



Product Disclosure Statement

of HiFX Limited (Business Name: Xe New Zealand)

Issuer: HiFX Limited ABN 54 106 779 953
Australian Financial Services Licence No. 240914.
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THIS PDS

This is a Product Disclosure Statement (PDS), dated 28 June 2019, was prepared by HiFX Limited ARBN 106 779 953; AFSL 240914 (**HiFX**), as the issuer of over-the-counter foreign exchange contracts (**FX Transactions**). It describes the key features of FX Transactions, their benefits, risks, the costs and fees of undertaking a FX Transaction and other related information. FX Transactions are sophisticated financial products so you should read this PDS and the Terms in full before making any decision to invest in them.

This PDS is designed to help you decide whether the FX products described in this PDS are appropriate for you. You may also use this PDS to compare these financial products with similar financial products offered by other issuers.

NO ADVICE BY THIS PDS

This PDS does not constitute a recommendation or opinion that products offered by HiFX are appropriate for you.

In undertaking a FX Transaction you are making an investment in a financial product and hence are subject to investment risk. We recommend that you take all reasonable steps to fully understand the outcomes of utilising the products provided by us and as such you need to understand and accept the risks of investing in FX Transactions.

The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs. This PDS does not constitute advice to you on whether FX Transactions are appropriate for you.

CURRENCY OF PDS

The information in this PDS is up to date at the time it was prepared but is subject to change at any time.

If new information is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If new information is not materially adverse to you, you will be able to find updated information on our website at www.xe.com (**our website**) or by calling us using the contact details given in the Directory adjacent.

A copy of this PDS and the Terms can be downloaded from our website or you can call HiFX to request that a paper copy of them be provided to you free of charge.

OUR SERVICE

Xe Money Transfer is provided by HiFX.

HiFX specialises in providing foreign currency dealing services to both corporate and individual clients who need to buy or sell foreign currencies for a commercial purpose or take physical delivery of the currency purchased i.e. as part of their day-to-day business activities, thereby needing to settle foreign invoices (payments) and convert foreign currency receipts.

The service will involve you asking us to perform a FX Transaction and transfer the proceeds of that FX Transaction to your nominated bank account.

FX Transactions are requested, agreed, issued and managed on the terms set out in our Terms.

This PDS describes the FX Transactions which are issued to you in accordance with the Terms. You should read all of this PDS and the Terms before making a decision to deal in financial products covered by this PDS.

We recommend that you contact us if you have any questions arising from this PDS or the Terms prior to entering into any transactions with us. HiFX recommends that you consult your adviser or obtain independent advice before undertaking a FX Transaction.

AUSTRALIAN FINANCIAL SERVICES LICENCE

HiFX Limited holds an Australian Financial Services Licence (AFSL) 240914. HiFX is authorised by its AFSL to:

- provide financial product advice;
- deal in a financial product; and
- make a market in a financial product.

HiFX provides financial services in the following financial products:

- Foreign exchange same day contracts; and
- Foreign exchange spot contracts; and
- Foreign exchange forward contracts; and
- FX Options.

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or via our website.

KEY FEATURES OF FOREIGN EXCHANGE CONTRACTS (FX TRANSACTIONS):

The term foreign exchange (FX) describes the simultaneous purchase of one currency and sale of another currency at an agreed Exchange Rate. Unlike financial products traded on an Exchange, FX Transactions are not standardised but are individually tailored to the particular requirements of the parties involved in the contract.

The variables involved in the negotiation of a FX Transaction are:

- the currencies exchanged;
- the amount of such currencies;
- the Exchange Rate i.e. the rate at which such currencies are exchanged; and
- the Value Date of the FX Transaction.

FX Transactions mature on a Value Date (a predetermined date which can be any Business Day acceptable to the two parties of the contract) where the date may range from either the same day or be a forward date.

FX Transactions (but not FX Options) are deliverable contracts and will involve an obligation to give or to take delivery of currency at the Value Date. Delivery terms are agreed at the outset of each individual FX Transaction.

A summary of the **key features of FX Transactions** are provided below:

- FX Transactions are over-the-counter financial product issued by HiFX. They are not exchange-traded.
- FX Transactions facilitate the exchange of currencies and result in physical payments being undertaken on delivery date. You send us your Sold Currency and we will send you your Bought Currency.
- FX Transactions enable clients to protect themselves from adverse exchange rate fluctuations by providing cash flow certainty.
- After a Forward FX Transaction is agreed, you must pay an upfront part payment amount called an Initial Margin and, if requested, any later Margin Call amounts.

NATURE OF A FX TRANSACTION

A FX Transaction is an agreement between two parties to exchange one currency (**Sold Currency**) for another currency (**Bought Currency**) at an agreed Exchange Rate on a date (**Contract Date**) for delivery at a pre-determined date (**Value Date**), where the date may range from either the same day or the agreed forward date, depending on the type of FX Transaction you have chosen.

For example, the Exchange Rate AUD/USD 0.95 means one Australian dollar is equal to, or can be exchanged for 95 US cents.

FX TRANSACTIONS OFFERED BY HiFX

HiFX offers the following types of FX Transaction products:

Same Day FX Transactions – This is a FX Transaction where settlement will take place by the end of the Business Day on which the transaction was entered into.

Spot FX Transaction – This is a FX Transaction where the Value Date is two Business Days after the date on which the transaction was entered into.

Forward FX Transaction - This is a FX Transaction where the Value Date is more than two Business Days after the date on which the transaction was entered into.

The above three products can also be requested by placing a **Market Order** (limit and stop loss orders) which are designed either to optimise your exposure to the market or to limit your loss by instructing that a FX Transaction be executed at a pre-determined price (Exchange Rate). For a more detailed explanation of how Market Orders that we offer, please refer to Section 6.

FX Option – This is a FX Transaction that gives you (the buyer or holder of the FX Option) the right, but not the obligation, to buy and sell a specified amount of foreign currency at a pre-determined Exchange Rate settling on the pre-determined Value Date.

KEY FEATURES, ADVANTAGES, BENEFITS & RISKS OF
SPOT & SAME DAY FX TRANSACTIONS

For a description of all of the significant risks, please see Section 11

Features	Advantage	Benefits	Risks
Currency exchanged 24 hours a day, 7 days a week	You can undertake a FX Transaction at any time, day or night at a time suitable to you.	You can undertake a FX Transaction at any time, day or night at a time suitable to you.	Once a FX Transaction is agreed, the Exchange Rate is locked in so you cannot re-negotiate it if market conditions change.
An agreement to exchange one currency for another at an agreed Exchange Rate with settlement happening either on the same day or in 2 Business Days time.	A buy now and pay now scenario. Means you have immediate certainty about the amount of currency you will be receiving from us and what you have to pay for it.	Once you accept a rate of exchange from us you have complete peace of mind that the rate is fixed.	Opportunity cost: Once you have fixed your Exchange Rate you are locked into the rate and will not be able to take advantage of subsequent favourable Exchange Rate movements should that occur. On the other hand, you will be protected from any adverse movements.
When you agree to a Spot FX Transaction you must pay the currency amount you have sold to our Security Trust Account and we will then in turn remit, on value date, the currency you have bought to your nominated Account.	A quick and convenient method of transacting and receiving your funds.	Suitable and sufficient time scale to make your payment without rushing.	Counterparty risk on HiFX: You have the risk that HiFX will not meet its obligations to you under the FX Transactions. HiFX's FX Transactions are not Exchange traded so you need to consider the credit and related risks you have on HiFX.
The Exchange Rate can be agreed either <ul style="list-style-type: none"> • over the telephone with a member of our experienced dealing team or • online via our online transaction platform or • via email with a confirmation sent shortly afterwards. 	One phone call, one deal, one payment, one instruction and your payment is on its way. Quick, easy and convenient.	Transactions are processed in a smooth, secure and speedy manner.	Accuracy of Instructions: Check carefully the confirmation you have received to ensure it is what you have agreed to and ensure you advise us of your onward payment instructions promptly and accurately.
Payments by you to us and from us to you are via electronic bank transfers.	Reassurance that your details are both safe and secure.	Not handling large amounts of cash or worrying about bank drafts being lost in the post.	Delays in onward payment occurring: Banks sending your money to us or banks sending money to you can occasionally experience administrative and technology based difficulties. We may be obliged to block or delay payment if we suspect that your Account is being used in connection with money laundering or terrorist financing activities.
Convenience of an online platform and access to competitive exchange rates 24 hours seven days a week.	Access to an online platform providing a secure, quick and convenient way to transfer money. HiFX provides secure encrypted links. Encryption converts information into an encoded format before it is sent over the internet.	Total transparency which enables you to compare our Exchange Rates with other providers' rates.	Delays caused by electronic systems: If the online service is suspended, your Orders may not be able to be executed.

Online access to your Account simply by using your personal login on our secure website.	Complete transaction history accessible at any time simply by using your personal login on our website	Complete transaction history accessible at any time simply by using your personal login on our website	Risk the website may not be available due to internet connection or maintenance to website
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KEY FEATURES, ADVANTAGES, BENEFITS & RISKS OF
FORWARD FX TRANSACTIONS

For a description of all of the significant risks, please see Section 11

Features	Advantage	Benefits	Risks
Currency exchanged 24 hours a day, 7 days a week	You can undertake a FX Transaction at any time, day or night at a time suitable to you.	You can undertake a FX Transaction at any time, day or night at a time suitable to you.	Once a FX Transaction is agreed, the Exchange Rate is locked in so you cannot re-negotiate it if market conditions change.
An agreement to exchange one currency for another up to 12 months in advance but at a fixed, agreed Exchange Rate based on prevailing market rates.	Peace of mind that you know immediately what Exchange Rate you have agreed and fixed for a future point in time.	By committing to an agreed Exchange Rate now you avoid the risk of any future adverse currency movements. A Forward FX Transaction gives you cash flow certainty by locking in an Exchange Rate.	Opportunity cost: Once you have fixed your Exchange Rate you are locked into the rate and will not be able to take advantage of subsequent favourable Exchange Rate movements should that occur. On the other hand, you will be protected from any adverse movements.
Competitive Exchange Rates quoted by our experienced dealing team.	Access to real time pricing based on the live "Inter Bank" wholesale market.	Total transparency which enables you to compare our Exchange Rates with other providers' rates.	Risk of a better Exchange Rate possibly being offered elsewhere.
Forward FX Transactions can be fixed and secured by placing a small upfront payment (called an Initial Margin) with HiFX after agreeing the transaction. Initial Margin is typically 10% of the contract value up to 6 months forward and 10% - 20% for 6 - 12 months forward.	For a small upfront payment you can reserve a rate of exchange, knowing it is not going to change.	Peace of mind that you are protected against any future adverse currency movements.	Risk of Close Out if Margin not paid. For a Forward FX Transaction, you must pay an Initial Margin amount and any later Margin Call amount. If you do not pay the required Margin Call by the required time, your Forward FX Transactions may be Closed Out and you remain liable to pay any shortfall.
Payments by you to us and from us to you are via electronic bank transfers.	Reassurance that your details are both safe and secure.	Not handling large amounts of cash or worrying about bank drafts being lost in the post.	Delays in onward payment occurring: Banks sending your money to us or banks sending money to you can occasionally experience administrative and technology based difficulties. We may be obliged to block or delay payment if we suspect that your Account is being used in connection with money laundering or terrorist financing activities.

