

more
than
money



Full Participation FX Solutions Products Product Disclosure Statement

NAB Foreign Exchange Transactions

Dated 16 January 2025

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 16 January 2025. It provides important information about the Products and should be read before making a decision to enter into these transactions. More information can be obtained by calling NAB on **13 10 12**, 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 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 we believe that doing so is necessary for us to avoid or reduce a material increase in our credit risk or our loss, subject to our legal obligations.

You can also access the latest version of this PDS, or request a free paper copy by calling NAB on 13 10 12, 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 and the manner in which put and call options work.

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 for more information). Sometimes we collect your personal information from third parties. You may not be aware that we have done so. If we collect information that can be used to identify you, we will take reasonable steps to notify you of that collection.

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

You can ask us for a paper 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.

Banking Code of Practice (Banking Code)

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

You can obtain from us, on request:

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

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

Anti-Money Laundering and Counter Terrorism Financing

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

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

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

Cooling off period

There is no cooling off period after entering into Transactions. Transactions may be terminated early and are subject to the risk that additional costs may be incurred which can be detailed at the time and at NAB's discretion. Cancellation, early termination or other variations of a Transaction are at NAB's discretion. See 'Varying or terminating a Transaction' on page 18 for more information.

Defined terms

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

Examples

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

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Key Information

Key information	
Products	<p>NAB offers three Full Participation FX Solutions Products:</p> <ul style="list-style-type: none"> • Bought Call Options (Call); • Bought Put Options (Put); and • Currency Protection and Participation Contract (CPP).
Main purpose	<p>The Products may help you manage risks associated with your exposure to volatility in foreign exchange markets. They are not designed for speculative purposes.</p>
Suitability	<p>The Products may only be suitable if you have a good understanding of foreign exchange markets and how options work. Full Participation FX Solutions Products may be suitable for importers, exporters and customers who have loans, investments, expenses cash flows or revenue denominated in foreign currencies. This is a general statement only, and NAB recommends that you obtain your own advice before determining whether this Product is suitable to your specific needs.</p>
Key benefits and features	<p>The Products may reduce your financial exposure to contingent or uncertain foreign exchange (FX) movements.</p> <p>The Products provide you with the protection of a worst case exchange rate but also enable you to participate in favourable movements in exchange rates.</p> <p>See Key Benefits of Transactions on page 13 for more information.</p>
Key risks	<p>You may receive no benefit from paying the Premium if the Transaction is not exercised or is terminated, or the amount of the Premium that you pay may be greater than the value of the benefit obtained under the Product.</p> <p>The rate achieved on a Transaction may be less favourable than the prevailing Forward Rate or the exchange rate you could have achieved by transacting in the future at the Spot Rate.</p> <p>Each CPP Transaction must be settled on the Settlement Date. It is your responsibility to ensure that you have the required amount of currency to deliver to us on the Settlement Date.</p> <p>There is no cooling off period for the Transactions.</p> <p>Varying or Termination - Varying or Terminating a Transaction may result in you incurring additional costs. See 'Varying or Terminating a Transaction' section on page 18</p> <p>See 'Key Risks of Transactions' on page 14 for information on other key risks.</p>
Minimum Transaction Amount	<p>Minimum A\$100,000, or as agreed by NAB.</p>
Term	<p>The minimum term is overnight, up to 3 years (longer terms may be available on request).</p>
Transaction cost	<p>You must pay NAB:</p> <ol style="list-style-type: none"> 1. A Premium for each Call or Put; and/or 2. Protection Points for each CPP. <p>See 'How are Premiums determined?' on page 7 and 'How is the Protection Rate Set?' on page 10 for information on how the Premium and Protection Points is calculated for each Product.</p> <p>The Premium is payable on the Premium Payment Date unless NAB agrees otherwise. You may ask for the Premium to be quoted to you in either of the currencies being exchanged.</p> <p>All Calls and Puts have an agreed Strike Rate and all CPPs have an agreed Protection Rate and Protection Points (the 'price'). All Transactions (Calls, Puts and CCPs) have an Expiration Time, Expiration Date, Settlement Date and Transaction Amount. These are key factors in determining the Premium you pay for a product.</p>
Important note	<p>The Products should only be entered into if their 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 transactions.</p>

Product Description

NAB offers three Products:

- Bought Call Options (**Call**);
- Bought Put Options (**Put**); and
- Currency Protection and Participation Contract (**CPP**).

