

ISSUED BY: ST.GEORGE BANK
A DIVISION OF WESTPAC BANKING CORPORATION
ABN 33 007 457 141 AFSL 233714
EFFECTIVE DATE: 1 MARCH 2010

FOREIGN EXCHANGE TRANSACTIONS

IMPORTANT NOTICE

Transactions involve various risks including movements in currency rates and interest rates. You can make losses and that is a risk you take. If you do not understand the risks or are not willing to accept the risks or make losses, you should not enter into these transactions with us.

The information set out in this document is general in nature and does not and is not intended to take into account your particular needs, objectives or financial situation. By providing it, St.George does not intend to provide financial advice or any financial recommendations. You should read this Product Disclosure Document carefully and consider whether this product is appropriate to your particular needs, objectives and financial situations. You may also seek independent expert advice before making a decision about whether or not this product is suitable for you.

PRODUCT DISCLOSURE STATEMENT



This PDS for Foreign Exchange Transactions was prepared on 1st March 2010. However it is intended for use only for the financial products provided after the effective date shown on the cover.

Risk Overview

The nature of a Foreign Exchange transaction (**FX transaction**) is such that having agreed to undertake the transaction, you are precluded from gaining any benefit resulting from a favourable *exchange rate* movement in the relevant *currency pair* between the time you enter into the transaction and when *settlement* occurs.

Purpose

What purpose are FX transactions used for?

An FX transaction may be used by you if you have a need to exchange one currency for another currency at an agreed *exchange rate* for *settlement* within the next two *business days*. Generally, FX transactions are used by persons that have an underlying transaction which requires the exchange of one currency for another currency.

Suitability

Do I have sufficient knowledge about these products?

An FX transaction may be suitable for you if you have a reasonable level of understanding of foreign exchange markets.

If you are not confident about your understanding of these things, we strongly suggest you seek independent advice before making a decision about this product.

Description

What does a Foreign Exchange transaction do?

An FX transaction is an agreement between you and St.George whereby you agree to exchange or deliver an amount of one currency for an amount of another at:

- an agreed *exchange rate*; for
- *settlement* within the next two *business days* (the date of *settlement* is called the *value date*)

What is an exchange rate?

An *exchange rate* is the price of one currency expressed in terms of another currency. In every *exchange rate* there are two currencies (known as the *currency pair*).

For example, AUD/USD 0.5000 means that 1 Australian dollar (AUD) is worth 0.5000 United States dollars (USD)

The *currency pair* must be acceptable to St.George – further details are available on request.

How does St.George determine my exchange rate?

The *exchange rate* offered to you is linked to the “*inter-bank market*” rate and adjusted (either upwards or downwards) to remunerate St.George for the service provided.

Your Exchange Rate = Inter-Bank Foreign Exchange Rate \pm Adjustment

The magnitude of the adjustment will vary from customer to customer and will be influenced by:

- the size of your transaction, and St.George's inability to trade smaller transactions on the *inter-bank* market;
- the frequency of which you enter into FX transactions with St.George;
- market volatility;
- the *currency pair* and the time zone in which you choose to trade.

It should be noted that *exchange rates* quoted in the media generally reference *inter-bank* rates and will usually differ from the *exchange rates* quoted to you.

What happens on the value date?

On the *value date*, you will be required to deliver the currency you are exchanging to St.George by either telegraphic transfer or from a foreign currency account. On receipt of your currency, St.George will deliver the agreed amount of the other currency in accordance with your instructions.

What value dates are acceptable?

When entering into an FX transaction, you may choose one of the following *value dates*:

1. **Value Today** – *settlement* takes place on the same day as the *trade date*;
2. **Value Tomorrow** – *settlement* takes place one *business day* after the *trade date*; or
3. **Value Spot** – *settlement* takes place two *business days* after the *trade date*.

It is important to note that this Product Disclosure Statement does not apply to:

- an FX transaction that is settled immediately; or
- an FX transaction when *settlement* takes place more than two *business days* after the *trade date*. This type of FX transaction is called a Forward Exchange Contract. (A separate Product Disclosure Statement for these types of transactions is available on request).

Are there any St.George credit requirements prior to dealing?

Before entering into an FX transaction, St.George will need to assess your financial position to determine whether or not your situation satisfies our normal credit requirements. St.George will advise you of the outcome of its review shortly after your application.