<p>The Exchange Rate is agreed over the telephone with a member of our experienced dealing team or requested via email. A confirmation note is sent shortly afterwards.</p>	<p>It is very clear and transparent how much money is to be paid by you and when.</p>	<p>Cash flow certainty by locking in an Exchange Rate.</p>	<p>Risk of details being wrong. It is vital that both parties clearly agree what currency they are selling, what currency they are buying, at what Exchange Rate, by which Value Date and lastly the amounts involved.</p>
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KEY FEATURES, ADVANTAGES, BENEFITS & RISKS OF
FX OPTION TRANSACTIONS

For a description of all of the significant risks, please see Section 11

Features	Advantage	Benefits	Risks
<p>HiFX can sell FX Options in all major currency pairs and will issue you with a confirmation summarising your transaction.</p>	<p>Flexible and tailored to your specific currency needs.</p>	<p>Flexibility for the option buyer that they can still participate in any possible future favourable currency movement up to the option's expiry.</p>	<p>Risk of an Error. Check carefully the confirmation you have received to ensure it reflects what you have agreed. Whilst rare, errors might not be corrected without possible further cost to you. Clients have 24 hours in which to check confirmations.</p>
<p>A FX Option is an agreement that affords the buyer the right but NOT the obligation to a future, pre-agreed rate of exchange.</p>	<p>When the FX Option reaches its Expiration Date the buyer can then decide whether they wish to take up their rights on that option to purchase or not.</p>	<p>Peace of mind for the option buyer that they have protected themselves from any possible future adverse currency movement up to the option's expiry.</p>	<p>Opportunity Cost. A FX Option may only be exercised on the Expiration Date. If the market rate does not move significantly in either direction, but remains at similar levels to the rate at which you first purchased the FX Option, then you will have lost the benefit of the Premium paid.</p>
<p>FX Options require an up-front, non-refundable, payment (known as Premium).</p>	<p>FX Options do not commit the Client since you have the right to exchange the agreed currency at the agreed date but NOT the obligation.</p>	<p>Flexibility for the option buyer that they can still participate in any possible future favourable currency movement up to the FX Option's expiry. The Premium is a modest payment in relation to the overall transaction being protected.</p>	<p>Risk of not requiring the option. Since the Premium paid for the FX Option is non-refundable, if your circumstances change and you no longer require the option then you lose the benefit of the Premium paid.</p>
<p>The buyer can select the currencies they are looking to exchange on the future date that they wish to protect, the amount of currencies involved and the actual worst case Exchange Rate they wish to protect.</p>	<p>Peace of mind that you know immediately what worst case Exchange Rate you have agreed but knowledge that you can participate at the specified future date should the market appreciate in your favour.</p>	<p>Foreign exchange markets are subject to many influences which cause price fluctuations. FX Options protect against downside risk whilst leaving open the opportunity for unlimited upside potential.</p>	<p>Risk of no price volatility. Foreign exchange markets do not always move significantly in either direction and can remain at similar levels to the rate at which you first purchased the FX Option. In this case you will have lost the benefit of the Premium paid.</p>

KEY FEATURES, ADVANTAGES, BENEFITS & RISKS OF
MARKET ORDERS

For a description of all of the significant risks, please see Section 11

Features	Advantage	Benefits	Risks
<p>If you are looking to achieve a specific Exchange Rate, we can arrange a Market Order. This is available online via the online transaction platform or via telephone. This enables you to target a pre-determined Exchange Rate that may occur in the future.</p> <p>(Market Orders are Orders for a FX Transaction, not the FX Transaction itself)</p>	<p>After agreeing your Market Order Target Rate, we monitor the markets on your behalf which in turn saves you time and effort.</p>	<p>Your order is "live" 24 hours per Business Day and can be amended or cancelled at any time during our business hours prior to the Target Rate being executed.</p>	<p>Risk of cancelling orders if not needed. Your order is "Good until Cancelled" so it is important not to forget you have an order in place and any amendments occur before Target Rates are executed.</p>
<p>HiFX may, in its discretion, accept a Market Order from you to:</p> <ul style="list-style-type: none"> Protect you from adverse currency movements, known as a "Stop Loss" Market Order. Capture favourable movements, known as a "Limit Order". Place both a Limit Order and Stop Loss Market known as a "One Cancels the Other" Order so as to capture a favourable market movement whilst protecting against a potential unfavourable market movement. 	<ul style="list-style-type: none"> You would generally choose to place a "Stop Loss" Market Order to provide some risk protection You would generally choose to place a "Limit Order" to capture upside opportunity You would generally choose to place a "One Cancels the Other Order" so as to capture an Exchange Rate between a certain range. 	<ul style="list-style-type: none"> "Stop Loss" Market Orders will limit financial loss giving you peace of mind. A "Limit Order" will lock in a favourable Exchange Rate if and when achieved A "One Cancels the Other Order" allows you to capture an Exchange Rate between a certain range acceptable to you. 	<p>Risk of a Gapping Market. If we accept a Stop Loss Market Order we will use our best efforts to execute it but it is important to note that it is not always possible to execute Market Orders at or near your target rate in a rapidly moving market. We therefore cannot guarantee to fill Stop Loss Market Orders at the agreed Target Rate.</p>

YOUR SUITABILITY

If we ask you for your personal information to assess your suitability to undertake FX Transactions and we accept your application to open an Account with HiFX, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for our purposes of deciding whether to open an Account for you and is separate from your decision to undertake FX Transactions. You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether these FX Transactions are suitable for you.

ASIC BENCHMARK DISCLOSURE

Australian Securities and Investments Commission (**ASIC**) has introduced benchmarks for over-the-counter derivatives which include margin foreign exchange transactions such as our Forward FX Transactions.

It is important to note that the benchmarks are not mandatory and are not law. ASIC has introduced them by way of stating in its Regulatory Guide 227 ASIC's expectations. Not meeting the benchmarks is not an indication of breaches or failures. Rather, the benchmarks in

RG 227 require prominent disclosure in a PDS as to whether an issuer of FX Transactions (such as HiFX) meets the benchmarks or, if not, the reasons why they are not met are explained in the PDS.

The following table summarises the benchmarks applying to HiFX's Forward FX Transactions, whether HiFX meets them and, if not, why not.

The table also refers you to other Sections of this PDS for more information on relevant topics (to avoid duplicating the information in this PDS).

ASIC RG 227 Benchmark	HiFX
<p>1. Client qualification: Benchmark 1</p> <p>If an issuer meets this benchmark, the PDS should clearly explain:</p> <ul style="list-style-type: none"> • that trading in FX Transactions is not suitable for all investors because of the significant risks involved; and • how the issuer's Client qualification policy operates in practice. <p>If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described in RG227.40, it should disclose this in the PDS and explain why this is so.</p>	<p>HiFX believes that it meets this benchmark except for the feature that it does not have a client qualification/suitability policy. HiFX is of the view that since its Clients are not speculative traders and Forward FX Transactions must be fully paid for, it does not require a client qualification/suitability policy. It is simply in the business of servicing clients who buy or sell foreign currency for their business or commercial purposes.</p>
<p>2. Opening collateral: Benchmark 2</p> <p>If an issuer meets this benchmark, the PDS should explain the types of assets the issuer will accept as opening collateral.</p> <p>If an issuer accepts non-cash assets as opening collateral (other than credit cards to a limit of \$1000), the PDS should explain why the issuer does so and the additional risks that using other types of assets (e.g. securities and real property) as opening collateral may pose for the investor. This includes, for example, the risks of 'double leverage' if leveraged assets are accepted as opening collateral.</p>	<p>HiFX does not meet this benchmark because it does not require opening collateral in order for the Client to establish an Account to begin undertaking Forward FX Transactions. HiFX allows the Client to pay the Initial Margin after the Forward FX Transaction is agreed.</p>
<p>3. Counterparty risk - Hedging: Benchmark 3</p> <p>If an issuer meets this benchmark, the PDS should provide the following explanations:</p> <ul style="list-style-type: none"> • a broad overview of the nature of hedging activity the issuer undertakes to mitigate its market risk, and the factors the issuer takes into account when selecting hedging counterparties; and • details about where investors can find the issuer's more detailed policy on the activities it undertakes to mitigate its counterparty and market risk. <p>If an issuer does not meet this benchmark, it should disclose this in the PDS and explain why this is so.</p> <p>The PDS must include information about the significant risks associated with the product: s1013D(1)(c). The PDS should also provide a clear explanation of the counterparty risk associated with FX Transactions. The PDS should explain that, if the issuer defaults on its obligations, investors may become unsecured creditors in an administration or liquidation and will not have recourse to any underlying assets in the event of the issuer's insolvency.</p>	<p>HiFX meets this benchmark.</p> <p>HiFX clearly states in Section 10 of this PDS its policy on hedging Forward FX Transactions.</p> <p>This PDS complies with the requirements to include information about the significant risks associated with the Forward FX Transactions (see Section 2) and also provides an explanation of the counterparty risk associated with Forward FX Transactions (see Section 10).</p>

ASIC RG 227 Benchmark	HiFX
<p>4. Counterparty risk— Financial resources: Benchmark 4</p> <p>If an issuer meets this benchmark, the PDS should explain how the issuer’s policy operates in practice.</p> <p>If an issuer does not meet the requirement on stress testing, it should explain why and what alternative strategies it has in place to ensure that, in the event of significant adverse market movements, the issuer would have sufficient liquid resources to meet its obligations to investors without needing to have recourse to Client money to do so.</p> <p>An issuer should also make available to prospective investors a copy of its latest audited annual financial statement, either online or as an attachment to the PDS.</p>	<p>HiFX would meet this benchmark except for one feature. HiFX does not meet this benchmark due to copies of its latest audited annual financial statement being unavailable online or as an attachment to the PDS.</p>
<p>5. Client money: Benchmark 5</p> <p>If an issuer meets this benchmark, the PDS should clearly:</p> <ul style="list-style-type: none"> • describe the issuer’s Client money policy, including how the issuer deals with Client money and when, and on what basis, it makes withdrawals from Client money; and • explain the counterparty risk associated with the use of Client money for derivatives. <p>If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described above, it should disclose this in the PDS.</p> <p>If an issuer’s policy allows it to use money deposited by one Client to meet the margin or settlement requirements of another Client, it should very clearly and prominently explain this and the additional risks to Client money entailed by this practice.</p> <p>An issuer’s Client money policy should be explained in the PDS in a way that allows potential investors to properly evaluate and quantify the nature of the risk, if any, to Client money.</p>	<p>HiFX believes it meets this benchmark in all respects.</p> <p>HiFX does not require moneys paid by a Client (as Margin in respect of Forward FX Transactions) to be paid into a Client Moneys Trust Account, instead those moneys are paid directly to HiFX.</p> <p>HiFX does not require the Client to pay money as Initial Margin for Forward FX Transactions into a Client Moneys Trust Account because the Client pays Initial Margin after the Forward FX Transaction is issued by HiFX. Section 8 of this PDS explains HiFX’s client moneys policy in respect of FX Transactions.</p> <p>If a Client does pay in advance of entering into a FX Transaction (which occurs very infrequently), HiFX requires the money to be paid into a Client Moneys Trust Account.</p>
<p>6. Suspended or halted underlying assets: Benchmark 6</p> <p>If an issuer meets the benchmark, the PDS should explain the issuer’s approach to trading when underlying assets are suspended or halted.</p> <p>If an issuer does not meet this benchmark, it should disclose this in the PDS and explain why this is so, as well as the additional risks that trading when underlying assets are suspended may pose for investors.</p> <p>To provide a full explanation of this aspect of the product, an issuer should explain any discretions it retains as to how it manages positions over halted or suspended assets, and how it determines when and how it uses these discretions. This should include disclosure of any discretions the issuer retains to:</p> <ul style="list-style-type: none"> • change the margin requirement on a position; • re-price a position; or • close out a position. 	<p>This benchmark does not apply to HiFX since the FX Transactions are for exchange of currencies (no underlying assets) except FX Options reference the currencies, for which there are deep and liquid markets. There is no further “trading” to close out an FX Transaction.</p>

ASIC RG 227 Benchmark	HiFX
<p>7. Margin calls: Benchmark 7</p> <p>If an issuer meets this benchmark, the PDS should explain the issuer’s policy and margin call practices.</p> <p>If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described above, it should disclose this in the PDS and explain why this is so.</p> <p>To provide full and accurate information about this aspect of FX Transaction trading, the PDS should clearly state that trading in FX Transactions involves the risk of losing substantially more than the initial investment. This will ensure the issuer meets its obligation to include in the PDS information about the significant risks associated with the product: s1013D(1)(c).</p>	<p>HiFX describes its Margin policy in Section 5 of this PDS.</p> <p>HiFX may make Margin Calls by any means of notice permitted by its Terms, including by telephone call, email or through its on-line platform to the Client or its authorised person.</p> <p>For as long as the Client is a party to a Forward FX Transaction, it is fundamental that the Client remains contactable during trading hours using the contact details given to HiFX from time to time. The Client's failure to be contactable or to receive notice of a Margin Call at any contact address does not affect the validity of the Margin Call or the Client's obligation to satisfy it.</p>

ESTABLISH AN ACCOUNT

In order to transact with us you will first need to establish an Account by completing HiFX's Account application form (available either online via HiFX's website or by contacting HiFX directly).

