

# Foreign Exchange Forward Contracts and Foreign Exchange Swaps.

## Product Disclosure Statement.

**Issued by Westpac Banking Corporation**

**ABN 33 007 457 141**

**AFSL 233714**

**Dated: 28 September 2020.**

*This is a replacement product disclosure statement. It replaces Westpac Banking Corporation's Foreign Exchange Forward Contracts Product Disclosure Statement dated 25 September 2019.*

This document provides important information about Foreign Exchange Forward Contracts and Foreign Exchange Swaps to help you decide whether you want to enter into any of these derivatives.

There is other useful information about this offer at:

**[www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)**

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

Westpac Banking Corporation acting through its New Zealand branch has prepared this document in accordance with the Financial Markets Conduct Act 2013.



## 1. Key Information Summary.

<b>What is this?</b>	<p>This is a product disclosure statement for Foreign Exchange Forward Contracts (<b>Forwards</b>) and Foreign Exchange Swaps (<b>FX Swaps</b>) provided by Westpac Banking Corporation (<b>Westpac</b>). Forwards and FX Swaps are derivatives, which are contracts between you and Westpac that will require you and Westpac to make one or more payments of a currency to the other party to the contract. The amounts that must be paid or received (or both) will depend on the level of the underlying exchange rate. The contract specifies the terms on which those payments must be made.</p>
<b>Warning</b>	<p><b>Risk that you may owe money under the derivative</b> - If the level of the underlying exchange rate changes, you may suffer losses. In particular, unlike most other kinds of financial products, you may end up owing significant amounts of money. You should carefully read section 2.5 (<i>What happens at the Maturity Date?</i>) on how payments are calculated.</p> <p><b>Your liability to make collateral payments</b> - Westpac may require you to make additional payments (collateral) to contribute towards your future obligations under the derivatives you enter into with Westpac, including any Forward or FX Swap. These payments may be required at short notice and can be substantial. You should carefully read section 5 (<i>How Westpac treats funds and property received from you</i>) about your obligations.</p> <p><b>Risks arising from issuer's creditworthiness</b> - When you enter into derivatives with Westpac you are exposed to a risk that Westpac cannot make payments as required. You should carefully read section 3 of the PDS (<i>Risks of these derivatives</i>) and consider Westpac's creditworthiness. If Westpac runs into financial difficulty, the collateral you provide may be lost.</p>
<b>About Westpac</b>	<p>Westpac Banking Corporation is incorporated in Australia with ABN 33 007 457 141 and AFSL 233714 and is a registered bank in New Zealand under the Reserve Bank of New Zealand Act 1989. Westpac, acting through its New Zealand branch, provides financial markets services in New Zealand under the Westpac Institutional Bank brand.</p>
<b>Which derivatives are covered by this PDS?</b>	<p>This PDS covers Foreign Exchange Forward Contracts and Foreign Exchange Swaps (Forwards and FX Swaps together, <b>FX Contracts</b>).</p> <p>A Forward allows you to exchange one currency for another on an agreed date in the future at an agreed exchange rate.</p> <p>An FX Swap allows you to exchange one currency for another currency on one day and then re-exchange those currencies at a later date.</p> <p>FX Contracts may help you manage a currency risk you are exposed to.</p>

# Table of Contents

<b>1.</b>	<b>Key Information Summary.</b>	<b>2</b>
<b>2.</b>	<b>Key features of the derivatives.</b>	<b>4</b>
2.1	What is a Forward?	4
2.2	What is an FX Swap?	4
2.3	Key terms of FX Contracts.	4
2.4	How do we set the Contract Rate and the Market Foreign Exchange Rate?	5
2.5	What happens at a Maturity Date?	6
2.6	Can I amend an FX Contract?	7
2.7	Term.	7
2.8	What are the key benefits of an FX Contract?	7
2.9	Examples of FX Contracts.	8
2.10	What general terms apply to an FX Contract?	12
2.11	Are there any Westpac credit requirements before dealing?	12
2.12	How is an FX Contract entered into?	12
2.13	Client Agreement.	12
2.14	Email, facsimile and telephone indemnity.	13
2.15	Other documentation.	13
2.16	What about Confirmations?	13
2.17	Rights to alter terms of an FX Contract.	13
2.18	Rights under a master dealing agreement to terminate an FX Contract.	13
2.19	What happens if I ask Westpac to terminate an FX Contract early?	15
2.20	How much could be payable if the FX Contract terminates for another reason?	15
<b>3.</b>	<b>Risks of these derivatives.</b>	<b>16</b>
3.1	Product risks.	16
3.2	Issuer risks.	16
3.3	Risks when entering or settling the derivatives.	18
<b>4.</b>	<b>Fees.</b>	<b>18</b>
4.1	What fees or charges apply?	18
<b>5.</b>	<b>How Westpac treats funds and property received from you.</b>	<b>18</b>
5.1	Our processes for receiving payments from you.	18
5.2	Amounts received from you.	18
<b>6.</b>	<b>About Westpac.</b>	<b>19</b>
<b>7.</b>	<b>How to complain.</b>	<b>19</b>
<b>8.</b>	<b>Where you can find more information.</b>	<b>20</b>
<b>9.</b>	<b>How to enter into Client Agreement.</b>	<b>20</b>
<b>10.</b>	<b>General information.</b>	<b>20</b>
10.1	Additional important information about this PDS.	20
10.2	New Zealand investors.	20
10.3	Taxation.	21
10.4	Changes to this PDS.	21
<b>11.</b>	<b>Glossary.</b>	<b>21</b>

## 2. Key features of the derivatives.

A glossary of some of the defined terms used in this PDS is included in section 11 (*Glossary*).

### 2.1 What is a Forward?

A Forward is an agreement with us to exchange one currency for another on an agreed date in the future at an agreed exchange rate.

A Forward may be useful in managing the currency risk associated with, for example, exporting or importing goods denominated in foreign currency, investing or borrowing overseas, bringing profits that are held offshore to New Zealand, converting foreign currency denominated dividends, or settling other foreign currency contractual arrangements.

A Forward should only be used where you have a genuine commercial need to manage currency risk. It should not be used for trading or speculative purposes.

### 2.2 What is an FX Swap?

An FX Swap is effectively two foreign exchange transactions packaged together. Each foreign exchange transaction is referred to as a "leg" of the FX Swap.

- In the first leg of the FX Swap, you exchange an amount of one currency (the first currency) for an agreed amount of another currency (the second currency).
- The second leg of the FX Swap occurs at a later date. On that date, you exchange an agreed amount of the second currency for an agreed amount of the first currency.

If a leg of an FX Swap settles up to (and including) two working days after Trade Date, that leg will be a Spot Transaction.

If a leg of an FX Swap settles three working days or more after Trade Date that leg will be a Forward.

Depending on when you want to settle each leg, an FX Swap will either be comprised of two Forwards, or a Spot Transaction and a Forward.

