

Foreign Exchange

# Product Disclosure Statement

26 March 2013

bankwest



Happy Banking

# Important Notice

This Product Disclosure Statement (PDS) is provided by Bankwest, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL/Australian credit licence 234945 (*the Bank*) and is current as at 26 March 2013.

The information contained within is subject to change.

You can get a paper copy of any updated information without charge by calling us on **13 17 19**.

This PDS is for retail clients in Australia only.

The information set out in this document is general in nature. It has been prepared without taking into account your particular needs, objectives or financial situation.

By providing this PDS, Bankwest does not intend to provide you with any financial advice or to give any financial recommendation.

You should read this PDS carefully and consider whether the particular product is appropriate to your particular needs, objectives and financial situation. You may also seek independent expert advice before making a decision about whether these products are suitable for you.

Transactions featured in this PDS may carry with them a risk of loss which could be substantial.

## Contact Details

You can contact a Bankwest representative on:

**1300 786 241 (toll free WA)**

**(08) 9215 8241 (WA)**

**(02) 9117 0027 (NSW, VIC, SA, QLD)**

# Contents

<b>General Information</b>	<b>1</b>
Features at a glance	1
Purpose of a Product Disclosure Statement (PDS)	2
What is Foreign Exchange?	2
Uses of FX	3
Spot transactions	3
Value Tomorrow transactions	4
Forward transactions	5
Settlement periods	6
What are the significant benefits of FX transactions?	7
What are the significant disadvantages of FX transactions?	7
What are the significant risks?	7
Entering into and settling FX transactions	9
Variations to settlement dates	10
Order Watch service	10
Terminating a FX transaction	12
Payments netting	13
What are the costs involved in FX transactions?	13
Are there any tax implications I should be aware of?	13
Notification of changes	14
Telephone Conversations	14
Cooling-off Period	14
Ethical Considerations	14
Other Interests	15
Changes to Particulars	15
Service of Notices	15
Code of Banking Practice	15
What if I have a complaint?	16
Customer information and privacy	17
<b>Definitions</b>	<b>17</b>
<b>Appendix A - Available currencies</b>	<b>20</b>

# General Information

## Features at a glance

Feature	Overview
<b>Significant benefits</b>	Allows <i>you</i> to exchange one currency for another currency at an agreed <i>exchange rate</i> on an agreed <i>settlement date</i> or during an agreed <i>settlement period</i> .
<b>Significant risks</b>	Exchange rates and interest rates can be volatile and can move adversely.
<b>Minimum transaction amount</b>	There is a minimum transaction amount of <i>AUD20,000</i> for <i>Forward</i> Foreign Exchange Contracts and <i>AUD100,000</i> for the Order Watch service
<b>Terms</b>	1 day to 2 years.
<b>Costs</b>	There are no direct fees for a FX transaction or for the market Order Watch service. See page 10.
<b>Settlement</b>	Transactions must be settled on the agreed <i>settlement date</i> . Variations to <i>settlement dates</i> are also available by agreement with <i>the Bank</i> . <i>Settlement periods</i> are available.
<b>Early termination</b>	An amount may be payable by or to <i>you</i> depending on the <i>mark-to-market</i> value of the transaction. <i>You</i> may also be liable for any losses and costs <i>the Bank</i> may incur as well as fees and charges.

This is a sophisticated financial product which involves dealing in foreign exchange. The information in this PDS does not take into account *your* personal objectives, financial situation and needs. Before trading in this product *you* should be satisfied that such trading is suitable for *you* in view of those objectives, and *your* financial situation and needs, and we recommend that *you* consult *your* investment adviser or obtain other independent advice. Unless *you* are familiar with foreign exchange dealings and products of this type, the product may not be suitable for *you*.

The information in this PDS is subject to change from time to time and is up to date as at the date stated on the cover. Where the new information is materially adverse information *the Bank* will either issue a new PDS or a supplementary PDS setting out the updated information. Where the new information is not materially adverse information we will not issue a new PDS or supplementary PDS to *you*, but *you* will be able to find the updated information on our web site **bankwest.com.au** or *you* can call **13 17 19**. If *you* ask us to, we will send *you* a paper copy of the information.