By opening an Account, you agree to our Terms. The Terms govern your FX Transactions (described by this PDS) and are set out in the document which came with your application form and this PDS.

HOW YOUR ORDERS GET EXECUTED AND FX TRANSACTIONS ARE ISSUED

The following steps show how you can undertake a FX Transaction with HiFX:

Via Online Services

1. Read this Product Disclosure Statement and the Financial Services Guide provided to you.
2. Read the Terms provided.
3. Complete and submit the application form online.
4. Provide necessary identity documents (if applicable).
5. When your application is accepted by HiFX, the Terms act as an agreement between you and us. A copy of the Terms is available on our website at www.xe.com You will be provided with an account number and security information in order to log onto HiFX's online platform.
6. Log onto HiFX's online platform using the security information provided to place your Order.
7. You will enter into a FX Transaction with HiFX when HiFX accepts your Order.
8. A confirmation is sent subsequently and is confirmation of the FX Transaction entered into online. The confirmation gives details of the Transaction including the amount of Bought Currency, the Exchange Rate and the Value Date and the Initial Margin amount due in respect of a Forward FX transaction.
9. You must provide details of your onward payment instructions (including the beneficiary's name and physical address) to enable our currency payment due to you to go direct to your nominated destination. You tell us your nominated account destination by providing these details via the online platform.

Manually over the Phone

1. Read this Product Disclosure Statement and the Financial Services Guide provided to you.
2. Read the Terms provided and return the application form together with necessary identity documents. When your application is received and accepted by HiFX, the Terms act as an agreement between you and us. A copy of the Terms is available on our website at www.xe.com

3. Contact your HiFX Representative to discuss your currency transaction. We endeavour to digitally record telephone conversations at all times to ensure that instructions can be verified in the event of a dispute.
4. In the unlikely event that your HiFX Representative is unavailable, you can contact a Representative of HiFX Australia who will be able to assist you with market information and pass on any bid or offer quotations made by HiFX or your Order to HiFX.
5. Based on the quotations received, you will enter into a FX Transaction with HiFX, when HiFX accepts your Order.
6. Once you have agreed with HiFX over the phone to buy currency at an agreed rate or buy a FX option, you have by that agreement entered into a FX transaction. A confirmation is sent subsequently and is confirmation of the transaction. The confirmation gives details of the transaction including the amount of Bought Currency, the Exchange Rate and the Value Date, or the amount of the Premium with respect to a FX Option, or the Margin due if it is a Forward FX Transaction.
7. You must then provide us details of your onward payment instructions (including the beneficiary's name and physical address) to enable our currency payment due to you to go direct to your nominated destination. You tell us your nominated account destination by providing these details via the online platform or by way of email.

By Email Request

1. Read this Product Disclosure Statement and the Financial Services Guide provided to you.
2. Read the Terms provided and return the application form together with necessary identity documents. When your application is received and accepted by HiFX, the Terms act as an agreement between you and us. A copy of the Terms is available on our website at www.xe.com
Send us your instruction to enter into a FX transaction via
3. email. Upon receipt we will enter into your requested FX Transaction. The transaction will be binding on you when we process your email. You acknowledge that, if you choose to book a FX transaction by email, it may not be processed immediately.
A confirmation is sent when your email is processed and it
4. confirmation of the transaction. The confirmation gives details of the transaction including the amount of Bought Currency, the Exchange Rate and the Value Date, or the amount of the Premium with respect to a FX Option, or the Margin due if it is a Forward FX Transaction.
You must then provide us details of your onward payment
5. instructions (including the beneficiary's name and physical address) to enable our currency payment due to you to go direct to your nominated destination. You tell us your nominated account destination by providing these details via the online platform or by way of email.

CONFIRMATIONS OF FX TRANSACTIONS

By providing HiFX with an e-mail or other electronic address, you have consented to FX Transaction confirmations being sent electronically, including by way of the information shown on your Account on HiFX's online platform. It is your obligation to review the confirmation immediately to ensure all details are accurate (including the name and address of beneficiaries being paid) and to report any discrepancies within 24 hours. The contents of the confirmation are deemed to have been accepted and cannot be disputed after 24 hours of your receipt.

Once you have entered an Order into HiFX's online platform, the online system summarises the main features of your transaction. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act.

SETTLING TRANSACTIONS

On the day of you entering into a FX Transaction, HiFX will send you a confirmation as highlighted above which will advise you of the amount(s) and the date(s) upon which you will need to send money to HiFX.

Once your FX Transaction reaches the Value Date (i.e. the settlement date for your contract), and HiFX has received all of the balance of your Sold Currency in cleared funds and the beneficiary's name and physical address, HiFX then instructs its bank to send the Bought Currency via international payment systems to your nominated account.

All transactions are effected electronically and HiFX retains detailed records of all settlement transactions.

ENTERING INTO A SAME DAY OR SPOT FX TRANSACTION

The particular terms of each Same Day or Spot FX Transaction are agreed between you (the Client) and HiFX **before** entering into the FX Transaction.

SAME DAY

A **same day contract** is an agreement to exchange one currency for another at an agreed Exchange Rate on the day the transaction is agreed (**Contract Date**). For settlement to occur funds must be received on the Contract Date prior to the time stipulated by HiFX.

In order for same day contracts to settle prior to close of business on the Contract Date, the Sold Currency amount must be received by HiFX within standard banking payment cut off times. If funds are not received by this time settlement will occur on the next Business Day.

SPOT

A **spot contract** is an agreement to exchange one currency for another at an agreed Exchange Rate with settlement within 2 Business Days of the transaction being agreed.

Settlement of a spot FX Transaction must occur on the Value Date.

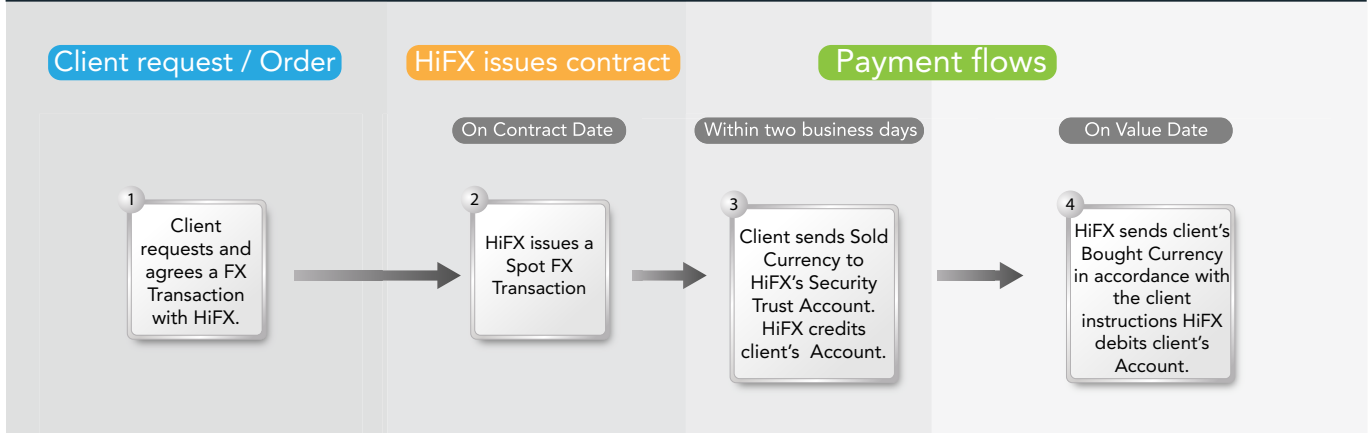
In order for Spot FX Transactions to settle, your payment for the Sold Currency amount must be received by us in our Security Trust Account by the Business Day before the Value Date. Our onward payment of the Bought Currency is sent upon the receipt of the Sold Currency.

Actual receipt of the funds into your beneficiary account may take longer than 2 Business Days depending on when we receive your funds, the destination of the funds and the intermediary banks involved. You are responsible for arranging timely payment. Changes to the Value Date are permitted only if we agree.

HOW IS THE EXCHANGE RATE CALCULATED?

The Exchange Rates offered by HiFX take into consideration the current spot "inter bank" Exchange Rates and the amount of currency that you wish to buy or sell. The decision to transact at a particular rate will always be your decision. HiFX Representatives cannot advise on or predict future Exchange Rates and our rate quotations are not a forecast of or other advice on where we believe Exchange Rates will be at a future date.

CLIENT FUNDS RECEIVED AFTER ISSUING FX TRANSACTION - SPOT FX TRANSACTION



ENTERING INTO A FORWARD FX TRANSACTION

The particular terms of each Forward FX Transaction are agreed between you (the Client) and HiFX **before** entering into the Forward FX Transaction.

A Forward FX Transaction is an arrangement that allows you to exchange currencies at an agreed date in the future (up to 12 months) at an Exchange Rate that you agree now. This will enable you to know what the Exchange Rate will be at the time the exchange of currencies becomes necessary. This allows you to avoid the risk and uncertainty associated with adverse Exchange Rate movements.

FORWARD FX TRANSACTIONS - INITIAL MARGIN OBLIGATION

After you enter into a Forward FX Transaction, HiFX will require you to pay an Initial Margin – normally a percentage of the total amount of the currency you are selling.

In the case of Forward FX Transactions with a Value Date greater than 2 Business Days and less than 6 months from the Contract Date, the Initial Margin immediately payable is between 0% - 10% of the face value of the contract (but not always the case). The amount of the Initial Margin will be confirmed in the confirmation.

In the case of Forward FX Transactions with a Value Date of more than 6 months from the Contract Date, the Initial Margin immediately payable is between 10% - 20% of the face value of the contract (but not always the case). The amount of the Initial Margin will be confirmed in the confirmation.

Initial Margin is paid to HiFX and the amount is credited to your Account (after payment of it to HiFX, those funds are held in a Security Trust Account).

You must be in a position to pay the Initial Margin immediately after the Forward FX Transaction is agreed. If the Initial Margin required is not received within 2 Business Days your contract may be Closed Out with you being responsible for any loss arising from the Close Out.

Any outstanding balance of the Sold Currency to be paid (once Initial Margin and any later payment of Margin, if any, has been taken into account) must be paid to HiFX's Security Trust Account not later than the banking cut-off time on the Business Day before the Value Date (of the particular Forward FX Transaction).

FORWARD FX TRANSACTION EXAMPLE

An importer needs to pay an offshore supplier located in the United States US\$100,000 in 90 days' time. The manufacturer can either:

- wait to buy the USD in 90 days' time at the market rate on the day (and then pay the supplier) or
- lock in the rate now.

Let's assume:

- the current Exchange Rate is 0.95 (i.e. 1 AUD = 0.9500 USD)
- In 90 days the Exchange Rate is 0.90 (i.e. 1 AUD = 0.9000 USD).

If the company bought USD today (to pay the supplier) then it would have cost $US\$100,000 / 0.9500 = A\$105,263$.

