Product Disclosure Statement

OzForex Limited trading as "OFX"
(ABN: 65 092 375 703) ("OFX")
Revised as at: 1 March 2017
Version No: 1.5

Contents

IMPORTANT INFORMATION: The issuer of this Product Disclosure Statement ("PDS") is OzForex Limited trading as "OFX" (ABN: 65 092 375 703) ("OFX"). OFX is an online international payment services provider. It is a wholly owned subsidiary of OFX Group Limited (ACN: 165 602 273), a company listed on the Australian Securities Exchange (ASX Code: OFX). This PDS is effective as of 1 March 2017.

This PDS applies only to financial services provided in Australia. Financial services offered under this PDS may be restricted by law in certain other jurisdictions.

Capitalised words used in this PDS have defined meanings which appear in the Definitions section at the back of this PDS.

A copy of this PDS is available free of charge and can be downloaded from our website at www.ofx.com. If you do not understand any part of this PDS, or require further information, please contact us by telephone on 1300 300 424 or +61 2 8667 8090 or by email at info@ofx.com.

1 PURPOSE

1.1 Information

This PDS sets out important information designed to assist you in deciding whether to acquire the financial services described in this PDS. You should read it before engaging our services or acquiring our financial products.

1.2 No Financial Advice

We offer general advice about the mechanics of international money transfers and provide foreign exchange rate data, but we do not provide any personal financial advice. We recommend that you carefully consider all the potential outcomes of any specific transaction before acquiring the products or services described in this PDS. The information contained in this PDS is general in nature and does not take into account your personal objectives, financial situation or needs. Before acting on any information in this PDS, you should consider the appropriateness of it, having regard to your specific financial circumstances and requirements. In particular, you should consider obtaining independent financial, legal, taxation and accounting advice to ascertain whether you should acquire the financial products or services described in this PDS.

1.3 Client Agreement

OFX will ask you to enter into a master services agreement ("Client Agreement") setting out the terms and conditions relating to the provision of OFX's services generally. You will need to read and agree to the terms set out in the Client Agreement before entering into any transactions. Each transaction you enter into will be a separate contract that is governed by the terms of the Client Agreement. OFX will also provide you with confirmation of each transaction ("Deal Confirmation") which will set out the details of individual transactions immediately after you have booked them. These may be sent via email and are also available via your online account.

1.4 Terms of Client Agreement

The following is an overview of the key contractual provisions in our Client Agreement:

• No Obligation to Accept Instructions or Process Transactions
While we will always endeavour to comply with your Instructions as quickly as possible, there may be circumstances in which we are unable to do so. Therefore, we always reserve the right to refuse to accept your Instructions and to do so without giving you any reasons and without incurring any liability to you.

• Transaction Binding - If you wish to enter into a transaction, you may do so by giving us Instructions online, by telephone or by email. The transaction will be legally binding on you after we receive your Instructions. For more information, please refer to the relevant Client Agreement.

• Termination by you - Once a transaction has become legally binding, you may not terminate the transaction in any circumstances.

• Termination by Us - If you fail to make any payment when it is due, or you otherwise breach your obligations under the Client Agreement or any transaction, we may terminate the transaction you have booked without notice. This could result in a loss to us which we will ask you to pay.

• Funds Held by Us - You acknowledge and agree that we do not hold your funds on trust and will not put your funds into a separate bank account.

• Payment of Full Amount on Settlement - You must always pay to us the full amount of the funds you are transmitting on the original due date (less any Advance Payments already made). We do not facilitate any form of margin or speculative foreign exchange trading, so we do not allow you to pay or receive only the amount of any loss or profit occasioned by exchange rate fluctuations. If you want to speculate on exchange rates, our service is not for you.

The Client Agreement is incorporated by reference into this PDS. The Client Agreements may be read on our website at www.ofx.com. A printed copy is available upon request to us at no charge. More detail on how you can apply for the products described in the PDS, is set out in section 2.4.

You must ensure that you fully understand the terms set out in the Client Agreement before entering into any transactions.

1.5 Entering into the Client Agreement

In order to transact with us you will need to register via our website. When you register with us, you will be asked to agree to the terms of the Client Agreement before you can enter into a transaction.

We reserve the right at all times to refuse to accept your Instructions or process transactions, including after you have agreed to the Client Agreement and to do so without giving you any reasons or incurring any liability. For the avoidance of doubt, if you book a transaction prior to your account being reviewed and approved by Us we may, in our sole discretion, refuse to process the transaction.

2 SERVICE DETAILS

2.1 Our Contact Details

All of the services referred to in this PDS are provided by:

OzForex Limited (ABN 65 092 375 703)
Level 19, 60 Margaret Street
Sydney, NSW, 2000, Australia

Telephone +61 2 8667 8090
Facsimile +61 2 8667 8080
Email: info@ofx.com
Website: www.ofx.com
Principal contact: Head of Compliance.

2.2 Australian Financial Services Licence

OFX holds an Australian financial services licence (AFSL No. 226 484).

2.3 Our Service

We provide a 24 hour online international money transfer service. You can instruct us to send your funds overseas either immediately (i.e.: within the next 2 days) or at any time within the next 12 months. OFX also offers Options and Limit Orders which are explained in Section 7 and in Section 8 of this PDS respectively.

2.4 Accessing the Service

You can access the service directly online, by telephone or by email. Once we have verified your identity and you have read and entered into the Client Agreement, your registration will be complete. However, as noted in Section 1.5 above, you can only transact once your account has been approved by Us. If you want to transact:

• By phone, you will need to call us and speak to one of our dealers to book your deal.

• Online, you will need to log in using your username and password. You can then book a transaction online.

• By Email, once you have included all the details of your recipients in your online recipient (payee) library, you can send us the transaction details by email and we can have them entered into our system for you. If you book a transaction by email, the transaction will be binding on you when we process your email. You acknowledge that, if you choose to book a transaction by email, it may not be processed immediately. We will send you an email headed "Deal Confirmation" after we process your Instructions.

You can book exchange rates with us 24-hours a day, 7 days a week. When you book your first deal, we may call you to confirm the transaction and discuss payment options. Subsequent payments can generally be managed completely online (or by phone if you prefer). Once your funds have been received by us, we will send the currency you have purchased electronically to your nominated Recipient Account.

