

» OUR PRODUCT COMMITMENT TO YOU.

PRODUCT DISCLOSURE STATEMENT

Issued by: Westpac Banking Corporation
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XYLOTM
FOREIGN EXCHANGE
1300 995 639 xylo.com.au

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IMPORTANT INFORMATION ABOUT THIS PDS, FX TRANSACTIONS AND THE TERM AND CONDITIONS OF USING XYLO.

Important information about this PDS

This Product Disclosure Statement (PDS) is an information document and part of its purpose is to provide you with enough information so that you can decide if a financial product you are considering will meet your needs. A PDS is also a tool for comparing the features of other similar products you may be considering.

This PDS relates to Foreign Exchange Transactions issued by Westpac Banking Corporation which are transacted through XYLO. We are the issuer of this PDS. An FX Transaction requires a good understanding of the way foreign exchange markets work.

You should read and consider all sections of this PDS carefully before making a decision about the suitability of FX Transactions for you. You may also wish to obtain independent expert advice about this.

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

If you decide to enter into an FX Transaction, you should keep a copy of this PDS and any associated documentation at hand. You should also promptly tell us if at any time you experience any financial difficulty.

The information in this PDS is subject to change. We will provide updated information by issuing a new PDS if required (such as if the change was materially adverse to you), or by posting the information on our website at www.xylo.com.au.

You can obtain a paper copy of any updated information free of charge by contacting XYLO Customer Care.

This PDS also explains the XYLO platform and the International Payments that may be made via the platform.

The terms and conditions of Foreign Exchange Transactions and XYLO

This PDS, together with any confirmations received from us while transacting on XYLO, form the contract between you and us in relation to FX Transactions transacted via XYLO. This includes all FX Transactions entered into with us via the XYLO website and those FX Transactions which result from an order placed with us verbally or that may have been agreed verbally over the phone (or in another manner acceptable to us) from time to time which are booked via XYLO.

This PDS also sets out the terms of using XYLO and making International Payments via the platform. The terms and conditions outlined in this PDS are binding on you in your dealings with us.

Limitation on distribution

This PDS is only intended for distribution to businesses based in Australia. Distribution of this PDS in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it who are not in Australia should seek advice. If you are in Australia and have received this PDS electronically, we will provide you with a paper copy free of charge, upon request. To obtain a paper copy, contact XYLO Customer Care.

Neither XYLO nor the FX Transactions or International Payments described in this PDS are offered to a "U.S. person" as that term is defined in the rules, regulations, orders and interpretations (including, without limitation, any guidance) published or issued by the United States Commodity Futures Trading Commission, as amended and/or supplemented from time to time.

Contact us

If you have any questions about FX Transactions or the XYLO platform, please contact XYLO Customer Care on 1300 995 639.

1.1 WHAT IS XYLO FOREIGN EXCHANGE?

XYLO Foreign Exchange (XYLO) is an online platform designed for Australian domiciled businesses to trade FX Transactions and make International Payments all via a single, secure website.

XYLO operates via an internet browser; making it accessible for users to log on anywhere the internet is available. There is no need to install or download additional software or programs.

You will need to hold a Bank Account (which is a deposit account with Westpac, St. George Bank, Bank of Melbourne or BankSA), to undertake FX Transactions or make or receive International Payments via XYLO.

With XYLO Foreign Exchange, you can:

- › Access competitive foreign exchange rates.
- › Transact in a wide range of foreign currencies.
- › Send an International Payment in 3 simple steps.
- › Settle your purchase of foreign currency using direct debit.
- › Email payment confirmations to your payees.
- › Place and leave orders for FX Transactions by phone.
- › View, print, and export your payments history for the last 100 days.
- › Access Westpac's economic and market forecasts and research commentary.
- › Take comfort knowing your international payments are protected by the latest banking security technology.

Business Customers

XYLO Foreign Exchange was designed for small and medium-sized Australian businesses, to provide a simple, no-frills foreign exchange solution for making and receiving International Payments.

Please note to be eligible for XYLO Foreign Exchange, you must be an Australian Resident for the purposes of the *Income Tax Assessment Act 1997*.

1.2 WHAT IS A FOREIGN EXCHANGE TRANSACTION?

A Foreign Exchange (FX) Transaction is an agreement between you and Westpac to exchange a specific amount of one currency for another at an agreed Exchange Rate on an agreed date. An FX Transaction provides you with protection against unfavourable exchange rate movements.

An FX Transaction may be useful in managing the currency risk associated with exporting or importing goods denominated in foreign currency, investing or borrowing overseas, repatriating profits, converting foreign currency denominated dividends, or settling other foreign currency contractual arrangements.

How does an FX Transaction work?

When you enter into an FX Transaction, you nominate the Contract Amount and the two currencies to be exchanged. These currencies are known as the Currency Pair and must be acceptable to us.

You also nominate the Value Date on which you want the exchange of currencies to take place. We will then determine the Rate of Exchange, also known as the Contract Rate, based on the Value Date and currencies nominated by you. The Contract Rate is the rate at which the Currency Pair will be exchanged on the Value Date.

On the Value Date, the Contract Amount must be exchanged with us at the Contract Rate, irrespective of what the Foreign Exchange Rate is at that time.

How does Westpac determine your Contract Rate?

The Contract Rate is the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date. We determine the Contract Rate taking several factors into account, including:

- › The Currency Pair and the time zone you choose to trade in;
- › The Value Date;

- › Global Foreign Exchange Rates;
- › The Contract Amount, and our inability to trade small amounts in the Global Market;
- › Market volatility;
- › Market interest rates of the countries of the Currency Pair; and,
- › Our profit margins.

Contract Rates are quoted as **Spot Exchange Rates, Value Today Exchange Rates, Value Tomorrow Exchange Rates or Forward Exchange Rates**, depending on the Value Date nominated by you.

A **Spot Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is two business days after the Trade Date. Transactions for value spot (transactions with a Spot Exchange Rate) are commonly referred to as **Spot Contracts**.

