transactions	8
Key risks of Transactions	9
Entering into a VFP Transaction	10
Completing a VFP Transaction	11
Varying or terminating a VFP Transaction	12
Other Significant Information	13
Glossary	16

# Key Information

Key information	
<b>Main purpose</b>	A Variable Forward Plus (VFP) contract helps you manage risks associated with your exposure to volatility in foreign exchange markets. They are not designed for speculative purposes.
<b>Suitability</b>	A VFP contract may be suitable if you have a good understanding of foreign exchange markets. A VFP contract may be suitable for customers if you hold the view that the exchange rate will move unfavourably in the short term before a longer term favourable movement.
<b>Key benefits</b>	A VFP contract provides protection against adverse exchange rate movements. The VFP contract provides the protection of a worst case exchange rate whilst enabling participation in favourable movements in exchange rates, contingent on a Trigger Rate being breached during the term of the Transaction.
<b>Key risks</b>	<p>The nominated Transaction Rate will always be less favourable than the prevailing forward exchange rate at the time the VFP Transaction is entered into.</p> <p>As a consequence <b>the specific risks and disadvantages involved in NAB's VFP contract are</b></p> <ul style="list-style-type: none"><li>• the buyer must transact at the Transaction Rate if the Trigger Rate is not breached during the term of the Transaction and cannot benefit from favourable exchange rate movements; and</li><li>• When you enter into a VFP Transaction, you are locked into the terms of that VFP 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 if required to under the terms of the VFP Transaction (unless we agree otherwise with you).</li><li>• If circumstances change and you require the VFP Transaction to be cancelled or varied that may result in you incurring additional costs determined by market levels.</li></ul> <p>See 'Key Risks of Transactions' on page 9 for further information and other Significant Risks including, counterparty and credit risk, currency restrictions, legal, tax and regulatory risks.</p>
<b>Minimum Transaction Amount</b>	The minimum Transaction Amount is AUD\$100,000.00 or as agreed by NAB.
<b>Term</b>	The maximum term is 2 years or as agreed by NAB.
<b>Transaction cost</b>	There is no premium payable to enter into a VFP Transaction. The cost to enter into the VFP Transaction is embedded in the Transaction Rate and the Trigger Rate.
<b>Important note</b>	A VFP Transaction should only be entered into if its use is consistent with your risk management strategy and financial circumstances. They are not suitable for speculative transactions. It is your responsibility to monitor any risks associated with your VFP Transactions.

## Understanding Spot and Forward FX Transactions

To understand the VFP, knowledge of Spot and Forward FX Transactions is necessary. Further information is contained in the separate Product Disclosure Statement titled *NAB Foreign Exchange Transactions*. You should consider that Product Disclosure Statement before entering into any FX transactions with NAB.

Please contact us on **1800 307 827** to obtain a copy.

# Product description

## What is a Variable Forward Plus?

A VFP Transaction is a contract for you to exchange a specified amount of a currency (the fixed amount) for an amount of another currency (the floating amount) on a specific future date, the Settlement Date. The VFP Transaction provides forward foreign exchange protection by providing a guaranteed minimum Exchange Rate (the Transaction Rate) plus allows you the potential to benefit from favourable Exchange Rate movements if a specified Exchange Rate (the Trigger Rate) is breached during the term of the Transaction.

The Transaction Rate and the Trigger Rate are determined when you enter into a Transaction. The Transaction Rate represents your worst case level of exchange rate protection, while the Trigger Rate represents the Exchange Rate which must be breached for you to be able to participate in favourable exchange rate movements.

## Outcomes on the Settlement Date of the Transaction:

There are three possible outcomes on the Settlement Date.

1. If the Spot Rate has not breached the Trigger Rate during the Term of a VFP Transaction you must transact at the Transaction Rate.
2. If the Spot Rate has breached the Trigger Rate during the Term of a VFP Transaction but at the Expiration Time on the Expiration Date, the Spot Rate is less favourable than the Transaction Rate, you must transact at the Transaction Rate; or
3. If the Spot Rate has breached the Trigger Rate during the Term of a VFP Transaction and at the Expiration Time on the Expiration Date the Spot Rate is more favourable than the Transaction Rate, you may transact at the Spot Rate instead of the Transaction Rate.