2.5 Deliverable Only

In all cases, you must deliver to us the full amount of the funds you are exchanging. We simply transmit money. We do not facilitate any type of margin or leveraged foreign exchange transaction (i.e.: where you speculate on future exchange rate movements by putting down a deposit and trading a multiple of that deposit). We do not allow you to pay us only the amount of any loss occasioned by exchange movement and in no circumstances will we pay you any profit realised as the result of an exchange rate movement.

2.6 Information

We provide general information in relation to foreign currency transactions. You will find on our website some useful historical data and some charting and research tools. We can also provide you with general verbal advice about how deliverable foreign exchange transactions work. Please note however that none of the information we provide to you, either on our website or over the phone, will take into account your personal financial circumstances and needs. You will always need to exercise your own judgement and should obtain independent financial advice as to the amount, type and timing of any transaction you enter into with us.

3. OVERVIEW

3.1 What is Foreign Exchange?

The term *foreign exchange* refers to the simultaneous purchase of one currency and sale of another currency at a set exchange rate. The exchange rate is the price at which one currency can be bought or sold in exchange for another currency. When you are comparing exchange rates offered by different providers, you need to consider both the exchange rate that is quoted and any transaction fees that may be applicable. For example, a good exchange rate may be accompanied by high transaction fees, so you need to take both into account.

3.2 Exchange Rates

An exchange rate is the price of one currency expressed in terms of another currency. For example, if the current exchange rate for the Australian dollar against the US dollar is AUD/USD 0.9039, this means that one Australian dollar is equal to, or can be exchanged for, approximately 90 US cents. Alternatively, USD$1.00 can be exchanged for AUD$1.10.

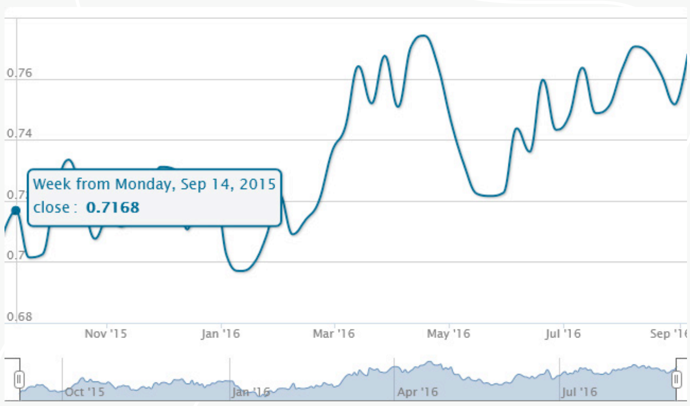
3.3 Quotation of Exchange Rates

The foreign currency market is an over-the-counter ("OTC") market, which means that there is no official or benchmark exchange rate for foreign currencies. Different service providers will quote different exchange rates. If you are intending to transfer your money straight away, you will want to obtain the best available exchange rate at that time. This is often a matter of shopping around. We cannot guarantee to offer the best rate available on the day, but we endeavour to be very competitive and will try to match any better rates.

3.4 Exchange Rate Fluctuation

Exchange rates fluctuate constantly and thereby give rise to risk and uncertainty. The chart below shows the fluctuations in the AUD/USD exchange rate between 14 September 2015 and 7 September 2016.

Table 1 - AUD/USD exchange rate between 14 September 2015 and 7 September 2016



Warning: the information in Table 1 is historical and is not intended to predict in any way future possible Australian Dollar / United States Dollar (AUD/USD) exchange rate movements. It is used only to illustrate the extent to which the rate can fluctuate.

3.5 Margin

The "Margin" (or "Profit") refers to the difference between the rate we obtain from our own providers on the wholesale foreign exchange market (e.g.: the Interbank Rate or Market Rate) and the rate we quote you. The Margin will vary from currency to currency and from time to time. We will not usually be able to tell you what the Margin is, but you are always free to compare the exchange rate we quote you with other providers to ensure that we are offering you a competitive rate. For more information about how the Margin works, see also Sections 5.5(a) and (c), 6.8(b) and 7.4 of this PDS, below.

3.6 Transaction Fees

We also charge a small fixed transaction fee, but only on transactions under AUD$10,000 (or foreign currency equivalent). This is a separate fee, the amount of which is unrelated to the exchange rate. You must factor this fee into the cost of the transaction as well. If you are comparing rates, you should bear in mind that an attractive exchange rate may be offset by a high transaction fee (or vice versa).
See Sections 5.5(b) and (c), 6.8(c) and (d) and 7.10 of this PDS, below, for more specific details on the fees we charge and the payments you may be required to make in the course of a foreign exchange transaction.

3.7 Counterparty Risk

When you enter into a transaction with us, you are reliant on the ability of OFX to meet its obligations to you. Any moneys you place with us are not held in a separate account or on trust for you. While we are required under our financial services licence to maintain surplus liquid funds at all times, our liabilities are not guaranteed in any way, so you will always be assuming a risk in relation to OFX's solvency. This risk is also sometimes referred to as "counterparty risk". To manage our foreign exchange exposure, OFX enters into transactions with a panel of large, well-established financial institutions. This involves OFX taking on a limited amount of our own counterparty risk which is closely managed and monitored.

In order for you to assess our financial ability to meet our counterparty risk to you, you can obtain a copy of our most recent financial statements, free of charge, by going to the "Investors" page on our website.

4 TRANSACTIONS

4.1 Exchange Rates

We will quote you an exchange rate, which is either:

(i) a spot rate ("Spot Rate"), which is valid for 48 hours and means that you must deliver your funds to us within 48 hours for immediate transfer; or

(ii) a forward ("Forward Rate"), which means that you must deliver all outstanding funds to us at an agreed time between 48 hours and 12 months in the future.

4.2 Spot and Forward Contracts

We offer Spot and Forward Contracts. When you are comparing exchange rates, you need to ensure that you are comparing a Spot Rate with another Spot Rate and not with a Value Today (today's rate only) or Value Tomorrow rate (valid for 24 hours), as Value Today or Value Tomorrow rates are calculated slightly differently and so are not valid comparisons. For a more detailed explanation of how Spot and Forward Contracts work, please refer to Sections 5 and 6 of this PDS.

4.3 Options

We also offer foreign exchange Options that give you the right, but not the obligation, to enter into a Spot Contract at an agreed exchange rate at an agreed time in the future. For a more detailed explanation of how the Options that we offer operate, please refer to Section 7 of this PDS.

4.4 Limit Orders

We also offer an arrangement whereby you can enter into a Spot Contract or a Forward Contract only when a target exchange rate nominated by you is reached. For a more detailed explanation of how the Limit Orders that we offer operate, please go to Section 8 of this PDS.