## Purpose of a Product Disclosure Statement

A Product Disclosure Statement (PDS) aims to provide *you* with enough information to help *you* decide whether the product will meet *your* needs. It also helps *you* to compare the product with others *you* may be considering.

This PDS provides information about **Foreign Exchange (FX)**. If *you* decide to enter into a FX transaction, *you* should keep this PDS and all other documentation relating to *your* transaction for future reference.

If *you* have any questions or wish to contact us call **13 17 19** between 8am and 8pm Monday to Friday, visit our web site at **bankwest.com.au**, or visit any Bankwest store.

To assist *you* in understanding this PDS, the definitions of some words are provided in the "Definitions" section. See page 17. When used in this PDS, these words usually appear in italics.

## What is Foreign Exchange?

Foreign Exchange (FX) allows *you* to exchange one currency for another at an agreed *exchange rate* on an agreed *settlement date* or *settlement period* that is between 1 day and 2 years after the *trade date*.

Exchange rates may be quoted as *value today* (not covered by a PDS), *spot exchange rates*, *value tomorrow exchange rates* or *forward exchange rates*.

A *spot exchange rate* applies to a FX transaction with a *settlement date* that is 2 *business days* after the *trade date*. This type of FX transaction is referred to as *Spot* in this PDS.

A *value tomorrow exchange rate* applies to a FX transaction with a *settlement date* that is 1 *business day* after the *trade date*. This type of FX transaction is referred to as *Value Tomorrow* in this PDS.

A *forward exchange rate* applies to a FX transaction with a *settlement date* that is more than 2 *business days* and up to 2 years after the *trade date*. This type of FX transaction is referred to as *Forward* in this PDS.

A *Forward* gives you the opportunity to specify a *settlement period* (See page 6) during which exchange of the currencies can occur at the agreed *forward exchange rate*.

FX transactions are available for most currencies.

Details of *exchange rates* for *Spot*, *Value Tomorrow*, and *Forward* as well as the *currency pairs*, in which *the Bank* offers FX transactions are available on request through *your* relationship manager or any branch of *the Bank*.

Access to FX transactions is subject to *the Bank's* credit approval processes.

## Uses of FX

Commercial activities for which FX may be useful include:

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

## Spot transactions

*The Bank* determines the *spot exchange rates* it quotes to you taking the following factors into account:

- the *market spot exchange rate*;
- a *volatility factor*;
- the transaction amount;
- an allowance for *the Bank's* costs, both fixed and variable; and
- *the Bank's* profit margin.

## How does a Spot transaction work?

### \*Example 1: You are making a payment in a foreign currency

You need to make a payment of USD100,000.00 to an offshore beneficiary in 2 *business days*. You need to sell AUD and buy USD to make this payment.

You wish to enter into a *Spot* transaction with *the Bank* today to fix a *spot exchange rate* where you buy USD100,000.00 and sell AUD in 2 *business days*.

You contact *the Bank* and ask for a *spot exchange rate*. *The Bank* quotes you a *spot exchange rate* of AUD/USD 1.0350. If you accept this quote (which can be done verbally), a *Spot* transaction is entered into between you and *the Bank*.

The AUD equivalent is calculated by dividing the USD amount by the current AUD/USD *spot exchange rate*:

$$\text{USD}100,000.00 \div \text{AUD/USD} 1.0350 = \text{AUD} 96,618.36$$

By entering into the *Spot* transaction with *the Bank*, on the *settlement date* you must buy USD100,000.00 from *the Bank* in exchange for AUD 96,618.36.

\* Examples are used for illustrative purposes only. Actual exchange rates will depend on actual market rates on the date of calculation.

## Value Tomorrow transactions

A *value tomorrow exchange rate* is determined by making an adjustment to the *spot exchange rate*, (known as *value tomorrow points*). *The Bank* will determine the adjustment and the resulting *value tomorrow exchange rate* it quotes to you, based on the following factors:

- the *value tomorrow forward points* (these may be an addition to or subtraction from the *market spot exchange rate*);
- the *market spot exchange rate*;
- a *volatility factor*;
- the transaction amount;
- an allowance for *the Bank's* costs, both fixed and variable; and
- *the Bank's* profit margin.