Like a Forward, an FX Swap may be useful in managing the currency risk associated with, for example, exporting or importing goods denominated in foreign currency, investing or borrowing overseas, bringing profits that are held offshore to New Zealand, converting foreign currency denominated dividends, or settling other foreign currency contractual arrangements. If you have entered into a Forward but want to change the "effective" settlement date for the Forward, you can also enter into an FX Swap to, in substance, pre-deliver or extend an existing Forward.

An FX Swap should only be used where you have a genuine commercial need to manage currency risk. It should not be used for trading or speculative purposes.

### 2.3 Key terms of FX Contracts.

When you enter into an FX Contract you nominate certain terms. Those terms and how they apply to Forwards and FX Swaps are set out below:

<b>FX Contract Term</b>	<b>How that term applies in relation to a Forward:</b>	<b>How that term applies in relation to an FX Swap:</b>
<b>Currency Pair</b>	The two currencies to be exchanged.	The two currencies to be exchanged. The Currency Pair must be the same for both legs of the FX Swap.
<b>Contract Amount</b>	The amount of one of the currencies in the Currency Pair.	The amount of one of the currencies in the Currency Pair. The Contract Amount may be different for each leg of the FX Swap.
<b>Maturity Date(s)</b>	The date you want the exchange of currencies to take place.	The dates you want the exchange of currencies to take place for each leg of the FX Swap.

The Currency Pair must be acceptable to us. FX Contracts are available for a wide range of Currency Pairs. Your Westpac financial markets dealer can confirm if your desired Currency Pair is covered.

We will then determine the rate of exchange we are prepared to offer for a Forward or for each leg of an FX Swap, as the case may be. The rate of exchange that applies to a Forward or a Forward leg of an FX Swap is known as the **Contract Rate**. The rate of exchange that applies to a Spot Transaction leg of an FX Swap is known as the **Market Foreign Exchange Rate**.

If you enter into:

- a Forward, the Contract Rate is the rate at which the currencies will be exchanged on the Maturity Date; or
- an FX Swap, on the Maturity Date for each leg of the FX Swap, the currencies will be exchanged at the Market Foreign Exchange Rate or Contract Rate that applies to the Maturity Date for that leg.

## 2.4 How do we set the Contract Rate and the Market Foreign Exchange Rate?

The Contract Rate and the Market Foreign Exchange Rate together are the **FX Contract Rates**. The FX Contract Rate or Rates applicable to your FX Contract are fixed rates that are determined before you enter into the FX Contract.

An FX Contract Rate does not represent a forecast that we have made, nor does it guarantee what future exchange rates will be. Rather, we determine the FX Contract Rates (including our profit margin for the FX Contract) taking into account:

- the Contract Amount. This is relevant because it is harder for us to offset smaller transactions on the inter-bank market (the market for trading currencies between banks and other large financial institutions). In general, all other things being equal, a lower Contract Amount is likely to make the FX Contract Rate less favourable to you.
- in relation to Forwards (and Forward legs of an FX Swap), the Maturity Date of the FX Contract. In general, all other things being equal, a longer Maturity Date is likely to make the Contract Rate less favourable to you.
- the difference in global interest rates for your currencies. In general, all other things being equal, where the interest rates available for the currency you are buying are lower than for the currency you are selling, this is likely to make the FX Contract Rate less favourable to you.
- your creditworthiness. In general, all other things being equal, the less creditworthy you are, the less favourable the FX Contract Rate is likely to be to you.
- our costs. Our costs will make the FX Contract Rate less favourable to you.
- in relation to an FX Swap, what the FX Contract Rate will be for each leg. That is, the FX Contract Rates for both legs should be considered when determining how favourable the FX Swap is to you overall.

### Important

**Each factor will impact the FX Contract Rate to a different extent. Some factors will impact other factors. For example, our assessment of global interest rates may change the effect of the Maturity Date on the Contract Rate for a Forward (or a Forward leg of an FX Swap). Changing a factor in isolation will not necessarily change the FX Contract Rate we offer you.**

## 2.5 What happens at a Maturity Date?

On a Maturity Date the currency exchange must occur. Before entering into an FX Contract you will have chosen a fixed amount of one of the currencies in the Currency Pair. This is the Contract Amount.

In relation to a Forward, one of us will pay the Contract Amount on the Maturity Date and the other will pay an amount of the other currency determined by either multiplying or dividing the Contract Rate by the Contract Amount.

In relation to an FX Swap, on each Maturity Date, one of us will pay the Contract Amount for that Maturity Date and the other will pay an amount of the other currency determined by either multiplying or dividing:

- the Contract Amount by the Market Foreign Exchange Rate for that Maturity Date (for a Spot Transaction leg of an FX Swap); or
- the Contract Amount by the Contract Rate for that Maturity Date (for a Forward leg of an FX Swap).

The calculation for each Currency Pair will depend on how the relevant exchange rate is quoted and the currency of the Contract Amount.

For example, if the Currency Pair is New Zealand dollars (**NZD**) and Australian dollars (**AUD**), the exchange rate is quoted NZD/AUD and the FX Contract Rate is 0.9200 AUD per NZD:

- if the Contract Amount is AUD 100,000.00, the calculation would be:

*Contract Amount ÷ Contract Rate*

in this case:

$$\frac{\text{AUD } 100,000.00}{0.9200} = \text{NZD } 108,695.65$$

- if the Contract Amount is NZD 100,000.00, the calculation would be:

*Contract Amount × Contract Rate*

in this case:

$$\text{NZD } 100,000.00 \times 0.9200 = \text{AUD } 92,000.00$$

There are market conventions as to how the exchange rate for most Currency Pairs are quoted. If you are unsure which calculation should apply, please ask your Westpac financial markets dealer.

On the Maturity Date you must exchange the Currency Pair at the applicable FX Contract Rate irrespective of what our Market Foreign Exchange Rate is at that time.

Depending on the terms agreed with you, on a Maturity Date you will need to provide us with either foreign currency or NZD. You must provide funds that are immediately available on settlement.

When we receive the funds that are due from you under an FX Contract, we will deposit the amounts we owe you in the account previously agreed with you. This must be a bank account with us or another member of the Westpac Group in New Zealand nominated by you, which is in your name and denominated in the relevant currency. Alternative arrangements can be made with our prior agreement.

If you have entered into more than one derivative with us and payments in the same currency are due on the same day then your master dealing agreement (see section 2.12 (*How is an FX Contract entered into?*)) may permit payments to be made on a net basis in certain circumstances. Where payments are made on a net basis, whichever of you or us has the smaller obligation does not make a payment at all and the other with the greater obligation pays an amount of currency equal to the difference between the two amounts owing.

If you fail to deliver currency or make payments when they are due under an FX Contract, we may exercise our rights under your master dealing agreement, including rights of early termination. Further detail on these matters is set out in section 2.18 (*Rights under a master dealing agreement to terminate an FX Contract*).