4.5 Regular Payments

You may ask us to make Regular Payments on a fortnightly, monthly or quarterly basis for up to 12 months in advance. You can do so either by allowing us to apply the Spot Rate applicable at the time of each transfer or by setting the exchange rate for each payment in advance. If you choose the first option, you will be effectively entering into a series of Spot Contracts (see Section 5) and you may ask us to terminate the series of contracts without incurring any liability to pay a loss, providing that you give us at least 7 days' notice.

If you choose the second option, you will effectively be entering into a series of Forward Contracts (see Section 6) and will therefore be bound to settle the transactions in the same way as you would an ordinary Forward Contract. If you fail to settle or otherwise breach your obligations in relation to one or more contracts in that series, we will terminate the contracts and you will be liable for any loss arising. In either case, you will be asked to pay an Advance Payment (see Section 6.6) in the amount of each instalment which will be applied in settlement of the last payment in the series of payments.

5 SPOT CONTRACTS

5.1 What is a Spot Contract?

Whenever you exchange currencies, you are effectively entering into a foreign exchange transaction of some kind (ie: this happens when you pay for a purchase overseas by credit card, even though you may not realise it).

If you want us to transmit your money immediately, then you will need to enter into a Spot Contract with us. A Spot Contract is an agreement to exchange one currency for another at an agreed exchange rate within 2 days of the transaction being booked. For example, when you make a purchase overseas in a foreign currency, you may have to pay the purchase price straight away. In those circumstances, your only consideration will be the exchange rate at the time and we will quote you a Spot Rate (you should feel free to obtain quotes from other providers to ensure that our Spot Rate is competitive). When you have agreed to the Spot Rate and entered into the Spot Contract with us, you will have 48 hours to pay the funds into our account and we will then remit the funds immediately to your nominated Recipient Account.

If, on the other hand, you do not have to make the payment immediately (i.e.: the purchase price payable under a contract is not payable for 4 months), you will need to consider whether to lock in the Spot Rate available now or wait for 4 months and hope that the exchange rate is equally, or more, favourable then. If you do not want to take the risk that the exchange rate is less favourable in 4 months' time, you can lock in the Spot Rate either by entering into a Spot Contract immediately (and sending the money to an account in the foreign currency, if you have one) or you can do so by way of a Forward Contract (explained in Section 6 of this PDS), which will allow you to send the money in 4 months' time at the Forward Rate (as explained in Section 6.4 of this PDS, below).

EXAMPLE A

The following is a hypothetical example of how a Spot Contract works. The hypothetical scenarios below illustrate the benefits and the risks that can be associated with exchange rate fluctuations and Spot Contracts.

Scenario 1
On 20 April 2016, ABC Pty Ltd, an Australian company, entered into a Cash On Delivery ("COD") contract with XYZ LLC in America to buy 100 laptops at a unit price of USD$2,000 for delivery on 20 June 2016. On 20 April 2016, the exchange rate was 0.7760, which means that the cost of the contract in Australian dollars was AUD$257,731.96. The Australian company decided to do nothing on 20 April 2016. When the computers were delivered on 20 June 2016, the exchange rate was 0.7430 which means that the amount payable was AUD$269,179.00. By doing nothing on 20 April 2016 and thereby deciding to wait and see what happened to the exchange rate, the Australian company had to pay AUD$11,447.05 more than they had anticipated.

Scenario 2
In this scenario, we are assuming that the Australian company entered into the same contract referred to in Scenario 1 on 20 July 2016, instead of 20 April 2016, with a delivery date of 7 September 2016. At 20 July 2016, the exchange rate was 0.7460. When the computers were delivered on 7 September 2016, the exchange rate was 0.7680. By doing nothing in this scenario, the Australian company would have realised a significant benefit. In this Scenario 2, the value of the contract to the Australian company on 20 July 2016 would have been AUD $268,096.51. If the Australian company entered into a Spot Contract on 7 September 2016, they would have had to pay only AUD $260,416.66 instead of AUD$268,096.51.

Please note: *The exchange rates mentioned are based on Table 1 in section 3.4 above, but are not intended to accurate and are used for the purposes of illustration only.*

5.2 Variable Components

In a Spot Contract, there are a number of variable components that need to be agreed upon, including:

(a) the denomination and amount of the currency being bought;
(b) the denomination and amount of the currency being sold; and
(c) the exchange rate.

5.3 Settlement

A Spot Contract must be settled within 2 days of the transaction being entered into. This means that you must pay us the money you are exchanging within 2 days. Actual receipt of the funds transferred by us into your nominated Recipient Account may take longer than 2 days from when you enter into your Contract, as it depends on when we actually receive your funds, the destination of the funds and the intermediary banks involved.

5.4 Spot Contract Exchange Rate

The Spot Rate quoted by us will be calculated by taking into account the Interbank Spot Rate and the Margin. See also Section 3.5 of this PDS.

5.5 Fees

The following Fees/costs may apply to a Spot Contract and you will need to take them into account when deciding whether to enter into a Spot Contract with us:

(a) Margin
The Margin will vary from time to time and from currency to currency. See Section 3.5 of this PDS, above. It is not a separate amount that you have to pay; rather it is built into the exchange rate. It effectively represents our gross profit margin on each transaction. You can satisfy yourself that our Margin is reasonable by comparing the exchange rate we quote with the rates quoted by other providers. You will need to bear in mind that some providers might quote a good exchange rate, but supplement a narrow margin with high transaction fees.

(b) Transaction Fees
We do not charge transaction fees except for transactions under AUD$10,000 (or foreign currency equivalent) per recipient. For transactions under AUD$10,000 (or foreign currency equivalent) per recipient, we charge a fixed fee of AUD$15 (or foreign currency equivalent). Please note, for all transactions (regardless of size) made using Tranzfers, a fee of AUD$15 (or foreign currency equivalent) is applied. If a transaction fee is payable, it will be added to the total amount you are required to settle.

(c) Third Party Transaction Fees
We do not charge you an additional amount for third party transaction fees. They are built into our margin. However, in some cases, the intermediary banks we use to process payments may deduct transaction fees that we have not anticipated. For example, in some jurisdictions, the receiving bank charges a receiving bank fee. We will try and notify you of these additional fees if we are aware of them, but we cannot always do so in advance. In our experience, receiving bank fees tend to be less than AUD$50 (or foreign currency equivalent), but this will depend on the relevant jurisdiction. You may therefore find, in some cases, that the total amount you expect to receive in your Recipient Account is slightly less because such fees have been deducted. You should bear this in mind if you are paying the precise amount of an invoice, for example. If you have any questions regarding the likelihood of third party transaction fees being levied by intermediary banks for your transaction, you should ask one of our staff.