If your application is successful, you may be required to sign St.George's standard finance documentation. That documentation will set out the terms of the credit approval and other matters relevant to your application.

Our assessment of your financial position is made only to determine your credit worthiness. By doing this, we are not making any assessment of the suitability of this product to your financial situation.

Cost of Product

St.George will derive a financial benefit from the FX transaction by quoting to you an adjusted *inter-bank* foreign exchange rate. The magnitude of the adjustment will vary on a case-by-case basis. Some of the factors affecting this adjustment are set out in the section above headed "Description - How does St.George determine my *exchange rate*?"

Are there any fees and charges applicable to an FX transaction?

There are no direct fees and charges relating to an FX transaction, however, there are fees and charges payable for the services that are commonly used in conjunction with this product. These fees and charges, set out in the table below, are current as at the date of this PDS. You may request information on our current fees and charges by calling the telephone number of the Treasury department you have been dealing with or closest to you listed on the back page of this PDS.

1. Bank Cheques

Bank cheque purchase or replacement

- Staff assisted \$8.00
- Via Business Banking Online or Internet banking \$6.00
(not available to BankSA customers)

Stopping a payment on a bank cheque through Business Banking Online or Internet banking (single item) \$8.00

2. Bank Drafts Issued

Issue of Bank Draft (regardless of currency or amount) \$25.00

Replacement/Stop payment/Amendment/ Refund of Bank Draft (plus correspondent bank charges) \$38.00

Repurchase (when Bank Draft is presented over the counter) \$20.00

Advice of fate/trace on a Bank Draft (plus correspondent bank charges) \$27.00

3. Telegraphic Transfers

Inward Overseas Telegraphic Transfer (\$A received or foreign currency received and converted to \$A, plus correspondent bank charges)

- credited to an account with St.George \$15.00
- paid to another institution \$38.00
- representing a pension and credited to a nominated pension account held with St.George Free

Overseas Telegraphic Transfer (plus correspondent bank charges)

- Staff assisted \$32.00
- Via Business Banking Online or Internet banking \$20.00

Cancellation and return of funds (plus correspondent bank charges)

- Staff assisted \$32.00
- Via Business Banking Online or Internet banking \$25.00

Amendment to payment details (plus correspondent bank charges)	
- Staff assisted	\$21.00
- Where Telegraphic Transfer was purchased via Business Banking Online or Internet banking	\$15.00
Trace on Telegraphic Transfer (plus correspondent bank charges)	
- Staff assisted	\$27.00
- Via Business Banking Online or Internet banking	\$25.00

4. Foreign Items Purchased

Foreign currency cheque negotiated (Funds on hold for 20 Business Days)	
- Single lodgement	\$10.50
- Multiple lodgements (per item)	\$5.40
- Pension cheques negotiated	Free
Foreign Item Cheque dishonour fee (plus correspondent bank charges)	\$32.50
Foreign bills for collection (plus correspondent bank charges)	\$40.00
Inward bills for collection (items received from overseas bank for collection)	\$40.00

Advantages / Benefits

- An FX transaction provides you with protection against unfavourable currency movements from the time you deal until *settlement*.
- FX markets are actively traded and allow timely access.

Disadvantages / Risks

- You will not gain any benefit resulting from a favourable *exchange rate* movement between the time you deal and *settlement*.
- There is no cooling off period.
- St.George, as the counterparty to an FX transaction, must fulfil its contractual obligations to you in the manner set out in the relevant contract. If St.George is unable to fulfil those obligations, you will be exposed to market fluctuations as if you had not entered into an FX transaction. However as an Authorised Deposit Taking Institution, St.George is subject to

prudential regulation, which is intended to reduce the likelihood of St.George not being able to fulfil its contractual obligations

Settlement

At the time of entering into an FX transaction, you can specify the *value date*, being the date when exchange of currency takes place. If you do not specify a *value date* the default *value date* will be 2 *business days* from the day on which you enter into the transaction (called the "*trade date*").

What happens on the value date?

On the *value date*, you will need to deliver your currency to St.George in clear funds. On receipt of your currency, St.George will in turn deliver the agreed amount of the other currency in accordance with your instructions.

