

FOREIGN EXCHANGE TRANSACTIONS

PRODUCT DISCLOSURE STATEMENT



Global Business Payment

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1. Purpose

This Product Disclosure Statement (PDS) contains information about Foreign Exchange Transactions (FET's). Travelex is providing you with this PDS so that you receive important information about FET's including their benefits, risks and costs.

The purpose of this PDS is to provide you with sufficient information for you to determine whether an FET meets your needs. This PDS will also allow you to compare the features of other products that you may be considering.

Please read this PDS carefully before purchasing an FET. In the event that you enter into an FET you should keep a copy of this PDS along with any associated documentation for future reference.

The information set out in this PDS is general in nature and has been prepared without taking into account your objectives, financial situation or needs. Before dealing in FET's you should consider whether it is appropriate, having regard to your own objectives, financial situation and needs. This PDS does not constitute financial advice or a financial recommendation.

An FET may be suitable for you if you have a reasonable level of understanding of foreign exchange contracts and markets.

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

If you have any questions or need more information, please contact Travelex or refer to our website www.travelexbusiness.com/au.

2. Issuer

Travelex Limited is the Issuer of this financial product.

This PDS has been prepared by Travelex Limited
ABN 36 004 179 953
AFSL Number 222444

Further information about Travelex and the Travelex group of companies can be found at www.travelexbusiness.com/au

3. What is an FET?

In general terms foreign exchange is the conversion of one currency to another at an agreed exchange rate.

An FET is a binding agreement between you and Travelex in which one currency is sold or bought against another currency at an agreed exchange rate on the current date or at a specified future date. The day that you order your currency is referred to as the Trade Date; the day that you are required to make payment for your currency (and the day that we exchange currencies) is referred to as the Value Date.

Travelex offers the following three types of FETs:

- Value Today – refers to FETs where the Value Date and the Trade Date are the same day
- Value Tomorrow – refers to FETs where the Value Date is one business day after the Trade Date
- Value Spot – refers to FETs where the Value Date is two business days after the Trade Date

In addition to these FET's we also offer foreign exchange products that are settled beyond two business days. These are referred to as Forward Exchange Contracts. Vanilla Foreign Exchange Options and Structured Foreign Exchange Options. Separate Product Disclosure Statements are available for each of these products.

4. How does an FET work?

When you enter into an FET you nominate the amount of currency to be bought or sold, the two currencies to be exchanged and the type of FET (Value Today, Value Tomorrow or Value Spot). The currencies that you wish to exchange must be acceptable to Travelex.

Travelex will determine the exchange rate applicable to the FET based on the currencies and the Value Date that you have nominated.

On the Value Date you are required to deliver the currency that you are exchanging in accordance with the exchange rate determined by Travelex and agreed by you at the time the FET was entered into. Upon receipt Travelex will pay you or your nominated beneficiary the amount of currency that you have purchased.

5. How Does Travelex determine the foreign exchange rate?

A foreign exchange rate is the price of one currency (the Base Currency) in terms of another currency (the Terms Currency). A quotation shows how many units of the Terms Currency will equal one unit of the Base Currency. For example the foreign exchange rate AUD/USD 0.7215 means one Australian dollar is equal to 72.15 US cents. In this example the Australian dollar is the Base Currency and the US Dollar is the Terms Currency.

Exchange rates are quoted on the interbank market and fluctuate according to supply and demand. This market is restricted to authorised exchange dealers and banks that constantly quote to each other at wholesale rates and in minimum parcel sizes.

Factors that influence supply and demand include:

- Investment inflows/outflows
- Market sentiment or expectations
- Economic and political influences
- Import/export of goods and services

Exchange rates quoted in the media generally refer to interbank rates and will usually differ from exchange rates quoted to you.

Travelex sets its Spot Rate by applying a margin to the Interbank Exchange Rate that it receives. Travelex determines this margin by taking account of a number of factors, including:

- The size of the transaction
- The currency pair
- Market volatility
- The time zone you choose to trade in
- The frequency with which you trade with Travelex

The exchange rate that Travelex provides you for Value Today and Value Tomorrow transactions are determined by Travelex adjusting its Spot Rate. This adjustment can be either an addition or subtraction and reflects the costs or benefits associated with the interest rate differential between the currencies that are being exchanged.