5.6 Significant Benefits

The significant general benefits of entering into a Spot Contract and the other foreign exchange transactions offered under this PDS are outlined in Section 9. The significant specific benefits of entering into a Spot Contract are as follows:

- Speed and ease of transacting.
- Certainty in relation to the exchange rate we offer you.
- Access to real time pricing.

5.7 Significant Risks

The significant general risks of entering into Spot Contracts and the other foreign exchange transactions offered under this PDS are outlined in Section 10. The significant specific risks of entering into a Spot Contract are as follows:

• As exchange rates fluctuate quite rapidly, you may find that the rate improves very soon after you lock in a rate or that another provider is offering a slightly better rate at any particular point in time.
• Delays in paying funds to your recipient are rare but they do happen; they can be caused by technical or administrative problems experienced by us or by intermediaries for reasons entirely outside our control. There may also be circumstances where we, or other intermediaries, are unable to complete your transaction.

6 FORWARD CONTRACTS

6.1 What is a Forward Contract?

A Forward Contract is an arrangement that allows you to transfer money at some time (up to 12 months) in the future at an exchange rate that you agree now, so that you know what the exchange rate will be at the time the exchange of currencies becomes necessary. This allows you to avoid the risks and uncertainties associated with adverse exchange rate movements.

6.2 Purpose of a Forward Contract

The purpose of a Forward Contract is primarily to mitigate the risk of adverse exchange rate movements. A Forward Contract enables future exchange risk to be mitigated, although you may still face a loss if you do not settle the Forward Contract on or before the Maturity Date as you will be in breach of your obligations to Us and we may Terminate your Forward Contract. A Forward Contract may be useful in the following circumstances:

(a) importing and exporting goods where the invoice is in a foreign currency;
(b) borrowing in foreign currencies;
(c) investing in foreign currencies;
(d) buying or selling property overseas;
(e) receiving pension payments from an overseas jurisdiction; or
(f) repatriating salary or interest payments received overseas.

Forward Contracts are generally used by importers, exporters and investors who seek to lock in exchange rates for settlement at a future date in order to protect their foreign currency cash flows. However, they can also be used by individuals migrating or buying property overseas.

EXAMPLE B

The following hypothetical example illustrates the difference between a Forward Contract and a Spot Contract.

In Scenario 1 of Example A above, the exchange rate was 0.7760 on 20 April 2016, which means that the cost of the contract in Australian dollars was AUD$257,731.96. Instead of waiting until July, the Australian company could have entered into a Forward Contract on 20 April 2016and locked in a forward rate of around 0.7760. On 20 July 2016, the Australian company would then have settled the Forward Contract with OFX by paying only AUD$257,731.96, instead of AUD$268,096.51 if they had waited and entered into a Spot Contract in July 2016.

However, in Scenario 2 of Example A above, if the Australian company had locked in a rate of 0.7460 on 20 July 2016, they would have achieved certainty as to the amount of AUD they would have to pay in September 2016, but they would not have been able to take advantage of the more favourable exchange rate in September 2016. In that scenario, they would have locked in an exchange rate of 0.7460 as at 20 July 2016 and be bound to pay AUD$268,096.51, even though the exchange rate was 0.7680 in September 2016. They would have achieved contractual certainty, but realised a notional loss by missing out on a more favourable exchange rate.

Please note: *The exchange rates mentioned are based on Table 1 in section 3.4 above, but are used for the purposes of illustration only.*

6.3 Variable Components

The variable components in a Forward Contract are:

(a) the denomination and amount of the currency being bought;
(b) the denomination and amount of the currency being sold;
(c) the exchange rate; and
(d) the Maturity Date.

6.4 Forward Exchange Rate

In determining the rate of exchange for a Forward Contract, there are two components:

(a) the current Spot Rate; and

(b) the forward rate adjustment ("Forward Points").

The Forward Rate quoted by OFX will not be the same as the Spot Rate, because it will take into account the interest costs in holding the money until the Maturity Date. It may be better or worse than the prevailing Spot Rate on the day depending on the difference in interest rates between the country of the currency being sent and the country of the currency being received.

The calculation of Forward Points is a complicated one. It will be influenced not just by interest rates in the two relevant countries, but also by the duration of the Forward Contract and less tangible factors such as the expected direction of interest rates in the two relevant countries prior to the Maturity Date. You may find that the Forward Points change quite significantly over a short period of time as a result of developments impacting on expectations of future interest rate changes. Example C below, illustrates the calculation of a Forward Rate for a 3 month Forward Contract.

Table 2

The following is a hypothetical example that demonstrates how Forward Points are calculated

Currency OFX buys/ Client sells):	AUD
Amount:	261,608.89
Currency OFX sells/ (Client buys):	USD
Amount:	200,000.00
Maturity date of forward contract:	Date + 3 calendar months
Spot Rate	0.7670
Exchange Rate Agreed:	0.7645 (Spot Rate -0.0025 forward points)

Warning: the information in this table is hypothetical and is not intended to predict in any way future possible AUD/USD exchange rate movements. It is used only to demonstrate how Forward Points are calculated. The exchange rate agreed is based on the wholesale Spot Rate that OFX is able to get from one of our wholesale providers. Based on this wholesale Spot Rate, we are then able to quote you a Spot Rate and you may then accept the rate quoted and enter the deal.

6.5 Variation to the Maturity Date

The Maturity Date is the date your Forward Contract expires; in other words, the date on which you are required to send us the funds you are transmitting. When you enter into a Forward Contract, the Maturity Date will be agreed and cannot be changed without our consent.

We may, at our discretion, agree to allow you to vary the Maturity Date you have booked. We may also allow you to pay some or all of the amount you are transferring early at some time before the Maturity Date ("Pre-Delivery") or we may allow you to extend the Maturity Date ("Rollover"), but not for longer than 12 months from the date you entered into the Forward Contract. If we agree to such a variation, the Forward Points will change.