Early Termination

You can request St.George to terminate the FX transaction at any time before *settlement*. At your request, we will quote to you the *exchange rate* for a transaction that would terminate your obligation to make delivery under your original FX transaction. This second transaction may, depending on how the *exchange rate* has fluctuated, result in you being required to make a further payment to St.George. Alternatively, St.George may be required to make a payment to you.

Documentation

You will be required to sign a dealing agreement with St.George. There are two types of agreements that are commonly used to document foreign exchange transactions:

- A facility agreement with St.George which incorporates either St.George's Standard Terms for Financial Markets Transactions or St.George's General Standard Terms (of which this product disclosure statement forms part); or
- An International Swaps and Derivatives Association Master Dealing Agreement (ISDA).

We will advise you which of these we will require, based on what is most suitable for you.

Each of the above documents governs the contractual relationship between you and us in relation to the FX transaction. The terms of that document may also set out the terms and conditions that apply to other transactions that we enter into with you.

In particular, it documents the situations where those transactions can be terminated and the way the amount payable following termination is calculated. A copy of the agreement is available on request and we strongly recommend that you fully consider its terms prior to entering into any transaction. You should obtain independent advice if you do not understand any aspect of the document.

Confirmation

Shortly after entering into a Foreign Exchange Transaction, St.George will send you a *confirmation* outlining the commercial terms of the transaction. This *confirmation* will need to be signed by you and returned to St.George.

Warning

It is extremely important that you check the *confirmation* to make sure that it accurately records the terms of the transaction. In the case of a discrepancy, you will need to inform your St.George representative as a matter of urgency.

Example

The example below is indicative only and uses rates and figures selected by us to demonstrate how the product works. In order to assess the merits of a particular FX transaction, you would need to use the actual rates and figures quoted to you at the relevant time.

Scenario

Assume you are an Australian based importer due to pay USD 100,000 in 2 day's time for goods purchased overseas. At that time you will need to convert your AUD into USD in order to make the payment. Assume the current AUD/USD *exchange rate* quoted to you is 0.6000 for value spot (i.e. 2 *business days settlement*).

If I do nothing, what exchange rate risks do I face?

If you did nothing, the amount of AUD you will pay in 2 days time for your underlying USD exposure will depend on the *exchange rate* quoted to you for value that day.

If the AUD goes up, the USD will become less valuable and as a consequence, you will require less AUD when it comes time to pay for the USD. Assume in this example that the AUD rises to 0.6050 then you will pay:

AUD 165,289.26 (i.e. USD100,000 / 0.6050)

If the AUD goes down, the opposite occurs and you will need to pay more AUD. Assume the AUD falls to 0.5950, then you will pay:

AUD 168,067.23 (i.e. USD100,000 / 0.5950)

How will the FX transaction change this?

If you enter into an FX transaction to purchase USD100,000 and sell AUD at the quoted *exchange rate* of 0.6000, then regardless of whether the AUD rises or falls over the next 2 days, you will be required to pay:

AUD 166,666.67 (i.e. USD100,000 / 0.6000)

By entering into an FX transaction, you have removed the uncertainty of *exchange rate* fluctuations over the next 2 days. However, you have also lost the opportunity to take advantage of any favourable movements.

Code of Banking Practice compliance

If you are an individual or a *small business*, the relevant provisions of the Code of Banking Practice will apply to this product.

This PDS contains the general descriptive information we are required to make available to customers and potential customers under the Code of Banking Practice and it is advisable that you inform us promptly when you are in financial difficulty

Significant taxation implications

Taxation law is complex and its application will depend on each person's individual circumstances. When determining whether or not his product is suitable for you, you should consider the impact it will have on your own taxation position and we encourage you to seek independent tax advice on the tax implications it may have for you.

Factors that may influence our advice

This document has been designed to help you choose the right product for you. When you ask for a recommendation, please be assured that our staff members will always explain your choices and point you to the product that best suits your needs.

Sometimes our staff may be eligible for incentives, including cash incentives, for achieving or exceeding sales targets.

