

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

12 March 2014

This Supplementary Product Disclosure Statement (SPDS) is dated 12 March 2014 and supplements the Foreign Exchange Contracts Product Disclosure Statement dated 5 August 2011 (PDS). This SPDS is to be read together with the PDS and any other SPDSs issued for the product the subject of the PDS.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of this SPDS.

The purpose of this SPDS is to update the privacy and disclosure related sections in the PDS.

Replace Section 11.3 (Privacy and confidentiality) of the PDS with the below:

## 11.3 PRIVACY AND DISCLOSURE OF INFORMATION

### 11.3.1 General

This clause 11.3 (Privacy and Disclosure of Information) applies to you if you are:

- > an individual customer of ANZ (“customer”); or
- > a representative of a customer or an incorporated customer (for example, a company director, officer, employee, authorised representative or signatory) or some other kind of third party individual relevant to that customer (for example, an agent, guarantor or advisor) (each a “third party”).

Sub-clauses 11.3.3 (Disclosure of information) and 11.3.4 (Information about others) also apply to you if you are an incorporated customer of ANZ.

### 11.3.2 Privacy

When you deal with ANZ, ANZ is likely to collect, use and disclose some of your *personal information*. ANZ explains below when and how ANZ may collect, use and disclose your *personal information*.

Collection and use of your personal information by ANZ

If you are considering acquiring, or have acquired a product or service from ANZ, or you are a *third party*, ANZ may collect and use your *personal information*:

- > to provide you with information about a product or service;
- > to consider and process your request for a product or service;
- > to provide a product or service to you;
- > to tell you about other products or services;
- > to assist in arrangements with other organizations in relation to the promotion and provision of a product or service;
- > to manage products and services and perform administrative and operational tasks;

- > to consider any concerns or complaints raised by you against ANZ and/or to manage any legal action involving ANZ;
- > to identify, prevent or investigate any actual or suspected fraud, unlawful activity or misconduct;
- > to identify you or establish your tax status under any Australian or foreign legislation, regulation or treaty or pursuant to an agreement with any tax authority; and
- > as required by relevant laws, regulations, codes of practice and external payment systems.

#### Absence of relevant personal information

If you do not provide some or all of the *personal information* requested, ANZ may be unable to provide you or a customer with a product or service.

#### ANZ's Privacy Policy

ANZ's Privacy Policy (available at [anz.com/privacy](http://anz.com/privacy)) contains information about:

- > any laws that require or authorise ANZ to collect certain *personal information* and why those laws require ANZ to such *personal information*;
- > the circumstances in which ANZ may collect *personal information* from other sources (including from a third party); and
- > how an individual may:
  - access their *personal information* and seek correction of their *personal information*;
  - instruct ANZ that the individual does not want to receive information about other products and services; and
  - raise concerns that ANZ may have breached the *Privacy Act 1988 (Cth)* or related code, and how ANZ will deal with these matters.

### 11.3.3 DISCLOSURE OF INFORMATION

By entering into a *foreign exchange contract* or by acquiring or continuing to hold the product or service from ANZ, or if otherwise providing information to ANZ, you agree that ANZ may disclose your information (including *personal information* and information relating to a *foreign exchange contract* or any associated transactions, products or services) to:

- > any related entity of ANZ which may use the information to: (a) carry out ANZ's functions and activities; (b) promote its own transactions, products and services, unless you advise otherwise; (c) assess your application for transactions, products or services; (d) manage your transaction, product or service; (e) perform administrative and operational tasks (including debt recovery); or (f) comply with laws, regulatory requirements and prudential standards;
- > an organisation that is in an arrangement with ANZ to jointly offer products or services and/or has an alliance with ANZ to share information for marketing purposes (and any of its outsourced service providers or agents);
- > any agent, contractor or service provider ANZ engages to carry out or assist its functions and activities;
- > an organisation that assists ANZ to identify, prevent or investigate fraud, unlawful activity or misconduct;
- > regulatory bodies, government agencies, law enforcement bodies and courts;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions;
- > other credit providers;
- > insurers (including mortgage insurers) and reinsurers;

- > any person who introduces you to ANZ;
- > your referees(s), employer or representative (including any authorised agent, executor, administrator or trustee in bankruptcy, legal representative or anyone else acting for you in connection with your product or service);
- > joint account holders;
- > any provider of a guarantee, security or other credit support for your obligations to ANZ;
- > other parties ANZ is authorised or required by law or court/tribunal order to disclose information to;
- > any professional advisors of ANZ who are under a duty of confidentiality to keep such information confidential; and
- > any credit reporting bodies (for more information about credit reporting in relation to *personal information*, including the name and contact details of credit reporting bodies and the circumstances in which ANZ may disclose *personal information* to them, refer to [anz.com/privacy](http://anz.com/privacy)).

In making the disclosures described above, ANZ may disclose information to recipients (including service providers and related entities of ANZ) (a) located outside Australia and/or (b) not established in or not carrying on business in Australia. Details regarding the location of such recipients may be found at [anz.com/privacy](http://anz.com/privacy).

### 11.3.4 INFORMATION ABOUT OTHERS

If you give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, you must show that person a copy of this clause 11.3 (Privacy and Disclosure of Information) so that they understand the manner in which their *personal information* may be used or disclosed.

Amend the definitions in Section 12 of the PDS as follows:

- > delete the definition of *confidential information*
- > replace the definition of *personal information* with the following:

*personal information* means information or an opinion about an identified individual, or an individual who is reasonably identifiable.

FOREIGN EXCHANGE  
CONTRACTS  
PRODUCT DISCLOSURE STATEMENT

# FOREIGN EXCHANGE CONTRACTS

## IMPORTANT INFORMATION

### Issuer

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of the *foreign exchange contracts* offered in this Product Disclosure Statement (PDS) dated 5 August 2011.

References to “ANZ”, “us”, “our” or “we” throughout this PDS are references to Australia and New Zealand Banking Group Limited. References to “you” or “your” throughout this PDS means the person entering into a *foreign exchange contract*.

### Purpose of this PDS

This PDS is an important document. Its purpose is to provide you with key information about *foreign exchange contracts*.

ANZ is providing you with this PDS so that you receive key information about *foreign exchange contracts* to help you understand their risks, benefits and costs, and to assist you in making an informed decision about entering into *foreign exchange contracts*.

*Foreign exchange contracts* are sophisticated financial products. These products may be unsuitable for you if you are unfamiliar with foreign exchange dealings.

Please read this PDS in full before deciding to enter into a *foreign exchange contract*. If you decide to enter into a *foreign exchange contract*, you should keep this PDS and any other documentation relating to the *foreign exchange contract* for future reference.

### General information only

The information in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. This PDS does not constitute advice and is not a recommendation or opinion that *foreign exchange contracts* are appropriate for you.

Before entering into a *foreign exchange contract*, you should give consideration to your objectives, financial situation and needs, and be satisfied that they will be met if you enter into a *foreign exchange contract*. We recommend that you consult your independent professional adviser about the suitability of *foreign exchange contracts* for you.

### Australian distribution only

The *foreign exchange contracts* to which this PDS relates are available to persons receiving the PDS (electronically or otherwise) in Australia, who are Australian residents.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore, persons into whose possession those documents come should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate these laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

### Updated information

The information in this PDS is subject to change. Where new information arises that is materially adverse to the information in this PDS, ANZ will issue a new PDS or issue a supplementary PDS setting out the new information.

Where new information arises that is not materially adverse to the information in this PDS, you will be able to find the updated information on our website, anz.com, or you can contact us using the details in the directory in Section 13 or call your ANZ contact. A paper copy of the updated information is available free on request.

### Examples in this PDS

The examples are for illustrative purposes only. You should note that the actual *exchange rate* will vary depending on the terms of the *foreign exchange contract* and the factors listed in Section 3.1 of this PDS.

### Definitions

To assist you in understanding this PDS, we have included definitions in Section 12. The meaning of some italicised words used in this PDS are set out in that section.