What are their uses?

The Products are useful to manage FX risk when you:

- have a future foreign currency cash flow need;
- require protection against unfavourable movements in the Exchange Rate; and/or
- want to participate in favourable movements in the Exchange Rate.

What is a Call?

A Call gives you the right, but not the obligation, to buy from us a specified amount of one currency in exchange for another currency at the Strike Rate on the Settlement Date. This right expires at the Expiration Time on the Expiration Date. You must pay NAB a Premium for the Call.

Australian exporters, or those with receipts in a foreign currency, might choose to purchase a Call on the Australian Dollar.

For example, an Australian exporter wants to sell US\$100,000 and buys an A\$ Call with a Strike Rate of AUD/USD 0.7500. The face value of the Call is A\$133,333.33 (i.e. US\$100,000/0.7500).

We agree the Strike Rate and the Premium with you before entering into the Transaction, and specify them in the Confirmation.

What is a Put?

A Put gives you the right, but not the obligation, to sell a specified amount of one currency in exchange for another currency at the Strike Rate on the Settlement Date. This right expires at the Expiration Time on the Expiration Date. You must pay NAB a Premium for the Put.

Australian importers, or those that make payments in a foreign currency, might choose to purchase a Put on the Australian Dollar.

For example, an Australian exporter wants to buy US\$100,000 and buys an A\$ Put with a Strike Rate of AUD/USD 0.7500. The face value of the Put is A\$133,333.33 (i.e. US\$100,000/0.7500).

We agree the Strike Rate and the Premium with you before entering into the Transaction, and specify them in the confirmation.

Other product terms – Calls and Puts

What is the Strike Rate?

The Strike Rate is the worst case Exchange Rate that can apply in relation to your Transaction and can protect you against unfavourable movements in the Exchange Rate. The Strike Rate is set by you at the time of entering into the Transaction at the level of currency protection that you require and with regards to the amount of the Premium you are prepared to pay.

What is the relationship between the Strike Rate and the Premium?

The more favourable the Strike Rate is to you, the higher the Premium payable by you for the Transaction. For A\$ Calls, a lower Strike Rate will mean a higher Premium. For A\$ Puts, a higher Strike Rate will mean a higher Premium.

The rate at which Premiums move in response to changes in the Strike Rate is not constant and is the result of mathematical modelling. As you move your Strike Rate to less favourable prices in order to reduce your Premium, you will generally be lessening the effectiveness of the Products in providing you with protection against unfavourable Exchange Rate movements.

How are Premiums determined?

You are required to pay a Premium when entering into a Call or Put. We will determine the Premium for each Call or Put on a transaction-by-transaction basis having regard to a number of factors including:

- the Transaction type;
- the Transaction Amount;
- the Strike Rate;
- the Currency Pair;
- the Expiration Time and Expiration Date;
- the Spot Rate;
- the market interest rates of the Currency Pair;
- market volatility; and/or
- other markets factors which may present from time to time.

We will provide you with a quote for the Premium for you to consider prior to entering into a Transaction. You may ask for the Premium to be quoted in either one of the Currency Pair. The quote for the Premium will be given as a dollar amount, FX points or as a percentage of the Transaction Amount.

When are Premiums paid and in what currency?

You must pay the Premium on the Premium Payment Date in the currency as agreed between us and as set out in the Confirmation. The Premium must be paid in Cleared Funds either by telegraphic transfer, direct debit from your account or as agreed with NAB.

Under the terms of the Master Agreement we may terminate the transaction if the Premium is not paid on the Premium Payment Date and you may be liable for any associated costs.

The Premium is not refundable if you do not exercise your Put or Call.

What is the Expiration Date and Expiration Time?

For Calls and Puts, the Expiration Date and the Expiration Time are agreed between you and NAB at the time of dealing and together are called the ('**Expiry**'). The Expiry is the point in time at which your Put or Call will be exercised or lapse.