A **Value Today Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is the same date as the Trade Date. Transactions for value today (transactions with a Value Today Exchange Rate) are commonly referred to as **Value Today Contracts**.

A **Value Tomorrow Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is the business day after the Trade Date. Transactions for value tomorrow (transactions with a Value Tomorrow Exchange Rate) are commonly referred to as **Value Tomorrow Contracts**.

A **Forward Exchange Rate** refers to the exchange rate applicable to an FX Transaction where the Value Date is more than two business days after the Trade Date. Transactions for all such Value Dates (transactions with a Forward Exchange Rate) are commonly referred to as **Forward Exchange Contracts**.

The rates used for Value Today Contracts, Value Tomorrow Contracts and Forward Exchange Contracts are determined by XYLO by calculating an adjustment to the applicable Spot Exchange Rate. This adjustment is known as the Forward Margin.

How are Forward Margins determined?

Forward Margins (and therefore Value Today Exchange Rates, Value Tomorrow Exchange Rates or Forward Exchange Rates) do not represent forecasts that we have made, nor do they guarantee what future exchange rates will be.

Instead, a Forward Margin is derived by us taking into account a variety of factors including the difference in inter-bank interest rates between the currencies that make up the Currency Pair. The Forward Margin is expressed in exchange rate points.

A Forward Margin can be either a positive or a negative number. When a Forward Margin is a positive number, it is added to the Spot Exchange Rate. When it is a negative number, it is subtracted from the Spot Exchange Rate.

Can I extend the Value Date?

You may ask us to extend the Value Date of an FX Transaction at any time up to and including the Value Date prior to settlement occurring (referred to as an extension or a Historical Rate Rollover (HRR)). We may then provide you with a Forward Margin. If you accept the Forward Margin, we may decide to extend the Value Date.

Our quote for the Forward Margin will incorporate your existing contract details, the Spot Exchange Rate and the relevant market interest rates available at that time.

For convenience, we may quote the Forward Margin as a margin to your existing Contract Rate. This margin will be expressed in exchange rate points and may be positive or negative. Where it is positive, it will be added to your existing Contract Rate. Where it is negative, it will be subtracted.

All extensions will be subject to our credit approval process. They are not automatic. We will only allow extensions for genuine commercial reasons and not for speculative purposes. Even where this is the case, we will not always be willing to extend a contract. The decision to grant an extension will be made at XYLO's absolute discretion. Please refer to "What documentation is required?" on page 18 for further information.

Can I shorten the Value Date?

You may ask XYLO to shorten the Value Date of an FX Transaction at any time up to and including the Value Date, prior to settlement occurring (referred to as a pre-delivery). We may then provide you with a Forward Margin. If you accept the Forward Margin, we may decide to shorten the Value Date.

Our quote for the Forward Margin will take into account your existing contract details, the Spot Exchange Rate and the relevant market interest rates available at that time.

For convenience we will quote the Forward Margin as a margin to your existing Contract Rate. This margin will be expressed in exchange rate points and may be positive or negative. Where it is positive, it will be added to your existing Contract Rate. Where it is negative, it will be subtracted from your existing Contract Rate.

Can I pre-deliver part of my Contract Amount?

You may choose to only pre-deliver part of your original Contract Amount. In this case, the partial amount will be treated as a pre-delivery, as outlined above, and the balance of the original Contract Amount will be preserved at the original Contract Rate for the original Value Date.

What happens on the Value Date?

Settling XYLO Foreign Exchange Transactions

BUYING FOREIGN CURRENCY

If you are buying foreign currency, on the value date, the Australian Dollar Contract Amount, plus any fees, will be direct debited from your nominated Westpac bank account.

It is your responsibility to ensure that Clear Funds are available in the account you choose to make the payment from. If you do not have sufficient funds in the account from which a payment is to be made you may be charged a dishonour charge (see "Fees and Charges" on page 10).

You should consider the terms and conditions of Westpac bank account from which payments will be made to find out how long it will take for Clear Funds to be available to settle your FX Transactions.

Where you are making a payment to a foreign supplier, funds will be transferred to your recipient's nominated account on the value date.

Please note: We do not take responsibility for any reasonable delays incurred by banks other than Westpac, including the beneficiary's own bank or any intermediary banks.

SELLING FOREIGN CURRENCY

If you are selling foreign currency, the Australian Dollar Contract Amount, less any fees, will be credited to your nominated bank account as advised to us at the time the XYLO transaction is entered into after we have received the foreign currency amount in Clear Funds. When you are confirming payment details, you will be provided with foreign currency payment instructions on the payment screen.

If foreign currency is remitted to us for you, and a transaction has not been booked to convert the foreign currency to Australian Dollars, then upon receipt of the foreign currency we will convert it to Australian Dollars at the prevailing rate for a Value Today transaction. The resulting Australian Dollar amount will be subsequently credited to your nominated Westpac bank account.

Can I terminate an FX Transaction before the Value Date?

You may request to terminate an FX Transaction at any time up to and including the Value Date, prior to settlement occurring. If you request to terminate, we may but are not obliged to then provide you with a termination quote. There will be a cost or a gain arising as a result of termination depending on the prevailing market and our costs for terminating the transaction. If you accept the termination quote, we will terminate the FX Transaction.

The termination quote we provide will incorporate the same variables used when pricing the original FX Transaction. These will be adjusted for the prevailing market conditions in respect of the remaining term of the FX Transaction. The termination quote will also factor in our costs of reversing or offsetting the original transaction. When doing this we take into account the current market rates that apply to any offsetting transactions.

The cost arising from the termination will be direct debited from your nominated Westpac bank account. If there is a gain, this will be credited to your nominated Westpac bank account.

Are there any XYLO credit requirements before dealing?

Before entering into an FX Transaction, XYLO will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. XYLO will advise you of the outcome of its review as soon as practicable.

If your application is successful, you will need to sign XYLO's standard finance documentation. This documentation sets out the terms of the credit approval and other matters relevant to your application.

Please note that even if you satisfy our normal credit requirements, we are not bound to accept your application and may reject your application at our sole discretion.