### Contact ANZ

If there is anything in this PDS that you do not understand or if you have any questions you can contact us using the details in the directory in Section 13 or call your ANZ contact. You can also go to our website at anz.com.

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# FOREIGN EXCHANGE CONTRACTS

## 1. KEY FEATURES

TOPIC	HIGHLIGHTS	MORE INFORMATION
<b>WHO IS THE ISSUER?</b>	Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527	Section 9
<b>WHAT ARE WE OFFERING?</b>	A <i>foreign exchange contract</i> is an agreement between you and ANZ to exchange one currency for another at an agreed <i>exchange rate</i> on an agreed <i>settlement date</i> .  ANZ offers <i>value today transactions</i> , <i>value tomorrow transactions</i> , <i>spot transactions</i> and <i>forward exchange contracts</i> (including <i>par forward exchange contracts</i> ).	Section 2
<b>WHAT ARE THE SIGNIFICANT BENEFITS?</b>	Entering into a <i>foreign exchange contract</i> allows you to achieve <i>exchange rate</i> protection and cash flow certainty.	Section 4
<b>WHAT ARE THE SIGNIFICANT DISADVANTAGES AND RISKS?</b>	<ul style="list-style-type: none"> <li>&gt; Entering into a <i>foreign exchange contract</i> fixes the <i>exchange rate</i> and you are unable to benefit from any favourable <i>exchange rate</i> movements.</li> <li>&gt; If the underlying reason for fixing the <i>exchange rate</i> for a future delivery no longer exists, the <i>forward exchange contract</i> may need to be cancelled at prevailing market rates which may incur a profit or loss.</li> <li>&gt; Other risks are explained in Section 5, including market risk, correlation risk, credit risk and operational risk.</li> </ul>	Sections 4 and 5
<b>WHAT IS THE TERM?</b>	Up to 2 years. Longer <i>terms</i> may be available on request.	Section 2
<b>WHICH CURRENCIES ARE OFFERED?</b>	ANZ will quote most currencies. Please contact us for a full range of currencies offered.	Section 2
<b>WHAT IS THE MINIMUM CONTRACT AMOUNT?</b>	No minimum amount.	
<b>WHAT DO I HAVE TO PAY?</b>	The cost of a <i>foreign exchange contract</i> is determined by the <i>exchange rate</i> we agree with you. Fees and charges may be payable on the establishment of a <i>foreign exchange contract</i> , variation of the <i>settlement date</i> and termination of a <i>foreign exchange contract</i> .	Section 6
<b>HOW IS IT SETTLED?</b>	<i>Foreign exchange contracts</i> are settled on the agreed <i>settlement date</i> . On the <i>settlement date</i> you must make a physical delivery of one currency to ANZ and ANZ will make a physical delivery of another currency to you. ANZ may offer an <i>optional delivery period</i> . You must ensure that you have sufficient cleared funds to settle the <i>contract</i> .	Sections 3.2 and 3.3
<b>CAN I VARY THE SETTLEMENT DATE?</b>	Variations to <i>settlement dates</i> may be available by agreement with ANZ, including extension of the <i>settlement date</i> and pre-delivery. An <i>optional delivery period</i> for a <i>foreign exchange contract</i> may also be available. Fees and charges may apply to variations of the <i>settlement date</i> .	Sections 3.4, 3.5 and 6
<b>CAN I TERMINATE EARLY?</b>	If we agree, you can terminate early but an amount may be payable by or to you depending on the <i>mark to market</i> value of the <i>contract</i> .  You may also be liable for any losses and costs ANZ may incur as well as fees and charges.	Sections 3.6 and 6
<b>HOW DO I ENTER INTO A CONTRACT?</b>	Entry into a <i>foreign exchange contract</i> is subject to ANZ's credit approval.  You will need to specify the <i>currency pair</i> , the <i>contract amount</i> , the <i>settlement date</i> or any <i>optional delivery period</i> (if available) required.  Please contact us for a <i>foreign exchange contract</i> .	Section 8
<b>TAX</b>	The tax consequences of investing in a <i>foreign exchange contract</i> will depend upon your specific circumstances. You should seek your own independent tax advice before you enter into a <i>foreign exchange contract</i> .	Section 10
<b>COMPLAINTS</b>	Complaint resolution procedures are provided.	Section 11.2
<b>NO COOLING OFF</b>	There is no cooling off period once you have entered into a <i>foreign exchange contract</i> .	Section 5

## 2. WHAT IS A FOREIGN EXCHANGE CONTRACT

A *foreign exchange contract* is an agreement between you and ANZ to exchange one currency for another at an agreed *exchange rate* on an agreed *settlement date*. On the *settlement date* there is physical delivery of one currency in exchange for the other currency and the amount you pay or receive is determined by the agreed *exchange rate*.

If you want to enter into a *foreign exchange contract*, ANZ will quote you the *exchange rate*.

### What are exchange rates?

An *exchange rate* is the price at which one currency can be bought or sold and which is expressed in terms of another currency.

All quotations are made up of two currencies: the base currency and the terms currency. These form what is known as the *currency pair*.

The first currency in the quoted *currency pair* is known as the base currency and the second is referred to as the terms currency. A quotation shows how many units of the terms currency will equal one unit of the base currency.

For example, in the following quotation:

Australian Dollar (AUD) against United States Dollar (USD)

AUD/USD0.8805

Australian Dollars is the base currency and US Dollars is the terms currency. One Australian Dollar is equal to 0.8805 US Dollar (88.05 US cents).

### What currencies are offered?

ANZ will provide you with quotes on most currencies. Popular currencies and their associated codes are:

CURRENCIES*	CODE
AUSTRALIAN DOLLARS	AUD
EURO	EUR
GREAT BRITISH POUNDS	GBP
HONG KONG DOLLARS	HKD
JAPANESE YEN	JPY
NEW ZEALAND DOLLARS	NZD
RENMINBI#	CNY
SINGAPORE DOLLARS	SGD
UNITED STATES DOLLARS	USD

\*The list above is not exhaustive. We can advise you of all of the currencies which we offer for *foreign exchange contracts*.

#Please refer to specific risks relating to Renminbi on page 10.

### What is the term?

The *term* of the *foreign exchange contract* is the time between the *trade date*, which is the date on which you enter into a *foreign exchange contract*, and the *settlement date*, which is the date exchange of the currencies occurs.

The terminology and *exchange rates* for *foreign exchange contracts* vary depending on the type of *foreign exchange contract*, which is based on the *term*, as described in the table below.

TERMINOLOGY	TYPE OF FOREIGN EXCHANGE CONTRACT
VALUE TODAY TRANSACTION	Settled on the <i>trade date</i>
VALUE TOMORROW TRANSACTION	Settled on the first <i>business day</i> after the <i>trade date</i>
SPOT TRANSACTION	<i>Settlement date</i> that is 2 <i>business days</i> after the <i>trade date</i>
FORWARD EXCHANGE CONTRACT	<i>Settlement date</i> that is more than 2 <i>business days</i>
PAR FORWARD EXCHANGE CONTRACT	<i>Settlement dates</i> that occur at regular intervals over a period of time at the same <i>exchange rate</i>



# FOREIGN EXCHANGE CONTRACTS

ANZ enters into *value today transactions*, *value tomorrow transactions*, *spot transactions* and *forward exchange contracts* (including *par forward exchange contracts*).

A *foreign exchange contract* can be for a fixed period or for a fixed period with an *optional delivery period* (if available). The *settlement date* may be varied, by extending the *settlement date* or pre-delivery of the *contract*, with the approval of ANZ. Please see Sections 3.3 - 3.5 for further information.

If you decide to enter into a *foreign exchange contract*, you will need to tell us the *term* or *settlement date*, as this will identify when you want delivery of the currency.

## What are *foreign exchange contracts* used for?

*Foreign exchange contracts* are offered to allow parties to fix *exchange rates*. Importers, exporters and investors commonly use *foreign exchange contracts* to *hedge* foreign currency cash flows.