What option styles are available?

NAB only offers European Options. This means that you can only exercise a Call or Put Option on the Expiry.

How do I exercise my Put or Call?

If you want to exercise your Put or Call, you must do so before the Expiration Time at the Expiration Date (the Expiry) by contacting your NAB foreign exchange specialist directly on 1800 307 827.

- If you have not contacted NAB by the Expiry and the option is '**In the Money**' for you, NAB will automatically exercise the option. 'In the Money' is defined as the Spot Price at Expiry being below the Put Strike Rate or above the Call Strike Rate.

If your Put or Call is exercised, the physical exchange of currencies will occur on the Settlement Date.

What are some of the possible outcomes under a Call or Put?

- If the Spot Rate at Expiry is less favourable to you than the Strike Rate, then your Put or Call will exercise and you will exchange the full Transaction Amount at the Strike Rate.
- If the Spot Rate at Expiry is more favourable than the Strike Rate, you may wish to let the Put or Call expire.

If your Put or Call is not exercised, you may decide to exchange the Transaction Amount with us at the Spot Rate at Expiry. Please refer to the NAB Foreign Exchange Transactions PDS for information on Spot transactions.

Example of how a Put and Call works

IMPORTER EXAMPLE – BOUGHT PUT OPTION	EXPORTER EXAMPLE – BOUGHT CALL OPTION
<p>You are an Australian importer due to pay US\$100,000 (the Transaction Amount in this example) in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy US\$.</p> <ul style="list-style-type: none"> • Today's AUD/USD Spot Rate is 0.7500. • Today's AUD/USD three month Forward Rate is 0.7300. <p>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 an AUD Put with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell A\$ to buy US\$ in three months' time and pay the Premium of A\$2,000. • The Strike Rate is AUD/USD 0.7150. <p>Unfavourable currency movement</p> <p>If the Spot Rate at Expiry falls to AUD/USD 0.6800, your Put is 'in-the-money' and therefore:</p> <ul style="list-style-type: none"> • You are protected from that movement below 0.7150 and can exchange the full Transaction Amount at the Strike Rate by exercising your Put. • If the AUD Put is exercised on the Settlement Date you pay A\$139,860.14 (i.e. US\$100,000/0.7150). The total amount of A\$ you will have paid is A\$141,860.14 (A\$139,860.14 + A\$2000 (Premium)). This equates to an effective exchange rate of 0.7049 (US\$ 100,000/ A\$ 141,860.14). <p>Favourable currency movement</p> <p>If the Spot Rate at Expiry is AUD/USD 0.7350, your Put is 'out-of-the-money' and therefore:</p> <ul style="list-style-type: none"> • Since the Spot Rate at Expiry is above the Strike Rate, your option will lapse. You will still need to pay the Premium for the Put on the Premium Payment Date if you have not already paid the Premium. <p>You may decide to contact NAB to exchange the full Transaction Amount at the Spot Rate at Expiry. If you decide to do so, on the Settlement Date you pay A\$136,054.42 (i.e. US\$100,000/0.7350).</p>	<p>You are an Australian exporter due to receive US\$100,000 (the Transaction Amount in this example) in three months' time for goods sold overseas. At that time, you need to sell your US\$ to buy A\$.</p> <ul style="list-style-type: none"> • Today's AUD/USD Spot Rate is 0.7500. • Today's AUD/USD three month Forward Rate is 0.73000. <p>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 an AUD Call with NAB.</p> <p>You agree today to sell US\$ to buy A\$ in three months' time and pay the Premium of A\$3,000.</p> <ul style="list-style-type: none"> • The Strike Rate is AUD/USD 0.7600. <p>Unfavourable currency movement</p> <p>If the Spot Rate at Expiry rises to AUD/USD 0.8000, your Call is 'in-the-money' and therefore:</p> <ul style="list-style-type: none"> • You are protected from that movement above AUD/USD 0.7600 and can exchange the full Transaction Amount at the Strike Rate by exercising your Call. • If the AUD Call is exercised on the Settlement Date you receive A\$131,578.95 (i.e. US\$100,000/0.7600). • The total amount of A\$ you will receive is A\$128,578.95 (A\$131,578.95 - A\$3,000 (Premium)). This equates to an effective exchange rate of 0.7777(US\$ 100,000/A\$ 128,578.95). <p>Favourable currency movement</p> <p>If the Spot Rate at Expiry falls to AUD/USD 0.73500, your Call is 'out-of-the-money' and therefore:</p> <ul style="list-style-type: none"> • Since the Spot Rate at Expiry is below the Strike Rate, your option will lapse. You will still need to pay the Premium for the Call on the Premium Payment Date if you have not already paid the Premium. • You may decide to contact NAB to exchange the full Transaction Amount at the Spot Rate at Expiry. If you decide to do so, on the Settlement Date you 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