Can you leave orders?

We may accept and execute orders on your behalf. However, we are not obliged to do so.

An order is a request that you leave with us to buy or sell a specified foreign currency amount, on your behalf, against another currency once a nominated exchange rate is reached. Orders may only be placed over the phone on a Sydney business day between 8am and 6pm Sydney time.

The minimum amount for an order is AUD 50,000 or its equivalent in another currency acceptable to us, where AUD is not one of the currencies in the nominated currency pair. All requests for orders will be subject to our normal credit approval process.

Orders can only be placed for Spot Contracts. Where a different Value Date is required we will advise you of the current Forward Margin applicable so that you can take this margin into account when placing your Spot Contract order.

However, as this Forward Margin is subject to change and it is unknown when the order will be filled, this will not guarantee that you achieve your desired rate for your specific Value Date. If the order is filled you may request that we extend your Spot Contract to your required Value Date, but such request is not guaranteed – see “Can You Extend The Value Date?” on page 5.

If the Spot Exchange Rate reaches the level nominated by you between the open New Zealand time on Monday morning and the close New York time Friday evening, we will attempt to fill your order. This will be on a best endeavours basis.

You acknowledge that it may not always be possible for us to complete your order at the nominated rate. This may be due to a large movement in the market price or a lack of liquidity in the nominated currency pair in the market at the time the level is reached. Similarly, this may result in your order being partly completed.

Unless you specify otherwise at the time the order is placed, orders maybe partially completed if nominated levels are reached.

When requesting an order there are three choices of order to select from:

- › **Take Profit.** A Take Profit order is an order you place to buy or sell currency when the market moves in a direction that results in you receiving a more advantageous rate than the market exchange rate available at the time the order is place.
- › **Stop Loss.** A Stop Loss order is an order you place to buy or sell currency to prevent any further losses to yourself due to the currency moving in an adverse direction to the level at which you need to transact.
- › **One Cancels Other (OCO).** An OCO order is the simultaneous placement of both a Take Profit and a Stop Loss order. The orders remain linked together and should one of the orders be executed, the other order is automatically cancelled.

Orders will remain in place until executed or until you request us to cancel them. You will be advised as soon as practicable if an order is executed.

Can we terminate your FX Transactions?

We may at our sole discretion terminate any or all outstanding FX Transactions if:

- › Funds debited from your bank account from which payment is made are not Clear Funds and/or are dishonoured.
- › You fail to pay applicable fees when due.
- › You are involved, or we reasonably suspect you are involved, in money laundering or terrorism financing.
- › You materially breach a term of this PDS or of any other agreement relating to your use of XYLO.
- › You are involved, or we reasonably suspect you are involved, in any fraudulent activity or misuse of XYLO.
- › You become insolvent or bankrupt.

We may exercise our discretion to terminate your FX Transactions at any time in any other circumstances in which we consider it reasonably necessary to protect our interests.

If we elect to terminate any or all outstanding FX Transactions, we will calculate in Australian Dollars the market value of each FX Transaction as at the termination date using current market rates chosen by us in good faith, having regard to what a person would pay us, or what we would have to pay another person, to take over your rights and obligations under the terminated FX Transactions.

We then deduct from the sum of all amounts that a person would pay us the sum of all amounts we would have to pay another person. If the result of this calculation is that a person would pay us more than we would have to pay another person, we will pay you that amount. Alternatively, if a person would pay us less than what we would have to pay another person, then you must pay us the difference.

We will notify you as soon as practicable after making these calculations. You must make any payments to us made no later than 2 business days after we give this notice.

1.3 KEY BENEFITS AND KEY RISKS OF FX TRANSACTIONS

Key Benefits

Protection

FX Transactions provide you with protection against unfavourable foreign exchange movements between the time you enter into an FX Transaction and the Value Date. This can assist you in managing your foreign currency exposures. On the Value Date, you will be protected at the Contract Rate for the Contract Amount.

Coverage

FX Transactions are available for a wide range of currencies. Please contact us to confirm whether your desired currency is covered. Our contact details are set out on the back page.

Cash flow certainty

FX Transactions allow you to exchange one currency for another at an agreed rate on an agreed date. This may assist you in settling contractual arrangements denominated in foreign currency.

Flexibility

FX Transactions are flexible. Key variables, including the Value Date and the Contract Amount, can be tailored to meet your particular needs. Also, you may further tailor your FX Transaction to your needs by leaving Stop Loss, Take Profit or One Cancels Other orders with XYLO.

Key Risks

Variation/Early termination

Terminations, extensions or pre-deliveries may result in a cost to you – see the sections titled “Can I extend the Value Date?” on page 5, “Can I shorten the Value Date?”, “Can I pre-deliver part of my Contract Amount?” and “Can I terminate an FX Transaction before the Value Date?” on page 6 for more information, together with the “Fee/Charge Description” table on page 10.

No cooling-off period

There is no cooling-off period. This means that, in most circumstances, once you enter into an FX Transaction, you cannot terminate or vary the FX Transaction without our consent. See “Variation/Early termination” section above

Opportunity loss

You will not receive the benefit of favourable exchange rate movement between the time you enter into an FX Transaction and the Value Date.

The rate achieved with an FX Transaction may not be as favourable as the rate you could have achieved if you had not entered into any contract at all.

Counterparty and operational risk

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

Our ability to fulfil our obligations is linked to our financial wellbeing and to the effectiveness of our internal systems, processes and procedures. The first type of risk (our financial wellbeing) is commonly referred to as credit or counterparty risk. The second type of risk (the effectiveness of our internal systems, processes and procedures) is commonly referred to as operational risk.

You must make your own assessment of our ability to meet our obligations. However, as a regulated Australian bank, we are subject to prudential regulation which is intended to reduce the risk of us failing to perform our obligations.

More information about Westpac, including copies of our recent financial statements are available on our website at westpac.com.au.

Currency restrictions

Delivery of some currencies may be governed by, or subject to certain legal and regulatory requirements and obligations. It is your responsibility to ensure that these laws and regulations are complied with and we suggest you seek and obtain your own independent, expert advice in relation to such matters.