Commercial activities that *foreign exchange contracts* may be useful for include:

- > importing or exporting, where the invoice is quoted in a foreign currency;
- > foreign currency payments; and
- > repatriation of overseas profits or interest in foreign currencies back to Australia.

## 3. HOW DOES A FOREIGN EXCHANGE CONTRACT WORK

### 3.1 How are *exchange rates* determined?

The *exchange rates* that we quote are not a forecast of where we believe the *exchange rate* will be on any future date, rather it is an adjustment of the *market exchange rate* to determine the *exchange rate* ANZ is prepared to offer you.

#### *Spot exchange rate*

We determine our *spot exchange rate* that we quote you for a *spot transaction*, by applying a *margin* to the *market exchange rate*, taking into account the factors listed below. ANZ derives a financial benefit through this *margin*.

Factors that ANZ may take into account when determining the *margin*, include:

- > the *market exchange rate*
- > volatility factor
- > the amount and currency of the transaction
- > ANZ's internal costs and profit margin

The influence each factor has varies from time to time, principally in accordance with ANZ's opinion of the foreign exchange markets and other relevant considerations.

#### *Value today transaction, value tomorrow transaction and forward exchange contracts*

The *exchange rates* we quote you for *value today transactions*, *value tomorrow transactions* and *forward exchange contracts* (including *par forward exchange contracts*) are determined by adjusting our *spot exchange rate*. The adjustment can be additions or subtractions to our current *spot exchange rate* and is expressed as a number of foreign exchange points, called a *forward point adjustment*.

Factors that ANZ may take into account when determining the *forward point adjustment*, include:

- > interest rate differential between the two currencies being exchanged over the period of the *foreign exchange contract*
- > the *market exchange rate*
- > volatility factor
- > the amount and currency of the transaction
- > ANZ's internal costs and profit margin

For instance, a smaller *contract amount* in a volatile environment is likely to have a high *forward point adjustment*.

#### Example: Determining the *forward exchange contract exchange rate*

For example, in determining a AUD/USD *exchange rate* for a *forward exchange contract* with a *settlement date* in one month, if Australian interest rates are higher than in the US, the *forward point adjustment* will be a subtraction from the *spot exchange rate*.

Current AUD/USD <i>spot exchange rate</i>	0.8805
One month <i>forward point adjustment</i>	-0.0015
Adjusted <i>forward exchange contract exchange rate</i>	0.8790



**3.2 How are foreign exchange contracts settled on the settlement date?**

Foreign exchange contracts are settled on the agreed settlement date. This means on the settlement date you will make a physical delivery of one currency to us and we will make a physical delivery of another currency to you. You must ensure that you have sufficient cleared funds to settle the contract in this way.

**3.3 What is an optional delivery period?**

ANZ may offer an optional delivery period. An optional delivery period provides you with flexibility to settle your forward exchange contract at any time during the agreed period. You may require this feature if you are uncertain of the exact date on which you will want to exchange the currencies. The optional delivery period can be for up to a maximum period which ANZ may set from time to time. You can also request an optional delivery period that is less than the maximum period.

The cost of including an optional delivery period is incorporated into the exchange rate for the foreign exchange contract. The exchange rate will be less favourable or different to the exchange rate that could be obtained for a fixed period forward exchange contract.

If you want a contract with an optional delivery period, you will need to identify when the optional delivery period is to begin and end when you enter into the foreign exchange contract. During the optional delivery period you need to tell us when you would like the delivery date. You can tell us on the day that you want it to be the delivery date.

ANZ is not obliged to offer an optional delivery period for a contract.

**3.4 Can a foreign exchange contract be extended?**

After entering into a foreign exchange contract, you may wish to delay the agreed settlement date. ANZ may in its discretion approve an extension to the term of the contract in part or in full.

If ANZ approves the extension, ANZ will adjust the exchange rate quoted in the contract to determine the new exchange rate.

**DIAGRAM 1: OPTIONAL DELIVERY PERIOD**

**DESCRIPTION OF SETTLEMENT ARRANGEMENTS**

<b>FIXED PERIOD</b>	Settled on the agreed settlement date at the end of the term.
<b>OPTIONAL DELIVERY PERIOD</b>	Settlement can take place during an agreed period before the agreed settlement date.



# FOREIGN EXCHANGE CONTRACTS

In determining the adjustment of the *exchange rate* up or down, ANZ will take into account the factors outlined in Section 3.1, any interest rate differential to the *spot exchange rate* and any applicable *funding cost/benefit*.

The applicable *funding cost/benefit* reflects whether the existing *foreign exchange contract* has a positive value ('in the money') or negative value ('out of the money') compared to the prevailing market value. If the *foreign exchange contract* is out of the money there is a funding cost and if the *foreign exchange contract* is in the money there is a funding benefit, which is reflected in the adjustment.

You will incur a fee, payable to ANZ, on the extension of the *term* of a *foreign exchange contract*. Please refer to Section 6 for information regarding fees and charges.

## 3.5 Can a foreign exchange contract be pre-delivered?

After entering into a *foreign exchange contract*, you may wish to bring forward the *settlement date* agreed in the *contract*. This is called pre-delivery of the currency under a *contract*. ANZ may in its discretion agree to pre-deliver a *contract* in part or in full.

If ANZ agrees to pre-deliver a *contract*, ANZ will adjust the *exchange rate* quoted in the *contract* to determine the new *exchange rate*.

In determining the adjustment of the *exchange rate* up or down, ANZ will take into account the factors outlined in Section 3.1, any interest rate differential to the *spot exchange rate* and any applicable *funding cost/benefit*. The applicable *funding cost/benefit* is calculated in the same way as described in Section 3.4 above. There is no fee payable to ANZ for pre-delivery of a *foreign exchange contract*.

## 3.6 Can a foreign exchange contract be terminated early?

You may find that you have no further use for an existing *foreign exchange contract*. A *foreign exchange contract* may be terminated at any time before the *settlement date*, either:

- > by agreement between you and ANZ; or
- > in accordance with the *master dealing agreement*.

Where the *foreign exchange contract* is terminated by agreement between you and ANZ, the amount payable on termination is as agreed.

Where the *foreign exchange contract* is terminated in accordance with the *master dealing agreement*, the amount payable is determined in accordance with those terms.

To cancel the *contract*, ANZ will enter into an opposite transaction and any costs or benefits associated with doing so will be passed on to you. The *exchange rate* for the opposite transaction will take into account the factors outlined in Section 3.1. On cancellation of a *contract*, you do not make a physical delivery of a currency, instead an amount based on the costs and benefits is payable and will be settled as a debit or credit to your nominated bank account, unless otherwise agreed. You must ensure you have sufficient cleared funds in your nominated bank account when you cancel the *contract*.

You will incur a cancellation fee, payable to ANZ, on the cancellation of a *foreign exchange contract*, unless the *residual balance* is less than AUD 50. Please refer to Section 6 for information regarding fees and charges.

#### 4. WHAT ARE THE SIGNIFICANT BENEFITS AND DISADVANTAGES OF A FOREIGN EXCHANGE CONTRACT?

##### What are the benefits of a *foreign exchange contract*?

The benefits of a *foreign exchange contract* include:

- > protection from adverse movements in the *exchange rate*
- > flexibility of *settlement dates*
- > cash flow certainty
- > known amount of exposure in base currency (usually AUD)
- > no increase in cost (or decrease in revenue) due to unexpected adverse movement in *exchange rates*

##### What are the disadvantages of a *foreign exchange contract*?

The disadvantages of a *foreign exchange contract* include:

- > entering into a *foreign exchange contract* fixes the *exchange rate* and does not allow you to benefit from future favourable *exchange rate* movements
- > there may be a cost if the *foreign exchange contract* is terminated prior to the *settlement date*.

#### 5. WHAT ARE THE SIGNIFICANT RISKS OF A FOREIGN EXCHANGE CONTRACT?

Risks arise out of factors that are beyond your control. From the time of entering into a *foreign exchange contract* with ANZ, risk factors may lead to unfavourable changes in the financial outcomes of the *foreign exchange contract*.