Your privacy

- (a) When you apply for this product from us, the application form contains a privacy statement which sets out in more detail how we use and when we disclose your personal information in relation to the product.
- (b) We handle your personal information in accordance with the privacy statement in the application form for the product applied for or our privacy brochure, entitled "Protecting Your Privacy". You can obtain a copy of the brochure by asking at any branch or by calling 13 33 30. Our privacy policy is also available by visiting our website at **stgeorge.com.au**
- (c) We acknowledge that, as well as our duties under legislation, we owe a general duty of confidentiality to you. However, in some cases we may disclose your personal information if:
 - (i) disclosure is compelled or permitted by law; or
 - (ii) there is a duty to the public to disclose; or
 - (iii) our interests require disclosure; or
 - (iv) disclosure is made with your express or implied consent.
- (d) You agree that we may disclose to a *related entity*:
 - (i) information about you that is necessary to enable an assessment to be made of your total liabilities (present and future) to us and that *related entity*; and
 - (ii) any other information concerning you, if the *related entity* provides financial services related or ancillary to those provided by us, unless you tell us not to in writing.
- (e) We, or any *related entity* to whom we disclose information pursuant to paragraph (d), may disclose information about or provided by you to employees or outside contractors for the purpose of our or the *related entity's* businesses. Any outside contractor to whom we or a *related entity* disclose information will have access to that information only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.
- (f) You agree that we may disclose information about you in those cases where the Privacy Act 1988 (Cth) permits disclosure of such information.
- (g) On a written request by you, we will provide you with our record of your address, occupation, marital status, age, sex, products or accounts you hold with us and statements relating to those products and accounts. We may charge you our reasonable costs of supplying this information. Any fee is shown in the "Fees and Charges and how to minimise them" booklet. You may request the correction of any of this information concerning you that we hold. We will deal with your request for access to information or correction of information within a reasonable time.
- (h) You must promptly inform us of any change of your name or address.
- (i) Unless you give us a written instruction not to do so, we may from time to time send you information concerning financial and other services offered by us or *related entities*.

- (j) You may from time to time be contacted by representatives of us or *related entities*. Those representatives may be either employees of, or contractors to us or the *related entity*. Any person who contacts you will have access to information about or provided by you only for the purpose of our or the *related entity's* business and will be strictly prohibited from using that information for any other purpose.

Appropriate use of our services

- (a) You warrant that your use of the services we provide will not breach any law of Australia or any other country.
- (b) Where we consider it necessary for us to meet our regulatory and compliance obligations:
 - (i) you must provide us with any information we reasonably request;
 - (ii) we will disclose information we hold to regulatory and law enforcement agencies, other financial institutions, third parties and members of the St George Group; and
 - (iii) we may delay, block or refuse to provide any of our services.

We will not be liable to you or any other person for any loss or damage of any kind that may be suffered as a result of us exercising our rights under this clause.

Problems, Disputes and Complaints

- (a) If you believe an error has been made, please notify us by contacting your nearest branch. We will, as soon as possible, correct any error that is found to be ours.
- (b) If you have a problem or complaint about a banking service, you should speak to our Customer Service personnel. You can do this by calling the General Customer Enquiries on 13 33 30.
- (c) To assist us in resolving your problem or complaint, you should:
 - (i) report it promptly;
 - (ii) state clearly the nature of the problem or your particular grievance; and
 - (iii) have available all documents and background information.

Disputes

- (d) If the matter is not resolved to your immediate satisfaction, you can follow the complaints procedures set out below. Please also refer to our "Customer Satisfaction" brochure for further information about disputes. It is available at any of our branches.

Complaints

- (e) You can lodge a complaint at any of our branches or telephone or write to the Senior Manager, Customer Relations at our head office in Sydney as follows:

Locked Bag 1
Kogarah NSW 1485
Telephone: (02) 9553 5173 (metropolitan) or
1800 804 728 (if outside metropolitan area)

- (f) If we do not immediately resolve your complaint to your satisfaction, we will advise you in writing of our procedures for investigating and handling complaints. We will notify you of the name and contact number of the person who is investigating your complaint.