6.6 Advance Payment

All Forward Contracts must be settled by delivery of the full amount being transferred on the Maturity Date (also referred to as the Settlement Date). This means that we must be able to sight the cleared funds in our bank account on or before the Maturity Date. When you enter into a transaction with us, we enter into a matching transaction with our own providers. If you do not settle your transaction, we still have to settle ours. In order to cover the risk that you do not settle your transaction, we ask you to pay some of the settlement payment in advance ("Advance Payment").

The amount of any Advance Payment we request will be a fixed percentage of the value of the transaction and will normally be between 5% and 10% of the value of the transaction, but could be more depending on the duration of the Forward Contract. The amount of any Advance Payment is at our complete discretion and will be applied to the total amount owing at settlement. We will usually ask for an Advance Payment when you enter into a transaction, but the fact that we have not done so does not mean that we will not ask for one later if the exchange rate trends unfavourably. Equally, the fact that you have already made an Advance Payment does not mean that we will not ask for one or more additional Advance Payments if the exchange rate continues to move unfavourably.

If we have requested payment of an Advance Payment at any stage of the transaction, you must pay it promptly. We expect to receive the Advance Payment within 48 hours of the request, failing which we reserve the right to Terminate the transaction without notice and ask you to pay the full amount of any loss occasioned by us immediately and/or use any prior Advance Payments to cover losses incurred by Us as a result of the Termination.

We do not pay interest on Advance Payments.

IMPORTANT: You should not enter into a Forward Contract if you are unable or unwilling to provide an Advance Payment of between 5% and 10% of the value of the transaction with the possibility of one or more further Advance Payments being requested at any time prior to the Maturity Date. If we ask you to pay an Advance Payment at any time and fail to do so, we may Terminate your Forward Contract without prior notice.

6.7 Terminating Transactions

The liability for an adverse exchange rate movement is crystallised at the commencement of the Forward Contract and not on settlement. If you want to calculate your liability to pay an Advance Payment at any point in time prior to the Maturity Date or your liability to pay a loss in the event that the contract is Terminated, you need to consider the exchange rate at the time of Termination, because Terminating requires Us to enter into the same transaction in reverse with our counterparty bank and selling previously bought currency back into the market. In the event that a Forward Contract is Terminated, we will calculate, as at the Termination date, the value of the transaction using the prevailing market rates.

IMPORTANT: If there is a loss on a transaction that is Terminated, you will be liable to compensate OFX immediately upon demand for the full amount of that loss which could exceed the amount of any Advance Payment already held.

In the case of a Regular Payment, you should not fix the exchange rate in advance for each instalment (see Section 4.5) unless you are confident that you will need to make every payment. If, for example, you cancel your instructions after the third of twelve monthly payments, the other nine transactions will be Terminated and you will be required to pay any loss which will be deducted from the Advance Payment.

The following example explains the consequences of Terminating a Forward Contract.

EXAMPLE D

The following hypothetical example illustrates one of the risks that can be associated with Forward Contracts as a result of the fact that you cannot Terminate a Forward Contract even if your requirement to send funds overseas ceases to exist

In Scenario 2 of Example A above, assuming that the Australian company entered into a Forward Contract on 20 July 2016, they may find at the at the beginning of September that they no longer want to buy the laptops for some reason or that the American company is unable to fill the order. However, they are still bound to settle the Forward Contract with OFX even though they no longer have any need to send any money to the US. They will ask OFX to Terminate the transaction or, if they simply fail to deliver the funds on the Settlement Date, we will automatically Terminate the transaction. If the Forward Contract had been Terminated on 7 September 2016, the exchange rate was 0.7680 at that time. The loss would therefore have been AUD$7,679.85, which the Australian company would have to pay to us within 7 days.

Please note: *The exchange rates mentioned are used for the purposes of illustration only and are based on the material in Table 1 in section 3.4 above.*

6.8 Fees

Set out below are the payments that you will need to take into account when deciding whether to enter into a Forward Contract:

(a) *Advance Payment* – see Section 6.6 of this PDS, above;

(b) *Margin* - see Section 5.5(a) of this PDS, above;

(c) *Transaction Fees* – see Section 5.5(b) of this PDS, above. Please note that more than one Transaction Fee may be incurred if you are transferring funds to multiple Recipient Accounts; and

(d) *Third Party Transaction Fees* – see Section 5.5(c) of this PDS, above.

6.9 Significant Benefits

The significant general benefits of entering into Forward Contracts and the other foreign exchange transactions offered under this PDS are outlined in Section 9. The significant specific benefits of entering into a Forward Contract are as follows:

• Exchange rate certainty.

• Protection from adverse exchange rate movements.

6.10 Significant Risks

The significant general risks of entering into Forward Contracts and the other foreign exchange transactions offered under this PDS are outlined in Section 10. The significant specific risks of entering into a Forward Contract are as follows:

• The opportunity to make financial gains as the result of favourable exchange rate movements is precluded; if you enter into a Forward Contract, you must always settle it on the agreed terms whatever the exchange rate is on the Maturity Date.

• You may be liable to Us for losses if you fail to fulfil your obligations to us (i.e. fail to settle on the Maturity date), as you cannot transfer your obligations to anybody else. For example, If you fail to fulfil your obligations to Us (i.e. you do not settle of the Maturity Date) we will Terminate the Contract and you will be liable for any losses incurred by US as a result of the Termination including any losses relating to unfavourable movement in the exchange rate..

• An Advance Payment may be requested of at least 5% to 10% of the value of the transaction, either at the beginning of the transaction or at any time prior to the Maturity Date, so you must ensure that you have the funds available to meet any such request. If for any reason you are unable to pay the Advance Payment, we may Terminate your transaction without notice.

• Interest will be foregone on the amount of any Advance Payment/s held by us as we do not pay any interest on funds held by us.

7 OPTIONS

7.1 What is an FX Option?

A foreign exchange Option is an agreement that gives you the right but not the obligation to enter into a foreign currency transaction at a pre-determined exchange rate on a pre-determined date in the future. You will have to pay a non-refundable fee ("Premium") for the Option, but you will not have to settle the foreign currency transaction if you choose not to exercise the Option.

EXAMPLE E

The following hypothetical example illustrates the advantage of entering into an Option over a Spot Contract or Forward Contract

In Scenario 1 of Example A above, the Australian company could have entered into an Option on 20 April 2016 and locked in a Strike Price of 0.7760 for expiry in September 2016. At the point of entering into the Option, the Australian company would be required to pay OFX a Premium, which is calculated by reference to the total value of the transaction (further information is provided below). On 7 September 2016, the Australian company would have exercised the option and paid OFX AUD$257,731.96, instead of AUD$269,176.00 if they had waited and entered into a Spot Contract. In this scenario, the Australian company may have been better off simply entering into a Forward Contract on 20 April and avoiding the Premium. However, if the US company cancelled the contract, the Australian company would have been much better off with an Option, because they would still have been bound to settle the Forward Contract or pay a large loss when it was Terminated.