Monitoring risks associated with a *foreign exchange contract* is your responsibility.

Prior to entering into a *foreign exchange contract*, you should carefully consider the following risk factors as well as the other information either contained in this PDS or of which you are otherwise aware and consider whether a *foreign exchange contract* is suitable for you, given your individual objectives and circumstances. We recommend that you obtain independent advice on the suitability of a *foreign exchange contract* for you.

##### Correlation risk

Correlation risk is the risk that the value of a *foreign exchange contract* does not move in line with that of the underlying exposure that you are seeking to *hedge*. This may occur where you seek to mitigate an exchange rate risk in one currency by using another currency as a proxy.

For example, if you are concerned about the value of an investment in a European country without a freely convertible currency and ANZ is unable to deal in the currency of this country you may choose to deal in Euro as you consider it a close proxy to the currency of that country. As the Euro is not an exact proxy for that currency, and the correlation relationship between the currencies may change, you have assumed some correlation risk.

##### Market risk

Markets can be volatile and are subject to a host of factors, including economic conditions, government regulations, legislation, market sentiment, local and international political events and environmental and technological issues.

Market risk is the risk that the value of your *foreign exchange contract* will change as a result of a movement in the market price. If you enter into a *foreign exchange contract* without an underlying currency cash flow or *hedge* you should be aware that you will be exposed to changes in the *exchange rate*. You will suffer a loss if the underlying currency moves unfavourably.

Entering into a *foreign exchange contract* fixes the *exchange rate* for an agreed *settlement date*. This effectively results in you being unable to participate in any favourable movements in the *exchange rate* during the *term* of the *foreign exchange contract*. This precludes any future financial benefit and is sometimes known as 'opportunity cost'.

# FOREIGN EXCHANGE CONTRACTS

## Credit risk

You are reliant on ANZ meeting its obligations to you under the *foreign exchange contract*, such as making a payment on a *settlement date*. This reliance is an exposure known as credit risk or counterparty risk.

The proceeds from the issue of *foreign exchange contracts* are not set aside by ANZ to satisfy its obligations under a *foreign exchange contract* and such obligations are unsecured obligations of ANZ and will rank equally with other unsecured obligations of ANZ. Unsecured obligations of ANZ rank behind obligations that are mandatorily preferred by law including the rights of deposit holders and are subject to insolvency, banking and similar laws affecting creditor's rights.

For further information on ANZ, see Section 9.

Likewise, ANZ assumes some credit risk in transacting with you in respect of payment obligations you have under the *foreign exchange contract*. If you have to make a payment to ANZ on the *settlement date*, you must ensure that you have sufficient cleared funds accessible to ANZ to meet your payment obligations. If you do not, you will be in breach of your obligations and ANZ may take further action to recover any payments owed and any costs involved with recovering those payments.

## Operational risk

Operational risk arises out of the failure or inadequacy of systems, internal processes and people. It can also arise out of external events such as acts of terrorism or natural disasters.

You are reliant on ANZ being able to price and settle your *foreign exchange contract* accurately and on time. ANZ, in turn, is reliant on its internal operating processes, including communications and computer networks. During the term of a *foreign exchange contract*, it is ANZ's responsibility to manage these risks. Your *foreign exchange contract* may be adversely affected if ANZ's operating processes, systems or people for managing these procedures are disrupted, inadequate or fail.

For example, if on the *settlement date*, ANZ cannot obtain your settlement instructions because it cannot access its systems, payment may be delayed.

## Legal, tax and regulatory risks

Legal, tax and regulatory changes could occur during the term of a *foreign exchange contract*, which may adversely affect a *foreign exchange contract*. You should seek independent tax advice before entering into a *foreign exchange contract*.

## Specific risks relating to Renminbi

You should fully understand the risks relating to Renminbi before entering into a *foreign exchange contract* denominated in Renminbi.

Renminbi is subject to exchange rate risk and is currently not a freely convertible currency. Conversion of Renminbi is subject to *foreign exchange* control policies of the People's Republic of China (PRC) government and laws, regulations, directives or guidelines of central banks or other governmental or regulatory authorities (which may be changed from time to time) ("**relevant restrictions**").

Accordingly, there is a risk that you may not be able to receive the full settlement amount under a *foreign exchange contract* in Renminbi. This may occur where ANZ cannot obtain a sufficient amount of Renminbi in a timely manner due to *relevant restrictions* which may (for example) (i) require ANZ to obtain permission from a relevant authority or body to purchase Renminbi; (ii) otherwise restrict ANZ's ability to obtain Renminbi; or (iii) otherwise adversely regulate the purchase or holding of Renminbi such that additional costs are imposed in obtaining Renminbi.

In the event that ANZ is not able to obtain Renminbi for the settlement of a *foreign exchange contract* on the *settlement date*, you and ANZ will agree an alternative process for settlement.

If you enter into a *foreign exchange contract* denominated in Renminbi, you should also be aware that there are restrictions in dealing with Renminbi. For example, Renminbi can only be sent to mainland China for the sole purpose of settling a trade transaction and the beneficiary of such a payment must be authorised by the People's Bank of China to receive a payment denominated in Renminbi.

## Termination

If you wish to terminate the *foreign exchange contract* before the *settlement date*, the *foreign exchange contract* will be terminated at prevailing market rates. This may incur a benefit or a cost to you. Currency markets are highly volatile and the prices of the underlying currencies can fluctuate rapidly and over wide ranges and may reflect unforeseen events or changes in conditions. Fluctuations in the underlying currencies will affect the benefit or cost to you when you terminate a *foreign exchange contract*. For more information on termination of a foreign exchange contract please refer to Section 3.6. You should also refer to the *master dealing agreement* as it provides for situations where a *foreign exchange contract* can be terminated including for default under the *contract*.

In addition, if you terminate a *foreign exchange contract* before the *settlement date*, there may be a fee payable by you. See Section 6 for further information on the costs and fees payable.

### Changes to *settlement dates*

If you change the *settlement date*, there may be a fee payable by you. See Section 6 for further information on the fees and costs and fees payable.

### Conflicts of interest

ANZ is a large commercial bank which deals with many people and entities. ANZ and its related bodies corporate may enter into transactions and products with various counterparties that may be in conflict with or inconsistent with your interests under *foreign exchange contracts* and ANZ does not need to and will not consider the impact on your *foreign exchange contract*.

### No cooling off

No cooling off period applies for *foreign exchange contracts*.

### Other risks

The risks listed above are not exhaustive. There may be other risks that are relevant to you when entering into a *foreign exchange contract*.

You should also be sure that a *foreign exchange contract* is suitable for you before entering into one. We recommend that you obtain independent professional advice on the suitability of *foreign exchange contracts* to you.

## 6. COST OF A FOREIGN EXCHANGE CONTRACT

This section describes fees and other costs that may be charged in relation to a *foreign exchange contract*. You should read all the information about the fees, costs and charges, as it is important you understand their impact on *foreign exchange contracts*.

### 6.1 Payment on settlement

When you enter into a *foreign exchange contract* with us, you agree to make a physical payment of one currency to us in exchange for a physical receipt of another currency at a fixed exchange rate on a pre-agreed date. What you pay is determined by the *exchange rate* we agree with you.

Please see Section 7 for examples of how *foreign exchange contracts* work.

### 6.2 ANZ financial benefit

ANZ derives a financial benefit when entering into a *foreign exchange contract*. The *exchange rate* quoted to you includes a *margin* added by ANZ. The size of the *margin* varies on a case by case basis and takes into account, among other things, the factors listed in Section 3.1 above. The 'cost' of the *foreign exchange contract* is effectively embedded in the *exchange rate* ANZ quotes as it is included in the *margin*.