## How does a Value Tomorrow transaction work?

### \*Example 2: You are making a payment in a foreign currency

You need to make a payment of USD100,000.00 to an offshore beneficiary in 1 business day. You need to sell AUD and buy USD to make this payment.

You wish to enter into a Value Tomorrow transaction with the Bank today to fix a value tomorrow exchange rate where you buy USD100,000.00 and sell AUD in 1 business day.

#### Assume the following

Current AUD/USD spot exchange rate	1.0350
Value tomorrow forward points	+ 0.0001
Value tomorrow exchange rate	1.0351

If you enter into the Value Tomorrow transaction with the Bank, on the value tomorrow settlement date you must buy USD100,000.00 from the Bank in exchange for AUD 96,609.02 ( $USD100,000.00 \div 1.0351$ ).

\* Examples are used for illustrative purposes only. Actual exchange rates will depend on actual interest rates and other market rates on the date of calculation.

## Forward transactions

A forward exchange rate is determined by the Bank by making an adjustment to the spot exchange rate (known as forward points).

The Bank will determine the adjustment and the resulting forward exchange rate it quotes to you based on the following factors:

- the forward points (these may be an addition to or subtraction from the market spot exchange rate);
- the market spot exchange rate;
- a volatility factor;
- the transaction amount; and
- an allowance for the Bank's costs, both fixed and variable; and
- the Bank's profit margin.



## How does a Forward transaction work?

### \*Example 3: You are making a payment in a foreign currency

You need to make a payment of USD100,000.00 to an offshore beneficiary in 93 days. You need to sell AUD and buy USD to make this payment.

You wish to enter into a *Forward* transaction with *the Bank* today to fix a *forward exchange rate* at which you will buy USD100,000.00 and sell AUD in 93 days.

### Assume the following

Current AUD/USD spot exchange rate	1.0350
Forward points	- 0.0050
Forward exchange rate	1.0300

If you enter into the *Forward* transaction with *the Bank*, on the *forward settlement date* you must buy USD100,000.00 from *the Bank* in exchange for AUD 97,087.38 (USD100,000.00 ÷ 1.0300).

\* Examples are used for illustrative purposes only. Actual *exchange rates* will depend on actual interest rates and other market rates on the date of calculation.

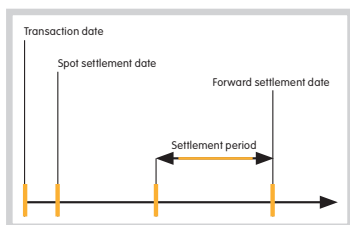
## Settlement periods

A *settlement period* provides you with the flexibility to settle the *Forward* at any time during the agreed period, at the agreed *forward foreign exchange rate*. You may require this feature if you're uncertain of the exact *settlement date* on which you will want to exchange currencies.

For example, if you expect to make a payment in a foreign currency sometime around the 15th day of a future month, you may request a *settlement period* between the 10th day and the 20th day of that month.

The applicable *forward exchange rate* will be determined by taking into account the *settlement period* that you require.

### Diagram 1: Settlement period



## What are the significant benefits of FX transactions?

Benefits include:

- provides cash flow certainty;
- provides *exchange rate* protection; and
- *settlement periods* are available in the case of a *Forward*.

## What are the significant disadvantages of FX transactions?

Disadvantages include:

- a FX transaction does not allow *you* to benefit from future favourable *exchange rate* movements; and
- there may be a cost if the FX transaction is *terminated* prior to the *settlement date*. See “Terminating a FX transaction” on page 12.

## What are the significant risks?

Risks derive from factors that are beyond *your* control. Starting from the time at which *you* enter a FX transaction with *the Bank*, risk factors may lead to changes in the financial outcomes that are unfavourable to *you*. Monitoring of any risks associated with this product is *your* responsibility (subject to the responsibility of *the Bank* for its own operational systems. See “Operational risk” on page 8.