<u>Please note:</u> *The exchange rates mentioned are used for the purposes of illustration only and are based on the material in Table 1 in section 3.4 above.*

7.2 Vanilla Option

OFX offers only European style bought Vanilla Options. A "European" style Vanilla Option means that both the exchange rate ("Strike Rate") and the date on which you must make an election whether or not to Exercise the Option ("Expiry Date") are fixed. When you enter into a vanilla Option, you nominate the currencies you want to exchange ("Currency Pair"), the Strike Rate and the Expiry Date. The currencies that you wish to exchange must be acceptable to OFX. Further, you cannot sell the Option to a third party.

7.3 Purchasing an Option

We offer Options only by telephone. Individual customers who wish to purchase an Option must first sign an Option Agreement form which can be requested by contacting us by telephone or email. When you ring us to book an Option, we will quote you a Strike Rate for the underlying Spot Contract and a Premium for the Option and we will agree an Expiry Date for the Option. If you agree to our terms, the Option agreement becomes legally binding in that telephone conversation. After the telephone conversation, we will send you a Confirmation by email. This is an error correction mechanism only which confirms the details of the Option you have entered into on the phone. You do not have to do anything after receiving the Confirmation other than check the details. If any of the details are incorrect, you must tell us within 24 hours of receiving the Confirmation otherwise the details set out in the Confirmation will be deemed to be correct.

7.4 Premium

When you contact us to purchase an Option, OFX will quote you a Premium on a transaction by transaction basis. In calculating the Premium, the following factors could be relevant: the currencies involved, the Strike Rate, the Expiry Date, the amount involved, current market exchange rates, current market interest rates in the two relevant countries and general market volatility. The amount of the Premium will also take into account the premium offered to us by our own provider, so our Margin on the Option will be the difference between the retail Premium we quote you and the wholesale premium we obtain from our provider.

While the Premium charged will vary on a transaction by transaction basis, purely as an indication, the amount of the Premium is likely be in the range of 3% to 10% of the total value of the transaction, but the amount could vary outside of this range.

For more information about how the Premium is calculated, please contact Us.

7.5 Payment of Premium

The Premium is payable within 2 Business Days of the date you agree to purchase the Option and is not refundable. If you fail to pay the Premium, we reserve the right to Terminate the transaction to purchase the Option on 24 hours written or oral notice, in which case you will remain liable to pay us the Premium and we will seek to recover it as a debt if it remains unpaid.

7.6 Expiry Date

You will be able to choose from a range of Expiry Dates that OFX will offer you, up to 12 months in advance. When choosing the Expiry Date, you should keep in mind that you cannot Exercise the Option other than on the Expiry Date.

7.7 Decision to Exercise the Option

In deciding whether or not you should Exercise an Option on the Expiry Date, you should consider the Premium, the Spot Rate and the Strike Rate. As a general principle, you may decide to Exercise an Option if, after factoring in the amount of the Premium, the Spot Rate is less favourable than the Strike Rate on the Expiry Date. If this is not the case you may decide to allow the Option to lapse. In other words, if the Spot Rate gives you a better exchange rate on the day after factoring in the amount of the Premium you have paid, you may decide not to Exercise the Option.

7.8 Method of Exercising the Option

If you choose to Exercise the Option, you will have to notify us of your intention to do so by telephone at any time up until midday (12.00pm) Sydney time on the Expiry Date. If you do not notify us of your intention to Exercise the Option, it will expire worthless at midday (12.00pm) on the Expiry Date.

7.9 Consequences of Exercising an Option

If you decide to Exercise an Option, you will automatically enter into the Spot Contract set out in the Option Confirmation that we send you after you decide to purchase the Option. At the time you Exercise the Option you will be bound by the terms of the Client Agreement. In particular, you will be required to provide to us details of your Recipient Account immediately and to deliver to us the full amount of the funds you are exchanging within 48 hours of Exercising the Option.

7.10 Fees

The only fee payable in relation to the Option is the Premium. If you elect to Exercise the Option, the fees set out in Section 5.5(b) above will apply in the same way as they apply to ordinary Spot Contracts, including both our Transaction Fees and third party transaction fees.

7.11 Significant Benefits

The general benefits of entering into an Option and any other transactions referred to in PDS are set out in Section 9 of this PDS, below. The significant specific benefits involved in using an Option are:

• Options enable you to hedge your currency exposure by providing protection against unfavourable currency movements between the time you enter into the Option and the Expiry Date, while allowing you to take advantage of any favourable currency movements.

• Options offer a more flexible arrangement than Forward Contracts because you are not committed to going ahead with the foreign exchange transaction if you do not want to.

7.12 Significant Risks

The general risks of entering into an Option and any other transaction referred to in this PDS are set out in Section 10 below. The significant specific risks involved in using an Option are:

• The Premium is not refundable and is not applied in reduction of the amount you are transferring if you choose to Exercise the Option.
• The total cost of the foreign currency transaction could be more than if you had not entered into the Option because you have to factor in the cost of the Premium.

• The Expiry Date is not flexible, so you will not be able to enter into a transfer prior to the Expiry Date in the same way that you could pre-deliver or roll over a Forward Contract.

• You cannot sell the Option - if at any stage, the reason for the underlying foreign currency transaction ceases to exist, you cannot sell the Option to a third party to mitigate the amount you will have lost by paying the Premium. However, there is no obligation to exercise the Option if the underlying requirement ceases to exist.

8 LIMIT ORDERS

8.1 What is a Limit Order?

You may enter into an agreement with OFX whereby your Spot Contract or Forward Contract becomes binding only when a certain exchange rate ("Target Rate") nominated by you is reached. You are able to amend or cancel your Instructions by telephone at any time before the Target Rate is reached. However, once the Target Rate is reached and the Limit Order is filled by OFX, you are bound to settle the transaction in accordance with the terms of the relevant Spot or Forward Contract you wish to enter into at the Target Rate (Please see Sections 5 and 6 of this PDS for a discussion of Spot Contracts and Forward Contracts).