Use of agent and correspondent banks

To deliver some currencies (other than AUD), we may use agents and correspondent banks. We will use reasonable care in the selection of such agents and correspondent banks.

If the agent or correspondent bank fails to deliver the required currency when due, we will work with the agent or correspondent bank to effect delivery. If after such action delivery cannot be made, we will promptly return your funds or make alternative arrangements with you.

To the extent allowed by law, Westpac will not be liable for any direct or indirect losses, claims, actions or expenses incurred by you as a result of the failure by an agent or correspondent bank to deliver the required currency.

1.4 COSTS, FEES AND CHARGES

What are the costs of XYLO Foreign Exchange?

XYLO is free to join; there are no establishment fees or annual fees.

Telegraphic Transfers

There is a flat fee of \$5 per TT.

FX Transactions

While there are no up-front out of pocket costs with FX Transactions, we derive a financial benefit by incorporating a margin into the Contract Rate.

This margin is the difference between the interbank Exchange Rate we are able to obtain and the Exchange Rate we offer to the customer. It may be considered as an 'indirect cost' to you. In effect, you pay for the FX Transaction by accepting the Exchange Rate quoted by us. The amount of this margin may depend on a number of factors including:

- › Volatility in foreign exchange markets at the time. Generally, if Foreign Exchange markets are more volatile, our margin will be greater.
- › The currencies in which you are proposing to trade.
- › The frequency with which and the amount you trade with us. For example, we may offer a discount in the form of a reduced margin for our more frequent traders.

Similarly, when adjusting the Value Date of an existing FX Transaction, we will incorporate a margin in the calculation of the new Contract Rate.

Fees apply for other services

Other fees and charges are set out in the following table. All fees are expressed in Australian Dollars and will be debited from your account on the utilisation of the service. Information on current standard fee, charges and interest rates is available on request.

XYLO may change these fees at any time. We will notify you of any changes to these fees in accordance with section 1.6 Additional Information About XYLO, "Changes To These Terms and Conditions and Fees, Costs and Charges" on page 14.

FEE/CHARGE DESCRIPTION	FEE
File investigations	\$25.00
Sending SWIFT messages for follow-ups to beneficiary banks	\$10.00
Unsettled trades, Insufficient funds, Cancel/Reverse/Amend a deal or Extending a deal due to insufficient funds or currency cut-offs being missed	\$9.00
Attaching a payee to payment on customer's behalf	\$50.00
Authorising a payee/payment on customer's behalf	\$50.00
Processing AUD receipts to WBC account	\$10.00
Inward Telegraphic Transfer Fee (per payment)	\$5.00
Outward Telegraphic Transfer Fee (per payment)	\$5.00
Replace Lost or Damaged Token	\$20.00
Historical Transaction Records	\$40.00 per hour

You must pay all Government duties, taxes, fees and charges which arise as a result of using XYLO.

Payment and handling of fees and charges could also be levied by other banks as part of making International Payments to your Beneficiaries. Bank fees resulting from an international payment may be borne by your payee (the beneficiary).

Unless specifically defined as including GST, all fees and charges are quoted as excluding GST which, if applicable, will be added to the amount payable. If GST applies to a fee or charge expressed as excluding GST, you must pay an additional amount equal to the GST payable on the supply (GST Amount). The GST Amount is payable at the same time as the GST exclusive fee.

1.5 HOW TO REGISTER FOR XYLO FOREIGN EXCHANGE

You can register for XYLO by completing the online registration form on the XYLO website, or by calling XYLO Customer Care. During your registration process, you can nominate any user(s) who you would like to grant access to your account.

In accordance with Australian Anti-Money Laundering and Counter-Terrorism Financing legislation, and to protect your security, you will need to provide us with original certified copies of certain identification documents in order to complete your registration. Details of what documentation you must provide will be outlined during the registration process. Identification documents will also be required for each user you wish to grant access to your account.

Once your registration is complete, each user will receive a Security Token. This Security Token is used for all functions within the administration and authorisation of your account, and for executing and settling your FX Transactions (according to the access levels you have granted each user). During your registration, you may nominate a particular administrator to receive and distribute the Security Tokens to all user(s) on your account.

Please refer to “Security – What are your Obligations?” on page 12, for more information.

1.6 ADDITIONAL INFORMATION ABOUT XYLO

This section outlines other important information about XYLO.

Same-Day Value

There are strict cut-off times associated with same-day value deals. These cut-off times are available on the XYLO website in the deal screen and in the Administration tab. Before entering into a same-day value deal, these cut-off times should be checked.

When Can You Transact With XYLO?

XYLO is available 24 hours a day, 7 days a week, wherever you can access the internet for all functions except the booking of rates which can only be completed between 7:30am Monday, Sydney (AEST) and 5pm Friday New York (EDT).

Please note these AEST times do not take into account your own time zone or global daylight saving.

Warning: If XYLO is unavailable for any reason, you will not be able to enter FX transactions and make International Payments.

If XYLO is unavailable due to operational disruptions, we may, at our discretion, offer access to an alternative payment process method until the service is restored.

Are There Any Credit requirements Before Dealing?

Before entering into an FX Transaction, we will assess your financial position to determine whether or not your situation satisfies our normal credit requirements. This assessment is to determine your creditworthiness. We do not consider the suitability of this product for you as part of this process. In line with industry standards, a credit report may be sought from an independent credit reporting agency as part of this assessment.

Security – What Are Your Obligations?

Maintaining your security is important. If an unauthorised user finds out your XYLO account details, they can assume your identity and their actions will be attributed to you. It is important to keep your XYLO account details and passwords (known as your Access Codes) secure, and to protect your Security Token from loss, theft, or inappropriate use.

Your responsibilities for ensuring security are:

- › Always log out to prevent unauthorised persons from assuming your identity and gaining access to your XYLO account.
- › Never reveal your Access Codes to anyone.
- › Ensure that all users with access to your account protect their Access Codes.
- › Notify XYLO Customer Care if you intend to add, change or delete users.