What is a Currency Protection and Participation Contract?

A CPP is an agreement between you and NAB that you will buy or sell a specified amount of one currency in exchange for another currency on the Settlement Date.

The Exchange Rate for the Transaction is at least a set minimum or maximum rate, called the Protection Rate, adjusted for the cost of the Transaction known as the Protection Points. The Protection Rate protects you against unfavourable movements in the Exchange Rate. It is the least favourable Exchange Rate that will apply under a Transaction.

When you enter into a CPP Transaction, the Protection Rate is usually less favourable than the equivalent Forward Rate. Accepting the less favourable rate allows you to participate in favourable movements in the Exchange Rate.

We agree the Protection Rate and the Protection Points with you before entering into the Transaction, and specify them in the Confirmation.

Other product terms – CPP

How is the Protection Rate set?

Protection Rates are set by you having regard to the level of currency protection you determine and the amount of Protection Points you are prepared to pay.

We will determine the Protection Points for the CPP on a transaction-by-transaction basis having regard to a number of factors including:

- the Transaction type;
- the Transaction Amount;
- the Strike Rate;
- the Currency Pair;
- the Expiration Time and Expiration Date;
- the Spot Rate;
- the market interest rates of the Currency Pair;
- market volatility; and/or
- other markets factors which may present form time to time.

We will provide you with a quote for the Protection Points for you to consider prior to entering into a Transaction. You may ask for the Protection Points to be quoted in either one of the Currency Pair. The quote for the Protection Points will be given as FX points.

What is the relationship between the Protection Rate and Protection Points?

The more favourable the Protection Rate to you, the more Protection Points you will pay for the Transaction.

The change in premium is not linear to the movement in strike given additional market factors that go into the pricing of an option premium.

As you move your Protection Rate to less favourable prices in order to reduce your Protection Points, you will generally be lessening the effectiveness of the CPP in providing you with protection against unfavourable Exchange Rate movements.

Is there a Premium for the CPP, when are Premiums paid and in what currency?

A Premium is not paid separately for a CPP. The amount payable for a CPP is expressed as Protection Points which are paid as an adjustment to the rate the currencies are exchanged at on the Settlement Date.

What are the possible outcomes under a CPP?

- If the Spot Rate at Expiry is more favourable to you than the Protection Rate, then you must exchange the full Transaction Amount at the Spot Rate adjusted for the Protection Points.
- If the Spot Rate at Expiry is less favourable to you than the Protection Rate, then you must exchange the full Transaction Amount at the Protection Rate adjusted for the Protection Points.