## 2.6 Can I amend an FX Contract?

At any time up to the Maturity Date, you may ask us to amend your FX Contract.

We make the decision to amend your FX Contract in our absolute discretion. Amendments are not automatically agreed and, if the amendment may increase our exposure to you under the FX Contract, will be subject to our credit approval process. We will only allow amendments for genuine commercial reasons and not for speculative purposes. Even where you have genuine commercial reasons to amend an FX Contract, we may not always be willing to agree an amendment. As part of the amendment process we may require you to sign additional documentation.

If we agree terms to amend your FX Contract we will need to agree with you an amendment adjustment. The amendment adjustment is an amount determined by us which is applied to adjust your existing Contract Rate if we agree to amend your FX Contract. If you want to amend an FX Swap, the amendment adjustment may be applied to one or both of the Forward legs of an FX Swap. Our determination of the amendment adjustment takes into account the same factors that impact the Contract Rate, as applied at the time you request the amendment and having regard to the amended terms of the FX Contract.

For convenience, we will quote the amendment adjustment as an adjustment to your existing Contract Rate. The amendment adjustment may be positive or negative. Where it is positive, it will be added to your existing Contract Rate. Where it is negative, it will be subtracted from your existing Contract Rate.

If you accept our quote to amend the FX Contract, we will send you a Confirmation which details the amendment.

### Important

**You should make your own assessment and obtain your own advice regarding the risks and costs of amending your FX Contract.**

## 2.7 Term.

The term of an FX Contract is the period between the Trade Date and the Maturity Date. FX Contracts are available for terms of up to two years in length (although longer terms may be available on request). The term of any FX Contract will be agreed with you before the FX Contract is entered into.

## 2.8 What are the key benefits of an FX Contract?

### Protection

An FX Contract can help provide you with protection against unfavourable foreign exchange rate movements for the term of your FX Contract. This is because an FX Contract is able to provide you with certainty as to the rate that you will exchange foreign currency. This can assist you in managing your foreign currency exposures. You gain the certainty that at each Maturity Date you will receive the FX Contract Rate for the relevant Contract Amount.

### Cash flow certainty

The FX Contract Rate provided under an FX Contract also gives you certainty of cash flows. This may assist you in settling contractual arrangements denominated in a foreign currency.

### Tailored terms

Key variables, including the Maturity Date and the Contract Amount (or, in the case of an FX Swap, the Maturity Dates and Contract Amounts) can be tailored to meet your particular needs.

## 2.9 Examples of FX Contracts.

Each of the examples below provides an example of one situation only and uses rates and figures that we have selected to demonstrate how the FX Contract works. The examples do not reflect the specific circumstances or the obligations that may arise under an FX Contract you enter into with us. Depending on the commercial terms we agree with you, each FX Contract we enter into with you may be different from the examples given and you may have different obligations.

In order to assess the merits of any particular FX Contract, you would need to use the actual rates and figures we quote to you at the time. Note that the calculations below do not take into account any tax consequences and may include rounding of decimal places.

### Forward Scenario 1 – Exporter – Foreign Currency Receipt – Maturity in three months

You are a New Zealand based exporter due to receive 100,000.00 United States dollars (**USD**) in three months' time for goods that you have sold overseas. At that time, you need to convert the USD 100,000.00 into NZD.

Assume our present NZD/USD Market Foreign Exchange Rate is 0.6500 USD per NZD.

#### **If I do nothing, what exchange rate risks do I face?**

If you did nothing, the amount of NZD you will receive from us if you converted your USD in three months will depend on our NZD/USD Market Foreign Exchange Rate applicable at that time.

If the NZD appreciates (meaning it becomes stronger) against the USD, the fixed USD 100,000.00 you receive will generate relatively less NZD when it comes time to exchange. Assume in this example that our NZD/USD Market Foreign Exchange Rate is 0.7000 USD per NZD, then you will receive:

$$\frac{\text{USD } 100,000.00}{0.7000} = \text{NZD } 142,857.14$$

If the NZD depreciates (meaning it becomes weaker) against the USD, the opposite occurs and the fixed USD 100,000.00 you receive will generate relatively more NZD when it comes time to exchange. Assume our NZD/USD Market Foreign Exchange Rate is 0.6000 USD per NZD, then you will receive:

$$\frac{\text{USD } 100,000.00}{0.6000} = \text{NZD } 166,666.67$$

#### **How can a Forward change this?**

To protect yourself against the NZD appreciating against the USD, you can enter into a Forward today and fix your exchange rate. Continuing with the above example, assume that based on current market rates you enter into a Forward with a Contract Rate of 0.6490.

On the Maturity Date, regardless of what our NZD/USD Market Foreign Exchange Rate is at that time, you must exchange your USD on the full Contract Amount at the Contract Rate. You will receive:

$$\frac{\text{USD } 100,000.00}{0.6490} = \text{NZD } 154,083.20$$

By entering into a Forward you have removed the uncertainty of exchange rate fluctuations. However, in exchange for this cash flow certainty you have also lost the opportunity to take advantage of any favourable exchange rate movements.



## Forward Scenario 2 – Importer – Foreign Currency Purchase – Maturity in three months

You are a New Zealand based importer due to pay USD 100,000.00 in three months' time for goods that you have bought overseas. At that time you will need to convert your NZD into USD.

Assume that our present NZD/USD Market Foreign Exchange Rate is 0.6500 USD per NZD.

### If I do nothing, what exchange rate risks do I face?

If you did nothing, the amount of NZD you will need to buy the fixed amount of USD 100,000.00 in three months' time will depend on our NZD/USD Market Foreign Exchange Rate applicable at that time.

If the NZD appreciates (meaning it becomes stronger) against the USD, you will need less NZD when it comes time to pay for the fixed amount of USD 100,000.00. Assume that our NZD/USD Market Foreign Exchange Rate is 0.7000 USD per NZD, then you will pay:

$$\frac{\text{USD } 100,000.00}{0.7000} = \text{NZD } 142,857.14$$

If the NZD depreciates (meaning it becomes weaker) against the USD, the opposite occurs and you will need more NZD when it comes time to buy the fixed amount of USD 100,000.00. Assume that our NZD/USD Market Foreign Exchange Rate is 0.6000 USD per NZD, then you will pay:

$$\frac{\text{USD } 100,000.00}{0.6000} = \text{NZD } 166,666.67$$

### How can a Forward change this?

To protect yourself against the NZD depreciating against the USD, you can enter into a Forward today and fix your exchange rate. Continuing with the above example, assume that based on current market rates you enter into a Forward with a Contract Rate of 0.6490.