### 6.3 Fees and charges

Fees may be payable for the establishment, extension, pre-delivery or termination of a *foreign exchange contract*. Current fees are set out below:

TYPE OF FEE OR COST	CURRENT FEE (IN AUD)	HOW AND WHEN DO YOU PAY?
<b>ESTABLISHMENT FEE</b>	\$15.00	On the <i>trade date</i> . The fee will be deducted from your nominated bank account, unless otherwise agreed.
Establishment of new <i>foreign exchange contract</i> with a value under AUD 100,000 (or equivalent in another currency)		
Establishment of new <i>foreign exchange contracts</i> with a value of AUD 100,000 (or equivalent in another currency) or over	Nil	
<b>EXTENSION OF THE SETTLEMENT DATE</b>	\$15.00	On the date the <i>contract</i> is extended. The fee will be deducted from your nominated bank account, unless otherwise agreed.
<b>PRE-DELIVERY</b>	Nil	
<b>EARLY TERMINATION</b>	\$30.00	On termination
If the <i>residual balance</i> of the <i>contract</i> is AUD 50 or more at early termination.		
If the <i>residual balance</i> of the <i>contract</i> is less than AUD 50 at early termination.	Nil	

# FOREIGN EXCHANGE CONTRACTS

## 6.4 Settlement costs

You may also be required to pay additional costs on settlement or termination depending on the manner in which termination or settlement payments are effected, including telegraphic transfers and international drafts.

Information regarding the current costs of telegraphic transfers or international drafts is contained in the respective product disclosure statements for these products or other documents relating to these products. You can ask your ANZ contact for a free copy of the relevant product disclosure statements, or you can access them at anz.com.

Additional costs may be payable for couriers, postage and other actions relating to *foreign exchange contracts*.

## 6.5 Taxes and other costs

You should consult your independent advisers with respect to legal, tax, accounting and financial implications of entering into *foreign exchange contracts*. The costs you incur in doing so will be for your own account.

## 6.6 Changes to fees and charges

The fees and charges set out in this document may change from time to time at ANZ's discretion. If any fee changes affect existing holders of *foreign exchange contracts*, we will advise them at least 30 days prior to any such fee changes taking effect by posting them on our website anz.com. By entering into a *foreign exchange contract* you agree to notification of changes as set out above.

## 7. EXAMPLES OF HOW FOREIGN EXCHANGE CONTRACTS WORK

This section gives examples from an importer's point of view. The examples and considerations apply equally to exporters.

The examples are for illustrative purposes only. You should note that the actual *exchange rate* will vary depending on the terms of the *foreign exchange contract* and the factors listed in Section 3.1 of this PDS. To assess the merits of a *foreign exchange contract* you will need to use the actual rates and figures quoted to you.

The examples below all assume that you will need to pay USD 100,000 in a certain period of time. As the value of each *contract* is more than AUD 100,000 no establishment fee is payable. However, where a *contract* is for less than AUD 100,000 a fee of AUD 15 is payable to ANZ on the *trade date*. The fee would be deducted from your nominated bank account, or as otherwise agreed.

### Example 1: How does a *spot transaction* work?

You need to pay USD 100,000 to an offshore supplier in 2 *business days'* time. You contact ANZ and ask for a quote for you to receive USD 100,000 in exchange for AUD with a *settlement date* in 2 *business days* ie. a *spot transaction*.

ANZ quotes you a *spot exchange rate* of AUD/USD0.8805. If you accept the quote you have entered into a *spot transaction* with ANZ at AUD/USD0.8805.

The AUD equivalent which you need to pay ANZ in 2 *business days* in exchange for the USD 100,000 ANZ will pay you on the same date is calculated by dividing the USD amount by the AUD/USD *spot exchange rate* as follows:

$$\text{USD } 100,000 / 0.8805 = \text{AUD } 113,571.83$$



**Example 2: How does a *value today transaction* work?**

You need to pay USD 100,000 to an offshore supplier today. You contact ANZ and ask for a quote for you to receive USD 100,000 in exchange for AUD today ie. a *value today transaction* rate. ANZ will calculate an *exchange rate* based on its *spot exchange rate* as follows:

Current ANZ AUD/USD <i>spot exchange rate</i>	0.8805
<i>value today transaction</i> adjustment	+0.00006
<i>exchange rate for a value</i> <i>today transaction</i>	0.88056

In this example, if you accept ANZ's *value today transaction* quote, you must buy USD 100,000 from ANZ today in exchange for AUD 113,564.10 (USD 100,000/0.88056).

**Example 3: How does a *value tomorrow transaction* work?**

You need to pay USD 100,000 to an offshore supplier in 1 *business day*. You contact ANZ and ask for a quote for you to receive USD 100,000 in exchange for AUD in 1 *business day* ie. an *exchange rate for a value tomorrow transaction*. ANZ will calculate an *exchange rate* based on its current AUD/USD *spot exchange rate* and a *value tomorrow transaction* adjustment as follows:

Current ANZ AUD/USD <i>spot exchange rate</i>	0.8805
<i>value tomorrow transaction</i> adjustment	+0.00003
<i>exchange rate for a value</i> <i>tomorrow transaction</i>	0.88053

If you accept ANZ's *value tomorrow transaction* quote, then on the next *business day* you must buy USD 100,000 from ANZ in exchange for paying ANZ AUD 113,567.96 (USD 100,000/0.88053).

**Example 4: How does a *forward exchange contract* work?**

You need to pay USD 100,000 to an offshore supplier in one month. You contact ANZ and request a quote for you to receive USD 100,000 in exchange for AUD with a *settlement date* in one month.

ANZ will calculate a rate based on its current AUD/USD *spot exchange rate* and a one month *forward point adjustment* based on the interest rate differential between AUD and USD for that month and the other factors described in Section 3.1 as follows:

Current ANZ AUD/USD <i>spot exchange rate</i>	0.8805
<i>Forward point adjustment</i> for one month	-0.0015
<i>exchange rate for a forward</i> <i>exchange contract</i>	0.8790

If you accept ANZ's *forward exchange contract* quote for one month, you must buy in one month's time USD 100,000 from ANZ in exchange for paying ANZ AUD 113,765.64 (USD 100,000/0.8790).

**Example 5: How does a *par forward exchange contract* work?**

You need to pay USD 100,000 to an offshore supplier each month for 12 months. You contact ANZ and request a quote for you to receive USD 100,000 on the 15th of each month commencing in one month and ending in 12 months.

ANZ can quote you 12 individual *exchange rates* for this "string" of transactions. Each of the 12 individual *exchange rates* is likely to be different. This means the corresponding cash flows will also differ (in terms of the AUD you must pay). This may not suit you given the cash flows will be different for each month. You may request that ANZ quote you one rate (a *par-forward rate*) for each of the 12 *contracts* to have the effect of even cash flow payments by you. ANZ will calculate this *exchange rate* for you as follows:

Current ANZ AUD/USD <i>spot exchange rate</i>	0.8805
Par forward adjustment for 12 monthly transactions	-0.0090
<i>exchange rate for each month</i> for 12 months	0.8715

If you accept ANZ's *par forward exchange contract* quote for the 12 transactions (ie. you enter into 12 separate *forward exchange contracts*), you must buy USD 100,000 from ANZ in exchange for paying to ANZ AUD 114,744.69 on the 15th of each month for the agreed 12 months.



# FOREIGN EXCHANGE CONTRACTS

## Example 6: You select an *optional delivery period*

You enter into a *foreign exchange contract* to pay USD 100,000 to a supplier in approximately three months' time. You are unsure of the exact payment date but know it will be required within 15 days of the three month *term*. ANZ agrees to offer an *optional delivery period* of 15 days prior to the 3 month *term*.

Existing AUD/USD exchange rate due in 3 months	0.8805
Optional delivery adjustment	-0.0020
Adjusted AUD/USD exchange rate	0.8785

In this example, you would receive USD 100,000 from ANZ and you would pay AUD 113,830.39 to ANZ on the *delivery date* (which can be any day you notify to ANZ during the *optional delivery period*). You would pay AUD 258.56 more (AUD 113,830.39 less 113,571.83) to have a *contract* with an *optional delivery period* than you would have paid for a *contract* with a fixed period for the three month *term* as a result of the adjustment.