If the Trigger Rate is breached during the term of a VFP Transaction, it is NAB's general practice to notify you of this. The Trigger Rate will have been deemed to be breached if the relevant Spot Rate is deemed by NAB, acting in good faith, to have breached the Trigger Rate during the Term of a VFP Transaction.

No premium is payable for this arrangement. The minimum Transaction Amount is AUD\$100,000.00, and the maximum term of a VFP Transaction is 2 years, unless otherwise agreed.

## What are their uses?

A VFP Transaction is useful to manage FX risk when you:

- have a future foreign currency cash flow
- require protection against unfavourable movements in the Exchange Rate providing you with a known worst case rate
- want to participate in favourable movements in the Exchange Rate as long as the Trigger Rate is breached during the term of the VFP Transaction, and
- hold the view that the Exchange Rate will move unfavourably in the short term before a longer term favourable movement.

## What is the Transaction Rate?

The Transaction Rate is the worst case Exchange Rate that can apply in relation to your VFP Transaction and can protect you against unfavourable movements in the Exchange Rate. The Transaction Rate is determined when you enter into a VFP.

## What is the Trigger Rate?

The Trigger Rate is the Exchange Rate which must be breached for you to be able to participate in favourable Exchange Rate movements. The Trigger Rate is active for the Term of the VFP contract and is determined when you enter into a VFP Transaction.

## What is the Expiration Date and Expiration Time?

The Expiration Date and the Expiration Time are agreed between you and NAB at the time of dealing.

## 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 VFP Transactions in most currencies. The current list of exchangeable currencies can be obtained from your NAB foreign exchange specialist.

# Importer example

You are an Australian importer due to pay US\$100,000 in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy US\$.

- Today's AUD/USD Spot Rate is 0.7500.
- Today's AUD/USD three month Forward Rate is 0.7450.

## If you have not entered into a VFP Transaction or any other form of hedge

If you do not manage your Exchange Rate risk, then the amount of A\$ you will have to pay for the US\$ depends on the Spot Rate in three months' time.

- If the Spot Rate moves favourably (e.g. it rises to 0.7550), then you need less A\$ to pay for the US\$. So, on the Settlement Date you pay A\$132,450.33 (i.e.  $\text{US\$}100,000/0.7550$ ).
- If the Spot Rate moves unfavourably (e.g. it falls to 0.7425), then you need more A\$ to pay for the US\$. So, on the Settlement Date you pay A\$134,680.14 (i.e.  $\text{US\$}100,000/0.7425$ ).

## If you have entered into a VFP Transaction

As you decide to manage your Exchange Rate risk and protect yourself against the risk of the A\$ falling against the US\$ below a defined level but also wish to participate if the A\$ rises against the US\$ above a defined level, you enter into a VFP Transaction with NAB.

- You agree today to sell A\$ to buy US\$ in three months' time
- The Transaction Rate is AUD/USD 0.7400
- The Trigger Rate is AUD/USD 0.7300

### *Trigger Rate not breached*

If the Spot Rate at Expiry is 0.7600, then:

- The Spot Rate is more favourable than the Transaction Rate but did not breach the Trigger Rate during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will receive US\$100,000 and will pay A\$135,135.14 (i.e.  $\text{US\$}100,000/0.7400$ ); or

If the Spot Rate at Expiry is 0.7350, then:

- The Spot Rate is less favourable than the Transaction Rate but did not breach the Trigger Rate during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will receive US\$100,000 and will pay A\$135,135.14 (i.e.  $\text{US\$}100,000/0.7400$ ); or

### *Trigger Rate breached*

If the Spot Rate at Expiry is 0.7660, then:

- The Spot Rate is more favourable than the Transaction Rate and the Trigger Rate was breached during the Term of the VFP Transaction, this means on the Settlement Date you may select to transact at the Spot Rate. If you select to transact at the Spot Rate, then on the Settlement Date you will receive US\$100,000 and will pay A\$130,548.30 (i.e.  $\text{US\$}100,000/0.7660$ ); or

If the Spot Rate at Expiry is 0.7300, then:

- The Spot Rate is less favourable than the Transaction Rate and the Trigger Rate was breached during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will receive US\$100,000 and will pay A\$135,135.14 (i.e.  $\text{US\$}100,000/0.7400$ ).