In three months' time, regardless of what our NZD/USD Market Foreign Exchange Rate is at that time, you must exchange your NZD on the full Contract Amount at the Contract Rate. In order to receive USD 100,000.00, you will pay:

$$\frac{\text{USD } 100,000.00}{0.6490} = \text{NZD } 154,083.20$$

By entering into a Forward you have removed the uncertainty of exchange rate fluctuations. However, in exchange for this cash flow certainty you have also lost the opportunity to take advantage of any favourable exchange rate movements.

## FX Swap Scenario 1 – FX Swap used for cash flow management

You are a New Zealand based exporter due to receive a payment of USD 100,000.00 for exported goods in two business days' time, which you want to convert into NZD. However, in three months' time you need to make a payment of USD 100,000.00 for raw materials you have purchased.

Assume that our present NZD/USD Market Foreign Exchange Rate is 0.6500 USD per NZD.

### If I do nothing, what exchange rate risks do I face?

If you did nothing, the amount of NZD you will receive when you convert the fixed amount of USD 100,000.00 in two business days time and the amount of NZD you will need to buy the fixed amount of USD 100,000.00 in three months' time will depend on our NZD/USD Market Foreign Exchange Rates applicable at those times.

In three months time, if the NZD appreciates (meaning it becomes stronger) against the USD, you will need less NZD when it comes time to buy the fixed amount of USD 100,000.00. Assume that our NZD/USD Market Foreign Exchange Rate is 0.7000 USD per NZD, then you will pay:

$$\frac{\text{USD } 100,000.00}{0.7000} = \text{NZD } 142,857.14$$

In three months time, if the NZD then depreciates (meaning it becomes weaker) against the USD, the opposite occurs and you will need more NZD when it comes time to buy the fixed amount of USD 100,000.00. Assume that our NZD/USD Market Foreign Exchange Rate is 0.6000 USD per NZD, then you will pay:

$$\frac{\text{USD } 100,000.00}{0.6000} = \text{NZD } 166,666.67$$

### How can an FX Swap change this?

To protect yourself against the NZD fluctuating against the USD, you can enter into an FX Swap today and fix your exchange rates. Continuing with the above example, assume that based on current market rates you enter into an FX Swap made up of:

- a Spot Transaction to sell USD 100,000.00 having a Maturity Date in two business days' time and a Market Foreign Exchange Rate of 0.6500; and
- a Forward to buy USD 100,000.00 having a Maturity Date in three months' time and a Contract Rate of 0.6490.

**First leg:** In two business days' time, on the Maturity Date for the first leg of the FX Swap, you must exchange your USD on the full Contract Amount at the agreed NZD/USD Market Foreign Exchange Rate. You will receive:

$$\frac{\text{USD } 100,000.00}{0.6500} = \text{NZD } 153,846.15$$

**Second leg:** In three months' time, on the Maturity Date for the second leg of the FX Swap, regardless of what our NZD/USD Market Foreign Exchange Rate is at that time, you must exchange your NZD at the Contract Rate. We will pay you USD 100,000.00 and you must pay us:

$$\frac{\text{USD } 100,000.00}{0.6490} = \text{NZD } 154,083.20$$

By entering into an FX Swap you have removed the uncertainty of exchange rate fluctuations. However, in exchange for this cash flow certainty you have also lost the opportunity to take advantage of any favourable exchange rate movements.

## FX Swap Scenario 2 – FX Swap used for extending a Forward

You are a New Zealand based importer due to pay USD 100,000.00 in two days' time for goods that you have bought overseas. At that time you will need to convert your NZD into USD.

You have a Forward in place to buy the fixed USD 100,000.00 you will need in exchange for NZD in two days at a Contract Rate of 0.6350.

However, you have just been notified that your shipment of goods has been delayed for one month and so you will not need to pay for your goods for another month.

### If I do nothing, what exchange rate risks do I face?

If you did nothing, you would settle your existing Forward in two days' time. On settlement, we pay you USD 100,000.00 and you must pay us:

$$\frac{\text{USD } 100,000.00}{0.6350} = \text{NZD } 157,480.31$$

### How can an FX Swap change this?

You decide to enter into an FX Swap to manage the cash flows of the maturing Forward and your future USD payment obligation. The FX Swap is made up of:

- a Spot Transaction to sell USD 100,000.00 having a Maturity Date in two business days' time and a Market Foreign Exchange Rate of 0.6500; and
- a Forward to buy USD 100,000.00 having a Maturity Date in one month's time and a Contract Rate of 0.6490

**First leg:** In two business days' time, on the Maturity Date for the first leg of the FX Swap, you must exchange USD 100,000.00 at the NZD/USD Market Foreign Exchange Rate. You will receive:

$$\frac{\text{USD } 100,000.00}{0.6500} = \text{NZD } 153,846.15$$

As the existing Forward is also maturing on this date, the cash flows under both transactions are netted:

- the net USD cash flow will be zero (that is, we pay you USD 100,000.00 under the maturing Forward and you pay us USD 100,000.00 under the first leg of the FX Swap); and
- the net NZD cash flow will be the difference between the two NZD amounts which may be an amount you need to pay or an amount you will receive. In this example, you will pay NZD 3,634.16 (being the difference between the amount you pay us under the maturing Forward (NZD 157,480.31) and the amount we pay you under the first leg of the FX Swap (NZD 153,846.15)).

**Second leg:** In one month's time, on the Maturity Date for the second leg of the FX Swap, regardless of what our NZD/USD Market Foreign Exchange Rate is at that time, you must exchange your NZD at the Contract Rate. We will pay you USD 100,000.00 and you must pay us:

$$\frac{\text{USD } 100,000.00}{0.6490} = \text{NZD } 154,083.20$$

By entering into an FX Swap you have managed the costs of your maturing Forward and removed the uncertainty of exchange rate fluctuations. However, in exchange for this cash flow certainty you have also lost the opportunity to take advantage of any favourable exchange rate movements.

## 2.10 What general terms apply to an FX Contract?

We will have provided you with a copy of our Derivatives General Terms. The Derivatives General Terms apply to derivative transactions between us. You agree to the Derivatives General Terms by entering into pricing discussions with us for a derivative (including an FX Contract). You may also be asked to communicate your agreement to the Derivatives General Terms to us in other ways, such as in writing. A copy of our Derivatives General Terms are available on the offer register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) and on request (our contact details are set out in section 6 (*About Westpac*)).

### Important

**We strongly recommend that you fully consider the Derivatives General Terms before deciding whether to enter into pricing discussions with us for an FX Contract. This is because you are agreeing to our Derivatives General Terms by entering into pricing discussions with us. You should obtain independent advice if you do not understand any aspect of the Derivatives General Terms or any other documents we require you to enter into.**

## 2.11 Are there any Westpac credit requirements before dealing?

Before entering into an FX Contract, we will assess your financial position to determine whether or not you satisfy our credit requirements. We will advise you of the outcome of our review as soon as possible.

If your application is successful, you may need to sign our required finance documentation. This documentation sets out the terms of your credit approval and other matters relevant to your application.