How a CPP works

Importer example	Exporter example
<p>You are an Australian importer due to pay US\$100,000 (the Transaction Amount in this example) in three months' time for goods bought overseas. At that time, you need to sell your A\$ to buy US\$.</p> <ul style="list-style-type: none"> • Today's AUD/USD Spot Rate is AUD/USD 0.7500. • Today's AUD/USD three month Forward Rate is AUD/USD 0.7300. <p>As you decide to manage your Exchange Rate risk and protect yourself against the risk of the A\$ falling from its current level against the US\$, but also wish to participate if the A\$ rises against the US\$, you enter into a CPP with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell A\$ to buy US\$ in three months' time. • The Protection Rate is AUD/USD 0.7150. • The Protection Points are AUD/USD 0.0125 (or 125 Protection Points). <p>Unfavourable currency movement</p> <p>If the Spot Rate at Expiry falls to AUD/USD 0.6800, then:</p> <ul style="list-style-type: none"> • You are protected from that movement below AUD/USD 0.7150 and must exchange the full Transaction Amount at the Protection Rate less the Protection Points. • On the Settlement Date you pay A\$142,348.75 (i.e. US\$100,000/ (0.7150-0.0125)). <p>Favourable currency movement</p> <p>If the Spot Rate at Expiry rises to AUD/USD 0.7350, then:</p> <ul style="list-style-type: none"> • You must exchange the full Transaction Amount at the Spot Rate at Expiry less the Protection Points. • On the Settlement Date you pay A\$138,408.30 (i.e. US\$100,000/ (0.7350-0.0125)). 	<p>You are an Australian exporter due to receive US\$100,000 (the Transaction Amount in this example) in three months' time for goods sold overseas. At that time, you need to sell your US\$ to buy A\$.</p> <ul style="list-style-type: none"> • Today's AUD/USD Spot Rate is 0.7500. • Today's AUD/USD three month Forward Rate is 0.7300. <p>As you decide to manage your Exchange Rate risk and protect yourself against the risk of the A\$ rising from its current level against the US\$, but also wish to participate if the A\$ falls against the US\$, you enter into a CPP with NAB.</p> <ul style="list-style-type: none"> • You agree today to sell US\$ to buy A\$ in three months' time. • The Protection Rate is AUD/USD 0.7600. • The Protection Points are AUD/USD 0.0125 (or 125 Protection Points). <p>Unfavourable currency movement</p> <p>If the Spot Rate at Expiry rises to AUD/USD 0.8000, then:</p> <ul style="list-style-type: none"> • You are protected from that movement above AUD/USD 0.7600 and must exchange the full Transaction Amount at the Protection Rate plus the Protection Points. • On the Settlement Date you receive A\$129,449.84 (i.e. US\$100,000/ (0.7600+0.0125)). <p>Favourable currency movement</p> <p>If the Spot Rate at Expiry falls to AUD/USD 0.7350, then:</p> <ul style="list-style-type: none"> • You must exchange the full Transaction Amount at the Spot Rate at Expiry plus the Protection Points. • On the Settlement Date you receive A\$ 133,779.26 (i.e. US\$100,000/ (0.7350+0.0125)).

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

General Terms – Calls, Puts and CPP

What currencies are the Products available in?

NAB agrees to Transactions in most major currencies. The current list of exchangeable currencies can be obtained by contacting your NAB foreign exchange specialist.

What is the minimum Transaction amount?

The minimum amount for a Transaction for a Product is A\$100,000 or its foreign currency equivalent, or as agreed by NAB.

What settlement dates are available?

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

Costs in addition to the payment of Premiums and Protection Points

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

Key Benefits of Transactions

Your risk strategy

The benefits of entering into a Transaction and acquiring a Product will depend on how it fits within your risk management strategy and financial circumstances.

Protection from unfavourable FX movements

The primary benefit of the Products is that they provide you with a specific level of protection against the impact of unfavourable movements in the Exchange Rate. They allow a worst case exchange rate to be determined for future cash flows in the selected currency for your commercial budgeting purposes.

The Products also 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 a FX payment, the greater the possibility of an unfavourable movement in the Exchange Rate. Longer dated Transactions may therefore offer greater potential benefits to you than shorter dated Transactions. A longer term will result in a higher Premium and a shorter term will result in a lower Premium.

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 amount of the offsetting currency flows, then the Products may still be effective for your risk management purposes.

Realisation of benefits

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

For Calls and Puts, the benefit is realised if the currencies are exchanged at the Strike Rate where this is a more favourable rate than the Spot Rate. In this situation, the benefit is the difference between exchanging at the Strike Rate and exchanging at a less favourable Spot Rate, minus the Premium you paid.

For a CPP, the benefit is realised when the currencies are exchanged at the Protection Rate adjusted by the Protection Points, as long as the difference between the Protection Rate and the prevailing Spot Rate is greater than the Protection Points.