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

# Exporter example

You are an Australian exporter due to receive US\$100,000 in three months' time for goods which you have sold overseas. At that time, you need to sell your US\$ to buy A\$.

- Today's AUD/USD Spot Rate is 0.7500.
- Today's AUD/USD three month Forward Rate to sell USD and buy AUD is 0.7475.

## If you have not entered into a VFP Transaction or any other form of hedge

If you do not manage your Exchange Rate risk, then the amount of US\$ you will have to sell to buy A\$ depends on the Spot Rate in three months' time.

- If the Spot Rate moves unfavourably (e.g. it rises to 0.7550), then you need more US\$ to pay for the A\$. So, on the Settlement Date you will sell US\$100,000 and will receive A\$132,450.33 (i.e. US\$100,000/0.7550).
- If the Spot Rate moves favourably (e.g. it falls to 0.7450), then you need less US\$ to pay for the A\$. So, on the Settlement Date you will sell US\$100,000 and will receive A\$134,228.19 (i.e. US\$100,000/0.7450).

## If you have entered into a VFP contract

As you decide to manage your Exchange Rate risk and protect yourself against the risk of the A\$ rising against the US\$ above a defined level but also wish to participate if the A\$ falls against the US\$ below a defined level, you enter into a VFP Transaction with NAB.

- You agree today to sell US\$ to buy A\$ in three months' time.
- The Transaction Rate is AUD/USD 0.7600
- The Trigger Rate is AUD/USD 0.7700

### *Trigger Rate not breached*

If the Spot Rate at Expiry is 0.7650, then:

- The Spot Rate is less favourable than the Transaction Rate but did not breach the Trigger Rate during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will sell US\$100,000 and will receive A\$131,578.95 (i.e. US\$100,000/0.7600).

If the Spot Rate at Expiry is 0.7300, then:

- The Spot Rate is more favourable than the Transaction Rate but did not breach the Trigger Rate during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will sell US\$100,000 and will receive A\$131,578.95 (i.e. US\$100,000/0.7600).

### *Trigger Rate breached*

If the Spot Rate at Expiry is 0.7650, then:

- The Spot Rate is less favourable than the Transaction Rate and the Trigger Rate was breached during the Term of the VFP Transaction, this means on the Settlement Date you must transact at the Transaction Rate. On the Settlement Date you will sell US\$100,000 and will receive A\$131,578.95 (i.e. US\$100,000/0.7600); or

If the Spot Rate at Expiry is 0.7350, then:

- The Spot Rate is more favourable than the Transaction Rate and the Trigger Rate was breached during the Term of the VFP Transaction, then on the Settlement Date you may transact at the Spot Rate. If you select to transact at the Spot Rate, then on the Settlement Date you will sell US\$100,000 and will receive A\$136,054.42 (i.e. US\$100,000/0.7350).

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



# Key benefits of Transactions

## Your risk strategy

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

## Protection from unfavourable FX movements

The primary benefit of a VFP Transaction is that it provides you with a specific level of protection against the impact of unfavourable movements in the Exchange Rate. It allows a worst case Exchange Rate to be determined for future cash flows in the chosen currency for your commercial budgeting purposes.

VFP Transactions also can provide you with the opportunity to participate in favourable movements in the Exchange Rate beyond your nominated rate.

## Timing

The further away the date for making the FX payment, the greater the possibility of an unfavourable movement in the Exchange Rate. Longer dated VFP Transactions may therefore offer greater potential benefits to you than shorter dated VFP Transactions.