## 2.12 How is an FX Contract entered into?

In addition to any finance documentation, you will need to have a signed master dealing agreement before entering into a derivative with us. The master dealing agreements that we use are:

- a New Zealand Financial Markets Association Foreign Exchange Master Agreement (**FXMA**). This is a simple agreement and is used only for foreign currency transactions; and
- an International Swaps and Derivatives Association Master Agreement with its associated schedule. (In this PDS, **ISDA** means that Master Agreement and (unless specified otherwise) the associated schedule.) This is a more complicated agreement and is generally used where a person intends to enter into a variety of other derivative transactions as well as foreign currency transactions.

We may use other forms of master dealing agreement from time to time, such as Westpac's **Master Agreement for Derivative Transactions**.

We will provide you with a copy of the master dealing agreement we need you to sign.

### Important

**We strongly recommend you fully consider the terms of the master dealing agreement before deciding whether to enter into it. You should obtain independent advice if you do not understand any aspect of the master dealing agreement or any other documents we require you to enter into.**

## 2.13 Client Agreement.

Your master dealing agreement, together with the Derivatives General Terms form your **Client Agreement**. Your Client Agreement sets out terms and conditions that apply to derivative transactions between us.

The commercial terms agreed in relation to any specific FX Contract will be contained in a document called a **Confirmation** - see section 2.16 (*What about Confirmations?*) for more information.

## 2.14 Email, facsimile and telephone indemnity.

If you want to provide us with email, facsimile or telephone instructions in relation to FX Contracts, we may require you to complete an indemnity form. The purpose of this indemnity is to protect us against the consequences of acting on instructions which may not represent your genuine wishes, but which appear to us to be genuine.

## 2.15 Other documentation.

You may be asked to complete additional documentation before you enter into an FX Contract, depending on the outcome of our assessment of your creditworthiness. We will tell you if any further documentation is required at that time.

## 2.16 What about Confirmations?

The commercial terms of a particular FX Contract will be agreed before you enter into the FX Contract. This may occur during a telephone call, email or electronically. Once we reach an agreement with you, both parties are bound by the terms of the FX Contract.

Shortly after entering into an FX Contract, we will send you a Confirmation outlining the commercial terms of your FX Contract that were agreed between us. In most cases you will need to sign this Confirmation and return it to us. This Confirmation evidences the FX Contract that we entered into with you.

It is extremely important that you check your Confirmation to make sure that it accurately records the commercial terms of your FX Contract. If there is a discrepancy between your understanding and the Confirmation, or you do not receive a Confirmation from us, please contact your Westpac financial markets dealer as a matter of urgency.

Conversations with our dealing room and settlement departments are recorded. This is standard market practice. We do this to make sure that we have complete records of the details of all transactions. Recorded conversations are retained for a limited period and are usually used where there is a dispute or for staff monitoring purposes.

## 2.17 Rights to alter terms of an FX Contract.

Westpac has certain rights to alter the Derivatives General Terms and any Master Agreement for Derivative Transactions with you without your consent. If Westpac exercises any of these rights, the alterations could result in an alteration to the terms of your FX Contract. In all other circumstances, the terms and conditions applying to a particular FX Contract can only be altered if we both agree. See section 2.6 (*Can I amend an FX Contract?*) for more information.

## 2.18 Rights under a master dealing agreement to terminate an FX Contract.

Your master dealing agreement with us will document the situations where derivatives can be terminated and the way the amount to be paid following termination is calculated.

### ISDA

The standard ISDA (excluding any schedule) gives both parties to that agreement the right to terminate a particular derivative (and other derivative transactions entered into under that agreement) if any of the events of default or termination events set out in that agreement occur.

Your ISDA will be a negotiated agreement that sets out further details of the events of default and termination events and the consequences of those events. It may not apply all the events of default or termination events set out in the standard ISDA (excluding any schedule) to us or you. You should read your ISDA carefully.

The events of default and termination events in the standard ISDA (excluding any schedule) include:

- either you or Westpac fails to make a payment or breaches any other obligation under the agreement;
- either you or Westpac becomes insolvent;
- either you or Westpac fails to make a payment or comply with its obligations under another derivative transaction or in respect of borrowed money;
- either you or Westpac fails to comply with obligations under any "Credit Support Document" (these are security or guarantee documents);

- a representation made by either you or Westpac to the other in connection with the agreement or a derivative is not correct or is misleading in any material respect;
- the relevant derivative transaction becomes illegal;
- either you or Westpac amalgamates or merges with a second entity, or transfers all or substantially all of the relevant party's assets to a second entity and:
  - the creditworthiness of the second entity is materially weaker than the relevant party or the second entity does not assume all of the relevant party's obligations under the agreement; or
  - either you or Westpac will be required to pay more, or will receive less, under an FX Contract as a result;
- a "force majeure event" occurs, meaning an event or act of state that is beyond both parties' control that makes it impossible or impracticable for either you or Westpac to comply with our respective obligations under the agreement, including making or receiving payments; and
- a "tax event" occurs, meaning there is a change in tax law or an action taken by a taxing authority or brought in a court which will, or is likely to, result in either you or Westpac being required to pay more, or receive less, under an FX Contract.

In addition to the standard events of default and termination events, your ISDA may include additional events of default or termination events agreed between you and Westpac. Additional events of default and termination events may also be specified in your Confirmation.

If there are any "Credit Support Providers" (for example, a guarantor) specified or other persons named as "Specified Entities" (for example, your subsidiaries) in your ISDA in relation to you or Westpac, some of these events also apply in relation to those Credit Support Providers or Specified Entities.

This is only a summary of the events of default and termination events provided for in the standard ISDA (excluding any schedule).

#### **FXMA**

If a particular Forward is subject to the terms of an FXMA, we can terminate an FX Contract (and other derivative transactions entered into under that agreement) if:

- you fail to make a payment or breach any other obligation under that agreement or any other agreement you have entered into with us;
- you become insolvent; or
- a representation you have made to us is false or misleading in any material respect.