However, if in fact, the importer bought the USD in 90 days' time then it would cost $US\$100,000 / 0.9000 = A\$111,111$.

The Opportunity Cost = loss of A\$5,848 ($A\$111,111 - A\$105,263$)

To eliminate this risk (or uncertainty) the importer could enter into a Forward FX Transaction with HiFX.

In this example, HiFX would commit to the Exchange Rate to be charged 90 days from now for the US\$100,000. This committed Exchange Rate, valid for the AUD - USD conversion 90 days from now, is called the Forward Exchange Rate.

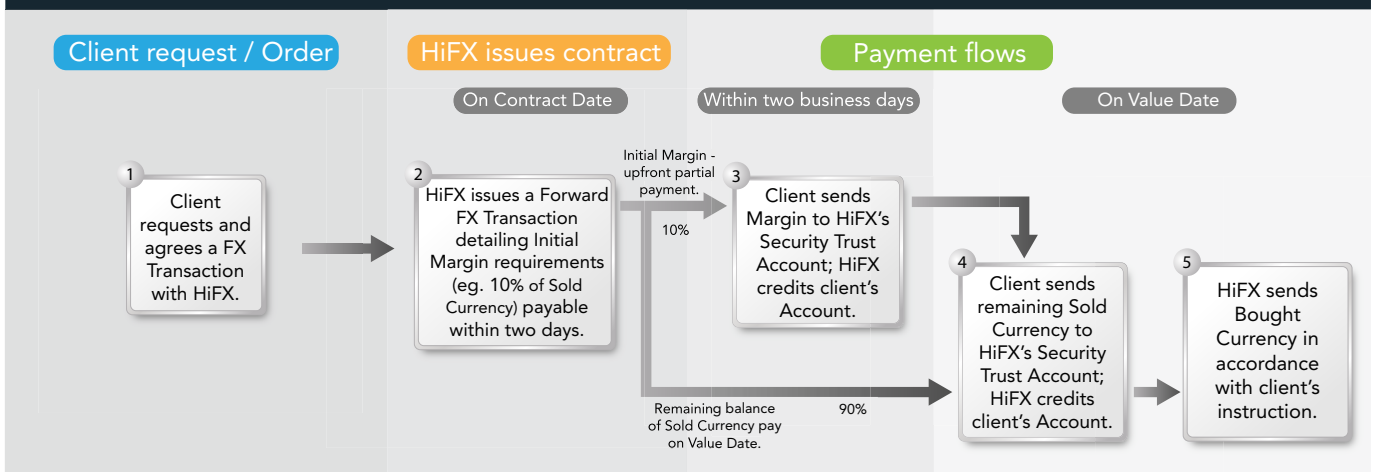
For the purposes of this example let's assume:

- Interest rates in the US are lower than the interest rates in Australia.
- current Exchange Rate = AUD/USD 0.9500
- 3 month forward point adjustment = -US\$0.0120 (reflecting the interest rate differential between Australia and the US)

Forward FX Transaction Rate = $(0.9500 - 0.0120) = US\$0.9380$

A Margin would be payable to HiFX upon entering into this Forward FX Transaction based on the amount of currency sold. Let's assume the Margin requirement is 10% of the face value of the contract. Margin payable would be A\$10,661.

CLIENT FUNDS RECEIVED AFTER ISSUING FX TRANSACTION - FORWARD FX TRANSACTION



Using the same example above, if the importer was to:

- purchase the USD on the day of payment i.e. at the prevailing Exchange Rate in 90 days' time:
Actual Payables = A\$111,111 (US\$100,000/0.9000)

- enter into a Forward FX Transaction
Actual Payables = A\$106,610 (100,000/0.9380)

A saving, in this example, of A\$4,501 (A\$111,111 - A\$106,610).

FORWARD FX TRANSACTIONS – MARGIN CALL OBLIGATIONS

Forward FX Transactions are subject to ongoing Margin obligations (**Margin Calls**) imposed by HiFX. **The sub-headings under this section relate to Forward FX Transactions only.**

Here are the key features of Margining which are explained further in this section:

- Initial Margin is an upfront partial payment to HiFX for the Forward FX Transaction which has been issued to you. The amount of Initial Margin you pay is credited to your Account.
- When you have Forward FX Transactions, you are also liable to meet all Margin Calls for additional payments to HiFX.
 - The timing and amount of each Margin Call will depend on movements in currency prices and the facts that impact the market price of the currency.
 - You have an obligation to meet the Margin Call even if HiFX cannot successfully contact you.
 - There is no limit as to how often Margin Calls may be made but typically Margin Calls are unlikely to be made more than daily.
 - You have a risk of your Forward FX Transactions being Closed Out if you do not meet the requirements of a Margin Call.

MARGIN POLICY

HiFX's Margin policy is available free of charge on request. The main principles are:

- Each Client is required to pay, after issuance of a Forward FX Transaction, a minimum required amount of Margin – **Initial Margin**. The minimum amount is determined by HiFX based on a number of factors, including the currencies exchanged, the Value Date, the amount of the currencies exchanged, the amount which HiFX is required to pay its Hedge Counterparty and HiFX's risk assessment of the client.
- Each Client is required to pay Initial Margin following issuance of the Forward FX Transaction in order to minimise credit risk to HiFX and therefore benefit all other Clients.
- Each Client is required to pay the required Margin even if HiFX pays less to its Hedge Counterparty for a corresponding Hedge Contract. This is to minimise the risk of any one Client imprudently benefiting from other Clients' FX Transactions.

- Each Client's Account is promptly assessed for Margin requirements according to market movement so that no Client is intentionally benefited from other clients' FX Transaction exposure. This unintended outcome could occur if, for example, the Client's Margin requirements are not adjusted in line with market changes or the credit risk on the client.
- Each Client is required to pay Margin Calls promptly and that is managed within the requirements of the Margin policy, so that no Client receives any substantial benefit or waiver which imprudently jeopardises HiFX and therefore increases the risks of other clients to HiFX.
- The total amount of Margin required of and paid by Clients transacting in Forward FX Transactions is more than HiFX is required to pay its Hedge Counterparties, with the surplus being retained in a Security Trust Account dedicated only for managing Hedge Contracts and paying Clients or HiFX the amounts to which they are entitled. This enhances the liquidity of HiFX to meet its own margin calls from its Hedge Counterparties by having sufficient funds readily available and protecting those funds from other uses within HiFX. This is further explained under the Section 9 "Client Protection – Security Trust" later in this PDS.

PAYING MARGIN

You must pay the Initial Margin **after** the Forward FX Transaction is issued to you.

Separately, you must pay any Margin Call when we require (see below).

To pay Margin you must pay the funds to HiFX into the Security Trust Account. Your Margin payment to HiFX is effective only when HiFX has received your payment into the Security Trust Account in cleared funds.

HiFX does not pay interest on Margin payments.

MARGIN CALLS

Your Account balance must be more than the minimum amount of Margin cover required by HiFX for your Forward FX Transactions. If not, a Margin Call may be made and you are obliged to meet Margin Calls by paying the required amount by the time stipulated in the Margin Call.

- We will only make Margin Calls on a Business Day during 8:00 a.m. to 6:00 p.m. (Sydney time).
- If no time for payment is stipulated in the Margin Call, then payment is required within 24 hours of the Margin Call being made. Sometimes, however (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin Call (that is, immediate payment is required) or more than one Margin Call may be made on a day.
- If you do not answer the telephone on the number you give us, or you do not read the emailed Margin Call which was sent to the email address you gave us, you remain liable to meet the Margin Call. That is why it is important that you are contactable during those hours on a Business Day.

YOUR MARGIN DEFAULTS

If you do not ensure that you meet your obligation to pay Margin Calls (even those requiring immediate payment), some or all of your Forward FX Transactions may be Closed Out and the resulting realised loss deducted from any proceeds or value of the Closed Out FX Transactions. Any losses resulting from Closing Out your positions will be debited to your Account(s) and you may be required to provide additional funds to HiFX to cover any shortfall.

It is your responsibility to pay Margin and meet Margin Calls on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by HiFX by the time you are required to meet the Margin Call, some or all of your positions may be Closed Out. HiFX may but need not give you any grace period.

PRE-DELIVERIES AND ROLLOVERS OF FORWARD FX TRANSACTIONS

HiFX may, in its absolute discretion:

- allow delivery of a Forward FX Transaction earlier than the Value Date, however that will likely result in an adjustment to the Exchange Rate;
- allow an extension to a date later than the Value Date, however, HiFX may either adjust the current Forward FX Transaction for a new Exchange Rate or HiFX may Close Out the existing Forward FX Transaction at the existing Exchange Rate and enter into a new Forward FX Transaction on agreed terms appropriate to the extension.

CLOSING A FORWARD FX TRANSACTION

A Forward FX Transaction can be Closed Out before and up to the Value Date in the following circumstances:

- as agreed in the Terms; or
- by agreement between you and HiFX.

Key Close Out events under the Terms include:

- a breach of a Term by you;
- your insolvency or bankruptcy; or
- your failure to comply with an obligation to HiFX.

There are some other termination events set out in the Terms (which you should read carefully) which give us discretions. While we consider it is very unlikely that we will need to rely on them except in highly unusual cases, you should be aware that we have the discretion to terminate your FX Transaction if:

- HiFX determines that the value of all of your FX Transactions represents a substantial net unrealised loss to you such that the continued transacting, or failure to terminate, one or more of your FX Transactions will or is likely to materially prejudice you or your capacity to perform the FX Transactions (which is a safety measure for you and us, such as if we do not think you are monitoring your deteriorating positions);
- HiFX determines there is a material risk of you being unable to comply with your obligations to HiFX as and when they fall due, which could be based for example on you telling us that you will not be able to pay the remaining

balance of the Sold Currency but that date has not yet occurred; or

- HiFX considers termination of one or more FX Transactions is necessary or desirable for its own protection, including (without limitation and by way of example only) when volatile market conditions exist.

If we Close Out your contract we may terminate the Terms between us. We may set off all or any part of any Margin paid by you against any amount actually or contingently due and payable by you to HiFX.

If your circumstances change and you no longer require a FX Transaction for your commercial purposes, HiFX might agree to you Closing Out a FX Transaction before the Value Date by you entering into an equal and opposite transaction with HiFX using the prevailing market rates.

If the contract is Closed Out because your circumstances have changed and the Close Out gives rise to a profit, you will receive the profit amount (including any Margin) and a confirmation advising all details. Under no circumstances will HiFX will be liable to pay you any profit arising from the Close Out of a transaction if you are in breach of a Term.

If the Close Out gives rise to a loss you will be required to pay HiFX the amount of the loss. Your Margin amount (if any) will be offset against the amount owing to HiFX and a confirmation will be issued advising all details.

You will be liable for any loss, costs, fees, charges or other expenses, including interest, incurred by HiFX in consequence of the Close Out.

You should be aware that your investment in a Forward FX Transaction might suffer a loss, depending on the market value of your Forward FX Transaction at termination compared with the total cost of your investment in that Forward FX Transaction up to the time of termination.

HiFX may, in its discretion, accept a Market Order from you to enter into a FX Transaction if the price moves to or beyond a level of Exchange Rate specified by you.

WHAT IS A MARKET ORDER?

If HiFX accepts the Market Order and it is later able to execute it, a FX Transaction will arise at the time the Market Order is executed. A Spot FX Transaction or a Forward FX Transaction (depending on your Market Order) comes into existence when the Market Order is executed by HiFX.

In your Market Order you nominate an Exchange Rate ("**Target Rate**"). When it is reached, we execute it by making a Spot FX Transaction at that point (or as close as possible to the Target Rate – see below).

You are able to amend or cancel your Market Order by telephone at any time before the Target Rate is reached. However, once the Target Rate is reached and the Order is executed by HiFX, you are bound by the FX Transaction and so you must settle the transaction in accordance with the details of the relevant Spot FX Transaction or Forward FX Transaction which you requested (please see sections 4 and 5 of this PDS for details of Spot FX Transactions and Forward FX Transactions).