## 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 VFP Transaction may still be effective for risk management purposes.

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

## Realisation of benefits

If you use a VFP Transaction to fix a worst case foreign currency cash flow, the benefit can be said to be realised when you enter into the VFP Transaction. There is also the potential for you to receive additional cash flow benefits on the Settlement Date if favourable Exchange Rate movements occur.

# Key risks of Transactions

## Exchange Rate risks

Exchange Rate risk is the risk resulting from foreign exchange rate fluctuation. For example, if you acquire a VFP Transaction and the Trigger Rate is not breached and the Exchange Rate becomes more favourable to you in comparison to the Transaction Rate, you will not be able to participate in favourable movements in the Exchange Rate.

NAB, as part of their business, regularly transacts in the foreign exchange spot, forward, futures and options market for its own account and the accounts of customers. Such trading may affect the Spot Rate for the currencies in which NAB transacts.

NAB generally hedges its option based foreign exchange products by buying or selling a quantity of the relevant currency, and may at times leave a position unhedged, or unhedge a previously hedged position, or hedge a previously unhedged position, in its discretion and according to its perception and expectation of market conditions.

NAB may adjust its hedge as market conditions change during the term of a VFP Transaction. NAB will generally remove its hedge when the Trigger Rate is breached. When it becomes reasonably likely in the judgment of NAB that the Trigger Rate will be breached, NAB may begin removing the hedge before the actual occurrence of the breach, so as to reduce the risk of loss if the relevant Spot Rate should move sharply past the Trigger Rate.

This hedging and dehedging activity may affect the Spot Rate and may increase or decrease the likelihood of the Trigger Rate being breached.

## Less favourable Exchange Rate than the prevailing Forward Rate

The nominated Transaction Rate will always be less favourable than the prevailing forward exchange rate at the time the VFP Transaction is entered into. You could have achieved a more favourable rate by entering into a forward exchange contract or no contract at all.

There is also the risk that you must transact at the Transaction Rate if the Trigger Rate is not breached during the Term of the VFP Transaction. The Spot Rate may be more favourable than the Transaction Rate at the Settlement Date.

## Changes to your foreign currency needs and need for sufficient funds

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 VFP Transaction, it is your responsibility to ensure that you are able to settle on the Settlement Date if required to under the terms of the VFP Transaction.

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

## Counterparty and credit risk

NAB has operational and financial performance obligations under VFP 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/>.

## Currency restrictions

Some currencies may be subject to legal and regulatory requirements, controls or restrictions, which are beyond our control and may adversely affect the delivery and/or receipt of a currency under a Transaction. It is your responsibility to ensure any laws and regulations are complied with and we recommend you obtain your own advice in relation to these matters.

## Market risk

The markets in which NAB trades 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 Transaction will fluctuate as a result of movements in market prices.

If you enter into a VFP 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 Trigger Rate has not been breached during the Transaction.

## Liquidity risk

The foreign exchange market may be subject to trading limits or restrictions imposed which may have adverse effects. A VFP 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 VFP Transaction.

## Legal, tax and regulatory risks

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

## Country risks

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 VFP Transaction, there is a risk you will be exposed to such adverse changes.

# Entering into a VFP Transaction

## How do I initiate a VFP Transaction?

You can initiate a VFP Transaction by calling your NAB foreign exchange specialist on 1800 307 827.

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

## How do I ensure the VFP Transaction is consistent with what has been negotiated?

Shortly after entering into a VFP Transaction, NAB will send you a Confirmation outlining the agreed commercial terms of the VFP Transaction. The validity of the Transaction is not impacted by NAB's failure to send a Confirmation.

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, please notify your NAB foreign exchange specialist or the NAB settlements team within three (3) Business Days of receiving the Confirmation.

## What are the preconditions for entering into a VFP Transaction?

NAB is not obliged to enter into a VFP Transaction with you.

Acceptance by NAB of any VFP Transaction is at the discretion of NAB and subject to various credit and documentation preconditions outlined below. NAB does not accept trades for speculative reasons.