### **Market risk**

*The Bank* expects that in most cases, FX transactions are to be used for managing *your* foreign currency cash flows. If *you* enter into a FX transaction for a purpose other than the exchange of a foreign currency cash flow, *you* may be directly exposed to changes in the relevant foreign exchange market. These changes may result in losses to *you*.

When FX transactions are used to manage *your* foreign currency cash flows, there is a risk that *you* may not receive any benefit relative to not having entered into a FX transaction. This will occur if the relevant market *exchange rate* is more favourable to *you* than the agreed *exchange rate* on the *settlement date*.

Early *termination* of a FX transaction may result in a cost to *you*.

### **Credit risk**

Credit risk is common to all financial markets products that *you* may hold with *the Bank*. In all cases, *you* are reliant on the ability of *the Bank* to meet its obligations to *you* under the *terms* of each transaction. This risk is sometimes described as counterparty risk.

### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

*You* are reliant on the ability of *the Bank* to price and settle *your* transaction in a timely and accurate manner. *The Bank* in turn is dependent on the reliability of its own operational processes that include communications, computers and computer networks. Disruptions in *the Bank's* processes may lead to delays in the execution and settlement of *your* transaction. Such disruptions may result in contractual outcomes that are less favourable to *you*.

However, once *you* have entered into the transaction, the management of risks associated with its own operational processes is the responsibility of *the Bank*.

The risks described here may not include all risk considerations that may be relevant to *you* when transacting FX. Please also refer to the significant disadvantages of a FX transaction, described on page 7. Before transacting in this product *you* should be satisfied that this product is suitable for *you*. We recommend that *you* consult *your* investment adviser or obtain other independent advice.

*The Bank* will only accept responsibility in respect of those operational risks that are internal to *the Bank*. *The Bank* cannot control and does not accept responsibility for any losses resulting from events external to *the Bank*.

### **Legal risk**

Australia, as a member state of the United Nations, is obliged to implement United Nations Security Council sanctions. Australia also may be required to implement other international sanctions and sometimes imposes unilateral sanctions. Sanctions can cover various subject matters including financial restrictions. Consequently, *the Bank* may be prohibited from dealing with certain persons or entities.

This means that if *the Bank* is aware that *you* are a proscribed person or entity, then *the Bank* may be required to suspend, cancel or refuse *you* services or close or terminate any account, facility, transaction, arrangement or agreement with *you*.

This may be at a significant cost to *you*. Please refer to the relevant *terms* and conditions under which we may cease to deal with *you*.

## Entering into and settling FX transactions

### Entering into a FX transaction

Following credit approval by *the Bank* and, where required, *your* entering into a *master agreement* (being part of the FX documentation) with *the Bank*, *you* may enter into FX transactions.

The next steps are:

1. *You* contact *the Bank* and ask for an *exchange rate* for a *currency pair* for a specified transaction amount and *settlement date* (or a *settlement period*).
2. If *the Bank* offers *you* a *spot exchange rate*, *value tomorrow exchange rate* or *forward exchange rate*, and if *you* accept the offer (which can be done verbally), a FX transaction is entered between *you* and *the Bank*. All telephone conversations between *you* and *the Bank* will be recorded.
3. *The Bank* will send *you* a *confirmation letter* or a *forward exchange confirmation* setting out the details of *your* FX transaction. Please check the details of *your* transaction with us and advise us immediately if *you* have any queries with respect to the details contained in the *confirmation letter* or the *forward exchange confirmation*, as the case may be.

### FX documentation

The FX documentation comprises:

- i) a *master agreement* and a *confirmation letter*;
- ii) a *forward exchange confirmation*; or
- iii) an offer letter from *the Bank* incorporating the Bankwest Business General Terms and Conditions and *confirmation letter* for each FX transaction.

The FX documentation sets out in full the *terms* and conditions of the FX transaction. Samples of the FX documentation can be obtained from *the Bank* on request.

## Settling a FX transaction

Subject to the *terms* and conditions of the FX documentation, on the *settlement date* the *currency pair* are exchanged. You must ensure that you have sufficient *cleared funds* accessible to *the Bank* in order to settle the FX transaction.