You must ensure each user is made aware of the following security obligations. You must protect your Access Codes to minimise the risk of unauthorised FX Transactions. To protect your Access Codes you must:

- › Destroy any documentation we issue to you containing Access Codes.
- › Not keep any record of your Access Codes on, with or near your computer, even if they are disguised.
- › Not disclose your Access Codes to anyone, including family members, friends, employees or our XYLO staff.
- › Select Access Codes that are not numbers or words that can be easily associated with you such as your date of birth, telephone number or driver's licence number.
- › Make sure nobody watches you or hears you when you are entering or using your Access Codes at a computer.

If you make a record of your Access Codes, you must either take reasonable steps to prevent unauthorised access to that record, or ensure that record is reasonably disguised.

We do not consider that you have made a reasonable attempt to disguise Access Codes if, for example, you only:

- › Record it as a series of numbers or words with any of them marked to indicate the Access Codes.
- › Record the Access Codes as a telephone number with the Access Code in its correct sequence within the telephone number.
- › Disguise the Access Codes as a date or as an amount.

We will treat any FX Transaction affected through XYLO by the use of your Access Codes as an FX Transaction that is undertaken with your authority, without us being required to verify your authority in any case.

If there is a loss or theft of an Access Code, or you suspect that the security of the Access Code has been breached, you must ensure that you inform XYLO Customer Care of the loss, theft or suspected breach. You must also ensure that the Access Codes are changed.

What Are The Payment Cut-Off Times?

Payments made through XYLO must be received by a certain time (known as the Cut-Off Time) in order to be processed on that same day. All payment instructions created and authorised before the Cut-Off Time will be processed and paid on the relevant Value Date. Payment instructions received after a Cut-Off Time may not be processed until the next banking day.

We will endeavour to process payments promptly but will not be liable for any loss associated with any reasonable delay in processing payments.

Furthermore, it is important to note that Cut-Off Times for some currencies differ. This is because banking systems in some countries require different processing times to ensure payment on the value date. This may mean that your payment will need to be processed early on the value date, or even 2 business days prior.

You should keep payment timing differences in mind when transacting in certain currencies. You will be prompted to check your Cut-Off Time during your transaction.

Please note: a payment may take longer to be credited to your payee (Beneficiary) if another bank or financial institution participant involved in the global or domestic payment systems does not process a payment instruction promptly.

Please refer to the XYLO website for the latest information on Country and Currency Cut-Off Times.

How Much Can You Transact Through XYLO?

This will be assessed by us during your registration with XYLO and notify you.

What About Confirmations?

Executing via the platform, upon acceptance of an Exchange Rate, XYLO produces an on-screen confirmation specifying the details of your FX Transaction, including the Exchange Rate, Contract Amount and Value Date.

This Confirmation evidences the transaction you entered into with us. You should print and retain this for your records. XYLO also has functionality that allows you to email a payment confirmation to your payee (Beneficiary) as proof of payment.

If the transaction is not executed via the platform (eg via phone), a confirmation will be emailed/faxed to you. This must be signed and returned to the Bank.

It is extremely important that you check the Confirmation to make sure that it accurately records the terms of the transaction. If there is any discrepancy between your understanding of the transaction and the Confirmation, you will need to raise it with your XYLO representative as a matter of urgency.

External Account Information

XYLO cannot provide account information on any external account from which payments are made to XYLO from external sources. We are not responsible for the delivery of account information from external sources.

Payment History

You can access your Payment History on XYLO for the last 100 days.

Liability and Promise To Pay

Subject to the relevant provisions of the *Competition and Consumer Act 2010 (Cth)* and any other rights implied by law which cannot be excluded at law or by agreement between the parties:

- › We make no warranties, either express or implied, as to the availability, merchantability, fitness for a particular purpose, or otherwise (including as to accuracy, currency, availability, completeness or quality) with respect to the services supplied between you and us with respect to your use of XYLO or any FX Transaction,
- › We exclude all liability in contract, tort (including negligence) or otherwise, relating to or resulting from use of XYLO or any FX Transaction, and for any loss incurred by you directly or indirectly including, without limitation, as a result of, or arising out of:
 - › Any inaccuracy, error or delay in, or omission from, any information provided by us to you or information provided by you to us;
 - › Any delays, failures, or in accuracies in the transmission of any information to you, transmission of your instructions, or any other communications;
 - › Any loss or liability arising from the acts or omissions, or fraud of third parties, or your agents and employees, such as your computer systems, internet service provider (ISP) and other service providers, including other parties involved in processing instructions or payments,

except to the extent that any such loss is caused by our fraud, wilful misconduct or gross negligence.

Except where to do so would contravene any law, in no event shall we be liable for any indirect, special or consequential loss (including, without limitation, loss of profits or revenues) whether arising in contract, tort (including negligence), or otherwise resulting from your use of XYLO or any FX Transaction. Our liability shall in any event be limited to the re-supply of the service.

You will pay us and agree to indemnify us (and all of our employees, agents, related parties and associates), within two business days of written demand, for any loss:

- › Incurred as a result of your use of XYLO, us relying upon and acting in accordance with any instruction provided by you or where your Access Code is used (whether by electronic communication or otherwise), your failure to settle any FX Transaction by the due date, or because you did not observe any of your obligations;
- › Suffered due to any claim, demand or action of any kind brought against us, or incurred by us, arising directly or indirectly because you acted negligently or fraudulently in connection with XYLO or any FX Transaction.

The indemnities above are continuing obligations, independent of your other obligations to us and will not be affected by or merged into any order or judgment. It is not necessary for us to incur expense or make payment before enforcing our right of indemnity.

Please note: if you are an individual and using XYLO wholly or predominantly for personal, domestic or household use or consumption, then the above Liability and Promise to Pay provision does not apply to you.

Changes To These Terms and Conditions and Fees, Costs and Charges

We may change the terms and conditions of XYLO (including updating this PDS) or the fees, costs and charges outlined in this PDS at any time.