### Credit preconditions

Before entering into a VFP 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

If we agree to enter into a VFP Transaction with you, you first need to sign a Master Agreement. 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.

The Master Agreement governs your dealing relationship with NAB and sets out the terms and conditions that apply to any Transactions you enter into with NAB. In particular, they describe how Transactions are evidenced, the circumstances in which agreed Transactions can be varied and how agreed Transactions are priced.

The commercial terms for the Transaction will be contained in the Confirmation. The Master Agreement and Confirmation, taken together, comprise your agreement for the Transaction.

You can obtain copies of a Master Agreement from your NAB foreign exchange specialist or banker on request, at no charge. You should read the terms and conditions of these documents carefully before entering into any Transaction. You should obtain independent advice (including legal, financial and tax advice) if you do not understand any aspect of the documents.

# Completing a VFP Transaction

On the Settlement Date, you will need to deliver the relevant currency to NAB if required to under the terms of the VFP Transaction. You must deliver the currency in Cleared Funds.

If you do not deliver the required currency on the Settlement Date, then at our discretion we may permit you to cash settle the VFP 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. 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 Master Agreement for Transactions with NAB.

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) by the relevant due date. In these circumstances, the other party would not make a payment.

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

## How are VFP Transactions Settled?

On the Expiration Date of the VFP Transaction these are the possible outcomes on the Settlement Date.

1. If the Spot Rate has not breached the Trigger Rate during the Term of the VFP Transaction you agree to transact with us and we agree to transact with you on the Settlement Date for the amount of currency specified in the relevant Confirmation at the Transaction Rate.
2. If the Spot Rate has breached the Trigger Rate during the Term of a VFP Transaction and if at the Expiration Time on the Expiration Date the Spot Rate is less favourable than the Transaction Rate, you agree to transact with us and we agree to transact with you on the Settlement Date for the amount of currency specified in the relevant Confirmation at the Transaction Rate; or
3. If the Spot Rate has breached the Trigger Rate during the Term of a VFP Transaction and if at the Expiration Time on the Expiration Date the Spot Rate is more favourable than the Transaction Rate, you may, but are not obliged, to transact with us on the Settlement Date for the amount of currency specified on the relevant Confirmation at the Spot Rate. You may do this by contacting us.

You may request that we settle a Transaction prior to the Settlement Date, however, we may agree to your request at our discretion, with or without conditions.

# Varying or terminating a VFP Transaction

A VFP 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 VFP Transaction by agreement

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

To vary or terminate a VFP Transaction, please contact your NAB foreign exchange specialist or your banker. At NAB's discretion, you may request to terminate a Transaction prior to its Settlement Date, subject to your acceptance of the costs of termination.

If we accept 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 VFP Transaction (including any fees or charges) and agree to the terms and conditions of any replacement VFP Transaction prior to varying or terminating the VFP Transaction. When the revised terms are agreed, we will send you an additional Confirmation.

If you seek to vary or terminate a VFP 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 VFP Transaction will be more (all other things being equal). If the movement has been favourable, then your costs of varying the VFP Transaction will be less (all other things being equal).

## Termination 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, the Non-Defaulting Party may terminate a VFP Transaction prior to its maturity in accordance with the Master Agreement.

In this case, NAB will, acting in good faith and in a commercially reasonable manner, calculate the amounts that were unpaid at that time and the mark-to-market value of the Transaction (using rates based on market data or internal sources and pricing models) having regard to what NAB determines to be the value for another party to take over the rights and obligations under the terminated Transaction had it not been terminated. This amount is NAB's determination of what it would cost for another party to take over the rights and obligations under the terminated Transaction and is not a penalty. 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. Set-off may apply in certain instances.

If more than one VFP 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. Set-off may apply in certain instances.