## Example 7: You want to extend the *foreign exchange contract*

You have an existing AUD/USD *foreign exchange contract* for you to receive USD 100,000 and the *settlement date* is today at an *exchange rate* of 0.8805. Under this *contract*, you would have received USD 100,000 from ANZ and you would have been required to pay AUD 113,571.83 today. For commercial reasons you wish to delay the payment of USD to your supplier for one month and ask ANZ to extend the *settlement date* of the *foreign exchange contract* for one month. ANZ approves the extension and calculates the new forward adjusted *exchange rate* with a *settlement date* in one month.

Existing AUD/USD exchange rate (due today)	0.8805
One month forward adjustment	-0.0015
Adjusted AUD/USD exchange rate	0.8790

In this example, you would receive USD 100,000 from ANZ and you would pay AUD 113,765.64 to ANZ on the revised *settlement date* in one month. You are also required to pay a fee of AUD 15 to ANZ for extension of the *foreign exchange contract*, so the total amount you must pay to ANZ is AUD 113, 780.64. The fee is separately deducted from your nominated bank account unless otherwise agreed, it is not an adjustment to the amount paid on the *settlement date*.

In this case, you would need to pay AUD 208.81 more (AUD 113,765.64 less AUD 113,571.83 plus AUD 15) to ANZ as a result of the adjustment to extend the *settlement date* by one month instead of today.

## Example 8: You want pre-delivery of the *foreign exchange contract*

You have an existing AUD/USD *foreign exchange contract* for you to receive USD 100,000 with a *settlement date* in one month at an *exchange rate* of 0.8790. Under this *contract*, in one month's time you would have received USD 100,000 from ANZ and you would have been required to pay AUD 113,765.64. Because you need to pay USD earlier than originally anticipated, you wish to settle the *foreign exchange contract* today.

The *exchange rate* agreed in the *contract* will be subject to an adjustment (which includes the *funding cost/benefit*) for the adjusted period in question.

Existing AUD/USD exchange rate due in one month	0.8790
Pre-delivery adjustment	+0.0012
Adjusted AUD/USD exchange rate	0.8802

In this example, you would receive USD 100,000 from ANZ and you would pay AUD 113,610.54 to ANZ on the revised *settlement date* (today). In this case, you would need to pay AUD 155.10 less (AUD 113,610.54 - AUD 113,765.64) to ANZ as a result of pre-delivery of your *foreign exchange contract*.

### Example 9: You want to terminate the *foreign exchange contract*

You have an existing AUD/USD *forward exchange contract* for you to receive USD 100,000 in one month's time at an *exchange rate* of 0.8790. Under this *contract*, in one month's time you would have received USD 100,000 from ANZ and you would have been required to pay AUD 113,765.64. You no longer need USD and you wish to cancel the *forward exchange contract*.

Based on the current market rates, ANZ determines the existing *foreign exchange contract mark to market* value based on the current *spot exchange rate* and a *forward point adjustment*. You are also required to pay a fee of AUD 30 to ANZ for cancellation of the *foreign exchange contract* if the *residual balance* is more than AUD 50.

A two-step process is required to calculate the cost of cancelling the *foreign exchange contract*:

- (1) An adjustment of +0.0012 is made to the *contract exchange rate* (0.8790) to 0.8802 in order to bring the *contract* back to a *spot transaction settlement date*, that is, two business days from the cancellation date. You would purchase USD 100,000 at 0.8802 at a cost of AUD 113,610.54.
- (2) To cancel your existing *contract* and settle in the base currency, you would be obliged to sell back USD 100,000 at the current *spot exchange rate* which is, say, 0.8900. You would receive AUD 112,359.55 for the sale of USD 100,000.

Therefore, for cancelling your *contract*, there will be a net cost to you of AUD 1,250.99 (112,359.55 - 113,610.54) plus the cancellation fee of AUD 30, a total of AUD 1,280.99. This amount will be payable on the *settlement date* for which you cancelled your *contract*.

To cancel a *par forward exchange contract* each outstanding *contract* must be individually *marked to market* (as previously described). This may result in a different total cost/benefit than if a string of regular *foreign exchange contract* had been used. The result will depend on how many *contracts* have settled, how many *contracts* are outstanding and the prevailing interest rates in the country for each currency at the time.

## 8. TERMS OF FOREIGN EXCHANGE CONTRACTS

### 8.1 How do you enter into a *foreign exchange contract*?

If you have made an assessment based on your own knowledge and independent professional advice and, as a result, are interested in entering into a *foreign exchange contract*, you should contact us using the details in the directory in Section 13 or call your ANZ *contact*. Before you can enter into a *foreign exchange contract*, ANZ will need to conduct a credit assessment to see if you satisfy ANZ's credit requirements. ANZ will only enter into a *foreign exchange contract* with you for genuine commercial reasons and not for speculative purposes.

The next steps are:

- > Contact us using the details in the directory in Section 13 or call your ANZ *contact* to ask for a *foreign exchange contract*.
- > ANZ will provide you with the *master dealing agreement* that will apply to your *foreign exchange contract* transaction. ANZ may also agree to provide you with access to an electronic platform to enter into your *foreign exchange contract* transaction. ANZ will provide you with terms and conditions for that electronic platform at the time.
- > You will need to provide the *contract amount* and denomination of the *currency pair*, the *settlement date* or any *optional delivery period* (if available) required.
- > ANZ will then quote you the applicable *exchange rate*. For further information on how this is derived see Section 3.1.
- > If you accept ANZ's quote of the applicable *exchange rate* you enter into a *foreign exchange contract* with ANZ.
- > ANZ will provide you with a *confirmation* setting out the terms and details of the *foreign exchange contract* you entered into including the currencies and values involved, the *exchange rate* and the *settlement date*.
- > You need to carefully check the *confirmation* and contact your ANZ *contact* immediately if there is a discrepancy.
- > If requested by ANZ, you must sign and return the *confirmation* in a timely manner. However, failure to do so does not affect the validity of the *foreign exchange contract*.

If you have any queries about a *confirmation*, contact your ANZ *contact*.

# FOREIGN EXCHANGE CONTRACTS

## 8.2 Required Documentation

### Terms and Conditions

A *foreign exchange contract* is subject to a *master dealing agreement*. There are two types of *master dealing agreements* that we use:

- > *standard terms and conditions*; and
- > *ISDA master*.

We will advise you whether the *standard terms and conditions* or *ISDA master* will apply as the *master dealing agreement* for your *foreign exchange contract*. If we agree that an *ISDA master* will apply, we will provide it to you and you will be required to sign it prior to transacting a *foreign exchange contract* with us.

The *master dealing agreement* governs the dealing relationship between you and us and sets out the terms and conditions that apply to any *foreign exchange contract* you may enter into with ANZ. If you do not have a copy of the *master dealing agreement*, please contact us using the details in the directory in Section 13 or call your *ANZ contact* and a copy will be provided to you free of charge. The *standard terms and conditions* are also available at [anz.com](http://anz.com).

The *master dealing agreement* is important. The *master dealing agreement* covers a number of important terms, including obligations, payments, events of default, the right to terminate and the calculation of the amount payable on termination. The *master dealing agreement* also covers *confirmations*, calculation periods and assignment, amongst other things.

We recommend that you read the *master dealing agreement* carefully before entering into a *foreign exchange contract* with us and consult your own independent professional adviser(s) regarding the legal consequences of entering into a *foreign exchange contract*.

### Other documentation

In addition to the *master dealing agreement* and the *confirmation*, ANZ may require you to provide other documentation as part of the process of agreeing to enter into a *foreign exchange contract* with you (for example, security, amendments to trust or partnership deed). For further information on this, contact your *ANZ contact*.

## 9. INFORMATION ABOUT ANZ

ANZ is a company incorporated in the Commonwealth of Australia. ANZ holds an Australian Financial Service Licence (AFSL No. 234527). ANZ is a commercial bank offering a wide range of banking services to its customers both domestically and internationally.