6. Cost of an FET

When you enter into an FET you agree to make a physical payment of one currency to Travelex in exchange for the physical receipt of another currency. The amount that you pay to us is determined by the exchange rate that we agree.

You will not be charged any additional entry fees for an FET but other fees or charges may apply for related services such as telegraphic transfers/drafts that are made in connection with the FET.

You may be charged some transaction fees upon settlement or delivery of an FET if this is carried out via a telegraphic transfer or draft. Transaction fees for telegraphic transfers and drafts are in addition to the costs of an FET detailed above.

The level of transaction fee we charge you for these services will vary based on:

- The size of the transaction
- The relevant currency involved
- How often you transact with us
- The country to which the funds are being sent

Travelex will advise you of any transaction fees before you establish a trading relationship. Travelex may vary these fees from time to time and will provide you with notice prior to doing so.

In addition to the fees charged by Travelex for sending payments by telegraphic transfer, any correspondent, intermediary or beneficiary bank(s) which facilitates the sending or payment of a telegraphic transfer may impose their own additional fees or charges which may be deducted from the amount paid to you or your beneficiary.

In relation to drafts please consult the Drafts Product Disclosure Statement which is available by contacting Travelex or by visiting our website at www.travelexbusiness.com/au.

For further information in relation to the cost of telegraphic transfers/drafts in connection with an FET contact your Travelex representative.

7. Benefits of an FET

By entering into an FET you will be protected from any adverse movement in the exchange rate that occurs after the Trade Date.

8. Significant risks of an FET

The following are the significant risks associated with FETs:

- There is no cooling off period.
- You are legally obligated to exchange the currency at the agreed exchange rate. As such, you will not be able to take advantage of preferential exchange rate movements that occur prior to the Value Date.
- As counterparty to your FET you are relying upon Travelex to be able to perform its obligations to you upon maturity of the contract. As a result you have counterparty risk; you are relying on Travelex's financial ability to fulfill its obligations to you under the contract. To aid in your assessment of this risk Travelex will provide you with a copy of its latest audited financial statements upon request. You may request a copy of our most recent financial statements by emailing us at enquiry@travelex.com.au.

9. Terms and Conditions and other documentation

Each FET which you enter into will be subject to the Terms and Conditions for doing business with Travelex. You will be required to sign these before entering into an FET for the first time.

In addition to our Terms and Conditions you will also need to provide us with the following signed documentation together with such other "Know your Customer" information that Travelex may require in its standard application:

- Direct Debit Request form

A copy of this form can be obtained by contacting Travelex.

Upon completion of these documents Travelex will conduct an accreditation process. Accreditation and acceptance of a customer is at Travelex's sole discretion.

The main checks that are relevant to the accreditation of a customer are:

- Verification of a customer's identity in accordance with relevant AML/CTF laws
- A successful credit check conducted through a third party credit agency
- An AML risk assessment considering relevant factors such as the nature of a customer's business and the country where the customer will make or receive payments
- A check of a customer's principal officers and beneficial owners against relevant government issued sanction lists

After your application has been accepted you may apply for an FET in accordance with the Terms and Conditions for doing business with Travelex.

10. Instructions, confirmations and telephone conversations

The commercial terms of a particular FET will be agreed and binding at the time of dealing. This may occur verbally over the phone, electronically or in any other manner set out in our Terms and Conditions for doing business with Travelex.

Shortly after entering into an FET Travelex will send you a Confirmation outlining the commercial terms of the deal; this Confirmation is intended to reflect the transaction that you have entered into with Travelex. It is important that you check the confirmation to make sure that it accurately records the terms of the transaction. You should note however that there is no cooling-off period with respect to an FET and that you will be bound once your original instruction has been accepted by Travelex regardless of whether you sign or acknowledge a confirmation. In the event that there is a discrepancy between your understanding of the FET and the Confirmation it is important that you raise this with Travelex as a matter of urgency.