# Other Significant Information

## Financial Crimes Monitoring

- Under the Master Agreement, you are required 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.
- Under the Master Agreement, 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.
- Under the Master Agreement, 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.
- Also, under the Master Agreement, 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 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 customers) are expected to behave with integrity and to support the effective functioning of the FX market. NAB as a market participant may handle a customer 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 (AFSL) 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. 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.

## Significant taxation implications

You may be liable for government charges and taxes relating to Transactions described in 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 a Transaction.

## Labour standards and environmental, social or ethical considerations

NAB does not take into account labour standards or environmental, social or ethical considerations when entering into a 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>.



# Complaint Handling

## What to know before lodging a complaint

We'll always do our best to serve you and our communities well. It is what we're here for. However, we understand there'll be times when you're dissatisfied or not happy with us.

It could be our products, services, or even how we've handled your complaint. Whatever it might be, we want you to tell us about it - so we can get to the bottom of it, make changes and do better.

### When is it a complaint?

If you'd like us to respond to a problem that needs fixing, we'll consider this a **complaint**. We'll get in touch with you and try to resolve it as quickly as we can (hopefully the first time you contact us).

### When is it feedback?

If you have ideas on how we can do things better, but don't want us to respond or resolve anything, we'll consider this as **feedback**. We'll review it, record it, and take it on board, but we won't get in touch with you.

### How to lodge a complaint with us

You can either make a Complaint yourself or ask someone to do it on your behalf - such as a friend, family member, business partner or support worker. If you're getting help, it's best to lodge the complaint online or by mail (find out more in section 10 of the NAB Complaints Policy, at [nab.com.au](http://nab.com.au)).

There are a number of ways to make contact and lodge a complaint with us;

1. Call us on one of these numbers;
  - **13 22 65** for personal customers
  - **13 10 12** for business customers
  - **+61 3 8641 9083** if you're overseas
  - **1800 966 100** for Indigenous and Torres Strait Islander customers

When you call us, we can arrange for an interpreter to help you (depending on availability).

2. Fill out our Complaints form online

You can easily fill in our **Complaints, compliments and feedback** form through our website or app.

**Important:** If you want a response from us, please select 'make a complaint'. If you select 'give a compliment' or 'give feedback', we'll read and consider your compliment or feedback but won't get back to you about it.

3. NAB internet banking

Chat to us through NAB internet banking, opens in new window. (You'll just need to be registered and logged in.)

4. By mail

Pick up a **Complaints, compliments and feedback form** from any NAB branch, and return it in the envelope provided with the form. You can also send your Complaint in a letter to our NAB Resolve team at:

**NAB Resolve**  
Reply Paid 2870  
Melbourne VIC 8060

5. Chat to your NAB Foreign exchange specialist, your banker or contact NAB markets directly on **1800 307 827**.

If you have one, you can complain to them directly.

## How we can help you make a complaint

Our job is to make this process accessible for everyone. This means we can help you if you:

- Are deaf, hard of hearing or have a speech impairment and use the National Relay Service
- Require interpreting and translating services (find out more about our services for customers with English as a second language)
- Require assistance from our staff due to disability, mental illness, or a medical condition.

From here, we can make the process easier for you. For example, if you tell us that you'd prefer we only communicate with you in writing, we can do that.

To find out more about how we can help, just call us, visit one of our branches or read up on accessibility and inclusion at [nab.com.au](http://nab.com.au).

## How long will it take to resolve your complaint

When you make a Complaint, this is the timeline you can generally expect;

### 1. When we first speak with you or within one business day

We'll let you know we've received your Complaint and give you a reference. This might take a little longer if you got in touch by mail.

### 2. We'll try to resolve it as soon as we can

If we can, we'll start working on a resolution right away.

### 3. We'll pass it on if we can't resolve it within five days

We'll send it along to a specialist team and you'll be assigned a Case Manager.

### 4. We'll then try to resolve it within 30 days

We'll do our best to respond within 30 days, or 21 days depending on what your Complaint is about.