## Variations to settlement dates

If you need to vary the *settlement date* after you have entered into a FX transaction two variations are available subject to credit approval by *the Bank*, they are:

### Pre-delivery

A pre-delivery is where the *settlement date* is adjusted from the existing *settlement date* to an earlier *settlement date*. For example, the *forward settlement date* is changed to 5 May from 20 May.

### Extensions

An extension is where the *settlement date* is adjusted from the existing *settlement date* to a later *settlement date*. For example, the *settlement date* for a *Forward* transaction is changed to 20 June from 20 May.

For these variations the agreed *exchange rate* will be adjusted to reflect the new *settlement date*. The adjusted *exchange rate* takes into account the factors set out in “*Forward transactions*” (see page 6) and a funding cost or benefit.

Where the adjusted *exchange rate* has been agreed with you, *the Bank* will send you a *confirmation letter* setting out the new details of your FX transaction. This must be signed and returned to *the Bank*.

A pre-delivery or an extension may also be arranged for a *Spot* transaction.

## Order Watch service

*The Bank* offers an Order Watch service that allows you to create orders for foreign exchange where you specify in advance the *spot exchange rates* and amounts at which you will be willing to buy or sell a specified currency against another specified currency. When the *exchange rate* quoted by *the Bank* reaches the level of your specified *exchange rate* *the Bank* will attempt to fill your order at that *exchange rate*.

Orders for foreign exchange remain in place until filled or until *you* advise *the Bank* that the order is to be cancelled or amended. It is important to note that if *you* neglect to cancel or amend an order, it may be filled as *you* originally requested but at a later date, and there may be a cost to *you* to cancel or amend an unwanted FX transaction.

The Order Watch service is usually available from the opening of foreign exchange markets in New Zealand on a Monday morning (New Zealand time) to the close of foreign exchange trading in New York, United States of America on a Friday afternoon (New York time).

The Order Watch service is only offered for *spot exchange rates*. Should *you* require a different *settlement date* from the *spot settlement date* *you* may request that *settlement date*. If *your* order is filled or part filled *the Bank* may adjust *your spot exchange rate* obtained by the *forward points* applicable to the different *settlement date*.

In accordance with market practice, this service is offered on a reasonable endeavours basis only. In some circumstances, for example, where the foreign exchange market becomes illiquid or where a large movement in *exchange rates* occurs, or where the *exchange rate* gaps or otherwise jumps or falls to some new level, it may not be possible for *the Bank* to fill *your* order at the specified *exchange rate*.

Market *terminology* and conventions are as follows:

- an order to transact foreign exchange on the basis that a favourable *exchange rate* movement has occurred on an open foreign exchange contract or position is referred to as a *take profit* order. Such orders may be part filled if they are unable to be completed by *the Bank* on a reasonable endeavours basis. A *take profit* order will not be part filled at the specified *exchange rate* and then part filled at a more favourable *exchange rate*.
- an order to transact foreign exchange on the basis that an unfavourable *exchange rate* movement has occurred on an open foreign exchange contract or position is referred to as a *stop loss* order. Such orders may be filled at a level that is less favourable than the specified *exchange rate* if they are unable to be completed at that *exchange rate* by *the Bank* on a reasonable endeavours

basis. A *stop loss* order will always be filled once the *stop loss* level is reached (it will not be part filled) even if it is filled at a rate that is less favourable to *you*.

The Order Watch service is offered for all of the currencies listed in Appendix A of this PDS. It may be available for other currencies on request.

The minimum amount for an individual foreign exchange trade through the Order Watch service is AUD100,000.00 or equivalent. Participation in the order watch service and the maximum amount of any order that *you* may leave will be determined by *the Bank's* credit assessment of *you*.

*The Bank* offers the Order Watch service on a reasonable endeavours basis, however, we are not obliged to accept an order. In certain circumstances *the Bank* reserves the right to cancel all or part of an outstanding order. These circumstances include but are not limited to:

- system failure; and
- where an order must be cancelled in accordance with legal instructions.