Conversations with our dealing room are recorded in accordance with standard market practice. We do this to ensure that we have complete records of the details of all transactions. Taped conversations are retained for a limited time and are usually used when there is a dispute and for staff monitoring purposes. If you do not wish to be recorded you will need to inform your Travelex representative. However Travelex will not enter into any transaction over the telephone unless the conversation is recorded.

11. An example of an FET

The example below is for information purposes only and uses rates and figures that we have selected to demonstrate how an FET works. In order to assess the merits of any particular FET you should use the actual rates and figures quoted at the relevant time.

An importer is buying goods from the United States and is scheduled to make a payment of USD50,000. The Spot Rate is 0.7000.

If the importer enters into a Value Spot transaction then it will be required to pay AUD71,428.58 in two business days time.

If the importer enters into a Value Today or a Value Tomorrow transaction Travelex will make an adjustment to the Spot Rate to reflect the fact that interest rates in Australia are higher than the US. This will result in a slight addition to the Spot Rate. Assuming that Travelex applies an adjustment of +0.00005 for a Value Today transaction the exchange rate applicable to the Value Today transaction will be 0.70005 and the importer will be required to pay AUD71,423.46 today.

12. Dispute resolution

You should address any complaint relating to the product described in this PDS to your Travelex Representative in the first instance.

If your complaint is unable to be resolved the matter will be automatically escalated to the relevant business unit manager. If a resolution is not reached within a reasonable time period, the matter will be further escalated to Travelex's compliance manager who will in turn refer the matter to senior management for resolution. All complaints are logged at each stage of the process.

If You have any enquiries about our dispute resolution process, please contact the compliance manager at the principal business address listed below, call 1300 732 561 or email us at dispute@travelex.com.au.

If you are dissatisfied with the resolution of a complaint you have the right to refer the complaint to:

Financial Ombudsman Service (FOS)

GPO Box 3

Melbourne, Victoria 3001

Toll Free Number: 1300 780 808

www.fos.org.au

FOS operate an independent dispute resolution scheme.

13. Privacy

In the course of providing foreign exchange services we may collect information about you. The information that we obtain from you or other people is for the purpose of processing your foreign exchange transactions. Certain of this information may be required by us in order to comply with laws and regulations, including anti-money laundering laws.

We may use your information to send you details about Travelex products. If you do not wish to receive such information please let us know. We may also disclose information about you to third party service providers (such as credit checking agencies) who assist us in our business operations and service provision.

Travelex is committed to complying with all privacy laws and regulations. Further information about Travelex's privacy practices can be found at www.travelexbusiness.com/au.

If you would like further information about the way that Travelex manages the handling of personal information, please contact our privacy officer:

- Email: privacy@travelex.com.au
- Mail: Attention Privacy Officer,
Level 12/1 Margaret Street, Sydney NSW 2000; or
- Call: 1800 036 739

14. Taxation

Taxation law is complex and its application will depend on a person's individual circumstances. When determining whether or not these products are suitable you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications it may have for you.

15. Key terms

AUD means Australian Dollar.

Base Currency has the meaning set forth in section 5.

Confirmation means written or electronic advice from Travelex that sets out the commercial details of an FET.

Customer means the entity that signs the Terms and Conditions for doing business with Travelex Limited.

Interbank Exchange Rate means the wholesale Spot Rate that Travelex receives from the foreign exchange interbank market.

Issuer has the meaning of s 761E of the Corporations Act 2001 (Cth).

PDS means Product Disclosure Statement.

Spot Rate means the exchange rate for settlement on a Value Date of two (2) business days from the date the transaction was entered.

Term Currency has the meaning set forth in section 5.

USD means United States Dollar.

Value Date has the meaning set forth in section 3.

'We/we, Our/our, Us/us' means Travelex Limited ABN 36 004 179 953.

'You/you, Your/your' means the Customer.

16. Updates relating to this PDS

The information in this PDS is subject to change. Travelex will issue a supplementary or replacement PDS where new information arises that is materially adverse to the information in this PDS. Where new information arises that is not materially adverse to the information in this PDS Travelex will post such updated information on its website at www.travelexbusiness.com/au. You may request a copy of this information from your Travelex representative or by contacting Travelex on 1300 732 561.

17. Contact details

General enquiries

1300 732 561

www.travelexbusiness.com/au

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