#### **Master Agreement for Derivative Transactions**

If a particular FX Contract is subject to the terms of our Master Agreement for Derivative Transactions, we can terminate an FX Contract (and other derivative transactions entered into under that agreement) if any of the following events occur:

- we wish to terminate the FX Contract for any regulatory, legal or tax reason (provided we give you five business days' notice of our intention to terminate);
- we are unable to comply with our obligations under the FX Contract for reasons beyond our control or it is impracticable for us to do so;
- you fail to make a payment or breach any other obligation under the agreement or any other agreement you have entered into with us or any other member of the Westpac Group;
- a representation you have made to us in connection with the agreement or any other agreement you have entered into with us is not correct or is misleading in any material respect;
- certain events occur in relation to any lending facility you have with us or any other member of the Westpac Group, including:
  - a default occurs or an undertaking is breached or potentially breached;
  - a demand for payment is made or the facility terminates or becomes unenforceable; or
  - monies loaned under the facility are repaid, required to be repaid early, terminated or cancelled for any reason;

- you become insolvent;
- any security granted over your assets becomes enforceable;
- you do not provide us with satisfactory security or other credit support in connection with the agreement, if we have requested it;
- you do not pay on time any amount you owe to anyone else, or breach, or an event of default or similar event occurs under, the terms on which you owe that amount;
- it is unlawful for any party to perform its obligations under the agreement or any guarantee or security granted to us for your obligations under the agreement, or you challenge the validity of the agreement or any guarantee or security or any of those documents ceases to have effect;
- any event occurs that we consider may materially adversely affect you, your ability to perform any of your financial obligations to us or our ability to exercise our rights or enforce obligations under the agreement or any guarantee or security;
- if you are an individual, you die or become insane or incapacitated; or
- if you enter into the agreement as trustee of a trust and certain events occur in relation to the trust which are adverse to us.

Additional events of default and termination events may also be specified in your Confirmation.

If there are any guarantors and security providers in connection with your obligations under the Master Agreement for Derivative Transactions, some of these events also apply in relation to them.

This is only a summary of the events of default and termination events provided for in the Master Agreement for Derivative Transactions.

If at any time you experience any financial difficulty or are concerned that you may not be able to meet your obligations under an FX Contract, please let us know. Our contact details are provided in section 6 (*About Westpac*).

## 2.19 What happens if I ask Westpac to terminate an FX Contract early?

You may ask us to terminate an FX Contract at any time up to the Maturity Date. We will provide you with a termination quote. There may be a cost or gain to you as a result of an FX Contract being terminated early. If there is a cost to you for terminating the FX Contract, it may be significant. If you accept the termination quote and pay any cost, we will terminate your FX Contract.

In section 4 (*Fees*), we describe how Westpac receives a financial benefit from entering into an FX Contract. Our quote to terminate an FX Contract will incorporate the same variables we used when pricing the original FX Contract (see section 2.4 (*How do we set the Contract Rate and the Market Foreign Exchange Rate?*)). These variables will be adjusted for the then current market rates for the remaining term of that FX Contract.

We will also consider the cost, or gain, to us of reversing or offsetting your original transaction and any loss of profit. When doing this, we take into account the current market rates that apply to any such offsetting transactions. (An offsetting transaction is a transaction that has the opposite payment obligations to an existing transaction and has the economic effect of cancelling the existing transaction.)

## 2.20 How much could be payable if the FX Contract terminates for another reason?

If an FX Contract is terminated early other than due to your request, we may have the right to terminate any other derivative transactions you have entered into with us as well. We will determine the mark-to-market value of that FX Contract (and any other derivative transactions affected by the termination). The "mark-to-market value" of a derivative is what we consider to be the current value of that derivative. The values of all derivative transactions affected by the termination will be aggregated and depending on the values of those transactions will result in a net amount payable either by you to us or by us to you. The amount payable on termination may be significant.

You should refer to your master dealing agreement (described above in section 2.12 (*How is an FX Contract entered into?*)) for full details on amounts that may be payable on early termination, including how the mark-to-market value of affected transactions and the net amount payable are determined.

## 3. Risks of these derivatives.

### 3.1 Product risks.

#### Opportunity cost

By entering into an FX Contract you will forgo any benefit of a favourable exchange rate movement between the time you enter into the FX Contract and the final Maturity Date. The exchange rate you receive under a Forward or for one or both legs of an FX Swap may not be as favourable as the exchange rate you could have received if you had not entered into an FX Contract at all.

#### Variation / early termination

Termination or variations of your FX Contract may result in a cost to you. Those costs may be significant. See sections 2.6 (*Can I amend an FX Contract?*) and 2.19 (*What happens if I ask Westpac to terminate an FX Contract early?*) for more information.

#### No cooling-off period

There is no cooling-off period. This means that, except in certain circumstances, once you enter into an FX Contract, you cannot terminate or vary the FX Contract without our consent even if you no longer need the FX Contract or have changed your mind about the FX Contract. Variations and/or termination may result in a cost to you. Any costs may be significant. See sections 2.6 (*Can I amend an FX Contract?*) and 2.19 (*What happens if I ask Westpac to terminate an FX Contract early?*) for more information.

#### Breach of obligations

Failure to make any payment to us under your FX Contract will be a breach of your master dealing agreement with us. If you do not comply with your payment obligations or any other obligation under your master dealing agreement, we may choose to exercise our right to terminate your FX Contract and/or any other derivative transactions with us under your master dealing agreement. This may result in a cost to you, which may be significant. See sections 2.18 (*Rights under a master dealing agreement to terminate an FX Contract*) and 2.20 (*How much could be payable if the FX Contract terminates for another reason?*) for more information on the costs that arise in the event that an FX Contract is terminated early, other than as a result of a request by you.

### 3.2 Issuer risks.

#### Westpac's creditworthiness

When you enter into an FX Contract, you are exposed to the risk that we become insolvent and are unable to meet our obligations under the FX Contract.

As is the case with most financial markets products we enter into, we have performance obligations under an FX Contract. If we are unable to perform our obligations under your FX Contract, you will be exposed to exchange rate fluctuations as if you had not entered into an FX Contract.

Our ability to fulfil our obligations is linked to our financial wellbeing. This is commonly referred to as credit or counterparty risk.

You must make your own assessment of our ability to meet our obligations. However, as an "authorised deposit-taking institution" in Australia and a registered bank in New Zealand, we are subject to prudential regulation which is intended to reduce the risk of us failing to perform our obligations.

In order to assist your assessment of Westpac's creditworthiness you should refer to the disclosure statements we are required to prepare under the Reserve Bank of New Zealand Act 1989 and Westpac's annual reports. These disclosure statements and annual reports are available here:

[www.westpac.co.nz/who-we-are/about-westpac-new-zealand/westpac-disclosure-statements](http://www.westpac.co.nz/who-we-are/about-westpac-new-zealand/westpac-disclosure-statements).

The disclosure statements prepared under the Reserve Bank of New Zealand Act 1989 relate primarily to Westpac's operations in New Zealand. Westpac's annual reports relate to Westpac's operations worldwide.



## Credit Ratings

Westpac Banking Corporation has the following credit ratings with respect to its long-term senior unsecured obligations:

<b>Standard &amp; Poor's Financial Services LLC</b>	<b>AA-, Outlook Negative</b>
<b>Fitch Ratings Incorporated</b>	<b>A+, Outlook Negative</b>
<b>Moody's Investors Service</b>	<b>Aa3, Outlook Stable</b>

In addition, Moody's Investors Service provides a local currency and foreign currency long-term counterparty risk rating (**CRR**). This is an opinion on the ability of Westpac Banking Corporation to honour the uncollateralised portion of non-debt counterparty financial liabilities (such as the uncollateralised portion of financial liabilities arising from derivatives) and also reflects the expected financial losses in the event such liabilities are not honoured.