If we do so, we will give you notice about the changes as soon as reasonably possible. If we believe a change is unfavourable to you, we will, subject to the below, give you a least 30 days prior notice of change.

Other than an increase in fees or charges (but excluding government fees/charges), we may give you less than 30 days notice if (1) it is reasonable for us to manage a material and immediate risk, or (2) if there is a change to, or introduction of, a government charge that you pay (directly or indirectly) as part of your use of XYLO or FX Transactions. If there is such change or introduction of a government charge, we will tell you about such change/introduction after the government notifies us unless the government has previously published such information.

We will typically give you notice of changes in writing to the email address you have provided to us. We may refer you to the XYLO website for further details of the change.

Subject to applicable prior notification requirements (including if applicable in the Banking Code), use of XYLO after notification of changes will constitute acceptance of those changes.

Governing Law

The terms contained in this PDS are governed and construed in accordance with the law of the state of New South Wales and the parties agree to submit to the non-exclusive jurisdiction of the courts of New South Wales.

1.7 EXAMPLES OF FX TRANSACTIONS

The following examples are indicative only and use FX rates and figures selected to demonstrate how FX Transactions work. In order to assess the merits of any FX Transaction, you would need to use the actual FX rates and figures quoted to you at the time.

Fees may also apply (see “Fees and Charges” on page 10), however for simplicity, such fees have not been included in the below examples.

SCENARIO 1: FOREIGN CURRENCY PAYMENT USING A SPOT EXCHANGE RATE

You are an Australian based importer due to pay USD100,000 in 2 days time for goods you purchased overseas. You need to purchase US Dollars (USD) with Australian Dollars (AUD) and transfer the US Dollars to your supplier overseas.

You enter into an FX Contract today to buy USD for settlement in 2 local business days time (the Value Date).

Assume the AUD/USD Exchange Rate you have been quoted for you to buy USD is 0.8500.

$$\text{USD100,000} / 0.8500 = \text{AUD117,647.05}$$

The USD100,000 will then be paid to your supplier on the date of maturity of the contract where the currency agreed to be bought and sold by each party will need to be exchanged (the “Value Date”).

The AUD will be debited from your nominated Australian Dollar Bank Account on the Value Date.

Once you have accepted an Exchange Rate quote, you are obliged to take receipt of the foreign currency, regardless of any subsequent Exchange Rate movements. Failure to take delivery of the foreign currency you transacted, or failure to provide the AUD payment to XYLO may result in charges (see “Costs, Fees and Charges” on page 10) and substantial losses to you.

SCENARIO 2: FOREIGN CURRENCY RECEIPT USING A SPOT EXCHANGE RATE

You are an Australian based exporter who will receive USD100,000 in 2 days time for goods you sold overseas. You would like to convert the US Dollar receipt into Australian Dollars.

You enter into an FX Contract today to sell USD for delivery in 2 local business days time in exchange for Australian Dollars.

Assume the AUD/USD Exchange Rate you have been quoted for you to sell USD is 0.8500.

Upon acceptance of this Exchange Rate, you will be obliged to pay XYLO USD100,000 in 2 local business days time.

After XYLO receives the US Dollars, you will receive the following amount:

$$\text{USD100,000} / 0.8500 = \text{AUD117,647.05}$$

This amount will be credited on the date the funds clear.

When you book your FX Transaction, your screen will detail instructions for your supplier to pay XYLO. The AUD equivalent will be paid into your nominated Australian Bank Account after any applicable fees have been deducted.

Once you have accepted an Exchange Rate, you are obligated to deliver the foreign currency regardless of subsequent Exchange Rate movements. Failure to deliver the foreign currency that you book may result in charges (see “Costs, Fees and Charges” on page 10) and substantial losses to you.

SCENARIO 3: FOREIGN CURRENCY PAYMENT USING A FORWARD CONTRACT

You are an Australian based importer due to pay USD100,000 in 3 months’ time. At that time, you will need to convert your Australian Dollars into US Dollars.

Assume the Spot AUD/USD Exchange Rate and the Forward Margin quoted to you is 0.8500 and -0.0040 respectively.

IF I DO NOTHING, WHAT EXCHANGE RATE RISKS DO I FACE?

If you do nothing, the amount of AUD you will need to pay in 3 months’ time for your underlying USD exposure (i.e. your USD payment) will depend on the Exchange Rate quoted for value that day.

If the AUD/USD Exchange Rate goes up, you will need less AUD when it comes time to pay for the USD. Assume in this example that the AUD/USD Exchange Rate rises to 0.9000.

You will then pay:

USD100,000 / 0.9000 = AUD111,111.11

If the AUD/USD Exchange Rate goes down, the opposite occurs and you will need to pay more AUD. Assume the AUD/USD Exchange Rate falls to 0.8000. You will then pay:

USD100,000 / 0.8000 = AUD125,000.00

HOW WILL THE FORWARD CONTRACT CHANGE THIS?

If you wish to eliminate your exposure to Exchange Rate risks and enter into a Forward Exchange Contract, then:

Your Forward = Spot Rate + Forward Margin

Contract rate = 0.8500 + (-0.0040)

= 0.8460

On the contract Value Date, your nominated AUD account will be debited by:

USD100,000 / 0.8460 = AUD118,203.31

and USD100,000 will be paid to your nominated payee on the contract Value Date.

In 3 months' time, regardless of where the AUD/USD Exchange Rate is trading at that time, you will exchange your AUD on the full Contract Amount at the contract rate.

By entering into this Forward Contract, you have removed the uncertainty of Exchange Rate fluctuations over the next 3 months. However, in exchange for this cash-flow certainty, you have also lost the opportunity to take advantage of any favourable Exchange Rate movements.

1.8 GENERAL INFORMATION AND OTHER TERMS

Taxation

XYLO is intended for use by Australian Tax residents only.