TYPES OF MARKET ORDER OFFERED

We offer three types of Market Orders,

1. Stop Loss Order;
2. Limit Orders; and
3. One Cancels the Other.

You can choose to place a Stop Loss Order to provide some risk protection. For example, if you cannot afford to have a rate worse than a specific rate because you need certainty, perhaps for purchasing a house, but want to hold out for a better rate than is currently on offer, you might request a Market Order nominating your preferred Exchange Rate as the Target Rate.

A Limit Order can be used to target a better Exchange Rate than currently offered by HiFX.

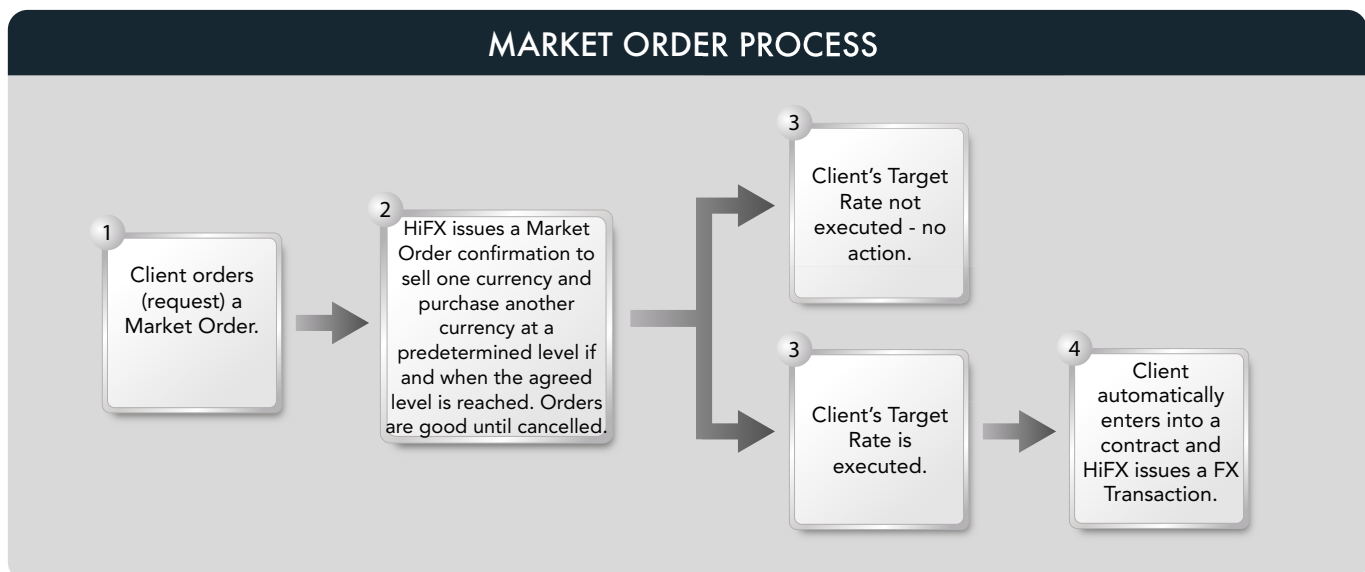
You may also choose to execute a One Cancels the Other Order which is a combination of a Stop Loss Order and Limit Order. When you place a One Cancels the Other Order, you actually place two Market Orders, and need to set limit and stop levels. When one level is reached, one of the orders will be executed, either the stop or the limit, and the other will be cancelled.

TERMS OF MARKET ORDER

The key terms of a Market Order may be summarised as follows:

- For each Market Order, on the Target Rate being reached, HiFX will enter into a Spot FX Transaction or Forward FX Transaction (as applicable) with you on the terms of the Market Order.
- Although your Market Order, if agreed, is not a transaction by itself, we agree to execute it subject only to market conditions. Usually we will accept and commit to your Market Order from the time that your instructions are received by us. We will promptly let you know if we do not accept it.
- You may cancel a Market Order at any time before the Target Rate is executed by giving us notice by telephone. You may not cancel a Market Order after the Target Rate has been executed, whether or not we have notified you that the Target Rate has been executed. When the Target Rate is executed, we will issue a FX Transaction and you will be bound by it.
- The Target Rate will be deemed to have been executed only when we determine that our Exchange Rates have reached or exceeded that level.

You may find that, in some cases, the Exchange Rate spikes (also referred to as "gaps") with the result that the Exchange Rate you have nominated in your Stop loss Order has been exceeded but has changed before we are able to execute the Market Order at or near your nominated Target Rate. If this occurs we will fill your Stop Loss Order at the best Exchange Rate available to us in the prevailing market conditions. Because of this we cannot guarantee Stop Loss Target Rates (this is called "slippage").



ENTERING INTO A FX OPTION CONTRACT

If you decide to enter into a FX Option contract with us, you will need to tell us the amount, the currencies to buy and sell, the Strike Price and the Expiration Date.

The purchase price (amount paid) of the FX Option contract is called a Premium. This amount is non-refundable and is determined based upon the Strike Price (also known as the "Exercise Price"), the amount of the currency you require and the length of time to the Expiration Date of the FX Option. With respect to FX Option contracts, the Premium must be paid to the account nominated by HiFX not later than one Business Day from the date the FX Option contract was purchased.

FX Option contracts do not commit you, the buyer - it gives you the right to buy the Bought Currency at the agreed Exchange Rate. HiFX can sell you a FX Option in all the major currency pairs and will issue you with a confirmation summarising your FX Option contract.

There is no Close Out required for FX Option contracts. The FX Option contract will terminate on the agreed Expiration Date either by the client exercising the FX Option contract or by the client allowing the FX Option contract to lapse worthless.

EXERCISING AN OPTION

You may exercise your FX Option only on the Expiration Date. This is commonly known as a "European" style option.

When the FX Option reaches its Expiration Date, you can then decide whether you wish to take up your rights on that FX Option. You would compare the actual current Exchange Rate on that day to the Strike Price of the FX Option which you bought.

If you decide to exercise your rights, then you follow the notice procedures and HiFX will enter into a FX Transaction with you. The details as to price and the amount of the

currency will be the same as specified in the FX Option contract. If however you do not take up your right to exercise the FX Option then the FX Option will expire worthless.

The examples below are for demonstration purposes only. They do not reflect current market prices. They have been selected to demonstrate how FX Option contracts work.

BUYING A FX OPTION - Example

Let's assume that you are migrating to Australia from the UK in 90 days' time and are concerned that the GBP will depreciate against the AUD since you need A\$100,000 to purchase a property in Australia to live in.

You could purchase a FX Option, ensuring that you'll be able to buy (call) AUD100,000 and sell (put) UK Pound Sterling (GBP), in 90 days time, at a certain pre-defined rate that you determine (Strike Price), say 1.60 AUD per GBP. The Premium for that FX Option is, say, A\$2,000.

You have bought a call FX Option and have the right to lock-in an Exchange Rate of 1.60 in 90 days from today.

This right comes at a cost to you, being the A\$2,000 Premium you have paid. The FX Option ends at the end of the 90 day period i.e. at the Expiration Date.

The various scenarios on maturity:

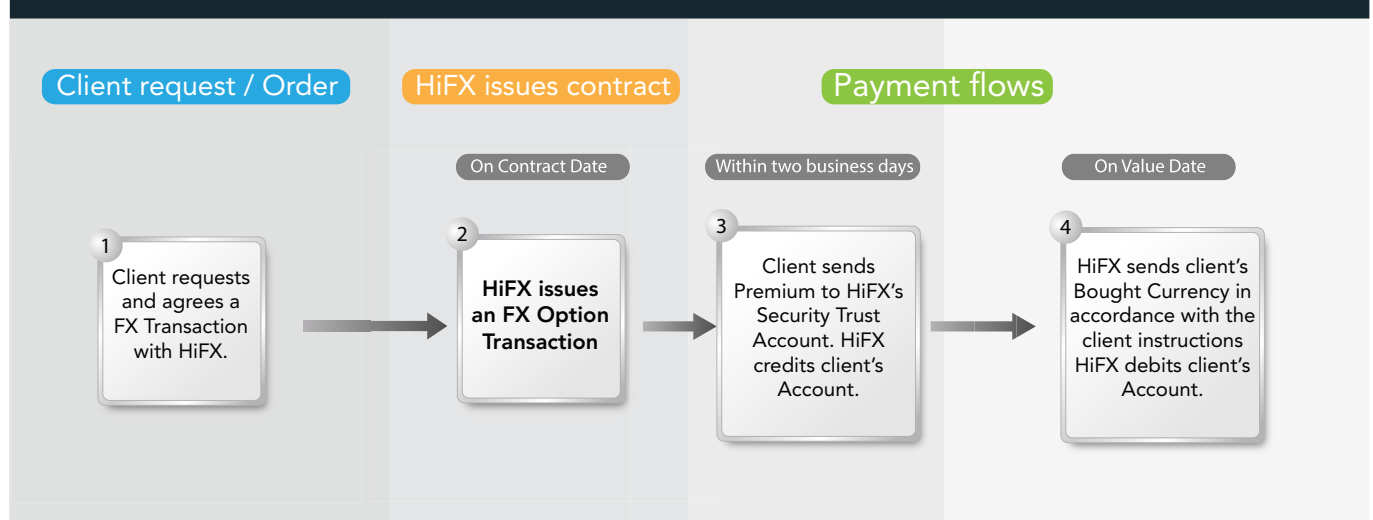
Assuming the Exchange Rate is 1.50.

You would exercise the FX Option and exchange GBP for AUD at 1.60 A\$100,000 / 1.60 = £62,500

Assuming the Exchange Rate is 1.75 (actually, any rate higher than your Strike Price of 1.60)

then you let the FX Option lapse, writing off the Premium you paid of A\$2,000 and transact at the prevailing market rate of 1.75 (instead of 1.60) A\$100,000 / 1.75= £57,143.

CLIENT FUNDS RECEIVED AFTER ISSUING FX TRANSACTION - FX OPTION TRANSACTION



USE OF CLIENT MONEYS IN ADVANCE OF ENTERING INTO FX TRANSACTION

It should be noted that moneys that you pay after agreeing a FX Transaction with HiFX are not paid into a Client Moneys Trust Account, instead those moneys are paid directly to HiFX. A Client may, if they want to, pay moneys in advance of entering into a FX Transaction. If this occurs, the moneys paid must initially be deposited into a Client Moneys Trust Account (see below on "Client Moneys Trust Account").

Moneys paid by you to HiFX after issuance of a FX Transaction are deposited into HiFX's Security Trust Account. You make your deposit by electronic or telegraphic transfer. All funds must be cleared funds in our bank account before they will be counted towards the balance on your Account.

When you make a payment which is deposited into HiFX's Security Trust Account, you are making payments which will be used as part payment for your FX Transaction.

CLIENT MONEYS TRUST ACCOUNT

The commentary under this section only applies when you pay money in advance of entering into a FX Transaction.

If you wish to pay money in advance of entering into a FX Transaction, HiFX requires those moneys to be initially deposited into a Client Moneys Trust Account.

The moneys paid by you into the Client Moneys Trust Account are held for you while they remain there and for that time are segregated from HiFX's own funds.