The CRR is intended to be distinct from the ratings assigned to long-term senior unsecured obligations.

**Westpac Banking Corporation's CRR is Aa2, no Outlook provided.**

The following is a summary of the major rating categories available, and Westpac's placement within those rating categories for its long-term senior unsecured obligations and its CRR.

Standard & Poor's	AAA	AA	A	BBB	BB	B	CCC	CC to C	D
Fitch	AAA	AA	A	BBB	BB	B	CCC	CC to C	RD & D
Moody's	Aaa	Aa	A	Baa	Ba	B	Caa	Ca to C *	-
Description of the issuer's capacity to meet its financial commitments**	Extremely strong	Very strong	Strong	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Currently highly vulnerable	In default
Default probability***	1 in 600	1 in 300	1 in 150	1 in 30	1 in 10	1 in 5	1 in 2		



**Westpac's credit ratings in relation to its long-term senior unsecured obligations are:**

AA- (Standard & Poor's)  
A+ (Fitch)  
Aa3 (Moody's)

The Standard & Poor's and Fitch ratings are "Outlook Negative". The Moody's rating is "Outlook Stable".

**Westpac's CRR from Moody's is Aa2, no "Outlook".**

\* If a rating of "C" is given by Moody's Investors Service, the issuer is typically in default.

\*\* Summary description of Standard & Poor's ratings.

\*\*\* The approximate median likelihood that an investor will not receive repayment on a five-year investment on time and in full based upon historical default rates published by each agency, as at 2008 (source: Reserve Bank of New Zealand publication "Explaining Credit Ratings", dated November 2008).

Standard & Poor's ratings from "AA" to "CCC" and Fitch ratings from "AA" to "B" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Moody's adds numerical modifiers 1, 2 and 3 to each generic rating classification from "Aa" to "Caa". A "1" indicates that the obligation ranks in the higher end of the rating category; a "2" indicates a mid-range ranking; and a "3" indicates a ranking in the lower end of that rating category. Ratings may also be subject to positive, negative or stable outlooks.

**A credit rating is an independent opinion of the capability and willingness of an entity to meet its financial obligations (in other words, its creditworthiness). It is not a guarantee that the issuer will be able to meet its obligations under derivatives.**

### 3.3 Risks when entering or settling the derivatives.

We use internal and external systems and services to provide FX Contracts to you. Unexpected performance of an email, facsimile or telephone service or computer system may result in a delay or failure to either enter into or settle an FX Contract as intended. In particular, if you are entering into an FX Contract by email, technology issues may delay the receipt of emails between us. This unexpected underperformance may mean that an FX Contract is not entered into when you intended (meaning, for example, you may not be able to enter into an FX Contract at the FX Contract Rate that you had wanted) or that you do not receive a payment on the date it is due.

Pricing we offer you in an email for a particular FX Contract is indicative only. This means that you may not be able to enter into an FX Contract with the FX Contract Rate referred to in our email.

#### **Use of agents and correspondent banks**

To deliver some currencies (other than NZD), we may use agents and/or correspondent banks. We will use reasonable care in the selection of such agents and/or correspondent banks. These agents and correspondent banks may not be part of the Westpac Group and, in that case, we will not always be able to ensure that these organisations will fulfil their obligations to deliver currencies to us. Although this does not affect our obligations under the FX Contract, it may result in you not receiving currency under your FX Contract at the time you had anticipated.

If the agent or correspondent bank fails to deliver the required currency when due, we will work with the agent or correspondent bank to effect delivery or make alternative arrangements with you.

A Forward has one Maturity Date so you will be exposed to settlement risks once if you enter into a Forward. An FX Swap has two Maturity Dates so you will be exposed to settlement risks twice if you enter into an FX Swap.

## 4. Fees.

### 4.1 What fees or charges apply?

There are usually no upfront costs with an FX Contract. We derive a financial benefit from FX Contracts by incorporating our profit margin into the applicable FX Contract Rate or, in the case of an FX Swap, the FX Contract Rates. In effect, you pay for the FX Contract by accepting the FX Contract Rate or FX Contract Rates quoted by us and exchanging the Currency Pair with us (at the FX Contract Rate) on the applicable Maturity Date. The FX Contract Rate or, in the case of an FX Swap, the FX Contract Rates is determined on an individual basis for each FX Contract and will be agreed with you before you enter into the particular FX Contract. The factors that are relevant to determining an FX Contract Rate or, in the case of an FX Swap, the FX Contract Rates (including our profit margin) and the impact of each of those factors on the cost of acquiring an FX Contract, are explained in section 2.4 (*How do we set the Contract Rate and Market Foreign Exchange Rate?*).

We also take these factors into account when setting the amendment adjustment if you ask us to amend the term of your FX Contract. See sections 2.6 (*Can I amend an FX Contract?*) for more information. These factors will have the same impact on our determination of the amendment adjustment as they do on the FX Contract Rate or, in the case of an FX Swap, the FX Contract Rates.

## 5. How Westpac treats funds and property received from you.

### 5.1 Our processes for receiving payments from you.

NZD amounts due to us in respect of an FX Contract can be paid in several ways, such as by making a direct debit payment or payment through another electronic delivery mechanism operated by a member of the Westpac Group in New Zealand. You can provide foreign currency either by telegraphic transfer or by transferring funds from a foreign currency account or deposit. Please contact your usual Westpac financial markets dealer for more information.

### 5.2 Amounts received from you.

Amounts paid to us in satisfaction of your obligations under an FX Contract become our property on payment.

In general, there is no requirement for you to deliver any form of cash collateral or other security in support of an FX Contract. However, in certain circumstances we may require you to enter into such arrangements as a condition

of your credit approval. If you enter into any such arrangement with us and are required to provide us with cash collateral under that arrangement, that cash collateral you provide will become our property. However, we will have a contractual obligation to deliver an equivalent amount of cash to you when the cash collateral is no longer required under the terms of the collateral arrangement.

## 6. About Westpac.

Westpac is incorporated in Australia. Westpac is an "authorised deposit-taking institution" in Australia and is a registered bank in New Zealand under the Reserve Bank of New Zealand Act 1989. Westpac operates in New Zealand through its New Zealand branch and among other things provides financial markets products and services to customers of the Westpac Group in New Zealand.

Westpac is located at:

**Westpac on Takutai Square  
Level 8  
16 Takutai Square  
Auckland 1010**

Any enquiries about FX Contracts can be made to your Westpac financial markets dealer or by contacting us during normal business hours on:

**0800 659 307**

or in writing to:

**PO Box 934  
Auckland 1140**

or to our Takutai Square address set out above.

## 7. How to complain.

Sometimes you may want to talk about problems you are having with us or an FX Contract. Fixing these problems is very important to us.