## Terminating a FX transaction

A FX transaction may be *terminated* before the *settlement date* either:

- by agreement between *you* and *the Bank*; or
- as set out in the FX documentation:

(a) Where the FX documentation comprises a *master agreement* and a *confirmation letter*:

At *termination*, *the Bank* will calculate the *mark-to-market* value using prevailing market rates chosen by *the Bank* in good faith. *The Bank* determines the *mark-to-market* value having regard to what a person would pay *the Bank*, expressed as a negative number, or what *the Bank* would have to pay another person, expressed as a positive number, in order to take over *your* rights and obligations under the *terminated* FX transaction.

If more than one FX transaction is *terminated* the sum of all positive *mark-to-market* values will be set-off against the sum of all negative *mark-to-market* values. If, as a result of this calculation, the overall sum is

positive, *you* must pay *the Bank* an amount equal to the total positive sum. Alternatively, if as a result of this calculation, the overall sum is negative then *the Bank* must pay *you* an amount equal to the total negative sum. *The Bank* will notify *you* as soon as practicable after making these calculations.

- (b) Where the FX documentation comprises a *forward exchange confirmation*, *you* will be liable for any loss, costs, fees, charges and expenses, including without limitation any break costs and interest, suffered or incurred by *the Bank* in consequence of the termination.
- (c) Where the FX documentation comprises an offer letter, *the bank* will make the calculations set out in the relevant Bankwest Business General Terms and Conditions on the termination date.

## Payments netting

Where a *master agreement* or offer letter is in place between *you* and *the Bank*, and if *you* have more than one FX transaction with the same *settlement date* and for the same *currency pair*, payments and receipts arising from the transactions may be “net settled”. This means that all settlements are combined to a single net payment between *you* and *the Bank*.

## What are the costs involved in FX transactions?

### Fees and charges

*The Bank* does not charge any direct fees for a FX transaction or for the market Order Watch service. *The Bank* derives a financial benefit by making adjustments to the inter-bank market rates.

*Your* FX transaction may be subject to government taxes and duties (if any). These may vary from State to State.

## Are there any tax implications I should be aware of?

*Spot*, *Value Tomorrow* and *Forward* transactions may have tax implications. These can be complex and are invariably specific to *your* circumstances. Therefore, *you* should discuss any taxation issues with *your* tax adviser before entering a *Spot*, *Value Tomorrow* or *Forward* transaction.



## Notification of changes

If *you* enter into FX transactions, that is, *you* become a holder of this financial product, we will notify *you* of material changes to the product, including changes to fees and charges.

If the change is not a change in fees and charges we will notify *you* no later than the day on which the change takes place.

If the change is an increase in fees and charges we will notify *you* 30 days before the change takes place.

Notice of any changes will be by prominent notice posted on our web site **bankwest.com.au**.

Please note that by entering into FX transactions *you* agree to notification of changes as set out above.

## Telephone Conversations

The terms of a FX transaction are usually agreed verbally over the telephone. Once an agreement is reached, both *you* and *the Bank* are bound by its terms.

Telephone conversations with our dealing room are taped. This is standard market practice. *The Bank* does this to make sure that we have complete records of all transactions. Taped conversations are retained for a limited period and are usually used where there is a dispute and for staff monitoring.

*You* will need to advise the dealer if *you* do not wish to be recorded. However, *the Bank* will not enter any transaction over the telephone unless it is recorded.

## Cooling-Off Period

No cooling-off period applies to any of the financial products covered by this PDS.

## Ethical Considerations

*The Bank* does not take into account labour standards, environmental, social or ethical considerations in relation to the products covered in this PDS.

## Other Interests

When *the Bank* enters into a transaction or provides services to you, *the Bank*, a division of Commonwealth Bank of Australia, or any other connected person (the 'Group') may have an interest, relationship or an arrangement that could be material in relation to the transaction or service concerned. This interest may include having a position in the instruments and currencies that may be the same, similar or opposite to the position you may hold and providing similar services to other counterparties (including Group companies). The Group will buy and/or sell these instruments, take differing positions or provide these services to other counterparties whenever it is considered appropriate by the Group or any party within the Group.