ANZ world headquarters is located in Melbourne. It first opened as the Bank of Australasia in Sydney in 1835 and in Melbourne in 1838.

The ordinary shares of ANZ are listed on the Australian Stock Exchange. Full details of the share capital and net assets of ANZ are contained in the financial statements that are available on the ANZ website [anz.com](http://anz.com).

Financial statements for ANZ are also lodged with the Australian Securities and Investment Commission. Copies of ANZ's current financial statements are available upon request.

## 10. TAXATION

Depending on your particular circumstances, in general, gains from financial instruments such as this product may be assessable either as a revenue gain or a capital gain (under the capital gains tax regime). Conversely, losses may be deductible (or give rise to a capital loss) if the relevant eligibility and availability criteria are met. If the gains are subject to the capital gains tax regime, concessions or discounts may be available to the extent that you are eligible. We do not know how you will be required to treat this product or whether it can or will be held on capital account and thus subject to the capital gains tax regime.

Taxation law is complex and changes over time, as does the way it is interpreted. The impact that taxation law may have on you will depend on your specific circumstances. This product may not provide a beneficial or appropriate tax outcome for you.

Accordingly when determining whether a *foreign exchange contract* is suitable for you, you should consult your own independent adviser(s) regarding the tax and accounting consequences of entering into a *foreign exchange contract* in light of your particular circumstances.

## 11. ADDITIONAL INFORMATION

### 11.1 Code of Banking Practice

If the Australian Code of Banking Practice (**Code**) applies to you and if you are an individual or if you are using our products and services in connection with a small business, we are bound by the Code when we provide our products and services to you. A copy of the Code is available at [anz.com](http://anz.com).

### 11.2 What if you have a complaint?

If you have a complaint about any of our products or services, ANZ has established complaint resolution procedures that aim to deal with and resolve your complaint within 10 working days.

For the fastest possible resolution to your complaint:

- > call ANZ on 1800 805 154
- > talk to staff at your local ANZ branch or business centre
- > talk to your *ANZ contact* or send a letter to the ANZ Customer Response Centre via

Mail: Locked Bag 4050, South Melbourne  
Victoria 3205

Email: [YourFeedback@anz.com](mailto:YourFeedback@anz.com)

Fax: 1800 269 030

If you are not satisfied with the resolution offered by our Customer Response Centre, you can have your complaint reviewed by ANZ's Customer Advocate who provides a free, independent review of your complaint.

For more information about ANZ's complaint resolution procedures, please ask for the brochure entitled 'Resolving your complaint' at any ANZ branch or business centre or go to [anz.com](http://anz.com).

#### Financial Services Dispute Resolution Schemes

If you are not satisfied with the steps taken by ANZ to resolve the complaint, or with the result of ANZ's investigation, you may wish to contact the Financial Ombudsman's Service Limited (**FOS**), which is an amalgamation of the Banking and Financial Services Ombudsman, Financial Industry Complaints Service Ltd and the Insurance Ombudsman Services Limited. The FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers.

#### Financial Ombudsman's Service Limited

GPO Box 3 Melbourne, Victoria 3000

Telephone: 1300 780 808

Facsimile: +61 3 9613 6399

Email: [info@fos.org.au](mailto:info@fos.org.au)

Internet: [www.fos.org.au](http://www.fos.org.au)

#### Australian Securities and Investments Commission

Alternatively, the Australian Securities and Investments Commission's (**ASIC**) website contains information relevant to complaining about companies and people and describes the types of complaints handled by ASIC.

To obtain further information contact the ASIC Info line:

Telephone: 1300 300 630

Fax: +61 3 5177 3999

Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)

Internet: [www.asic.gov.au](http://www.asic.gov.au)

# FOREIGN EXCHANGE CONTRACTS

## 11.3 Privacy and confidentiality

### ANZ's Privacy Notice and Consents – Individuals

When you deal with ANZ, ANZ is likely to collect and use some of your *personal information*. ANZ's disclosure of *non-personal information* is subject to our general duty of confidentiality towards our customers. ANZ explains below when and how ANZ may collect and use your *personal information*. This clause applies to you if you are:

- > A personal customer of ANZ or a non-incorporated customer of ANZ (for example, a sole trader or firm) (each a "**customer**"); or
- > A representative of a customer (for example, a company director or officer or an authorised signatory) or some other kind of third party relevant to a *customer* (for example, an employee or guarantor) (each a "**third party**").

### Collection of your personal information by ANZ

If you are considering acquiring, or have acquired a product or service from ANZ, we may collect your *personal information*:

- > to assist in providing information about a product or service;
- > to consider your request for a product or service;
- > to enable ANZ to provide a product or service;
- > to tell you about other products and services that may be of interest to you;
- > to assist in arrangements with other organisations (such as loyalty partners) in relation to the promotion and provision of a product or service;
- > to perform other administrative and operational tasks (including risk management, systems development and testing, credit scoring, staff training, and market or customer satisfaction research);
- > to prevent or investigate any fraud or crime (or a suspected fraud or crime); and
- > as required by relevant laws, regulations, Codes and external payment systems.

If you are a representative of a *customer* or any other type of *third party*, ANZ is collecting your *personal information*:

- > to identify you;
- > to consider the *customer's* request for a product or service (including assessing their application); and
- > to enable ANZ to provide the *customer* with the relevant product or service.

### Absence of relevant personal information

If you do not provide some or all of the information requested, ANZ may be unable to:

- > provide you with a product or service; or
- > if you are a representative of a *customer* or any other type of *third party*, to verify your authority to act on the *customer's* behalf or to provide the *customer* with the relevant product or service.

### Disclosures by ANZ

Subject to ANZ's general duties of confidentiality towards their customers, ANZ may need to disclose your information to:

- > your referee(s);
- > credit reporting or debt collection agencies;
- > an organisation that is in an arrangement or alliance with ANZ for the purpose of promoting or using their respective products or services (and any agents used by that organisation in administering such an arrangement or alliance);
- > any service provider ANZ engages to carry out or assist its functions and activities;
- > regulatory bodies, government agencies, law enforcement bodies or courts;
- > other parties ANZ is authorised or required by law to disclose information to;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions (such as banks);
- > any person who introduces you to ANZ; and
- > your authorised agents, or your executor, administrator or your legal representative.

### Privacy consents

By entering into a *foreign exchange contract* or by acquiring or continuing to hold a product or service from ANZ, you agree that ANZ and each of its related companies (including subsidiaries) ("**ANZ companies**") may exchange with each other any information about you for the purposes of:

- > providing, managing or administering your product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research); and
- > complying with regulatory requirements and prudential standards.



You consent to ANZ disclosing any *personal information* collected by it in the course of your relationship with ANZ to:

- > any contractor or service provider ANZ engages to provide services connected with your relationship with ANZ; and
- > participants in the payments system (including financial institutions, merchants and payment organisations).

Any contractor, agent or service provider engaged by ANZ is contractually required to only use *personal information* for ANZ purposes and to keep the information confidential.

#### **Promotion of other products or services**

Until you tell ANZ otherwise, ANZ may use your *personal information* to promote its products or services or those of its related companies and alliance partners and disclose your *personal information* to its related companies and alliance partners to enable them or ANZ to market their products or services.

Where you do not want ANZ to tell you about its products or services or those of its related companies or alliance partners, you may withdraw your consent by calling 13 13 14 at any time or contacting your ANZ contact.

#### **Accessing your personal information held by ANZ**

Subject to the provisions of the Privacy Act, you may access your *personal information* at any time by asking to do so at any ANZ branch. ANZ may charge you a reasonable fee for access. If you can show that information about you is not accurate, complete and up to date, ANZ must take reasonable steps to ensure it is accurate, complete and up to date.

#### **Collecting your sensitive information**

ANZ will not collect sensitive information about you, such as health information, without your consent. If you give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, please show them a copy of this clause so they may understand the manner in which their *personal information* may be used or disclosed by ANZ in connection with your dealings with ANZ.