You should be aware that, for Client Moneys Trust Account:

- Individual Client accounts are not separated from each other.
- All Clients' moneys are combined into one account.
- HiFX is entitled to retain all interest earned on the money held in its trust account.
- Moneys and other assets in a Client Moneys Trust Account belonging to non-defaulting Clients are potentially at risk of being withdrawn and not being re-paid to the Client even though they did not cause the default because an issuer of FX Transactions in the same position as HiFX is permitted by law to use the moneys to pay itself for its hedge of your Forward FX Transaction. Also, the law allows some one in the position of HiFX to use Client moneys in the Client Moneys Trust Account to meet obligations incurred by HiFX in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives by HiFX, including dealings on behalf of people other than the Client whose moneys were deposited into the Client Moneys Trust Account.
- Although HiFX is obliged to describe to you the above features and risks of the Australian law on Client Moneys Trust Account, HiFX has no intention of using those rights. HiFX will not withdraw a Client's moneys from a Client Moneys Trust Account unless it is for one of these purposes:
 - o to repay the Client;
 - o to pay for a FX Transaction issued to the Client; or
 - o the Client specifically directs and authorises in writing the withdrawal

USE OF CLIENT MONEYS IN CLIENT MONEYS TRUST ACCOUNT

The commentary under this section only applies when you pay money in advance of entering into a FX Transaction.

You would only make a payment into the Client Moneys Trust Account if you are paying **before** agreeing a FX Transaction with HiFX. If you subsequently enter into a FX Transaction with HiFX, HiFX will withdraw from the Client Moneys Trust Account sufficient amount of your moneys to pay for the FX Transaction.

If money is to be withdrawn from the Client Moneys Trust Account for any other purpose (other than repayment to the Client) you must give HiFX a written direction to do so.

Those moneys withdrawn from the Client Moneys Trust Account are received by HiFX for its own account and are not held on trust for you nor are they invested for your benefit.

ADDITIONAL CLIENT PROTECTION PROVIDED BY HiFX

Client payments to HiFX which are made after a FX Transaction is entered into are not subject to client money provisions of the Corporations Act and hence need not be held in trust for you, nor do they need to be in a separate segregated bank account.

HiFX considers Client protection to be of paramount importance so as to maintain its Clients' confidence and therefore has, despite not being required to by current legislation, given its Clients protection by creating a first ranking security and trust arrangement in favour of Clients.

In summary:

- a. HiFX money received or paid by HiFX for FX Transactions are only paid into and out of one of a number of separate bank accounts which we call Security Trust Accounts.
- b. Each Security Trust Account is subject to a first ranking security held by a trustee (Trustee) in favour of you and HiFX's other Clients under a Trust Deed.
- c. HiFX's ability to use funds in each Security Trust Account is restricted by the terms of your Account and always is subject to the first ranking security and the Trust Deed.

HiFX may use funds from a Security Trust Account from time to time in the ordinary course of its business but only for one or more of the following purposes:

- to meet its obligations for the settlement of transactions with its Clients in accordance with the applicable terms;
- to meet its obligations owed to its Hedge Counterparties in respect of Hedge Contracts, including in respect of payments by way of absolute transfer of funds or by way of security or collateral as support for HiFX's obligations under its Hedge Contracts;
- to pay bank charges, government taxes or levies on or in respect of that Security Trust Account or as reasonably allocated to that Security Trust Account;
- to withdraw any interest credited to the Security Trust Account;
- to pay itself or otherwise to appropriate for its own uses amounts surplus to the amounts actually or contingently

needed or reasonably likely to be needed to meet all of its obligations on all foreign exchange transactions with its Clients and to meet all of its obligations on all Hedge Contracts, in either case as at the time of that withdrawal,

but in all cases always subject to the terms of the security and the Trust Deed.

- d. The Trustee also holds for the benefit of HiFX's clients the first ranking security over the Hedge Contracts.

In brief practical terms, this means you get protection because:

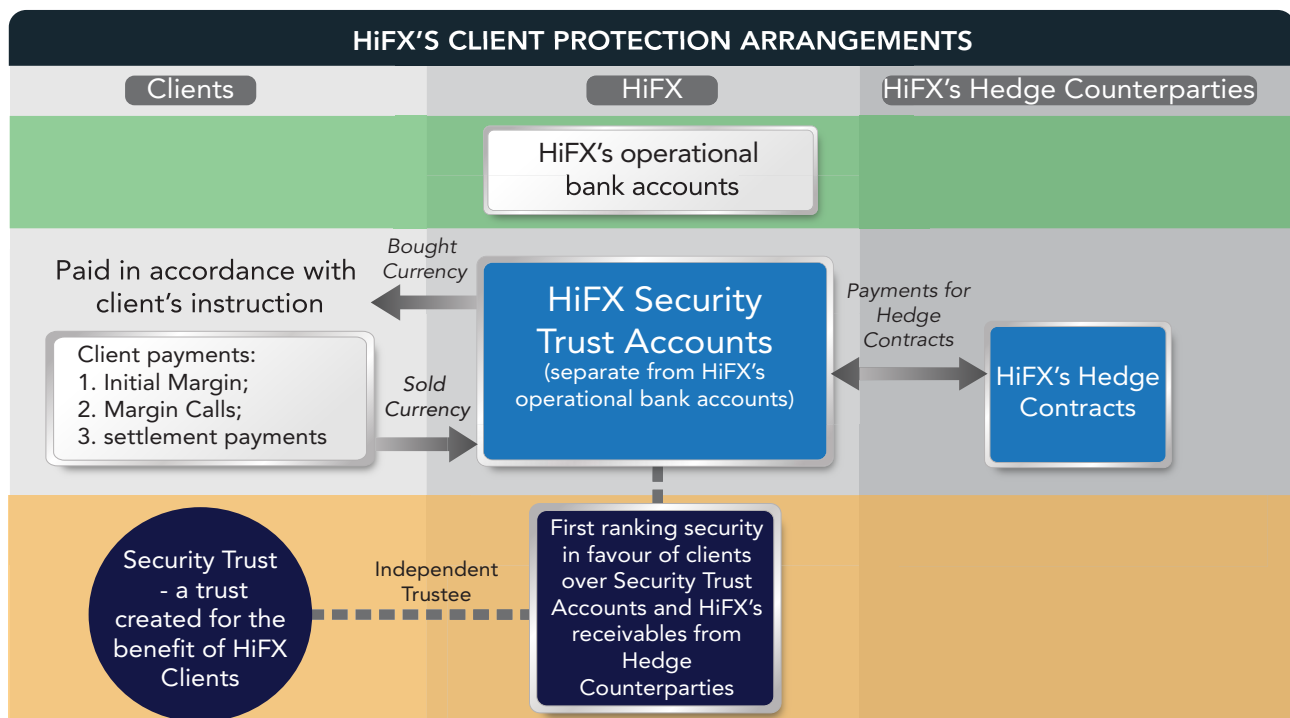
- a. The monies you pay in advance of the Value Date for your Forward FX Transaction must be held by HiFX in a separate Security Trust Account or can be paid to HiFX's Hedge Counterparties. HiFX is not permitted to use the monies before settlement of your FX Transaction except as described above.
- b. You, together with HiFX's other Clients, receive the benefit of the first ranking security held by the Trustee over the funds in each Security Trust Account and over any Hedge Contracts.

In addition, all of HiFX's Hedge Counterparties are globally renowned investment grade and rated banking institutions (or their subsidiaries) that are subject to strict compliance regimes themselves.

That's more protection than we are required to provide.

Without this security and trust arrangement, Clients would be unsecured creditors of HiFX for any unpaid amounts owing to them. The first ranking security ensures that HiFX's Clients have first priority to the funds in the Security Trust Accounts and the money received from HiFX's Hedge Counterparties during any insolvency until Clients are paid out in full, subject only to claims of creditors of HiFX who have a statutory preference that cannot be excluded (e.g. preferential claims from governmental revenue authorities and employees).

Full terms of the security and trust arrangement are available free of charge on request.



YOUR COUNTERPARTY RISK ON HiFX

When you deal in FX Transactions, you have a counterparty risk with HiFX, on the basis HiFX is the product issuer, that it will perform its obligations to you.

The only significant part of your counterparty risk on HiFX is whether it will have the financial resources at the time it is required to pay you the amounts it owes you. The following description helps you understand the important aspects of your counterparty risk on HiFX.

YOUR CREDIT EXPOSURE TO HiFX

You have credit exposure to HiFX because you pay HiFX to settle your FX Transaction. Your credit exposure to HiFX for Spot FX Transactions and Same Day FX Transactions are short-lived, since they are settled within two Business Days and on the day, respectively.

For Forward FX Transactions, your payment of Initial Margin and any later payment to meet a Margin Call is part payment towards the full amount you owe to settle the Forward FX Transaction. In the unlikely event of HiFX not performing its contract, your credit exposure to HiFX benefits from the amount of your Margin which is held in the Security Trust Account for you (see below).

So, in short, you should consider whether HiFX will have the financial resources to pay you the amount it owes you at the time for settlement of your FX Transaction.

Your credit risk on HiFX is managed and reduced by:

- HiFX applying its risk management policy, so that it prudently runs its business.
- HiFX applying its Margin policy, so it maintains liquidity by not being over exposed to any of its Clients.
- HiFX committing to use the funds paid as Margin by clients only for the permitted purposes (see Section 8).
- HiFX holding its surplus funds from Clients' Margin payments in a Security Trust Account subject to the Security Trust (described in Section 9).
- HiFX complying with its AFSL obligations to maintain surplus liquid funds and to maintain capital adequacy at all times.

HiFX HEDGES ITS OWN FX EXPOSURE

Your credit risk on HiFX is reduced because HiFX hedges its FX Transactions with you, so HiFX has the funds to pay you out on settlement. HiFX is in the business of providing you with currency services, not a speculative dealing business.

Once an Order for a Forward FX Transaction is agreed with a Client, HiFX will manage the position with other FX Transactions it has agreed to by making transactions (in its own name, on its own account) with one of several market participants it chooses from (referred to here as a Hedge Counterparty). This hedging does not require an exact hedge of each individual FX Transaction (because there could be at any time a lot of Clients' FX Transactions covering a lot of combinations of variables) so the net positions are hedged by HiFX within limits and in accordance with HiFX's risk management policies, such that, over time HiFX has limited or no direct market exposure to later changes in the value of the FX Transaction.

In order to enter into those transactions, HiFX is required to pay for its hedge or to deposit its monies (as security) with the relevant Hedge Counterparty to maintain HiFX's open Hedge Contracts. HiFX funds this payment obligation to its Hedge Counterparty from a Security Trust Account, which in turn is funded partly from its own capital and partly from Client payments of Margin to HiFX.

RISKS FROM HiFX's HEDGE COUNTERPARTY

Your credit risk on HiFX is reduced because HiFX hedges with several large global banking group counterparties, so it is confident it will be paid the funds it needs to pay you.

HiFX may use a number of Hedge Counterparties from time to time (thereby spreading the risks and not having concentration risk with one counterparty). Since HiFX hedges the net positions within limits, individual hedge contracts might not directly relate only to one FX Transaction. The particular Hedge Counterparties used by HiFX may change from time to time and may not be known by HiFX in advance of your FX Transaction.

Since HiFX is liable to you as principal on the FX Transaction, HiFX could be exposed to the insolvency of its Hedge Counterparty, or other defaults which affect the Hedge Counterparty. It is possible that HiFX's Hedge Counterparty may become insolvent, which could affect HiFX's financial capacity to meet its obligations to you since HiFX is also exposed to those Hedge Counterparties performing their contracts with HiFX. While HiFX is not restricted in its choice of Hedge Counterparties, to reduce this risk, HiFX undertakes risk management in its selection and monitoring of its Hedge Counterparties, all of whom are part of large reputable and regulated global banking groups.

SECURITY TRUST

Your credit risk on HiFX is reduced because HiFX has adopted additional protection for you by creating a Security Trust and keeping the surplus only in the Security Trust Account. This is more protection than the law gives. Please see "Client Protection – Security Trust" in Section 9.

SOLVENCY OF HiFX

Whenever you consider your credit risk on HiFX, you should consider how to assess the solvency of HiFX.

The HiFX annual directors' report and an audited annual financial report are available free on request by contacting HiFX.

The solvency of HiFX should not be assessed only by reference to historical financial information about HiFX. HiFX solvency also depends on its capitalisation as it changes, its cashflow, all of its business risks, its client and transaction concentration risks, its counterparty risks for all of its business, its risk management systems and actual implementation of that risk management.