## Changes to Particulars

You must inform us immediately of any changes in your name or mailing address. To do so, please email **[mmi.settlements.and.static.data@bankwest.com.au](mailto:mmi.settlements.and.static.data@bankwest.com.au)**

## Services of Notices

Whenever *the Bank* sends you a letter, notice or statement, we will do so by mail addressed to you at your last known address.

If you agree to us doing so, we may provide such communications to you by:

- electronic communications to your nominated e-mail address; or
- making the information available on our website after first notifying you by electronic communication to your nominated e-mail address that the information is available for retrieval by you.

You may at anytime by notice to us terminate your agreement to receive information by electronic communication or change your email address.

## Code of Banking Practice

The Code of Banking Practice applied to FX products if you are an individual or a small business (as defined in the Code of Banking Practice).

General descriptive information about our services is available upon request in *the Bank's* Banking Services Rights and Obligations brochure. It includes information about our obligations regarding confidentiality of your information, our complaint handling procedures and on the advisability of you reading the terms and conditions applying to *the Bank's* services and of informing us promptly when you are in financial difficulty.

Copies of the code are available for viewing on our website **bankwest.com.au** or by contacting our Customer Help Desk on **13 17 19**.

## What if I have a complaint?

At *the Bank*, we listen to our customers. This is the only way to continually improve our products and services to meet *your* needs. If *you* have a complaint about our services, products, facilities or any other aspect of Bankwest, we would like to hear from *you*. Please contact our Customer Help Desk on **13 17 19**.

*You* can also give feedback in the following ways:

- By calling our toll free number – **1300 786 241**;
- By completing our feedback form; or
- By visiting our web site **bankwest.com.au** and completing the electronic form.

Our staff will do everything they can to rectify *your* problem immediately. We strive, wherever possible, to resolve *your* complaint within 5 *business days*.

If *you* are still not satisfied, *you* can ask our Customer Relations Department to review the matter. *You* may contact them by writing or telephoning:

### **Manager Customer Relations**

GPO Box E237

Perth WA 6841

Telephone: 1800 650 111 (free call)

Fax: 1300 259 233

*You* will be advised of the details (including the timeframes) of our internal dispute resolution process and an officer with the appropriate authority to resolve the dispute will investigate *your* complaint thoroughly. We will do our best to resolve any complaint promptly and to *your* satisfaction.

In the unlikely event that the matter cannot be resolved directly with Bankwest, *you* can seek assistance from the Financial Ombudsman Service Ltd (“FOS”).

The FOS provides an independent dispute resolution service and is approved by the Australian Securities and Investments Commission (“ASIC”) as an external dispute resolution scheme. A brochure outlining the FOS scheme is available by phoning our Customer Help Desk.

The FOS’s contact details are as follows:

**Financial Ombudsman Service Ltd**

GPO Box 3, Melbourne VIC 3001

Telephone: 1300 780 808,

Facsimile: (03) 9613 7345,

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

## Customer information and privacy

We respect the privacy and confidentiality of *your* information. When we obtain personal information about *you*, it’s collection, use and disclosure is governed by our Privacy Policy, a copy of which can be viewed on our website [bankwest.com.au](http://bankwest.com.au) or *you* can obtain a copy by calling us on **13 17 19**.

*The Bank* handles *your* personal information in accordance with the *terms* set out in the Privacy Statement and Consent form. This form is part of the application process for the products included in this PDS.

## Definitions

**AUD** means Australian dollars.

**the Bank** means Bankwest, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL/Australian credit licence 234945.

**business day** means a day on which banks are open for business in Sydney.

**CAD** means Canadian dollars.

**cleared funds** refers to funds that are immediately available to *you* for settlement of a FX transaction.

**confirmation letter** is a letter confirming the details

of a particular FX transaction.

**currency pair** means the two currencies that are the subject of the FX transaction.

**EUR** means Euros.

**exchange rate** is the expression of the value of one currency in *terms* of another. For example, in the *exchange rate AUD/USD 1.0350*, one Australian dollar is equal to 1.0350 United States cents ( $AUD1.0000 = USD1.0350$ ).

**Forward** means a FX transaction with a *settlement date* that is more than 2 *business days* after the *trade date*.

**forward exchange confirmation** is a letter confirming the details of a particular FX transaction where the FX transaction is not to be governed by a *master agreement*.