- (g) If it is unclear whether you have contributed to any loss that is the subject of any complaint you make to us, we will consider all reasonable evidence, including all reasonable explanations for a transaction occurring.
- (h) Normally, we will complete the investigation of your complaint and inform you of the results of our investigation within 21 days of receiving a complaint. Unless there are exceptional circumstances, we will complete our investigation within 45 days.
- (i) Where an investigation continues beyond 45 days, we will inform you of the reasons for the delay, give you monthly updates on the progress of the investigation and a date when a decision can reasonably be expected. We will not do this if we have requested a response from you and we are waiting for that response.
- (j) The next available step is the Financial Ombudsman Service (FOS). This is a free, external and independent process for resolving disputes between banks and customers, provided the Financial Ombudsman Service has the power to deal with your dispute. In addition, if your complaint relates to the way we handle your personal information, then you have a right to complain to the Ombudsman. The contact details of the Financial Ombudsman Service are as follows:
- GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Facsimile: (03) 9613 6399
- (k) There are other external avenues for dealing with disputes. Your State or Territory Government has a consumer rights protection agency such as the Department of Consumer Affairs.

Electronic Communications

- (a) You will be requested to agree to us providing you with statements, notices and other information relating to your product either:
- (i) by e-mail; and /or
 - (ii) by making the statement, notice or information available at our website, provided:
 - (i) we alert you by e-mail of the availability of this information; and
 - (ii) we provide you with the ability to readily retrieve and retain the information.
- (b) If you do agree to receive paper copies of the relevant statements, notices and other information relating to your product by e-mail or other electronic form:
- you will not receive a paper copy of the relevant statements, notices and other information relating to your product,
 - you will need to regularly check to see if you have received any e-mails from us;
 - you will need to maintain and check your electronic equipment through which you will receive e-mail and your e-mail address regularly to ensure it is always capable of receiving an e-mail; and
 - you will be responsible for printing and saving important information- and we strongly recommend that you do so.
- (c) You may cancel your authorisation to receive statements, notices or other information relating to your product by e-mail at any time by contacting us.
- (d) We will send you all statements and other notices and information to the most recent e-mail address you have supplied to us. You must ensure you notify us of any change in your e-mail as soon as possible. You may do this by contacting us at our Treasury Departments on the telephone number (between 8.00 am and 5.00 pm Monday to Friday), on the fax number or the address listed on the back of this booklet.
- (e) You may request a paper copy of any statement, notice or other information relating to your product provided to you by e-mail or electronic form within 6 months from the date of receipt of a statement or electronic communication. We will not charge you a fee for this.

Glossary

The following definitions apply in this PDS.

business day means a working day in the designated financial centre of both countries of the *currency pair*. A *business day* for Australian dollars is a day St.George are open in New South Wales unless otherwise specified in the *confirmation*. A *business day* does not include a weekend day, public or bank holiday within the designated financial centre.

confirmation means the record of commercial terms of the relevant contract between you and St.George to be prepared by St.George following entry into of a contract.

currency pair means the two currencies agreed to be exchanged.

exchange rate means what one currency is worth in terms of another.

inter-bank means the business conducted between banks. For example, inter-bank rates are FX rates large international banks quote other large international banks.

related entity means a company owned by us.

settlement means the physical exchange of the two currencies in the *currency pair*.

small business means a business employing:

- (a) less than 100 full-time (or equivalent) people, if the business is or includes the manufacture of goods; or
- (b) in any other case, less than 20 full-time (or equivalent) people,

but does not include a business that obtains this product for use in connection with a business that does not meet the elements in (a) or (b) above.

spot date means the *spot value date* (i.e. two *business days*) for the relevant *currency pair*.

trade date means the date the transaction is agreed upon between the two parties involved in the transaction.

value date means the date the two currencies in the *currency pair* are due to be exchanged. For FX transactions, *value date* can also be referred to as settlement date or delivery date. The value date for a spot transaction is two *business days*.

Sydney:

Level 11, 55 Market Street
Sydney NSW 2000
GPO Box 4444 Sydney 2001
Telephone: (02) 9320 5555
Facsimile: (02) 9320 5589

Melbourne:

Level 8,
530 Collins Street
Melbourne VIC 3000
Telephone: (03) 9640 8666
Facsimile: (03) 9640 8633

Perth:

Level 11,
152-158 St.Georges Tce
Perth WA 6000
Telephone: (08) 9265 7553
Facsimile: (08) 9265 7556

Brisbane:

Level 4,
345 Queen Street,
Brisbane QLD 4000
Telephone: (07) 3232 8841
Facsimile: (07) 3232 8838

Adelaide:

Level 3,
97 King William St,
Adelaide SA 5000
Telephone: (08) 8424 5597
Facsimile: (08) 8424 4119

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