#### **Authority to Disclose Confidential Information – Non Individuals**

This clause applies to you if you are an incorporated *customer* of ANZ. “Confidential information” means information acquired by ANZ from and concerning you in the course of the banker-customer relationship and does not include publicly available information. By entering into a *foreign exchange contract* or by acquiring or continuing to hold the product or service from ANZ, you agree that ANZ companies may exchange with each other any information about you for the purposes of:

- > providing, managing or administering your product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research);
- > promotion of products or services; and
- > complying with regulatory requirements and prudential standards.

# FOREIGN EXCHANGE CONTRACTS

You authorise ANZ to disclose any *confidential information* collected by it in the course of your relationship with ANZ to:

- > any contractor or service provider ANZ engages to provide services connected with your relationship with ANZ;
- > participants in the payments system (including financial institutions, merchants and payment organisations); and
- > to its alliance partners to promote their products or services.

Any contractor, agent or service provider engaged by ANZ is contractually required to only use the information for ANZ purposes and to keep the information confidential.

## 11.4 Telephone Recording

Please note that telephone dealings with ANZ in respect of entering into *foreign exchange contracts* are normally recorded.

This is standard practice in the financial markets and accordingly a standard procedure for ANZ in entering into a *foreign exchange contract* with you. If it is not possible or practical that the conversation in respect of entering into a *foreign exchange contract* be recorded, ANZ will discuss an alternative method for recording it with you at the time.

Recorded telephone lines will be used to clarify any doubt over the content of a conversation. If a recorded telephone line is not used, alternative means will be used for clarification purposes. Your *ANZ contact* will advise you of the alternative means at the time of entering the transaction.

If you do not wish to be recorded, please advise your *ANZ contact* immediately, however we will be unable to enter into a *foreign exchange contract* with you.

## 11.5 Anti-Money Laundering

You agree that ANZ may delay, block or refuse to process any transaction without incurring any liability if ANZ suspects that:

- (a) the transaction may breach any law in Australia or any other country;
- (b) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned or is connected, directly or indirectly, to any person that is sanctioned under economic and trade sanctions imposed by the United States, the European Union or any country; or
- (c) the transaction may directly or indirectly involve the proceeds of, or be applied for the purposes of, conduct which is unlawful in Australia or any other country.

You must provide all information to ANZ which ANZ reasonably requires in order to manage money-laundering or terrorism-financing risk or to comply with any laws in Australia or any other country. You agree that ANZ may disclose any information concerning you to any law enforcement body, regulatory agency or court where required by any such law, in Australia or elsewhere.

Unless you have disclosed that you are acting in a trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf in entering into the transaction.

You declare and undertake to ANZ that the processing of any transaction by ANZ in accordance with your instructions will not breach any laws or regulations in Australia or any other country.

## 11.6 Ethical Considerations

ANZ does not, and will not, take into account any particular labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments.



## 12. DEFINITIONS

**ANZ, us, our, we** is Australia and New Zealand Banking Group Limited ABN 11 005 357 522 AFSL 234527

**ANZ companies** is ANZ and each of its related companies (including subsidiaries)

**ANZ contact** is your *ANZ relationship manager* or your *ANZ markets advisor*

**ANZ markets advisor** is an ANZ employee who is responsible for the structuring, pricing, negotiating, transacting and distribution of financial products provided by ANZ's Global Markets division. *Foreign exchange contracts* are transacted with an *ANZ markets advisor*\*

**ANZ relationship manager** is an ANZ employee who acts as an ANZ customer's prime contact point (this could be an Institutional Banking Manager, a Corporate Banking Manager, a Business Banking Manager, an International Services Manager or another Manager so designated) and who is responsible for approving, or facilitating approval, of the provision of ANZ's products to customers\*

**business day** is a day on which ANZ is open for business for *foreign exchange contracts* in Sydney

**confidential information** is information acquired by ANZ from and concerning you in the course of the banker-customer relationship and does not include publicly available information

**confirmation** is a document that outlines the commercial parameters of the *foreign exchange contract*

**contract** is a *foreign exchange contract*

**contract amount** is the agreed amount of the *foreign exchange contract* entered into on the *trade date* and set out in the *confirmation*

**currency pair** means the two currencies which will be exchanged under the *foreign exchange contract*

**customer** has the meaning given in Section 11.3

**delivery date** is the date you exchange currencies during an *optional delivery period*.

**exchange rate** expresses the value of one currency in terms of another currency. For example, in the *exchange rate* AUD/USD0.8805, one Australian Dollar is equal to 0.8805 US Dollars (88.05 US cents)

**foreign exchange contract** is a contract entered into with ANZ in accordance with this PDS and includes *value today transactions, value tomorrow transactions, spot transactions, forward exchange contracts* and *par forward exchange contracts*. For more information please refer to Section 2

**forward exchange contract** refers to a *foreign exchange contract* with a *settlement date* more than two *business days* after the *trade date*

**forward point adjustment** is an adjustment of additions or subtractions of foreign exchange points to *spot exchange rate*

**funding cost/benefit** is as described in Section 3.4

**hedge, hedging** are terms used in financial markets to describe the activity of mitigating or reducing economic exposure to price fluctuations in underlying markets such as currencies, interest rates or commodities. For example, in reducing or mitigating your economic exposure to the fluctuation of the United States Dollar (USD) by entering into a *foreign exchange contract*, you are engaging in the activity of hedging

**ISDA master** means the International Swaps and Derivatives Association, Inc. Master Agreement as modified by ANZ and provided to you, if applicable

**margin** is the amount ANZ applies to the *market exchange rate* to determine its *spot exchange rate* after taking into account the factors in Section 3.1 including ANZ's profit

**market exchange rate** is the current or prevailing wholesale *spot exchange rate* ANZ can obtain from the foreign exchange interbank market

**mark to market** is the valuation of an existing *contract* against current market rates in the financial markets

**master dealing agreement** is either the *standard terms and conditions* or an *ISDA master* as advised by ANZ

**optional delivery period** is as described in Section 3.3

**par forward exchange contract** is an agreement to exchange a series of amounts in one currency for a series of amounts in another currency with all exchanges occurring at the same *exchange rate*

# FOREIGN EXCHANGE CONTRACTS

**personal information** is information about an individual

**relevant restrictions** has the meaning given in Section 5

**residual balance** is the residual of the *contract amount* after deducting the amount of any pre-delivered amounts of the *foreign exchange contract*

**settlement date** is the date on which a *foreign exchange contract* is settled

**spot exchange rate** is the *exchange rate* for a *spot transaction* taking into account the margin

**spot transaction** is a *foreign exchange contract* with a *settlement date* that is 2 *business days* after the *trade date*

**standard terms and conditions** means the document issued by ANZ titled Terms and Conditions for Trading in Foreign Exchange and Derivative Transactions, available at anz.com

**term** the period from and including the *trade date* to and including the *settlement date*

**third party** has the meaning given in Section 11.3

**trade date** is the date on which you enter into a *foreign exchange contract*

**us, our we** is ANZ

**value today transaction** is a *foreign exchange contract* with a *settlement date* that is the same as the *trade date*

**value tomorrow transaction** is a *foreign exchange contract* with a *settlement date* that is 1 *business day* after the *trade date*

**you, your** is the customer who is a party to a *foreign exchange contract*

## 13. DIRECTORY

### New South Wales

Level 2, 20 Martin Place  
Sydney NSW 2000  
02 9226 6655

### Victoria

Level 7, 100 Queen Street  
Melbourne VIC 3000  
03 9095 0233

### Queensland

Level 7, 324 Queen Street  
Brisbane QLD 4000  
1800 145 138

### South Australia

Level 21, 11 Waymouth Street  
Adelaide SA 5000  
08 8218 8047

### Western Australia

Level 7, 77 St Georges Terrace  
Perth WA 6000  
08 9323 8300