**forward exchange rate** means the expression of the value of one currency in *terms* of another where the *settlement date* is more than 2 *business days* after the *trade date*.

A *forward exchange rate* is the *spot exchange rate* of the *currency pair* on the *trade date* adjusted for the *forward points*.

**forward points** means the value of the *interest rate differential* for the *currency pair* over the period from the *spot settlement date* to the *forward settlement date*, expressed as an adjustment to the *spot exchange rate*.

**forward settlement date** refers to the settlement date for a *Forward*.

**GBP** Pounds sterling or Great British pounds.

**HKD** means Hong Kong dollars.

**interest rate differential** means the difference between the interest rates applicable to the *currency pair* for the *term* of a *value today*, *value tomorrow* or *Forward* transaction.

**JPY** means Japanese yen.

**mark-to-market value** means a valuation method where an existing FX transaction is valued against current market rates to calculate any potential profit or loss on termination.

**market spot exchange rate** refers to the current or prevailing *spot exchange rate* in the foreign exchange market before an allowance for *the Bank's* costs and profit margin.

**master agreement** means the 2002 ISDA *Master Agreement* as published by the International SWAPS and Derivatives Association, Inc. A *master agreement* may be used when *you* do not have a loan facility with *the Bank* which is subject to the Bankwest Business General Terms and Conditions. A *master agreement* contains the *terms* which will apply to each FX Transaction *you* enter into with *the Bank*.

**NZD** means New Zealand dollars.

**parties to the agreement** means the parties to the FX transaction are *you* and *the Bank*.

**settlement date** means a *business day* on which the *currency pair* subject to a FX transaction is exchanged.

**settlement period** is a range of *settlement dates* agreed between *the Bank* and *you* as being allowed for a *Forward*.

**SGD** means Singapore dollars.

**Spot** means a FX transaction with a *settlement date* that is 2 *business days* after the *trade date*.

**spot exchange rate** is the expression of one currency in *terms* of another for exchange on the *spot settlement date* after an allowance for *the Bank's* costs, both fixed and variable; and *the Bank's* profit margin.

**spot settlement date** is the *settlement date* for a *Spot* transaction, which is 2 *business days* from the *trade date*.

**stop loss** means an order to transact foreign exchange on the basis that an unfavourable *exchange rate* movement has occurred.

**take profit** means an order to transact foreign exchange on the basis that a favourable *exchange rate* movement has occurred.

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

**termination date** is a date on which *you* or *the Bank* terminate the FX transaction.

**trade date** is the date on which a FX transaction is entered into by the *parties to the agreement*.

**USD** means United States dollars.

**value today** refers to a FX transaction with a *settlement date* that is on the same day as the *trade date*.

**Value Tomorrow** refers to a FX transaction with a *settlement date* that is 1 *business day* after the *trade date*.

**value tomorrow forward points** means the *interest rate differential* of the *currency pair* being traded for the period from the *spot settlement date* to the *value tomorrow settlement date*.

**value tomorrow settlement date** is the *settlement date* for a *value tomorrow* transaction, which is 1 *business day* from the *trade date*.

**value tomorrow exchange rate** means the expression of the value of one currency in *terms* of another where the *settlement date* is 1 *business day* after the *trade date*.

**volatility factor** means the degree of fluctuation in the *market spot exchange rate* and/or *forward points* at the time that the FX transaction is entered into.


**you** and **your** refers to the customer who is one of the *parties to the agreement*.


## Appendix A - Available currencies

**Available currencies include:**

<b>Currencies</b>	<b>Day count convention</b>
Australian dollars (AUD)	365
Canadian dollars (CAD)	360
Euros (EUR)	360
Pounds sterling or Great British pounds (GBP)	365
Hong Kong dollars (HKD)	360
Japanese yen (JPY)	360
New Zealand dollars (NZD)	365
Singapore dollars (SGD)	360
United States dollars (USD)	360

*Details of current exchange rates, including all of the currencies in which the Bank offers FX transactions as well as information on interest rates, are available on request from your relationship manager or any branch of the Bank.*

 visit any store

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