You should take into account all of those factors and not just rely only on past financial statements since that could become out of date.

The Client protection given by HiFX using the Security Trust is a significant benefit to Clients because it keeps the surplus from Clients' Margin payments to HiFX under trust and less at risk of the solvency of HiFX.

PAYMENTS TO YOU IN HiFX'S INSOLVENCY

In the unlikely event of HiFX becoming insolvent, here is how you can be paid for any net credit balance in your Account:

- All of the FX Transactions and all of the Hedge Contracts will be terminated. This will lead to a net amount owing as between HiFX and each Client, and a single net amount owing as between HiFX and each Hedge Counterparty.
- The precise amounts and timing of payments to Clients will not be known until the net position with all of the Hedge Counterparties is known.
- HiFX will use reasonable efforts to reclaim any monies held on trust for it by Hedge Counterparties. (The Hedge Contracts ordinarily would give a net amount owing by one party to the other and that should lead to a surplus owing to HiFX which ought to be funded by the payments made by HiFX to its Hedge Counterparty. HiFX's right to payment of the net amount is a "Benefit" held on the Security Trust and, when paid to HiFX, those payments become part of the "surplus" also held on the Security Trust.)
- The trustee of the Security Trust will be holding on trust for all Clients, the Security Trust Accounts and any benefit accruing to HiFX under the Hedge Contracts. Payments from the Hedge Contracts must first go into the Security Trust Accounts.
- HiFX will need to assess whether it can feasibly sue to recover anything owed by the Hedge Counterparty.
- HiFX will need to assess when amounts are prudently available to pay Forward FX Transaction clients and it may choose to pay out interim amounts.
- HiFX will need to assess fair and reasonable allocation to Clients, having regard to, for example any amounts paid from the Security Trust Account, Account balances and amounts recovered from the Hedge Counterparty.

HiFX is always able to pay Clients from its other available funds other than those held in the Security Trust.

Using FX Transactions involves a number of significant risks. You should seek independent advice and consider carefully whether FX Transactions are appropriate for you given your experience, financial objectives, needs and circumstances.

KEY RISKS

You should consider these key risks involved in FX Transactions:

Key Risks	Important issues
Market volatility:	<p>Foreign exchange currency markets are subject to many influences which may result in rapid currency fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility.</p> <p>Given the potential levels of volatility in the foreign exchange markets, it is recommended that you closely monitor your positions with HiFX at all times having regard to your hedging requirements.</p> <p>We remind you that HiFX does not deal with you where you are trading for speculative purposes and will at its discretion, and in accordance with the Terms, Close Out your position should you be speculating.</p> <p>You should be aware that, if contrary to HiFX requirements, you purchase foreign exchange products for trading or speculative purposes (that is where you do not have a currency risk you need to protect yourself from) you will be fully exposed to movements in price between the purchase currency and the Australian dollar or other foreign currency.</p>
Opportunity cost:	<p>Once you have fixed your Exchange Rate (other than by the purchase of a FX Option) you have locked in a rate for a future delivery date and will not be able to take advantage of subsequent favourable Exchange Rate movements should that occur, in relation to your committed foreign currency exposure. On the other hand, you will be protected from any adverse movements.</p>
Counterparty risk on HiFX:	<p>You have the risk that HiFX will not meet its obligations to you under the FX Transactions. HiFX's FX Transactions are not Exchange traded so you need to consider the risks you have on HiFX.</p> <p>HiFX believes that your counterparty risk on HiFX is low, especially due to its Margin policy, its risk management and its additional Client protection by using the Security Trust; however, the potential adverse outcome of this risk is significant to you since, if it occurs, you could lose some or all of the benefit of the amounts you have paid.</p>

FX Options:	<p>FX Options sold by HiFX may only be exercised on the Expiration Date.</p> <p>Since the Premium paid is non-refundable you will lose the benefit of the Premium paid for a FX Option if:</p> <ul style="list-style-type: none"> the market does not move significantly in either direction, but remains at the same (or similar) levels to the rate at which you first purchased the FX Option, and if your circumstances change and you no longer require the FX Option.
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OTHER SIGNIFICANT RISKS

You should consider these other significant risks involved in FX Transactions:

Key Risks	Important issues
Not a regulated market:	<p>The FX Transactions offered by HiFX are over-the-counter financial products and are not covered by the rules of an Exchange. You will be unable to transfer your contract with HiFX to another party i.e., it cannot be traded on an Exchange. If you want to exit your Forward FX Transaction, you will need to enter into a Close Out Transaction with HiFX.</p> <p>You can reduce your risk by carefully reading this PDS, the Terms and taking independent advice on the legal and financial aspects relevant to you.</p>
Market disruptions:	<p>A market disruption may mean that you may be unable to deal in FX Transactions when desired, and you may suffer a loss as a result of that. Common examples of disruptions include the "crash" of a computer-based trading system.</p>
Market Orders and slippage:	<p>It may become difficult for us to execute your stop loss Market Order at your pre-determined rate. This can, for example, happen when there is a significant change in the Exchange Rate over a short period due to extreme market volatility (referred to as gapping).</p> <p>Hence Stop Loss Orders, if placed, may not limit your losses to the agreed Target Rate (referred to as slippage). You should consider placing Stop Loss Orders in light of the fact that slippage may occur in volatile conditions. For further information, see under "Market Orders" section 6.</p>

Online services:	<p>You are responsible for the means by which you access the online services or your other contact with HiFX. If you are unable to access the online services, it may mean that you are unable to undertake FX Transactions so you may suffer loss as a result of that.</p> <p>HiFX may also suspend the operation of the online services or any part of it, without prior notice to you. Although this is considered to be a very low risk since it would usually only happen in unforeseen and extreme market situations, HiFX has discretion in determining when to do this. If the online services are suspended, you may have difficulty contacting HiFX, you may not be able to contact HiFX at all, or your Orders may not be able to be executed.</p> <p>There is a moderate to high risk that HiFX will impose volume limits on Client Accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against HiFX in relation to the availability or otherwise of the online services, nor for their errors and software. Please review the Terms for any particular online services.</p>
Conflicts:	<p>Transacting with HiFX carries an automatic risk of there being a conflict of interest because:</p> <ul style="list-style-type: none"> • HiFX acts as principal in the FX Transactions with you and sets the price of the FX Transactions; • it may be transacting with other persons, at different prices or rates; and

	<ul style="list-style-type: none"> • HiFX will be transacting with market participants. <p>The policy used by HiFX is that, as principal, it issues the FX Transaction to you based on the price it gives you, not by acting as broker to you. HiFX obtains its price by dealing with its own Hedge Counterparties. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring HiFX's FX Transaction pricing compared with other foreign exchange pricing in the underlying market available to you from other sources.</p>
HiFX's powers on default, indemnities and limitations on liability:	<p>If you fail to pay amounts, HiFX has extensive powers under the Terms to take steps to protect its position. For example, HiFX has the power to Close Out your FX Transactions and to determine the rates of currency exchange applicable at that time. Additionally, under the Terms you agree to indemnify HiFX for certain losses and liabilities, including, for example, in default scenarios where you have misrepresented to HiFX.</p> <p>You should read the Terms carefully to understand these matters.</p>
Systems Risk:	<p>HiFX relies on a number of technology solutions to provide you with efficient foreign exchange services. In this regard HiFX relies on banks and third party international settlement system providers to assist in currency transfers between accounts which HiFX will not be able to control and is not liable to you for this.</p>

HiFX **does not** charge commissions for you to enter into a FX Transaction or a FX Option. HiFX earns its revenue from the spread between the price HiFX achieves on its Hedge Contracts and your FX Transaction price. This spread will vary in accordance with the size of the FX Transaction, the type of product transacted, and the currencies involved.

TRANSFER FEE

No fee is charged by HiFX unless the sold currency amount of your transaction is below a threshold amount (**Transfer Threshold**) as provided on our websites. If the sold currency amount is below the Transfer Threshold a transfer fee of up to AUD\$20.00 (or its foreign currency equivalent) as highlighted from time to time on our website (www.xe.com) will apply depending on:

- the sold currency
- the method of transacting
 - if the transaction is via the online electronic trading platform, a transfer fee of up to AUD\$15.00 (or its foreign currency equivalent) will apply;
 - if the transaction is via email a transfer fee of up to AUD\$20.00 (or its foreign currency equivalent) will apply; or
 - if the transaction is done over the telephone a transfer fee of up to AUD\$20.00 (or its foreign currency equivalent) will apply.

If a transfer fee is applicable, it will be added to the amount of the sold currency you are required to provide to settle your transaction.

For example,

- if the Sold Currency amount is AUD\$9,900, and the Transaction was done via the electronic trading platform, the Transfer Fee is AUD\$15.00 and will be added to the amount of the Sold Currency. In this case, the total amount of the Sold Currency will be AUD\$9,915.00. In any event, HiFX will advise you of any transfer fee (if applicable) at the time of your Order;
- if the Sold Currency amount is AUD\$10,000, there is **no** transfer fee since this amount is above the Transfer Threshold that does not attract a transfer fee.

We may charge an additional transaction fee of up to AUD\$20.00 if there is more than one beneficiary associated with a foreign exchange transaction, i.e, you request us to send an onward payment to more than one beneficiary. A separate fee is charged in relation to each additional beneficiary.

HiFX will advise you of the Transfer Fee (if applicable) at the time of your order.

THIRD PARTY FEES

In some cases, we may not be able to send a payment directly to the beneficiary bank and will use a correspondent bank to make the payment. The correspondent bank may charge a fee for making the payment to the beneficiary bank and those fees may be deducted from the amount remitted to the beneficiary bank. The beneficiary bank may also deduct or charge a fee upon receiving a payment sent by us. These third party fees are beyond our control; we receive no benefit from them and we cannot necessarily predict when they will be charged or the amount of the fees. You therefore need to bear in mind that the amount you are sending may not always be exactly the same as the amount received into the beneficiary account.

INTEREST

HiFX charges interest on overdue amounts on a daily basis at the rate of five percent per annum above HIFX's principal bank's base lending rate from time to time from and including the due date until payment is received in cleared funds. This rate is available from HIFX on request.

DISCRETIONS

HiFX has discretions under the Terms which can affect your Orders and FX Transactions. You do not have any power to direct how we exercise our discretions.

When exercising our discretions we will comply with our legal obligations as the holder of an AFSL. We will have regard to our policies and to managing all risks (including financial, credit and legal risks) for ourselves and all of our Clients, our obligations to our counterparties, market conditions and our reputation. We will try to act reasonably in exercising our discretions but we are not obliged to act in your best interests or to avoid or minimise a loss on your Account.

Our significant discretions are:

- whether to accept your Order (including to Close Out a position);
- determining Margin requirements, especially the amount of Initial Margin, any later Margin Call amount and the time we require you to meet any Margin Call;
- setting Exchange Rates;
- setting Premiums for FX Options; and
- following a default, Closing your positions and setting the Closing Value.

Our other discretions include:

- opening and closing your Account;
- any risk limits or other limits we impose on your Account;
- giving you a grace period for full compliance in paying by cleared funds any amount you owe;
- interpretation, variation and application of our policies;
- whether to agree to rolling or pre-delivering Forward FX Transactions; and
- paying interest on Accounts.

Our discretions can give you a risk, although this is assisted by our legal obligations, our policies and our wish to act reasonably in exercising our discretions. You should see Section 11 on Significant Risks.

POLICIES

HiFX has a number of policies that can affect your FX Transactions. The policies are guidelines that HiFX (including all of its staff) is expected to follow but policies are not part of the Terms and do not give you additional legal rights or powers.

We may change, amend, withdraw, replace or add to our policies at any time without notice to you. Our policies may help you understand how we operate but all of the important information is set out in or referred to in this PDS so you should only rely on this PDS and not on the policies.