If you are not a resident of Australia for tax purposes and use XYLO, you may be required to withhold tax on payments you make on an FX Transaction. If you are required to withhold an amount of tax on any payments you make as a non-resident, you are liable to gross up that payment such that we receive all amounts clear of any tax. Taxation law is complex and its application to this product will depend on your particular circumstances. We make no claim that this product will provide a beneficial or appropriate tax outcome for you. When determining whether this product is suitable for your circumstances, you should consider the impact it will have on your own taxation position and seek professional advice if needed.

Financial Crimes Monitoring

Please be advised that in order for us to meet its regulatory and compliance obligations relating to Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF), we perform certain control and monitoring activities.

You should be aware that:

- › Transactions may be delayed, blocked, frozen or refused where we have reasonable grounds to believe that they breach Australian law or sanctions (or the law or sanctions of any other country). Where transactions are delayed, blocked, frozen or refused, XYLO is not liable for any loss you suffer (including any consequential loss) howsoever caused in connection with the transactions
- › We may, from time to time, require additional information from you to assist us in the above compliance process
- › Where legally obliged to do so, we will disclose the information gathered to regulatory and/or law enforcement agencies

- › We may also disclose the information gathered to other banks, other members of the Westpac Group, service providers or to other third parties.

Upon entering into any Foreign Exchange Transaction with Westpac, you agree:

- › You are not and will not enter into an agreement with Westpac under an assumed name.
- › You will not initiate, engage in or effect a transaction that may be in breach of Australian law or sanctions (or the law or sanctions of any other country).
- › Your use of XYLO does not breach any Australian law or sanctions (or the law or sanctions of any other country).
- › You will indemnify Westpac against any potential losses arising if you breach any Australian law or sanctions (or the law or sanctions of any other country) through a transaction that you have initiated, engaged in or effected or the use of XYLO.
- › If we ask, you will provide us with additional information we reasonably require from you or any.
- › Beneficial owner of an interest in an agreement with Westpac from third parties if we believe this is necessary to comply.

Foreign Tax Resident

We are required under domestic and international laws to collect and report financial and account information relating to individuals and organisations that are, or may be, foreign tax residents. We may ask you whether you or any shareholder, beneficiary, settlor or controlling person are a foreign tax resident from time to time, such as when you open an account with us, or if your circumstances change. If you do not provide this information to us we may be required to limit the services we provide to you.

Unless you tell us otherwise, by completing any application, you certify that any shareholder, named beneficiary, settlor or controlling person is not a foreign tax resident. You must tell us if you, or any shareholder, named beneficiary, settlor or controlling person is, or becomes, a foreign tax resident (unless an exemption applies, such as for shareholders of

listed companies). Where there are no named beneficiaries (eg for beneficiaries identified only as a class) you must tell us if a beneficiary is a foreign tax resident immediately when any decision is made to identify and make a distribution to them. You may contact us to provide foreign tax residence information by calling 1300 725 863.

We cannot give tax advice, so please contact your independent tax advisor if you need help finding out whether any person is a foreign tax resident.

Privacy

We collect personal information from you to process your application, provide you with your product or service, and manage your product or service. We may also use your information to comply with legislative or regulatory requirements in any jurisdiction, prevent fraud, crime or other activity that may cause harm in relation to our products or services and help us run our business. We may also use your information to tell you about products or services we think may interest you.

If you do not provide all the information we request, we may need to reject your application or we may no longer be able to provide a product or service to you.

We may disclose your personal information to other members of the Westpac Group, anyone we engage to do something on our behalf and other organisations that assist us with our business.

We may disclose your personal information to an entity which is located outside Australia. Details of the countries where the overseas recipients are likely to be located are in our privacy policy.

As a provider of financial services, we have obligations to disclose some personal information to government agencies and regulators in Australia, and in some cases offshore. We are not able to ensure that foreign government agencies or regulators will comply with Australian privacy laws, although they may have their own privacy laws. By using our products or services, you consent to these disclosures.

For example we are required to comply with derivative transaction reporting rules in accordance with the applicable laws of the various jurisdictions in which we transacts with

our clients. This includes reporting all derivative transactions (including your identifying details) to the Australian Securities & Investment Commission as well as foreign regulators where required.

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our privacy policy is available at westpac.com.au or by calling 132 032. It covers:

- › how you can access the personal information we hold about you and ask for it to be corrected;
- › how you may complain about a breach of the Australian Privacy Principles or a registered privacy code and how we will deal with your complaint; and
- › how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Please call us on 132 032 or visit any of our branches if you do not wish to receive marketing communications from us.

Electronic communications

XYLO is an online platform and our interaction with you will typically occur via electronic means (including via email). You acknowledge and agree that we may post information about XYLO to the XYLO website or we may send information or notices to your nominated email address. You agree to monitor the XYLO website and regularly check for emails from us.

If you wish to change the email address which have notified us, then, such change is not effective until we confirm in writing.

Telephone Conversations

The terms of an FX Transaction with XYLO are, typically agreed electronically via the XYLO website, but in certain circumstances we may in our sole discretion agree terms verbally over the telephone.

Once we have reached an agreement, both you and XYLO are bound by the terms of the FX Transaction.

You agree and acknowledge that conversations with our XYLO Customer Care team or our dealers are recorded. This is standard market practice. Recorded conversations are retained for a limited period and are usually used where there is a dispute and for staff training and monitoring purposes.

You will need to advise our XYLO Customer Care team members if you do not wish to be recorded. However, we will not enter into any transaction or take any order over the telephone unless the conversation is recorded.

What documentation is required?

Depending on how you wish to utilise XYLO or trade FX Transactions, we may require you to sign other documentation:

- › If you request to provide instructions to us regarding FX Transactions or XYLO other than by the XYLO platform (i.e. by fax, email or verbally) and we in our sole discretion agree to such request, we may require you to complete other forms or documentation whose terms will apply in addition to the terms outlined in this PDS.
- › If you wish to enter into Forward Exchange Contracts, we will require you to complete a Forwards Application and any associated forms for such a facility.
- › If you request to extend a contract or enter into an HRR and we agree, we may require you to sign our HRR documentation.
- › Master dealing agreement. You will usually need to sign a master dealing agreement if you want to enter into an FX Swap or FX Option. A PDS will be provided for these products at time of enquiry. The master dealing agreement will either be a Westpac specific dealing agreement or an industry standard master dealing agreement. We will advise you which master dealing agreement you need to sign.