Key Risks of Transactions

Payment of Premium

If your Call or Put is not exercised, the Call or Put will have no value and you will have paid your Premium and received no direct financial benefit from the transaction itself.

Similarly, the Protection Points you pay for a CPP may result in no direct benefit because you may exchange currencies at a worse rate at the Settlement Date than if had you originally entered into a Spot transaction instead of a CPP Transaction.

Less favourable Exchange Rate than the prevailing Forward Rate

The Strike Rate in a Call or Put, notionally adjusted for your Premium, will always be less favourable than the prevailing Forward Rate at the Transaction Date. Similarly for a CPP, the Protection Rate adjusted for the Protection Points will always be less favourable than the prevailing Forward Rate at the Transaction Date.

Changes to your foreign currency needs

A Transaction is binding on you and us. If your foreign currency needs change and you ask (and we agree) to terminate or vary the Transaction, you will still need to pay the Premium and, if it is a CPP, settle on the Settlement Date (unless we agree otherwise with you).

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

Counterparty and credit risk

NAB has operational and financial performance obligations under 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 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 Strike Rate at Expiry and you let your Put or Call expire.

Liquidity risk

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

Legal, tax and regulatory risks

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

Country risk

The markets in which NAB may trade 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 Transaction there is a risk you will be exposed to such adverse changes.

Entering into a Transaction

How do I initiate a Transaction?

You can initiate a Transaction by:

- calling your NAB foreign exchange specialist on 1800 307 827; or
- calling your banker.

The Products are complex financial products and may not be appropriate for you if you are unfamiliar with foreign exchange markets or how these Products work. Before entering into a Transaction, NAB recommends that you obtain independent advice (including financial, legal and tax advice) to ensure that the proposed Transaction and Product meets your objectives and needs and is consistent with your financial circumstances and risk management strategy.

When initiating a Transaction, you will need to provide NAB with the following information:

- which product you are buying (for example, a Call, Put or CPP);
- the relevant Currency Pair (for example A\$ and US\$);
- the Transaction Amount (for example A\$100,000);
- the Strike Rate or the Protection Rate; and
- the Expiration Time and the Expiration Date and the Settlement Date.

Once we receive this information, we will provide you with a quote for the Premium or the Protection Rate. The commercial terms of each Transaction are usually agreed verbally over the phone. If you accept the quote and the other commercial terms for the Transaction, you will enter into a Transaction for the Product on the terms and conditions contained in the Master Agreement and Confirmation.

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

Shortly after entering into a Transaction, NAB will send you a Confirmation outlining the agreed commercial terms of the 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, the NAB confirmations team or your NAB banker within three (3) Business Days of receiving the Confirmation.

What are the preconditions for entering into a Transaction?

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

Acceptance by NAB of any 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 Transaction, NAB will conduct a credit assessment in accordance with our standard credit requirements. We will advise you of the outcome of this review as soon as possible.

Documentation preconditions

If we agree to enter into a Transaction, 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 set 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 Transaction

For Calls and Puts, you will need to contact your NAB foreign exchange specialist (if we have not contacted you) before Expiry to advise us whether you will be exercising your right to exchange at the Strike Rate. If you have not contacted us before Expiry, NAB will determine whether the Call or Put is 'in-the-money' on Expiry. A call option is termed 'in-the-money' when the Spot Rate is greater than the Strike Price. A put option is termed 'in-the-money' when the Spot Rate is less than the Strike Price.

If NAB determines the Call or Put is 'in-the-money' on Expiry, NAB will automatically exercise the Put or Call for you and the relevant currencies will need to be delivered on the Settlement Date.

If NAB determines an Option is not 'in-the-money' on Expiry, the Call or Put will automatically expire.

If you have not contacted us by Expiry, and your option is not 'in-the-money', the option will automatically lapse.

For a CPP, we will notify you on or before the Expiry and advise you what Exchange Rate will be used to exchange currencies. If we determine that the Protection Rate adjusted for the Protection Points is more favourable for you than the Spot Rate adjusted for the Protection Points, then the adjusted Protection Rate will be used to exchange currencies on the Settlement Date. Otherwise, we will use our determination of the Spot Rate adjusted for the Protection Points to exchange currencies.