We have put in place processes to deal with your issues quickly and fairly.

### **Please talk to us first**

We aim to resolve your complaint at your first point of contact with us so please contact your usual Westpac financial markets dealer in the first instance. Alternatively, you can write to us at:

**Attention: Branch Operating Officer, Westpac Banking Corporation – New Zealand Branch  
PO Box 934  
Auckland 1140**

or at:

**Attention: Branch Operating Officer, Westpac Banking Corporation – New Zealand Branch  
Westpac on Takutai Square  
Level 8  
16 Takutai Square  
Auckland 1010**

or call:

**0800 659 307**

We subscribe to the New Zealand Bankers' Association Code of Banking Practice, which sets out the minimum standards for resolving complaints.

### **What to do if you are still unhappy**

If we are not able to deal with your issues to your satisfaction, you may contact our external dispute resolution provider, the Office of the Banking Ombudsman. The Office of the Banking Ombudsman is an approved dispute resolution scheme and may be able to consider your complaint. The Office of the Banking Ombudsman may be contacted by writing to:

**Freepost 218002  
PO Box 25327  
Featherston Street  
Wellington 6146**

or by calling:

**0800 805 950**

The Office of the Banking Ombudsman will not charge a fee to any complainant to investigate or resolve a complaint.

## **8. Where you can find more information.**

Further information about us and FX Contracts is available from the offer register. The offer register can be accessed at: [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz)

A copy of information on the offer register is available on request from the Registrar of Financial Service Providers.

Other information about Westpac's financial markets services in New Zealand is available (free of charge) at: [www.westpac.co.nz/wib/financial-markets](http://www.westpac.co.nz/wib/financial-markets)

Westpac is a listed issuer in both Australia and New Zealand and is subject to regular reporting and disclosure obligations under the listing rules of the Australian Securities Exchange (**ASX**) and the New Zealand Exchange (**NZX**). Copies of documents lodged by Westpac with ASX or NZX can be obtained (free of charge) from the section on Westpac on the ASX and NZX websites.

## **9. How to enter into Client Agreement.**

Before you can enter into an FX Contract, you must enter into a Client Agreement with us. More information about our forms of Client Agreement and the process that must be completed before you enter into a Client Agreement is set out in sections 2.10 (*What general terms apply to an FX Contract?*) to 2.15 (*Other documentation*).

To start the process of entering into a Client Agreement, please contact your Westpac financial markets dealer.

## **10. General information.**

### **10.1 Additional important information about this PDS.**

If you decide to enter into an FX Contract, you should keep a copy of this PDS and any associated documentation.

The information set out in this PDS is general in nature. It has been prepared without taking into account your specific objectives, financial situation or needs. Because of this, you should consider its appropriateness having regard to your specific objectives, financial situation and needs. By providing this PDS, Westpac does not intend to provide financial advice or any financial recommendations.

### **10.2 New Zealand investors.**

Only investors in New Zealand are invited to apply for an FX Contract. If you are not in New Zealand, Westpac is not inviting you to apply for any FX Contracts under this PDS.

Supply of this PDS does not create a "regulated offer" for the purposes of the Financial Markets Conduct Act 2013. Whether or not an offer is a "regulated offer" depends on your investor status under the Financial Markets Conduct Act 2013.

### 10.3 Taxation.

Taxation law is complex and may have significant consequences for investments. If you have any queries on the tax consequences of entering into an FX Contract, you should obtain professional advice on those consequences. Westpac is not responsible or liable for any such consequences.

### 10.4 Changes to this PDS.

Information in this PDS may change over time. The PDS will not necessarily be updated and/or resent to you. Please refer to the offer register [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) for the latest information.

## 11. Glossary.

To help you to understand this PDS, the meanings of some words used in it are set out below.

<b>AUD</b>	Australian dollars.
<b>Client Agreement</b>	The agreement between us relating to the issue of an FX Contract by us to you. The terms of this agreement are our Derivatives General Terms and the master dealing agreement we agree.
<b>Confirmation</b>	A letter from us to you which confirms the terms of a particular FX Contract including the Contract Amount(s), Currency Pair, FX Contract Rate(s) and Maturity Date(s).
<b>Contract Amount</b>	The agreed amount of one of the currencies in the Currency Pair to be exchanged under a Forward or, in relation to an FX Swap, a leg of the FX Swap.
<b>Contract Rate</b>	The agreed exchange rate at which the Currency Pair will be exchanged on the Maturity Date under a Forward, or a Forward leg of an FX Swap.
<b>Currency Pair</b>	The two currencies to which an FX Contract relates. The Currency Pair must be acceptable to us.
<b>Derivatives General Terms</b>	The general terms applying to derivatives issued by Westpac, an additional copy of which can be obtained from the offer register: <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> or on request from Westpac.
<b>Forward</b>	A Foreign Exchange Forward Contract, being a product that is the subject of this PDS.
<b>FX Contract Rate</b>	The Contract Rate or Market Foreign Exchange Rate.
<b>FXMA</b>	The New Zealand Financial Markets Association Foreign Exchange Master Agreement.
<b>FX Swap</b>	A Foreign Exchange Swap, being a product that is the subject of this PDS.
<b>ISDA</b>	The International Swaps and Derivatives Association Master Agreement and (unless specified otherwise) its associated schedule.
<b>Market Foreign Exchange Rate</b>	The price we quote for one currency in terms of another currency for delivery on the relevant day after taking into account our costs, profit margin and (where applicable) the Contract Rate of the Forward leg of an FX Swap. The Market Foreign Exchange Rate is also the agreed exchange rate at which the Currency Pair will be exchanged on the Maturity Date under a Spot Transaction leg of an FX Swap. Any Market Foreign Exchange Rate used in an FX Swap is determined having reference to the factors in section 2.4 ( <i>How do we set the Contract Rate and the Market Foreign Exchange Rate?</i> ).
<b>Master Agreement for Derivative Transactions</b>	Westpac's Master Agreement for Derivative Transactions.

<b>Maturity Date(s)</b>	The date(s) agreed between us. It is the date(s) on which the Currency Pair will be exchanged under an FX Contract. A Forward has one Maturity Date and an FX Swap has two Maturity Dates.
<b>NZD</b>	New Zealand dollars.
<b>PDS</b>	This product disclosure statement.
<b>Spot Transaction</b>	An agreement to exchange one currency for another that settles up to two business days after the Trade Date.
<b>Trade Date</b>	The date which you agree the terms of an FX Contract you enter into with us.
<b>USD</b>	United States dollars.
<b>Westpac, we, our or us</b>	(unless the context requires otherwise) Westpac Banking Corporation, incorporated in Australia (ABN 33 007 457 141, AFSL 233714).
<b>Westpac Group</b>	Westpac Banking Corporation and its subsidiaries.
<b>You, your</b>	The customer receiving this PDS.