8.2 Terms of Limit Orders

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

• Legally Binding - A Limit Order will become binding as and from the time that your Instructions are received by Us. You may cancel a Limit Order at any time before the Target Rate is reached either via your Online account with Us or by giving Us notice by telephone. You may not cancel a Limit Order after the Target Rate has been reached, whether or not we have notified you that the Target Rate has been reached. When the Target Rate is triggered, we will notify your and upon such notification, you will be legally bound by the transaction.

• Target Rate - The Target Rate will be deemed to have been reached only when the exchange rate nominated in your Limit Order has been filled with our provider. This will occur when the rate you have nominated has been exceeded by an amount that includes our Margin. You may find that, in some cases, the exchange rate spikes with the result that the exchange rate you have nominated in your Limit Order has been reached but has changed before we are able to fill the Limit Order with our provider; for the avoidance of doubt, we will not fill your Limit Order in those circumstances.

• Payment - As soon as you receive our notification that the Target Rate has been reached, you must take action to ensure that the funds reach our account by the delivery date (i.e. the payment date required under to the relevant Spot or Forward Contract). If we do not receive the funds in time, we reserve our right to Terminate the transaction.

All of the other considerations in terms of fees and risks associated with Spot Contracts and Forward Contracts (as provided in this PDS) should also be considered.

9 SIGNIFICANT BENEFITS OF USING OFX'S SERVICE

OFX's trading platform offers:

• real-time pricing, which can be accessed simply by logging in and requesting a live exchange rate quote;

• immediate access to a trading platform 24-hours a day, seven days a week;

• competitive exchange rates (see Section 3.3 of this PDS, above) and transfer times;

•accurate transaction records with your transaction history accessible at any time simply by using your login on our website;

•access to market commentary and other general foreign exchange information and historical charts; and

• visibility to market/interbank rates and a transparent service which will allow you to compare our rates against market/interbank rates and against your bank's or other provider's rates.

10 OTHER SIGNIFICANT RISKS OF USING OFX'S SERVICE

Regardless of whether you enter into a Spot Contract, a Forward Contract or an Option, there are risks you must consider before you enter into any transaction with OFX.

10.1 Credit Risk

Credit risk (or counterparty risk) is the risk that OFX will become insolvent and become unable to perform our contractual obligations to you (i.e. to remit the agreed amount of foreign currency to your Recipient Account at the agreed time). When you enter into a transaction with us, you are reliant on our ability to meet our obligations to you on the terms of each transaction, so you are taking a risk in relation to our solvency. For further details as to the nature and extent of this risk, please see Section 3.7 above.

10.2 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed systems, internal processes or external events. We utilise a range of internal and third party systems and providers to provide our service. There is a risk that these systems and providers fail and, as a result, may mean we are unable to provide our service. Such risks include, but are not limited to, delays in settlement and technical issues resulting in errors with payment details or investigation items. We utilise multiple internal processes to protect against errors in settling client payments, including segregation of duties and dual authorisation for all payments. The risks involved in the use of third party external systems are contingent upon measures implemented by the third party provider.

There are important provisions relating to the use of the platform on our website in our Website Use Agreement and in our Client Agreement. You must ensure that you fully understand these provisions and the risks involved in relying on an online, electronic system and the limitations in the service that OFX can provide in relation to the platform.

10.3 Technology and Data Security Risk

We employ current technological security measures, including encryption for all data transfers over the internet.

We also have in place physical risk reduction processes and procedures, such as locked filing cabinets and restricted access to offices. Strategic risk reduction processes are in place such as security clearances and limiting access to a "need-to-know" basis. However, there are significant risks associated with using and relying on a web-based, electronic trading platform. Such risks include, but are not limited to, risks related to the use of software and/or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

While we will use all reasonable efforts to ensure uninterrupted access to the website at all times, we cannot guarantee that such access will never be interrupted as a result of technical or other unforeseen problems as these are matters largely outside our control. We therefore reserve the right to suspend or terminate access to the website at any time and without prior notice and we can't accept any liability for any loss caused by lack of access to our system or for any errors in the software and/or related information systems.

There are important provisions relating to the use of the platforms on our website in our Website Use Agreement and in our Client Agreement.

You must ensure that you fully understand these provisions and the risks involved in relying on an online, electronic system and the limitations in the service that OFX can provide in relation to the platforms.

10.4 Discretionary Powers of OFX

We have a number of discretionary powers which may affect your ability to conduct transactions, including the right to Terminate your transaction/s without prior notice to you. We refer you to the Client Agreement which sets out these powers and suggest that you should fully understand them before entering into a transaction. You should understand that we may refuse to enter into a transaction, or Terminate any open transactions, without notice, in circumstances such as the following:

• if you fail to make any payment when it is due, including the payment of any Advance Payment that has been requested by us;

• if you fail to provide any material informationwe have requested or any information you have given us is or becomes, in our opinion, materially inaccurate or misleading;

• if we are unable to complete a transaction due to our own, or a counterparty bank's, complianceand/or regulatory requirements;

• in the event of your death or loss of mental capacity;

• if bankruptcy or winding up proceedings are commenced against you;

• if the performance of our obligations under this PDS becomes illegal;

• if a serious dispute has arisen between us; or

• if you breach an important term of our Client Agreement or of any transaction.

You should be aware that we may be obliged to freeze or block your account and/or funds if information comes to our attention that leads us to believe that it is being used in connection with money laundering or terrorist financing activities or if we are required to do so by a regulatory authority. If this occurs, we will not be liable to you for any indirect or consequential losses whatsoever and you agree to indemnify us if we suffer loss as a result of action taken by a third party recipient arising from any such action we have taken in relation to your account. For further details on our process for collecting information, see Section 2.4 of this PDS, above.

10.5 Foreign Exchange Risk

Once you have entered into a Spot Contract or a Forward Contract with us, you will have locked in an exchange rate, so your transaction will not be affected by subsequent exchange rate movements; you will be protected from adverse exchange rate movements and, equally, you will be precluded from benefitting from favourable exchange rate movements. However, in deciding whether or not to enter into a Spot Contract or a Forward Contract, you need to understand the associated foreign exchange risks.

Foreign exchange currency markets are subject to many influences which may result in rapid currency fluctuations. Those influences are unpredictable and often entirely unforeseen. They include such things as changes in a country's political condition, changes in the global economic climate and natural disasters, all of which may substantially affect the price or availability of a given currency.