### 5. And if we can't respond within 30 days?

If your Complaint is **Complex** or there are **circumstances outside of our control**, we might not be able to respond to your complaint within 30 days, or within 21 days depending on what it's about. In this case, we'll write to you to explain why (also called an 'Internal Dispute Resolution (IDR) delay notification'). We'll tell you:

- The reasons for the delay
- Your right to complain to AFCA if you're dissatisfied
- The contact details for AFCA.

## Making a complaint with AFCA if we can't resolve it

If you're not satisfied with our response to your complaint, or if we haven't resolved it within the required timeframe, you may be able to make a complaint to AFCA. Keep in mind there might be a time limit for contacting them, so it's best to get in touch with them quickly or check their website for more info.

You can contact AFCA:

- On their website; [www.afca.org.au](http://www.afca.org.au)
- By email: [info@afca.org.au](mailto:info@afca.org.au)
- By phone: **1800 931 678** (free call)
- In writing:  
Australian Financial Complaints Authority,  
GPO Box 3,  
Melbourne, VIC 3001.

For further information visit our [complaints policy](#).



# 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 VFP Transaction, then the definition in that contract will apply to the legal rights and obligations between us.

**AUD or A\$** means Australian Dollar.

**Banking Code** means the Banking Code of Practice as published by the Australian Banking Association which applies, or that we agree applies to the FX Transactions or Master Agreement.

**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.

**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 VFP Transaction.

**Currency Pair** means the two currencies that you wish to exchange in a VFP Transaction and specified as the Currency Pair in the Confirmation.

**Exchange Rate** means the exchange rate for the Currency Pair as determined by NAB in a commercially reasonable manner.

**Expiration Date** means the date agreed between you and us and specified in the Confirmation for each VFP Transaction.

**Expiration Time** means the time agreed between you and us and specified in the Confirmation for each VFP Transaction.

**Expiry** means the Expiration Time on the Expiration Date.

**Fixed Amount** means, in relation to a VFP Transaction, the amount and currency agreed by you and NAB and specified as the Fixed Amount in the Confirmation for the relevant VFP Transaction.

**Floating Amount** means the amount and currency (other than the Fixed Amount) due to be exchanged on the Settlement Date.

**Forward FX Transaction** means a forward foreign exchange transaction.

**Forward Rate** means the Exchange Rate that is set at a given time, and applies to a VFP Transaction to exchange and deliver currencies in the future.

**FX** means foreign exchange.

**FX Transaction** means a foreign exchange transaction.

**Master Agreement** means NAB's 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 VFP Transactions.

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

**PDS** means Product Disclosure Statement.

**Product** means Variable Forward Plus Contracts.

**Settlement Date** means the date in the future on which the currencies will actually be exchanged and delivered for a VFP Transaction.

**Spot FX** Transaction means a spot foreign exchange transaction.

**Spot Rate** means the prevailing Exchange Rate for a Currency Pair at a given time and applies to a VFP Transaction to exchange currencies at that time (although the Settlement Date can be up to two Business Days later).

**Term** means the period from and including the Transaction Date to the Expiration Time on the Expiration Date.

**Transaction** means each agreement between you and NAB to exchange and deliver one currency for another currency.

**Transaction Amount** means the amount of one currency that you agree to exchange or potentially exchange (as the case may be) for another currency. In the Confirmation for Calls and Puts, this is referred to as the Call Currency Amount or the Put Currency Amount.

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

**Transaction Rate** means, in relation to a VFP Transaction, the Exchange Rate agreed by you and NAB and specified as the transaction rate in a Confirmation for the relevant VFP Transaction.

**Trigger Rate** means, in relation to a VFP Transaction, the Exchange Rate agreed by you and NAB and specified as the Trigger rate in a Confirmation for the relevant VFP Transaction.

**US** means United States.

**USD or US\$** means U.S. dollar.

**VFP** means Variable Forward Plus.

For more information call

**13 13 12**

8am – 8pm AEST Monday to Friday

9am – 6pm AEST Saturday to Sunday

or visit us at [nab.com.au](https://www.nab.com.au)



Hearing impaired customers  
with telephone typewriters can  
contact us on **13 36 77**

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