How are Transactions Settled?

For Calls and Puts, that have been exercised, you will need to deliver the relevant currency to NAB on the Settlement Date. You must deliver the currency in Cleared Funds.

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

You can deliver the relevant currency either by telegraphic transfer, direct debit from your account or as agreed with NAB.

If you do not deliver the required currency on the Settlement Date, then at our discretion we may permit you to cash settle the 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.

Varying or Terminating a Transaction

A Transaction may be terminated prior to the Expiry 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 Transaction by agreement

There is no cooling off period after entering into a Transaction and the Premium is not refundable.

If you wish to vary or terminate a 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 to vary or terminate a Transaction, 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 Transaction and agree to the terms and conditions of any replacement Transaction prior to varying or terminating the Transaction. When the revised terms and costs are agreed, we will send you an additional Confirmation.

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

Currency Orders

If, due to the current market conditions at the time, the amount of a Premium or Protection Points that we quote to you for a Transaction is not acceptable to you, you may wish to place an order for a Product. NAB may accept your order at our discretion. You will need to specify the relevant transaction details at the time of placing the order. We will attempt to fill your order when general market conditions allow us to do so.

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, preventing us 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 you that we cannot hold your order open and of the reasons why.

Your order must be for a minimum amount of AS\$100,000 or its foreign currency equivalent, unless agreed otherwise.

Your order will remain in place until:

- the order is completely filled; or
- the date you notify NAB that you wish to cancel your order and the order is cancelled; or
- the date and time as agreed between you and NAB for the order to expire.

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

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;
- 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;
- 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
- 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 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 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 and 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).

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.

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**
- By email: **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 Transaction, then the definition in that contract will apply to the legal rights and obligations between us.

AUD/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 Transactions or the 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.
Call	means a Bought Call Option.
Cash Settlement Amount	means the difference between: <ul style="list-style-type: none"> • 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.
CPP	means a Currency Protection and Participation Contract.
Confirmation	means the written notice from us confirming the terms of the Transaction.
Currency Pair	means the two currencies that you wish to exchange in a Transaction.
EUR	means EURO Dollar
European Option	means a style of Option which can only be exercised on the Expiry.
Exchange Rate	means the price payable by you to exchange and deliver currencies.
Expiration Date	means the date agreed between you and us and specified in the Confirmation for each Transaction.
Expiration Time	means the time agreed between you and us and specified in the Confirmation for each Transaction.
Expiry	means the Expiration Time on the Expiration Date.
Forward Rate	means the Exchange Rate that is set at a given time, and applies to a Transaction to exchange and deliver currencies in the future.
FX	means foreign exchange.
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 Transactions.
NAB/us/we	means National Australia Bank Limited ABN 12 004 044 937, AFSL 230686.
PDS	means Product Disclosure Statement.
Premium	means the amount payable on the Premium Payment Date.
Premium Payment Date	means the agreed date as set in the Confirmation on which the Premium is to be paid.
Products	mean the Full Participation FX Solutions Products, being: <ul style="list-style-type: none"> • Bought Call Options • Bought Put Options • Currency Protection and Participation Contracts.
Protection Points	means the agreed points as set in the Confirmation for the CPP. The Protection Points is the cost or Premium to you to enter into a CPP.
Protection Rate	means the agreed rate as set out in the Confirmation for a CPP.

Put	means a Bought Put Option.
Settlement Date	means the date in the future on which the currencies will actually be exchanged and delivered for a Product.
Spot Rate	means the prevailing Exchange Rate for a Currency Pair at a given time, and applies to a Transaction to exchange currencies at that time (although the Settlement Date can be up to two Business Days later).
Strike Rate	is the Exchange Rate at which we and you have agreed to exchange the Currency Pair if an option is exercised.
Transaction	means each agreement between you and NAB to exchange and deliver one currency for another currency under a Product.
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 Transaction.
US	means United States.
USD/US\$	means U.S. dollar.

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 **13 36 77**

The registered address of the issuer:

National Australia Bank Limited

395 Bourke Street

Melbourne VIC 3000