11 APPLICABLE LAWS

11.1 Privacy

We are subject to privacy laws. By entering into a Client Agreement, you consent to us disclosing any of your Personal Information (as defined in the Privacy Act 1988 (Cth)) in accordance with our Privacy Policy which is available on our website at http://www.ofx.com. The privacy of your information is very important to us. We have practices which include the secure storage of Personal Information and safeguards against the accidental release of personal information, and we also employ a number of technology security mechanisms to safeguard your information and ensure we provide you with a safe and secure service. Our website also contains additional information on how we ensure the security of your personal and account information. Please contact us at privacy@ofx.com if you have any concerns.

11.2 AML/CTF

By entering into the Client Agreement, you undertake that you will not knowingly do anything to put us in breach of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the associated rules and regulations ("AML/CTF Laws"). You undertake to notify us if you are aware of anything that would put us in breach of the AML/CTF Laws. We are required to comply with these laws, including the need to establish your identity (and, if relevant, the identity of other persons associated with your account).

Additionally, from time to time, we may require further information and/or documentation to assist with this process. We may be required to report information about you, or provided by you, to the relevant authorities. Generally speaking, we will be prohibited from telling you when this occurs.

You undertake that you are not aware and have no reason to suspect that:

(a) the money you are intending to transfer is derived from or related to the proceeds of crime, money laundering, terrorism financing, tax evasion or similar activities ("Illegal Activities"); or

(b) the funds you are transferring will fund Illegal Activities.

In certain circumstances, we may not be able to transact with you or other persons associated with your account and may be obliged to delay processing a transaction, block or freeze an account or funds where used in connection with Illegal Activities or suspected Illegal Activities. If this occurs, we are not liable to you for any indirect or consequential losses whatsoever and you agree to indemnify us if we are found liable to a third party in connection with the freezing or blocking of your account.

12 TAX IMPLICATIONS

12.1 Independent Tax Advice

There may be tax implications associated with any transaction you enter into with us and the relevant tax rules or their interpretation may change from time to time. You are therefore encouraged to seek professional tax advice prior to entering into any transaction with us to understand whether there are any tax implications as a result of entering into transactions with us.

12.2 GST

GST is not payable on the Fees we charge.

13 COMPLAINTS

13.1 Internal Complaints Procedure

We have an internal complaints handling process in place to resolve any complaints you may have quickly and fairly. All complaints should be discussed with your usual contact at OFX in the first instance who will attempt to resolve your complaint immediately. Further details in relation to our complaints handling process are available on our website at www.ofx.com.

13.2 Financial Ombudsman Service

If, after 45 days, you are dissatisfied with the outcome of our internal procedure, you have the right to complain to the Financial Ombudsman Service who may be contacted on 1300 780 808 or at www.fos.org.au. This is an external dispute resolution scheme of which OFX is a member. You may also make a complaint via the ASIC free call Infoline on 1300 300 630 or at www.asic.gov.au.

14 CHANGES TO PDS

14.1 Notification of Changes

Some of the information in this PDS may change from time to time. If any of the changes are materially adverse to the information in this document, we will issue a supplementary or replacement PDS. If the changes are not materially adverse to the information in this PDS, we will post the information on our website at www.ofx.com and you may request, free of charge, a paper copy of any information updated in this manner.

15 DEFINITIONS

Advance Payment means a part payment of the final amount due on settlement in such sum as OFX deems necessary to cover its Settlement Risk.

Client Agreement means the master agreement that we will ask you to enter into before we begin transacting with you.

Currency Pair means the two currencies that are the subject of the transaction.

Delivery means payment to us of the full amount of the currency you are exchanging.

Exercise means exercising the rights under the Option.

Expiry Date means the date on which the Option must be exercised, failing which it automatically expires and ceases to be exercisable.

Fees means all fees, costs and charges associated with your transaction, which are set out in more detail in Sections 3.6, 5.5, 6.8 and 7.10 of this PDS.

Forward Contract means an agreement where one currency is sold or bought against another currency at an agreed exchange rate for settlement on a specified date in the future.

Forward Points means the amount by which a Forward Rate varies from the Spot Rate as a result of the differential in interest rates between the countries of the Currency Pair.

Forward Rate means the Spot Rate adjusted to a future date having regard primarily to the interest rates prevailing in the two countries in the Currency Pair.

Hedge means activity initiated in order to mitigate or reduce economic exposure to adverse price or currency movements, by taking a related offsetting or mitigating position, such as a Forward Contract or an Option.

Instructions means a request made by you to enter into a transaction.

Interbank Spot Rate means the market Spot Rate that we receive from the foreign exchange wholesale market, being a preferential rate given to organisations conducting large and frequent transactions.

Limit Order means an order to enter into a Spot Contract or Forward Contract which becomes binding only when a certain exchange rate ("Target Rate") nominated by You is reached.

Margin means the difference between the exchange rate we pay our provider, which we access through the wholesale foreign exchange market, and the rate that we quote to you.

Maturity Date (or **Settlement Date**) means the agreed date on which the funds that are being exchanged must be received by us. This date may be brought forward or extended by OFX at its discretion.

Option means an agreement that affords the right but not the obligation to enter into a foreign exchange transaction at an agreed exchange rate on an agreed date on the terms set out in the Client Agreement.

PDS means Product Disclosure Statement.

Personal Information has the meaning as stated in the Privacy Act 1988 (Cth).

Premium is the Option fee payable.

Privacy Policy means the privacy policy on our website at www.ofx.com.

Recipient Account means the bank account nominated by you to which we send your funds, which could be an account in your name or an account of a third party such as a supplier or service provider.

Regular Payment means an instruction to make payments on a weekly, monthly or quarterly basis up to 12 months in advance either by way of a series of Spot Contracts or by way of a series of Forward Contracts.

Settlement Risk means the risk we assume that you fail to settle a transaction in accordance with its terms and that a loss will be realised by us as a consequence of exchange rate fluctuations.

Spot Contract (also referred to as Spot Transfer) means an agreement to exchange one currency for another at an agreed exchange rate within 2 days of the transaction being booked.

Spot Rate means the exchange rate for settlement within 2 business days from the date the transaction was booked.

Strike Rate is the agreed exchange rate for the foreign exchange transaction that is the subject of the Option.

Terminate or **Termination** means cancelling the transaction and selling back the currency we have bought for you when you entered into the transaction.

Transaction Fee means a fixed fee charged on smaller transactions to cover administrative costs.

We or **Us** means OzForex Limited trading as "OFX" (ABN: 65 092 375 703).