The policies are available by contacting us and we will send you a copy free of charge.

Our key policies relevant to FX Transactions currently are:

- Margin policy
- Conflicts of interests policy.
- Privacy policy
- Risk management policy

ANTI-MONEY LAUNDERING LAWS

HiFX is subject to anti-money laundering and counter-terrorism financing laws (**AML laws**) that can affect your FX Transactions. If your Account is established, HiFX may disclose your personal information or delay or block transactions on your Account for the purposes of the AML laws or under HiFX's AML laws procedures, without liability to you for any loss that arises due to that occurring.

If you request a payment to be made by us (in US dollars) to be paid and cleared into a US bank account, by accepting our Terms, you acknowledge and warrant that the beneficiary of the payment is not a person, group or entity associated with a country sanctioned by US laws and regulations.

ABOUT HIFX

HiFX was established in March 2001 and operates from Auckland, New Zealand. On 20 May 2014, HiFX was acquired by EPAY New Zealand Limited that is in the Euronet Worldwide Inc. (Euronet) group of companies. Consequently, Euronet is now HiFX's ultimate parent company. Euronet has been listed on the NASDAQ (EFT) since 1997. The Euronet group of companies specialises in global electronic payment processing and distribution. HiFX is part of Euronet's "money transfer division".

HiFX Australia Pty Ltd (HiFX Australia) is primarily a sales and marketing office but also provides administrative support, including facilitating communications with HiFX. HiFX Australia is not authorized to accept orders or deal on behalf of Clients, but may help Clients transact with HiFX.

TAXATION IMPLICATIONS

FX Transactions will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax adviser before transacting in these financial products.

The following information should be regarded as general information only.

PROFITS AND LOSS ON FX TRANSACTIONS

Any gains derived or losses incurred by you in respect of a FX Transaction ordinarily should be included in your assessable income, when realised. Realisation will generally occur when the right or obligation to receive or pay for foreign currency ceases.

The cost of acquiring a FX Option is generally treated as a cost of acquiring or disposing of the foreign currency for the purposes of determining the gain or loss on realisation. Generally, if a FX Option expires without being exercised, a Premium paid for the grant of the FX Option is treated as foreign currency loss.

TAX FILE NUMBER WITHHOLDING RULES

The tax file number withholding rules only apply to those investments as set out in income tax legislation. HiFX's current understanding is that those withholding rules do not apply to its FX Transactions; however, if it is later determined to apply and you have not provided HiFX with your tax file number or an exemption category, HiFX may be obliged to withhold interest payments at the highest marginal tax rate and remit that amount to the ATO.

OTHER CHARGES

If the FX Transaction gives rise to gains that are assessable or losses that are deductible, any charges ordinarily should be available as a deduction at the time they are paid by the investor and debited against their Account.

GOODS AND SERVICES TAX

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of FX Transactions are not subject to goods and service tax.

COOLING OFF

There is no cooling off arrangement for FX Transactions. This means that you do not have the right to return the FX Transaction, nor request a refund of the money paid to acquire the FX Transaction. If you change your mind after entering into a FX Transaction with HiFX, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

ETHICAL CONSIDERATIONS

FX Transactions made under your Account do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into account by HiFX when making, holding, varying or Closing Out FX Transactions.

JURISDICTIONS

The FX Transactions offered by this PDS are available only to persons receiving the PDS in Australia.

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws. The offer to which this PDS relates is not available to USA investors.

HiFX INSURANCE

HiFX has a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits arising from dealing in Hedge Counterparties or if there is fraudulent activity by one of HiFX's employees, directors or authorised representatives that results in your money being used in fraudulent activities. If the insurance policy is insufficient or the insurer fails to perform its obligations, HiFX may not be able to make the payments it owes to you.

DISPUTE RESOLUTION

HiFX wants to know about any problems you may have with the service provided to you so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please take the following steps:

1. Contact HiFX and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.

2. If your complaint is not satisfactorily resolved, within three business days of receipt of your complaint, please contact the Compliance Department on 1800 006 592 or put your complaint in writing and send it to:

HiFX Limited
Compliance Department
c/- HiFX Australia Pty Limited
Level 1,
75 Castlereagh Street,
Sydney NSW 2000 Australia

HiFX will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within two Business Days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 30 days of receipt of your written complaint.

3. If you are not satisfied with our response, you may lodge a complaint:

- with the Australian Financial Complaints Authority (AFCA):
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
Mail: Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

4. HiFX is a member (Member 11670) of the AFCA complaints resolution scheme. The service provided to you by AFCA is free.

The Australian Securities and Investments Commission (ASIC) also has an Information line on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

PRIVACY

All of the information collected by HiFX, in the application form or otherwise, is used for maintaining your Account and for the purpose of assessing whether you would be suitable as a Client.

HiFX has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 1988.

Significantly, these include the following:

1. Collecting personal information

In collecting personal information, HiFX is required to collect only information which is necessary for the purpose described above and ensure that collection of the information is by fair and lawful means; and to take reasonable steps to make you, the individual, aware of why the information is being collected and that you may access the information held by us. If necessary, HiFX also collects information on directors of a corporate client or agents or representatives of the client. HiFX may be required by law to collect information, such as for taxation purposes or to

identify persons who open or operate an account.

HiFX may take steps to verify information given to it, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although HiFX may disclose this information to its related bodies corporate if you intend to use the services of any of those related bodies corporate.

2. Using the personal information

Once HiFX has collected the information from you, HiFX will only use the information for the purposes described above unless you consent otherwise.

Personal information may be disclosed to:

- any person acting on your behalf, including your adviser, accountant, solicitor, executor, attorney or other representative;
- related bodies corporate of HiFX if you use, or intend to use, services of those other corporations;
- any organisations to whom HiFX outsources administrative functions;
- brokers or agents who refer your business to HiFX (so that we may efficiently exchange information and administer your account);
- regulatory authorities;
- as required or permitted by law or by court order.

This information will not be disclosed to any other person without your consent.

You may access your personal information held by HiFX (subject to permitted exceptions), by contacting HiFX. We may charge you for that access.

As HiFX is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any personal information provided has changed.

3. Retaining personal information

HiFX has implemented and maintains secure protection of all personal information obtained from miss-use, loss, unauthorised access, modification or disclosure.

The information will be destroyed or de-personalised if HiFX no longer requires the information for the purpose referred to above.

GLOSSARY

Account means your account with HiFX established under the Terms, including all Accounts and all Transactions recorded in them.

Australian Dollars or A\$ means the lawful currency of the Commonwealth of Australia.

Bought Currency is the currency received by the Client in return for the Sold Currency.

Business Day means any day except a bank or public holiday throughout New Zealand or a Saturday or Sunday.

Client refers to the person who has the Account with HiFX.

Client Monies Trust Account means an account (however named or styled) maintained by HiFX for the purposes of the Corporations Act 2001 (Commonwealth) to hold client moneys.

Close Out, Closed Out and Closing Out in relation to a Transaction means discharging or satisfying the obligations of the client and HiFX under the transaction and this includes matching up the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

Closing Value means the value of the FX Transaction as determined by HiFX.

Contract Date means the date the FX Transaction was agreed to by HiFX.

Exchange means the market operated by the ASX, ASX 24 (formerly the Sydney Futures Exchange) operated by Australian Securities Exchange Limited (ABN 83 000 943 377), the Australian Clearing House operated by ASX Clearing Corporation Limited (ABN 45 087 801 554), or any other exchange or market in which HiFX participates from time to time, whether directly or through agents or other market participants.

Exchange Rate expresses the value of the Bought Currency in terms of the Sold Currency and visa versa.

Exercise Price means the price at which the holder (buyer) of the FX Option can exercise their rights, to buy or sell the underlying currency. This is also referred to as the Strike Price.

Expiration Date is the date on which the FX Option expires.

Forward FX Transaction means a FX Transaction whose Value Date is later than two business days after the Transaction is entered into.

FX Option means a FX Transaction that gives you (the buyer of the FX Option) the right but not the obligation, to buy specified amounts of foreign currency at a pre-determined Exchange Rate settling on a pre-determined Value Date.

FX Transaction means a foreign exchange contract between the Client and HiFX to purchase and deliver currency (including Forward FX Transactions, Spot and Same Day FX Transactions).

Hedge Contract means a contract, deed, agreement or other instrument between HiFX and a Hedge Counterparty, including master agreements, individual transactions (whether written or not) and credit or collateral arrangements for them, for or in relation to foreign exchange transactions (whether or not other transactions are possible under those arrangements) including payments to Hedge Counterparties

as security or collateral for those transactions.

Hedge Counterparty means any bank, related body corporate of a bank or other regulated financial corporation which is a counterparty to HiFX or its Hedge Contracts (for the avoidance of doubt, this does not include the Client).

HiFX means HiFX Limited (ARBN 106 779 953) whose registered office is at Level 15, gen-l Tower, 66 Wyndham Street, Auckland New Zealand HiFX holds an Australian Financial Services Licence (AFSL 240914) and is regulated by the Australian Securities and Investments Commission.

HiFX Representative means the representative of HiFX or, if the Client is dealing through HiFX Australia, the representative of HiFX Australia with whom you are dealing by arrangement.

Initial Margin means the amount which you are required to pay to HiFX as the Initial Margin cover for a Forward FX Transaction.

Limit Order means a Market Order to buy or sell one currency against another when and if a pre-determined target exchange rate is reached. The Market Order remains good until cancelled unless stipulated otherwise.

Margin means the amount credited to the Account and is part payment for the Bought Currency.

Margin Call means a request from HiFX for you to post more funds into your Account.

Market Order means an Order to buy or sell one currency against another when and if a pre-determined target Exchange Rate is reached. The Market Order remains good until cancelled unless specified otherwise.

One Cancels the Other is a type of Market Order which consists of both a Stop Loss Order and a Limit Order

Order means any order placed by you to enter into a FX Transaction.

Premium means the amount which the buyer (holder) of a FX Option must pay to the seller of the FX Option (HiFX), namely the purchase price of the FX Option.

Same Day FX Transaction is a FX transaction whose value date is the same day as the Contract Date.

Security Trust means the trust entered into between HiFX and the trustee of it on behalf of all Clients of HiFX with FX Transactions, containing the terms, powers and rights of the trustee in relation to the security declared by HiFX from time to time over a Security Trust Account.

Security Trust Account means a bank account nominated by HiFX from time to time to be subject to the security and the Security Trust. HiFX may have more than one Security Trust Account from time to time.

Sold Currency is the currency sold by the Client in return for receiving from HiFX the Bought Currency.

Spot FX Transaction is a FX Transaction whose Value Date is 2 Business Days from the Contract Date.

Stop Loss Order means a Market Order to buy or sell one currency against another when a pre-determined target Exchange Rate is reached as specified by the Client. The Market Order remains good until cancelled unless stipulated otherwise.

Strike Price means the price at which the holder (buyer) of a



FX Option can exercise their rights, to buy the nominated currency. This is also referred to as the Exercise Price.

Target Rate means the rate at which a Market Order is executed, being the Exchange Rate specified by the Client for the Market Order plus HiFX's margin over the wholesale exchange rate HiFX is able to obtain from its hedge counterparties.

Terms means the terms of your Account with HiFX for all of your Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with your current Terms.

Transaction means any of the kind of FX Transactions which are traded under the Terms.

Transfer Threshold means the range listed on HiFX's website as attracting a Transfer Fee if the amount of the Sold Currency transacted falls within that range.

Transfer Fee means the amount charged by HiFX (in Sold Currency) when the amount of the Sold Currency transferred falls within the Transfer Threshold.

Trustee means the trustee at the relevant time of the Security Trust.

Value Date means the date agreed between the Client and HiFX for delivery and settlement of the currencies under a FX Transaction.

Xe means Xe New Zealand, a trading name of HiFX Limited (New Zealand Company number 1121503).