The master dealing agreement will govern the relationship between you and us in relation to FX Swaps or FX Options. In particular, the master dealing agreement will document the situations where those transactions can be terminated and the way the amount to be paid following termination is calculated. To the

extent of any inconsistency between this PDS and the master dealing agreement in relation any FX Swap or FX Option only, the master dealing agreement will prevail in relation to those transactions and this PDS will apply to use of the platform.

You will be provided with a copy of the relevant master dealing agreement and we strongly recommend that you fully consider its terms before signing. You should obtain independent advice if you do not understand any aspect of the document.

Banking Code of Practice

We have adopted the *Banking Code of Practice 2019* (Banking Code). The Banking Code sets out the standards of practice and service for Australian banks to follow when dealing with certain customers.

If we provide you with a 'banking service' and you are an 'individual' or a 'small business' (each term as defined in the Banking Code), the relevant provisions of the Banking Code will apply.

You can obtain a copy of the Banking Code from our website. Please let us know if you would like to discuss whether or not the Banking Code will apply to you.

Our contact details are set out on the last page of this PDS.

What to do if you have a problem or dispute

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

We have put in place ways of dealing with your issues quickly and fairly.

Please talk to us first; we aim to resolve your complaint at your first point of contact with us in a time-frame agreed with you.

- › Phone: XYLO 1300 995 639
between 7:30am and 6pm Monday to Friday
from anywhere in Australia
- › Fax: 1300 995 640
- › Email: customercare@xylo.com.au

What to do if you are still unhappy

If you are not satisfied with our response or handling of your complaint, you may be able to lodge your complaint with a free, independent external dispute resolution scheme.

You may lodge your complaint with the: Australian Financial Complaints Authority (AFCA):

- › Online: afca.org.au
- › Email: info@afca.org.au
- › Phone: 1800 931 678
- › Mail: Australian Financial Complaints Authority
GPO Box 3 Melbourne VIC 3001.

You can also contact the Australian Securities & Investments Commission (ASIC) to make a complaint and to obtain further information about your rights.

They have a free call (Infoline: 1300 300 630), or you can contact them via email at infoline@asic.gov.au

GLOSSARY

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

AUD means Australian dollars.

Bank Account means a deposit account with Westpac including St. George Bank, Bank of Melbourne and BankSA.

Clear Funds means funds that are immediately available.

Confirmation means a letter confirming the terms of a particular FX Transaction.

Contract Amount means the agreed amount as set out as such in the Confirmation. It is to be exchanged under the FX Transaction.

Contract Rate means the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date. The Contract Rate is also known as the Rate of Exchange.

Currency Pair means the two currencies applying in respect of an FX Transaction. The Currency Pair must be acceptable to us.

Foreign Exchange Rate means the price of one currency in terms of another currency for delivery on the Value Date.

Forward Exchange Contract means an FX Transaction where the Value Date is more than two business days after the Trade Date.

Forward Exchange Rate means the price of one currency in terms of another currency for delivery on a specified date in the future taking into account our costs and profit margin. This is the rate that we would make available to you at the relevant time.

Forward Margin means the value of the interest rate differential for the selected Currency Pair expressed in exchange rate points for the specified period, as determined by us.

Forwards Application means the application and associated documentation that we require you to complete to our satisfaction prior to allowing you to Trade Forward Exchange Contracts via XYLO.

FX Option an option to buy or sell, as the case may be, a currency.

FX Swap means a foreign exchange swap.

FX Transaction or **Foreign Exchange Transaction** means the foreign exchange products which may be transacted with Westpac via XYLO including Value Tomorrow Contracts, Spot Contracts and Forward Exchange Contracts. It excludes FX Options and FX Swaps.

Global Foreign Exchange Rate means the exchange rate for the FX Transaction Currency Pair that is based on the price of one or more actual foreign exchange transactions in the Global Market involving the Currency Pair (or cross-rates constituting the Currency Pair). This rate will be determined by us in good faith and in a commercially reasonable manner.

Global Market means the global spot foreign exchange market, open New Zealand time on Monday morning and the close New York time Friday evening of that week.

Historical Rate Rollover or **HRR** means the process by which the Value Date of an existing FX Transaction is adjusted and the applicable Forward Margin is expressed as an adjustment to the existing Contract Rate.

International Payment means a TT you instruct us to make or an international payment you receive.

Rate of Exchange is also known as the Contract Rate. It means the agreed exchange rate at which the Currency Pair will be exchanged on the Value Date.

Spot Contract means an FX Transaction where the Value Date is two days after the Trade Date.

Spot Exchange Rate means the price of one currency in terms of another currency for delivery two business days after the Trade Date.

Telegraphic Transfer or **TT** means an International Payment that you may, from time to time, instruct us via XYLO to make.

Trade Date means the date an FX Transaction is entered into.

USD means United States dollars.

Value Date, Maturity Date or Settlement Date means the date set out as such in the Confirmation. It is the date on which the Currency Pair will be exchanged under the FX Transaction.

Value Today Contract means an FX Transaction where the Value Date is the same day as the Trade Date.

Value Today Exchange Rate means the price of one currency in terms of another currency for delivery on the Trade Date.

Value Tomorrow Contract means an FX Transaction where the Value Date is the business day after the Trade Date.

Value Tomorrow Exchange Rate means the price of one currency in terms of another currency for delivery one business day after the Trade Date.

XYLO or XYLO Foreign Exchange means the platform offered by Westpac Banking Corporation.

We, us, our, or Westpac means Westpac Banking Corporation.

Westpac Group means Westpac and its related bodies corporate.

You or your means the customer using XYLO.



CONTACT US

- > CALL. 1300 995 639
- > FAX. 1300 995 640
- > EMAIL. customercare@xylo.com.au

Backed by:

