



Equity Options

**Options and Approved Options
with Loans on ASX listed Securities
National Australia Bank Limited.**

Product Disclosure Statement

Effective date of issue 24 January 2024
Issued by National Australia Bank Limited
ABN 12 004 044 937 and AFSL 230686

Important Information

Issuer and contact details

This Product Disclosure Statement (“PDS”) is issued by National Australia Bank Limited (“NAB”) ABN 12 004 044 937 AFSL 230686 and is dated 24 January 2024. It provides general information relating to Options and Approved Options with Loans and should be read before making a decision to enter into these transactions. More information can be obtained by speaking to your advisor or your NAB Markets representative.

If you have received this PDS electronically you can get a paper copy without charge by speaking to your advisor or your NAB Markets representative.

NAB’s contact details are set out on the back page of this PDS.

Updated information

The information in this PDS is subject to change. If the change is materially adverse NAB will provide updated information by issuing a supplementary or replacement PDS which will be made available on NAB’s website www.nab.com.au

If the change is not material, NAB will publish a notice of the change on the Wholesale Banking website www.nab.com.au. You can also access this updated information by speaking to your advisor or your NAB Markets representative.

You can get a paper copy of any updated information without charge by speaking to your advisor or your NAB Markets representative.

Australian distribution only

This PDS is intended for distribution in Australia only. Receipt of it in jurisdictions outside Australia may be restricted by local law.

The offer to which this PDS relates is only available to persons who are Australian residents and who receive this PDS (electronically or otherwise) in Australia.

Anyone who comes into possession of this PDS, who is not in Australia, should seek advice. If you are in Australia and have received it electronically, you can get a paper copy on request, without charge, by calling NAB Markets on 1800 343 070.

Examples

Examples used in this PDS are hypothetical only and do not reflect the rates or figures for any particular Option or Approved Option with Loan. In order to assess an Option or Approved Option with Loan, you need to use the rates and figures applicable to that Option or Approved Option with Loan at the relevant time and not the rates and figures used in any example in this PDS.

General information only

The information set out in this document is general in nature. By providing this PDS, NAB does not intend to provide financial advice or any financial recommendations. It has been prepared without taking into account your objectives, financial situation or needs. Before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. You should carefully read and consider all of the information in this PDS (including the form of the Equity Options Master Agreement set out in Part B) and seek independent financial, legal and tax expert advice before making a decision about whether or not Options or Approved Options with Loans are suitable for you.

Not deposits, protected or guaranteed

Options and Approved Options with Loans are not deposits, are not protected accounts for the purposes of the Financial Claims Scheme and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any government of another jurisdiction.

National Margin Services Pty Ltd (“NMS”) (ABN 81 088 233 872) acts as Sponsor and NMS Nominees Pty Ltd (“NMS Nominees”) (ABN 62 088 233 792) acts as Nominee in connection with Options and Approved Options with Loans. Neither NMS nor NMS Nominees are authorised deposit-taking institutions and their obligations in connection with an Equity Options Facility do not represent deposits or other liabilities of NAB and are not protected accounts for the purposes of the Financial Claims Scheme. NAB does not guarantee the obligations or performance of NMS or NMS Nominees or the products or services they offer in connection with an Equity Options Facility.

Privacy policy

NAB collects personal information from its customers in order to better service them. NAB’s privacy policy explains the manner in which such personal information is collected and managed. A copy of the policy may be obtained by calling telephone banking, contacting branches or visiting the NAB website at www.nab.com.au.

Telephone recording

Calls to or from your NAB Markets representative are recorded to assist NAB with its dispute resolution process.

Banking Code of Practice (Banking Code)

We have adopted the Banking Code which lays down standards of good banking practice for dealing with small businesses and individuals. A copy of the Banking Code can be obtained by calling 13 22 65.

ASX listed entities

The Securities underlying Options and Approved Options with Loans have been issued by entities listed on the ASX.

Each listed entity is obliged by law to disclose all information that a reasonable person would expect to have a material effect on the price or value of the Securities (subject to particular kinds of information which are of a confidential nature). Such information is released to the ASX and may also be available directly from each listed entity. Information about the listed entities can also be obtained from other sources, including investment advisers and stockbrokers.

Please note that NAB makes no recommendation, statement or assurance about the performance of the listed entities or the Securities or the adequacy of disclosure by such entities about them.

Please also note that simply because an ASX listed Security is on an approved list for Options or Approved Options with Loans does not mean NAB recommends or endorses it. Potential investors should make their own assessment of the listed entities and seek advice from their professional advisers.

Cooling off period

There is no cooling off period once Option or Approved Option with Loan details have been negotiated and agreed over the telephone.

Ethical considerations

NAB has not taken into account any labour standards or environmental, social or ethical considerations in the selection, retention or realisation of any Securities for Options or Approved Options with Loans.

Your circumstances

Options and Approved Options with Loans should only be entered into if you understand their terms and risks and if their use is consistent with your investment and risk management strategy and your financial circumstances. Monitoring of any risks associated with these transactions is your responsibility.

Defined terms

Unless the context requires otherwise, capitalised terms which are not otherwise defined in this PDS have the meaning given to them in clause 23 of the Equity Options Master Agreement set out in Part B of this PDS or the Glossary in Section 12 of Part A of this PDS.

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Part A – General Terms

Section 1. Key Features

Introducing Options and Approved Options with Loans

This section of this PDS contains a summary of the features of:

- equity put, call and collar options which you may enter into with NAB; and
- Approved Options with Loans which you may enter into with NAB,

under an Equity Options Master Agreement substantially in the form set out in Part B of this PDS (the “**Equity Options Master Agreement**”), together with references to other sections of Part A of this PDS where you can find further information on Options and Approved Options with Loans. It is not a complete description of the Options and Approved Options with Loans available and reading it is not a substitute for reading this PDS (including the Equity Options Master Agreement) in its entirety.

In addition to reading this PDS, NAB also recommends, and may require, that you obtain independent legal, financial and tax advice before deciding to enter into any Options or Approved Options with Loans.

Options

What might you use Options for?

Investors may use Options to:

- manage the price risk of their holdings of ASX listed Securities; or
- participate in future price moves of ASX listed Securities.

For further details on using Options, please refer to Sections 2 and 3.

Securities

Options are available for a wide variety of ASX listed Securities.

You can find out whether Options are available for a particular ASX listed Security by contacting NAB, but please note that simply because an ASX listed Security is on an approved list for Options does not mean that NAB recommends or endorses that Security.

For further details on available Securities, please refer to Section 2.

Index Options

We may allow you to enter into Option Transactions over certain Indices we approve from time to time. You can find out whether Options are available for a particular Index by contacting NAB but please note that simply because an Index is on an approved list for Index Options does not mean that NAB recommends or endorses that Index.

For further details on available Indices, please refer to Section 2.

What transaction costs apply to Options?

NAB will quote to you an Option Premium (or, in the case of a Collar Option, a Fixed Option Premium) for you to sell or buy an Option before you buy or sell that Option. The price NAB quotes to you incorporates a price NAB determines by reference to a number of market and other factors, a margin payable to NAB to compensate NAB for its risks and costs and a profit margin. If you buy a Put Option or a Call Option from NAB, you must pay the Option Premium to NAB. If you sell a Put Option or a Call Option to NAB, NAB will pay the Option Premium to you. If you buy a Collar Option from NAB, you may or may not be required to pay a Fixed Option Premium to NAB or you may or may not receive a Fixed Option Premium from NAB. Option Premiums and Fixed Option Premiums are payable or receivable (if applicable) at the time you enter into an Option. If you buy a Collar Option from NAB, you may also be required to pay a Variable Option Premium to NAB or may receive a Variable Option Premium from NAB at the time the Option is exercised.

Other fees, costs and charges may also apply to your Options, including Break Costs if your Options are terminated early.

For further details on fees, costs and charges, please refer to Section 6.

Who may request Options?

Options may be available to individuals, companies, trustees, partnerships and Superannuation Fund trustees. However, the legislation governing Superannuation Funds prevents Superannuation Fund trustees from entering into certain Options. For further details on Superannuation Fund eligibility, please refer to Section 10.

NAB may, in its absolute discretion, reject any request to buy or sell an Option. NAB will tell you promptly if it does not accept your request.

Please note that simply because NAB makes an Option available to you does not mean NAB has considered whether it is appropriate for your circumstances. You are responsible for assessing whether Options are suitable for you and you should obtain independent professional advice in making this assessment.

What are the key features of Options?

Key terms

Options have, among other terms, an agreed Exercise Price (or, in the case of a Collar Option, an agreed Floor Price and an agreed Cap Price), Expiry Date, Option Style (American Options or European Options), Settlement Method (Physical Settlement or Cash Settlement), Option Premium (or, in the case of a Collar Option, Fixed Option Premium) and underlying Security.

Collateral

When you enter into certain Options you will be required to mortgage the underlying Securities to NAB to secure your obligations to NAB. The Agreement contains this Mortgage and supporting sponsorship arrangements in CHES and nominee arrangements. For further details on the collateral requirements for Options, please refer to Section 2.

Minimum value

The minimum notional value for Options (which is determined as the Notional Price x Number of Options) is \$50,000.00. NAB may, at its discretion, accept a request for Options for a lesser amount.

Term to Expiry Date

You can choose a term for an Option from 30 days to 5 years. NAB may, at its discretion, accept a request for Options for either a shorter or a longer term.

Index Option

An Index Option gives you exposure to the performance of the relevant Index over the relevant term of the Transaction. Index Option Transactions are limited to bought Puts, bought Calls, bought put spreads and bought call spreads. The descriptions in relation to Option Transactions over securities are broadly applicable to Index Options. However, you should note the following differences between Option Transactions over securities and Option Transactions over an Index:

- While there are no actual securities for an Index Option Transaction, the Number of Options for an Index Option Transaction will be determined by dividing the notional amount for the Index Option by the Index level determined by NAB at the time you enter into the Transaction. This will be specified in your Confirmation. The Number of Options for an Index Option Transaction might not be a whole number.
- For example, if you buy a Call Option over the S&P/ASX 200 Index with a notional value of \$100,000 and, at the time of entry into the Transaction NAB determines the Index level to be 5,000, this will be treated as you purchasing 20 Call Index Options ($100,000 \div 5,000$). The Securities per Option for an Index Option will generally be one;
- The Exercise Price for an Index Option will be determined by reference to a specified level of the relevant Index, as set out in your Confirmation, multiplied by \$1;
- Physical Settlement will not be available for Index Options (i.e. they must be Cash Settled);
- The Cash Settlement Amount at the Exercise Date for an Index Option will be calculated by reference to a comparison of the Closing Level of the relevant Index on the Exercise Date (multiplied by \$1) against the Exercise Price for the Index Option; and
- all Index Options that are In-the-Money at the Exercise Date will be Automatically Exercised. Put Index Options cannot be Approved Options.

Approved Options with Loans

What might you use Approved Options with Loans for?

When you enter into certain Approved Options, you may also enter into Loans.

An Approved Option with Loan must be used for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Approved Option;
- to pay the premium payable for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or
- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

For further details on using Approved Options with Loans, please refer to Sections 2 and 3.

Approved Options

A Loan must be linked to an Approved Option. The Approved Options for Loans are:

- Put Options where you are the Buyer; and
- Collar Options (including Zero Cost Collar Options) where you are the Buyer.

In each case the Option Style must be European.

An Approved Option must not be linked to more than one Loan. An Approved Option may be either an existing or new Approved Option, provided that it has an Expiry Date at least 6 months after the date NAB makes you an advance under the Loan which is to be linked to that Approved Option.

For further details on Approved Options, please refer to Sections 2 and 3.

What transaction costs apply to Approved Options with Loans?

The fees, costs and charges applicable to Options outlined above also apply to Approved Options.

In addition, interest is payable on the outstanding Principal of the Loan. When entering into an Approved Option with Loan you may request:

- a Fixed Interest Rate;
- a Variable Interest Rate; or
- a combination of both,

to apply to your Loan. The Interest Rate applicable to your Loan, as well as the relevant Interest Payment Dates and Maturity Date, will be set out in the Confirmation for that Approved Option with Loan.

NAB may, at its discretion, also charge you an establishment fee for your Loan of up to 3% of the Principal advanced under the Loan.

NAB may also pay commission to your financial adviser in connection with your entry into an Approved Option with Loan.

Other fees, costs and charges may also apply to your Approved Option with Loan, including Break Costs if your Approved Option with Loan is terminated early.

For further details on fees, costs and charges, please refer to Section 6.

Who may request Approved Options with Loans?

Approved Options with Loans may be available to individuals, companies, trustees and partnerships. NAB may, in its absolute discretion, reject any request to enter into Approved Options with Loans. NAB will tell you promptly if it does not accept your request.

Please note that simply because NAB makes an Approved Option with Loan available to you does not mean NAB has considered whether it is appropriate for your circumstances. You are responsible for assessing whether Approved Options with Loans are suitable for you and you should obtain independent professional advice in making this assessment.

Approved Options with Loans are not available to Superannuation Fund trustees.

What are the key features of Approved Options with Loans?

Facility Limit and maximum and minimum value

In order to enter into an Approved Option with Loan you must have a Facility Limit approved by NAB.

The minimum Facility Limit is \$50,000.00.

The maximum amount that can be advanced in relation to an Approved Option with Loan is an amount up to the:

- Floor Price, in the case of an Approved Option which is a Collar; or
- Exercise Price, in the case of an Approved Option which is a Put,

in each case multiplied by the number of underlying Securities the subject of the Approved Option.

For further detail on the Facility Limit and maximum and minimum values, please refer to Section 2.

Term to Maturity Date

You can choose a term for an Approved Option with Loan from 6 months to 5 years. NAB may, at its discretion, accept a request for Approved Options with Loans for either a shorter or a longer term.

Collateral

In entering into an Approved Option with Loan with NAB, an investor must provide a Mortgage in favour of NAB over the Approved Option and the underlying Securities to which the Loan is linked.

For further detail on the collateral requirements for Approved Options with Loans, please refer to Section 2.

Repayment

You must repay to NAB the Amount Owing in respect of a Loan on the Maturity Date. As well as repayment in cash, if NAB agrees, you may be able to repay the Loan by having the underlying Securities sold or by refinancing the Loan by entering into a new Approved Option with Loan.

For further detail on repayment, please refer to Section 2.

No margin calls

Approved Options with Loans are not subject to margin calls. An Approved Option with Loan enables you to finance the acquisition of approved Securities without exposing you to margin calls in respect of that Approved Option with Loan.

General

Early termination and amendment

Options, Approved Options with Loans and Loans may be terminated before their scheduled Expiry Date or Maturity Date in certain circumstances, including at your request, on your default or as a consequence of certain Corporate Actions, Market Disruption Events or certain Hedging Events affecting NAB. It may also be terminated at your request if we give you notice that we intend to assign, novate, transfer or otherwise deal with your right under the Equity Option Master Agreement. If Options, Approved Options with Loans and Loans are terminated early, you may be required to pay Early Termination Costs to NAB. Options and Approved Options with Loans may also be amended in certain circumstances, including at your request or as a result of certain Corporate Actions or Market Disruption Events or certain Hedging Events affecting NAB. Costs may also apply to an Option and Approved Option with Loan amendment.

For further details on Corporate Actions, Market Disruption Events, Hedging Events affecting NAB, Events of Default, early termination and amendment, please refer to Section 8. For further details on Early Termination Costs and other fees, charges and costs, please refer to Section 6.

What are the key benefits of Options and Approved Options with Loans?

Options and Approved Options with Loans are a versatile financial tool that can be matched to your investment and risk management goals. Options and Approved Options with Loans provide investment and risk management flexibility that may allow a greater tailoring of your investment strategy.

Options and Approved Options with Loans have many potential uses, including diversifying or leveraging your investment portfolio, participating in market movements even when markets are falling, managing risk in your investment portfolio, locking in pricing for future purchases or sales of Securities or generating Option Premium income.

It is important that you consider your individual financial circumstances before entering into Options or Approved Options with Loans.

For further details on the key benefits of Options and Approved Options with Loans, please refer to Section 4.

What are the significant risks of Options and Approved Options with Loans?

Like other investment strategies, entering into Options and Approved Options with Loans involves risk. Just as there is potential to earn returns through Options and Approved Options with Loans, there is also potential for loss. Markets can be volatile and can fall as well as rise.

Risks arising from entering into Options and Approved Options with Loans include the risk of losing any Option Premium or Fixed Option Premium paid, the risk that you will be required to pay significant amounts to NAB (and there may be no limit on the amount you are required to pay), the risk that you will be required to deliver your underlying Securities to NAB at a more unfavourable price than you might get in the market, the risk that your Option or Approved Option with Loan will be amended or terminated if certain events occur, the risk that leveraging your portfolio could magnify any losses you suffer and the risk that you will be required to pay significant costs to NAB if your Options or Approved Options with Loans are amended or terminated before their Expiry Date and/or Maturity Date.

It is important that you consider your individual financial circumstances in relation to these risks before entering into Options and Approved Options with Loans.

For further details on significant risks of Options and Approved Options with Loans, please refer to Section 5.

Taxation considerations

Although a summary of the main Australian taxation consequences for an Australian resident taxpayer who enters into an Option or an Approved Option with Loan with NAB is set out in this PDS, the application of taxation laws to each investor depends on that investor's individual circumstances and you should seek independent professional advice on taxation implications before making any investment decision.

For further details on the key tax outcomes of Options and Approved Options with Loans, please refer to Section 9.

Equity Options Master Agreement

The Equity Options Master Agreement you will be required to enter into with NAB in order to transact in Options and Approved Options with Loans will be substantially in the form set out in Part B. The Equity Options Master Agreement is structured as a master agreement to enable you to enter into a number of different Options and Approved Options with Loans with NAB over time. You should read the Equity Options Master Agreement in its entirety before making a decision to enter into Options and Approved Options with Loans.

For further details on the conditions for entering into Options and Approved Options with Loans, please refer to Section 7.

How to apply for an Equity Options Facility and to request to enter into Options and Approved Options with Loans

To apply for an Equity Options Facility, you should:

1. carefully read all of this PDS (including the Equity Options Master Agreement and the Application Form);
2. consult your professional legal, taxation and financial advisers; and
3. complete and submit a signed Application Form to NAB.

For further details on how to apply for an Equity Options Facility and enter into Options and Approved Options with Loans with NAB, please refer to Section 7.

Section 2. Product Description

OPTIONS

What is the minimum value for entering into Options?

The minimum notional value for Options (which is determined as the Notional Price x Number of Options) is \$50,000.00. NAB may, at its discretion, accept a request for Options with a lesser notional value.

Example: Put Options

You wish to buy Put Options from NAB with the following key terms:

Underlying Security	XYZ
Exercise Price:	\$24.00
Notional Price:	\$25.00
Option Style:	American
Settlement Method:	Physical Settlement

If NAB accepts your request, it will require that you buy at least 2,000 Options to meet the minimum notional value requirements (as $\$50,000.00 \div \$25.00 = 2,000$).

What terms are available for Options?

Unless otherwise agreed with NAB, the minimum term to the Expiry Date for an Option is 30 days and the maximum term to the Expiry Date for an Option is 5 years.

What are the main features of Options?

An Option is a contract between two parties giving one party the right, but not the obligation, to buy or sell a Security or Securities from or to the other party at a predetermined price on (or, in some circumstances, before) a predetermined date.

The right is usually held by the party called the Buyer of the Option but, in the case of a Collar Option, both the party called the Buyer and the party called the Seller have exercise rights.

When the Option is entered into, one party may be required to pay a non-refundable fee to the other party called the Option Premium (or, in the case of Collar Options, the Fixed Option Premium). As this fee is to acquire the rights, this fee is usually payable by the Buyer of the Option but may, in the case of a Collar Option, be payable by either party or not at all.

If the Option is exercised in accordance with its terms, the parties will be required to pay certain amounts and/or to receive or deliver underlying Securities.

What sorts of Options are available?

The Equity Options Facility currently enables you to:

1. buy Put Options;
2. buy Call Options;
3. sell Call Options;
4. buy Collar Options; or
5. buy or sell any combination of Put Options, Call Options and Collar Options permitted by NAB.

Note: Sold Put Options are not currently available as single Options but may be combined with other Options in certain Option combinations. For more detail on Option combinations, see “*Option combinations*” in Section 3.

Depending on your circumstances, not all Options may be available to you. For example, Superannuation Fund trustees cannot currently sell Call Options (other than when the Call Option is combined with certain other Options such that no Option Collateral is required by NAB for that sold Call Option) or buy Collar Options. For more detail on Superannuation Funds, please refer to Section 10.

Further, although the Agreement also provides for other types of Options, these other Options are not currently available and this PDS does not provide any information on these other Options. Entry into other types of Options may involve significant risks which are not discussed in this PDS and these other Options will not be available without a supplementary or replacement PDS being issued in respect of those Options.

Put Options

When you buy a Put Option from NAB it gives you the right, but not the obligation, to sell a specified Security to NAB at an agreed price (the Exercise Price) on an agreed future date (the Expiry Date) (or in some cases up to that Expiry Date). This right expires at the Expiry Time on the Expiry Date. You pay an Option Premium to NAB to buy a Put Option.

When you sell a Put Option to NAB it gives NAB the right, but not the obligation, to sell a specified Security to you at the Exercise Price on the Expiry Date (or in some cases up to that Expiry Date). When you sell Put Options to NAB, NAB will pay the Option Premium to you. NAB does not currently allow sold Put Options to be entered into under the Agreement except in connection with certain Option combinations.

Call Options

When you buy a Call Option from NAB it gives you the right, but not the obligation, to buy a specified Security from NAB at the Exercise Price on the Expiry Date (or in some cases up to that Expiry Date). This right expires at the Expiry Time on the Expiry Date. You pay an Option Premium to NAB to buy a Call Option.

When you sell a Call Option to NAB it gives NAB the right, but not the obligation, to buy a specified Security from you at the Exercise Price on the Expiry Date (or in some cases up to that Expiry Date). When you sell a Call Option to NAB, NAB will pay the Option Premium to you. NAB requires that you provide Option

Collateral to NAB if you wish to sell Call Options – see further “*What collateral must you provide to NAB?*” below.

Collar Options

When you buy a Collar Option from NAB your position is similar to the position you would have had if you had simultaneously bought a Put Option from NAB and sold a Call Option to NAB in respect of the same Security with the same Expiry Date.

You may or may not be required to pay a Fixed Option Premium to NAB to buy a Collar Option. It is also possible that you will receive a Fixed Option Premium from NAB if you buy a Collar Option. Either you or NAB may also be required to pay the other a further Variable Option Premium when the Option is exercised.

For more detail on Call Options, Put Options, Collar Options and combinations of these Options, please refer to Section 3.

What is an OTC Option?

Options are offered on an “OTC” basis. “**OTC**” means that the Option contract between the Buyer and Seller is issued “over the counter”. This means you cannot trade an Option through a securities or futures exchange, or on any other market. Instead, it is a private transaction between you and NAB.

What does it mean to exercise an Option?

Exercising an Option means that the party with the right to do so exercises their right to buy or sell the underlying Securities from or to the other party at the Exercise Price (or, in the case of a Collar Option, at the Floor Price or the Cap Price) on the Expiry Date (or in some cases up to that Expiry Date). An Option will be exercised if it is “In-the-Money” unless the party with the right to exercise the Option notifies the other party that it does not want this to occur. For more detail on when an Option will be “In-the-Money” for either the Buyer or the Seller, please refer to “*“In-the-Money”, “At-the-Money” and “Out-of-the-Money” Options*” below.

Exercising an Option requires the party with the right to exercise the Option to deliver an Exercise Notice stating that they wish to exercise the Option to the other party unless the Option will otherwise be Automatically Exercised at the Expiry Time. When you wish to exercise an Option before the time for Automatic Exercise (if permitted), this Exercise Notice must be given to NAB by telephone. When NAB wishes to exercise an Option before the time for Automatic Exercise (if permitted), NAB will give you this Exercise Notice by telephone, fax or email.

What does Automatic Exercise mean?

All Options that are “In-the-Money” or “At-the-Money” at the Expiry Date for the party with the right to exercise the Option and have not been previously exercised will be Automatically Exercised at the Expiry Time on the Expiry Date unless the party with the right to exercise the Option notifies the other party that it does not want Automatic Exercise to occur. This means that the Option will be deemed to be exercised at that time without the need for any Exercise Notice to be given by the party with the right to exercise the Option to the other party.

For more detail on when an Option will be “In-the-Money” or “At-the-Money” for either the Buyer or the Seller, please refer to “*“In-the-Money”, “At-the-Money” and “Out-of-the-Money” Options*” below.

When an Option is exercised (irrespective of whether NAB is the Buyer or the Seller), NAB will send you a notice confirming exercise.

What if an Option is not exercised?

If an Option is not exercised, it will expire and the parties will have no further obligations to each other under that Option. When any Option expires unexercised (irrespective of whether NAB is the Buyer or the Seller), NAB will send you a notice confirming that the Option has expired. No part of the Option Premium or Fixed Option Premium paid will be refunded in these circumstances.

An Option will generally not be exercised if it is “Out-of-the-Money” for the party with the right to exercise the Option. For more detail on when an Option will be “Out-of-the-Money” for either the Buyer or the Seller please refer to “*“In-the-Money”, “At-the-Money” and “Out-of-the-Money” Options*” below.

What are the Option Styles?

Prior to entering into an Option (other an Approved Option), you will need to elect the Option Style for that Option.

Options will have one of two possible Option Styles, either:

- American, or
- European.

Approved Options may only have a European Option Style.

American Options

American Options can be exercised by the party with the right to exercise the Option on any Business Day from the Trade Date up to the Expiry Time on the Expiry Date by giving the other party an Exercise Notice. If the party with the right to exercise the Option has not already exercised the Option, all American Options will be Automatically Exercised at the Expiry Time on the Expiry Date as described under “*What does Automatic Exercise mean?*” above.

Note: American Option Style is not currently available for Collar Options or Approved Options.

European Options

European Options can only be exercised by the party with the right to exercise the Option on the Expiry Date up to the Expiry Time by giving the other party an Exercise Notice. If the party with the right to exercise the Option has not already exercised the Option, all European Options will be Automatically Exercised at the Expiry Time on the Expiry Date as described under “*What does Automatic Exercise mean?*” above.

“In-the-Money”, “At-the-Money” and “Out-of-the-Money” Options

In financial markets, options are often referred to as being “in-the-money”, “out-of-the-money” or “at-the-money” from the perspective of the option Buyer. However, in this PDS, NAB refers to Options being “In-the-Money”, “Out-of-the-Money” or “At-the-Money” from the perspective of either the Buyer or the Seller as further described below. You should note that when used in this PDS these terms have the specific meanings given below and not any other meaning you might be familiar with.

Perspective of the Option Buyer

Options described in this PDS will be described as being “In-the-Money”, “Out-of-the-Money” or “At-the-Money” from the perspective of the Option **Buyer** as follows:

Option	“In-the-Money”	“At-the-Money”	“Out-of-the-Money”
Put Option	If the Market Price of the Security is less than the Exercise Price.	If the Market Price of the Security is equal to the Exercise Price.	If the Market Price of the Security is greater than the Exercise Price.
Call Option	If the Market Price of the Security is greater than the Exercise Price.	If the Market Price of the Security is equal to the Exercise Price.	If the Market Price of the Security is less than the Exercise Price.
Collar Option	If the Market Price of the Security is less than the Floor Price.	If the Market Price of the Security is equal to the Floor Price.	If the Market Price of the Security is greater than the Floor Price.

Perspective of the Option Seller

Options described in this PDS will be described as being “In-the-Money”, “Out-of-the-Money” or “At-the-Money” from the perspective of the Option **Seller** as follows:

Option	“In-the-Money”	“At-the-Money”	“Out-of-the-Money”
Put Option	If the Market Price of the Security is greater than the Exercise Price.	If the Market Price of the Security is equal to the Exercise Price.	If the Market Price of the Security is less than the Exercise Price.
Call Option	If the Market Price of the Security is less than the Exercise Price.	If the Market Price of the Security is equal to the Exercise Price.	If the Market Price of the Security is greater than the Exercise Price.
Collar Option	If the Market Price of the Security is greater than the Cap Price.	If the Market Price of the Security is equal to the Cap Price.	If the Market Price of the Security is less than the Cap Price.

What are the Settlement Methods?

Prior to entering into an Option, you will need to elect whether the Settlement Method for your Option will be Physical Settlement or Cash Settlement.

In making your election, you should consider your financial and other requirements and take your short- and long-term goals into consideration. For example, with a Physically Settled Option, you may be required to deliver or take delivery of (and pay for in cleared funds) the underlying Securities. On the other hand, with a Cash Settled Option, you may be required to deliver or may receive cleared funds on the Settlement Date. You should ensure that you are in a position to do what is required of you before you select Physical Settlement or Cash Settlement.

Please note that if the Options are over Securities in National Australia Bank Limited (ASX Code: NAB), then only Cash Settlement will apply and this Settlement Method cannot be varied.

Please also note that only Cash Settlement will apply in the case of a Collar Option which is exercised (or deemed to be exercised) by the Seller.

Physical Settlement

Physical Settlement means that if an Option is exercised, the underlying Securities must be delivered on settlement by one party to the other party and the other party must pay the Physical Settlement Amount for those Securities.

For an exercised Call Option, the underlying Securities are delivered by the Seller and the Physical Settlement Amount is payable by the Buyer, and for an exercised Put Option, the underlying Securities are delivered by the Buyer and the Physical Settlement Amount is payable by the Seller. For a Collar Option exercised by the Buyer, the underlying securities are delivered by the Buyer and the Physical Settlement Amount is payable by the Seller.

The Physical Settlement Amount is:

- in the case of a Call Option or a Put Option, the Exercise Price multiplied by the agreed number of underlying Securities; or
- in the case of a Collar Option, exercised (or deemed to be exercised) by the Buyer, the Floor Price multiplied by the agreed number of underlying Securities.

Cash Settlement

Cash Settlement means that if an Option is exercised, no Securities will be delivered but rather a cash amount will be paid by one party to the other party which is, in the case of a Call Option or a Put Option, the Cash Settlement Amount.

For Call Options, the Cash Settlement Amount is determined as follows:

$(\text{Market Price on the Exercise Date less the Exercise Price}) \times \text{agreed number of underlying Securities.}$

For Put Options, the Cash Settlement Amount is determined as follows:

$(\text{Exercise Price less Market Price on the Exercise Date}) \times \text{agreed number of Securities.}$

There is no Cash Settlement Amount payable on exercise of a Collar Option, but one party may be required to pay a further premium to the other party in the form of a Variable Option Premium at that time.

For more details on Variable Option Premiums, please refer to Section 6.

APPROVED OPTIONS WITH LOANS

What are Approved Options with Loans?

Approved Options with Loans are loans linked to an Approved Option. A Loan can either be a Fixed Interest Rate Loan, a Variable Interest Rate Loan, or a combination.

In entering into an Approved Option with Loan, you must mortgage the underlying Securities and the Approved Options to NAB. For further detail in relation to collateral requirements, please refer to “*What collateral must you provide to NAB?*” below.

NAB’s recourse in relation to the outstanding Principal owing in respect of a Loan is limited to the Securities mortgaged by you to NAB in relation to that Approved Option with Loan in certain circumstances.

When can you request NAB to enter into an Approved Option with Loan?

Before you enter into an Approved Option with Loan, you must have a Facility Limit.

You may request a Facility Limit by completing the Application Form which accompanies this PDS when you apply for an Equity Options Facility. NAB will determine your Facility Limit after accepting your Application Form. You can also apply for a Facility Limit at a later date by contacting your NAB Markets representative and completing the necessary sections of the Application Form. The minimum Facility Limit is \$50,000.00.

If you have a Facility Limit, you may ask NAB to enter into a Loan with you when you enter into an Approved Option. You may also ask NAB to enter into a Loan with you in relation to an existing Approved Option. However, as the Facility Limit is uncommitted, NAB is not obliged to accept your request for a Loan. NAB will tell you promptly if it does not accept your request.

For details regarding the kinds of Approved Options for which you can make this request, please refer to “*What are the Approved Options to which the Loan must be linked?*” below.

What can you use the proceeds of the Loan for?

You can use the proceeds of an Approved Option with Loan for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Approved Option;
- to pay Option Premium or Fixed Option Premium for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or
- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

A Loan must not be used for personal, domestic or household purposes. When you request to enter into a Loan with NAB, you must provide NAB with details regarding how you intend to use the proceeds of the Loan. NAB can refuse to enter into an Approved Option with Loan with you if it is not satisfied that you intend to use the proceeds for one or more of the approved purposes listed above.

What is the term available for Approved Options with Loans?

The Maturity Date of the Loan must match the Settlement Date of the Approved Option to which the Loan is linked. Unless NAB otherwise agrees, the minimum term of a Loan is 6 months and the maximum term is 5 years. Accordingly, you can only link a Loan to an Approved Option with an Expiry Date at least 6 months after the date NAB makes you an advance under the Loan.

What amount may be borrowed?

The maximum amount that you can borrow in relation to an Approved Option with Loan is an amount up to the:

- Floor Price, in the case of an Approved Option which is a Collar Option; or
- Exercise Price, in the case of an Approved Option which is a Put Option,

in each case multiplied by the number of underlying Securities the subject of the Approved Option.

The minimum amount that you can borrow for any Approved Option with Loan is \$50,000.00. NAB may, at its discretion, accept a request for an Approved Option with Loan of a lesser amount.

A Loan will be made in a single advance. You may request more than one Approved Option with Loan so long as the aggregate Principal amount borrowed under all Approved Options with Loans is equal to or less than the Facility Limit.

NAB retains the right to accept or reject each request you make to borrow in connection with an Approved Option with Loan. If NAB does not accept your application for an Approved Option with Loan NAB will not charge you any fees in connection with your application and NAB will tell you promptly.

What are the Approved Options to which a Loan must be linked?

The Loan must be linked to an Approved Option. The Approved Options are:

- a Put Option; and
- a Collar Option (including a Zero Cost Collar Option),

in each case, where you are the Buyer. An Approved Option must have, or will have, an Expiry Date at least 6 months after the date NAB makes you an advance under the Loan which is to be linked to that Approved Option.

An Approved Option must not be linked to more than one Loan. Similarly, a Loan must not be linked to more than one Approved Option.

The Approved Option may be either a new or an existing Approved Option and the style of the Approved Option must be European. An American Option Style is not allowed. For information regarding European Options, please refer to “*What are the Option Styles – European Options*” above.

For further detail on buying Put Options or buying Collar Options, please refer to Section 3. For examples of Approved Options with Loans, please refer to Section 3.

What interest is payable on an Approved Option with Loan?

Interest is payable on the Principal outstanding of the Loan. You must pay interest out of your own funds. Interest cannot be paid from amounts advanced under a Loan.

When entering into an Approved Option with Loan you may request:

- a Fixed Interest Rate;
- a Variable Interest Rate; or
- a combination of both,

to apply to your Loan. The Interest Rate which NAB uses to determine interest will be agreed when NAB enters into the Approved Option with Loan with you and will be set out in the relevant Confirmation.

NAB may change a Variable Interest Rate at any time. NAB will notify you in writing or by newspaper advertisement on or before the date of any change in the Variable Interest Rate.

On giving you at least 30 days’ prior notice in writing NAB may also vary the frequency of interest charging or the basis of the calculation and charging of interest.

Interest is payable:

- where interest is payable at a Variable Interest Rate, monthly in arrears; or
- where interest is payable at a Fixed Interest Rate, annually in advance (if you request and NAB agrees) or otherwise monthly in arrears.

Information on current interest rates and charges is available from NAB on request.

For further details on interest, please refer to Section 6.

Repayment

You must repay to NAB the Amount Owing in respect of a Loan on the Maturity Date.

You may choose how you wish to fund repayment of the Amount Owing at the Maturity Date. You must notify NAB of your choice no later than the fifth Business Day before the Expiry Date. The possible repayment methods are as follows:

- You elect to provide funds from your own account. In this case, you must pay the Amount Owing in cash by 9.30am Sydney time on the Expiry Date of the Approved Option (i.e. 2 Business Days before the Maturity Date of the Loan). In this case, you will continue to hold the underlying Securities (“**Cash Notice**”);
- You ask NAB to acquire or procure one or more third parties to acquire all of the underlying Securities at the Market Price on the Expiry Date and use the proceeds of the Disposal of the underlying Securities (plus any additional funds as required) to repay the Amount Owing and other amounts payable to NAB in respect of the Approved Option on the Settlement Date (“**Disposal Notice**”);
- You ask NAB to acquire or procure one or more third parties to acquire some of the underlying Securities in an amount you specify at the Market Price on the Expiry Date and use the proceeds of the Disposal of the underlying Securities (plus any additional funds as required) to repay the Amount Owing and other amounts payable to NAB in respect of the Approved Option on the Settlement Date. In this case, you will continue to hold the balance of the underlying Securities (“**Partial Disposal Notice**”);
- You elect not to repay the Amount Owing, in which case NAB may exercise its rights as mortgagee to sell the underlying Securities and to apply the proceeds to payment of the Amount Owing and other amounts payable to NAB in respect of the Approved Option (“**Default Notice**”); or
- You ask NAB to enter into a new Approved Option with Loan in a Principal amount at least equal to the net amount payable by you to NAB on the Settlement Date in respect of the Loan and the Approved Option to which the Loan is linked, the proceeds of which will be applied in payment of that amount (“**Rollover Notice**”).

NAB may decline to accept:

- your choice of a Disposal Notice or a Partial Disposal Notice (except where NAB is required to accept the underlying Securities on exercise or deemed exercise by you of an Approved Option where Physical Settlement applies) in certain situations (namely where a Market Disruption Event has occurred impacting the underlying Securities, where there has been an Event of Default by a party other than NAB, where NAB reasonably believes that they have a conflict of interest in relation to the underlying Securities, where Corporate Action has taken place in relation to the underlying Securities or where restricted by law); or
- your request to enter into a new Approved Option with Loan in a Rollover Notice.

If NAB does not accept your choice of repayment method or you do not make an effective choice of repayment method:

- NAB may dispose of all, or if it so decides some, of the underlying Securities at the Market Price on the Expiry Date and use the proceeds to repay the Amount Owing and all other amounts payable to it in respect of the Approved Option on the Settlement Date; or
- if NAB is not willing to do this, you must repay NAB the Amount Owing in cash by 9.30am on the Expiry Date.

Where you are obliged to pay NAB the Amount Owing in respect of the Loan in cash by 9.30am on the Expiry Date, the Approved Option will be settled on the Settlement Date for the Approved Option as described above under “*What are the Settlement Methods?*” above.

In all other cases, the amounts payable by NAB to you and by you to NAB in respect of the Approved Option with Loan will be set off on the date which is the Maturity Date of the Loan and the Settlement Date of the Approved Option so that in respect of those amounts, only the net amount is payable by NAB to you or you to NAB (as the case may be) on that date.

Only NAB may sell the underlying Securities. You cannot fund repayment of a Loan by selling the underlying Securities yourself, or by appointing a third party to sell the underlying Securities on your behalf.

For further detail on repayment, please refer to clause 7 of the Agreement.

Prepayment

You can ask NAB to amend or terminate an Approved Option with Loan prior to its Expiry Date. You can also ask NAB to amend a Loan (e.g. to vary the Interest Rate applicable to it), without asking NAB to vary the Approved Option to which it is linked. However, you cannot ask NAB to vary the Settlement Date of an Approved Option which is linked to a Loan without also asking NAB to make a corresponding variation to the Maturity Date of the Loan to which it is linked. NAB may, in its sole discretion, agree to meet your request with or without conditions (which may include a requirement that you pay restructuring costs, Break Costs or other costs determined by NAB).

You can ask NAB to terminate a Loan without asking NAB to terminate the Approved Option to which it is linked. However, you cannot ask NAB to terminate an Approved Option which is linked to a Loan without also asking NAB to terminate the Loan to which it is linked. You may terminate a Loan early (without asking NAB to terminate the Approved Option to which it is linked) by giving NAB 5 Business Days’ notice and by paying NAB the Amount Owing (which may include Break Costs).

If a Loan is prepaid for any reason before the Maturity Date, you may not redraw it.

For further details regarding amending an Approved Option with Loan and early termination of an Approved Option with Loan, please refer to Section 8.

Providing collateral

In entering into an Approved Option with Loan with NAB, you must provide a Mortgage in favour of NAB over the Approved Option and the underlying Securities to which the Loan is linked. For details regarding the collateral requirements, please refer to “*What collateral must you provide to NAB?*” below.

What collateral must you provide to NAB?

Option Collateral for sold Call Options, bought Collar Options and Approved Options with Loans

NAB will generally require that you provide sufficient underlying Securities as security for your obligations under the Agreement (“**Option Collateral**”) before you can enter into an Option which involves:

- the sale of Call Options to NAB; or
- the purchase of Collar Options from NAB, where the Collar Option is not linked to a Loan; or
- the purchase of Collar Options from NAB, where the Collar Option is linked to a Loan; or
- the purchase of Put Options from NAB, where the Put Option is linked to a Loan.

This requirement applies regardless of whether the Option or Approved Option with Loan is Cash Settled or Physically Settled. NAB will notify you of the Option Collateral required for an Option or Approved Option with Loan when you discuss that potential Option or Approved Option with Loan with NAB or through a Quote Sheet. If NAB accepts your request for an Option or Approved Option with Loan, NAB will not enter into that Option or Approved Option with Loan with you unless and until NAB receives confirmation to its satisfaction that the Option Collateral for that Option or Approved Option with Loan has been provided.

Where you intend to use all or part of the proceeds of an advance under an Approved Option with Loan to purchase the Option Collateral, you must instruct NAB to acquire the Option Collateral on your behalf following the advance and to transfer the Option Collateral acquired to be held under the Sponsorship Terms by NMS.

Where you request certain Option combinations NAB may require additional or other Option Collateral.

Example: Sold Call Options

You wish to sell 5,000 of the following Call Options to NAB:

Underlying Security	XYZ
Exercise Price:	\$28.00
Option Style:	European
Settlement Method:	Cash Settlement
Securities per Option:	One

NAB will require you to provide 5,000 XYZ Securities (one Security per Option) as Option Collateral before it will agree to enter into these Options. Please note, however, that NAB always retains a discretion not to enter into Options.

Example: Bought Collar Options (not linked to a Loan)

You wish to buy 2,000 of the following Collar Options from NAB:

Underlying Security	XYZ
Floor Price:	\$20.00
Cap Price:	\$28.00
Option Style:	European
Settlement Method:	Cash Settlement
Securities per Option:	One

NAB will require you to provide 2,000 XYZ Securities (one Security per Option) as Option Collateral before it will agree to enter into these Options. Please note, however, that NAB always retains a discretion not to enter into Options.

Example: Bought Collar Options linked to a Loan

You wish to buy 7,000 of the following Collar Options from NAB:

Underlying Security	XYZ
Floor Price:	\$10.00
Cap Price:	\$15.00
Option Style:	European
Settlement Method:	Cash Settlement
Securities per Option:	One

NAB will require you to provide 7,000 XYZ Securities (one Security per Option) as Option Collateral before it will agree to enter into these Options. You wish to enter into an Approved Option with Loan with NAB and can use all or part of the advance to purchase the 7,000 XYZ Securities, to pay any premium payable for an Approved Option, to re-finance a maturing Approved Option with Loan or for any other business purpose or investment purpose (other than investment in residential property) or for both purposes. Please note, however, that NAB always retains a discretion not to enter into Options and Approved Options with Loans.

Example: Bought Put Options linked to a Loan

You wish to buy 7,500 of the following Put Options from NAB:

Underlying Security	XYZ
Exercise Price:	\$7.00
Option Style:	European
Settlement Method:	Physical Settlement
Securities per Option:	One

NAB will require you to provide 7,500 XYZ Securities (one Security per Option) as Option Collateral before it will agree to enter into these Options. You wish to enter into an Approved Option with Loan with NAB and can use all or part of the advance to purchase of the 7,500 XYZ Securities, to pay any premium payable for an Approved Option, to re-finance a maturing Approved Option with Loan or for any other business purpose or investment purpose (other than investment in residential property) or for both purposes. Please note, however, that NAB always retains a discretion not to enter into Options and Approved Options with Loans.

Security arrangements

NAB's security interest will be taken by way of Mortgage under the Agreement and will extend to the rights and proceeds of the Option Collateral. NAB's Mortgage will secure all of your obligations to NAB under the Agreement and NAB's recourse to that Option Collateral will not be limited to enforcing your obligations in respect of the particular Option or Approved Option with Loan in respect of which you were required to provide the Option Collateral.

Securities subject to the Mortgage that are able to be held in the Clearing House Electronic Register System (commonly referred to as CHESS) will be registered in your name in CHESS. The sponsoring participant for your holdings of Securities held in CHESS as security will be NMS*. You should consider the full terms and conditions of the sponsorship arrangements with NMS and the explanation of those terms in clause 14 of the Agreement (CHESS Sponsorship Terms) before completing your Application Form. You can also contact NMS' Securities Officer – Operations on 1300 135 145 for an explanation of the Sponsorship Terms.

Any Securities that cannot be held in or are removed from CHESS will be registered in the name of NMS Nominees as your Nominee.

Any Securities you provide as Option Collateral cannot be sold or transferred to another person without NAB's consent.

*National Margin Services Pty Ltd (ABN 81 088 233 872) and NMS Nominees Pty Ltd (ABN 62 088 233 792) are wholly owned subsidiaries of National Australia Bank Limited (ABN 12 004 044 937). Neither NMS nor NMS Nominees are authorised deposit-taking institutions and their obligations in connection with the Agreement do not represent deposits or other liabilities of NAB, are not protected accounts for the purposes of the Financial Claims Scheme. Options and Approved Options with Loans are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any government of another jurisdiction. NAB does not guarantee the obligations or performance of NMS or NMS Nominees or the products or services they offer in connection with the Agreement.

For further detail on the applicable security arrangements, please refer to clauses 12 and 13 of the Agreement. For further details on the applicable sponsorship and nominee arrangements, please refer to clauses 14 and 15 of the Agreement.

Providing required Option Collateral

To provide the Option Collateral, you must transfer your holding of the underlying Securities for the Option or Approved Option with Loan to be held under the Sponsorship Terms by NMS. Where you intend to use all or part of the proceeds of an advance under an Approved Option with Loan to purchase the Option Collateral, you must instruct NAB to acquire the Option Collateral on your behalf following the advance and to transfer the Option Collateral acquired to be held under the Sponsorship Terms by NMS. All Securities held in your Participant Sponsored Holding with NMS or by NMS Nominees as Nominee immediately become subject to NAB's Mortgage.

Director's Guarantee

Where you are a company (including a company acting as a trustee), NAB's agreement to enter into the Agreement with you is conditional upon each of your directors providing a guarantee and indemnity in relation to all amounts payable by you and the company's other obligations under the Agreement ("**Guarantee**"). The Guarantee covers all of the Secured Liabilities owing by the company under the Agreement and is limited to \$500 million. A director giving a Guarantee will be personally liable for the company's obligations in relation to the Agreement. If a director resigns or a director is appointed without having become a Guarantor (without NAB's prior written consent) this will constitute a Review Event and entitles NAB to review the availability of the Equity Options Facility and declare that such Review Event is an Event of Default.

What Securities are available for Options and Approved Options with Loans?

Options and Approved Options with Loans are available for a wide variety of ASX listed Securities.

You can find out whether Options and Approved Options with Loans are available for a particular ASX listed Security by contacting NAB on 1800 343 070. NAB may vary the list of available Securities from time to time in its absolute discretion.

Please note that simply because an ASX listed Security is on an approved list for Options or Approved Options with Loans does not mean NAB recommends or endorses it. You are responsible for choosing the ASX listed Securities in respect of which you enter into Options or Approved Options with Loans and for considering the suitability of any ASX listed Security for your individual needs and objectives.

Payments and deliveries

Payments

Payments by you to NAB

Unless NAB agrees otherwise, you must pay all amounts due to NAB under the Agreement by:

- (a) those amounts being directly debited from your nominated Account for direct debits; or
- (b) paying those amounts into an account nominated by NAB.

You must select a single method from the alternatives above to apply to all payments to NAB under the Agreement (see further "*Standard Settlement Instructions*" below).

Payments by NAB to you

Unless NAB determines otherwise, NAB will pay all amounts due to you under the Agreement by paying those amounts into your nominated Account for direct debits or into another account you nominate for the purposes of the Agreement.

NAB will notify you from time to time which method of payment NAB will use for payments due to you.

You must not cancel any Direct Debit Request you give to NAB or close your Account for direct debits or any other account you have nominated for payments unless you have first given to NAB another Direct Debit Request acceptable to NAB and/or established a new account acceptable to NAB.

You must also ensure that any account from which payments are to be made has sufficient funds to make payments under the Agreement when they become due.

Deliveries

As all Securities are ASX listed, deliveries of Securities will occur through CHESS. CHESS normally effects the settlement of a trade 2 Business Days after the Buyer and Seller agree to trade by transferring the title of the Securities against the payment for those Securities.

Transfers of Securities may be effected by way of a crossing, special crossing or an off-market transfer, at NAB's discretion. Physical Settlement will generally be by way of an off-market transfer.

Standard Settlement Instructions

You must provide NAB with standard instructions for payments and deliveries in connection with the Agreement (referred to as Standard Settlement Instructions). These instructions will include:

- (a) which of the possible payment methods will apply to payments you are required to make under the Agreement; and
- (b) details of your accounts for payments and deliveries under the Agreement.

You must make all payments and deliveries in accordance with your Standard Settlement Instructions unless NAB agrees otherwise.

You must provide your initial Standard Settlement Instructions in your Application Form and you may not change your Standard Settlement Instructions without NAB's prior written consent.

NAB will notify you of its account details for payments and deliveries for an Option or Approved Option with Loan when or before you enter into that Option or Approved Option with Loan and may provide you with Standard Settlement Instructions from time to time. If NAB does provide you with payment or delivery details or Standard Settlement Instructions, NAB may change those details or instructions at any time by notice to you.

Buying Securities from or through NAB

Where you are required to acquire Option Collateral in connection with an Approved Option with Loan you may elect to acquire those Securities from NAB (or through NAB as your agent) using all or part of the advance under a Loan. Where you are required to acquire Option Collateral in connection with an Option, you may elect to acquire those Securities from NAB or through NAB as your agent.

NAB may, in its absolute discretion, agree to sell those Securities to you as principal or purchase them for you as your agent, by way of an on-market or off-market transaction, at a price you and NAB agree.

Offer by NAB to acquire underlying Securities relating to a Collar

Cash Settlement will apply in the case of a Collar Option which is exercised (or deemed to be exercised) by the Seller.

However, if NAB considers that a Collar Option (which is not linked to a Loan) may be In-the-Money for NAB as Seller at the Expiry Date, at least 5 Business Days before the Expiry Date of the Collar, NAB may offer to acquire or procure one or more third parties to acquire the underlying Securities for that Collar Option from you at the Market Price.

You are not obliged to accept any offer from NAB to purchase the underlying Securities relating to a Collar Option from you. However, if you do accept NAB's offer by 4.00pm on the fifth Business Day prior to the Expiry Date subject to certain conditions, you and NAB will agree to settle the relevant Collar Option by way of the sale of the underlying Securities from you to NAB or through NAB to one or more third parties for the Market Price by way of an on-market or off-market transaction and not by way of the settlement procedures outlined in the Equity Options Master Agreement and the Confirmation in relation to that Collar.

Please note that if you as Buyer are At-the-Money or In-the-Money on the Expiry Date in respect of the Collar, NAB's offer will cease to apply and settlement will occur in accordance with the Equity Options Master Agreement and the Settlement Method specified in the relevant Confirmation.

Offer by NAB to acquire underlying Securities where you elect to terminate early

If you request to terminate an Option or an Approved Option with Loan early, before NAB gives you notice that a Net Close Out Amount in respect of one or more terminated transactions is payable by you to NAB, NAB may offer to acquire or procure one or more third parties to acquire all or some of the underlying Securities in a number NAB specifies from you at the Market Price to satisfy the Net Close Out Amount on the date that Net Close Out Amount becomes due and payable.

You are not obliged to accept any offer from NAB to purchase the underlying Securities relating to the terminated transactions. However, if you do accept NAB's offer by no later than the time NAB gives notice of the Net Close Out Amount and subject to certain conditions, you and NAB will agree to settle the relevant terminated transactions by way of the sale of the underlying Securities from you to NAB or through NAB to one or more third parties for the Market Price on the date you and NAB agree.

The amount payable by NAB to you by way of purchase price or by way of account for the proceeds of sale to any third party will be set off against your obligation to pay NAB the Net Close Out Amount in respect of the terminated transactions and only the net amount is payable by NAB to you or you to NAB (as the case may be).

Taxation

A summary of the main Australian taxation consequences for an Australian resident taxpayer who enters into Options and Approved Options with Loans with NAB is set out in Section 9.

The taxation discussion in this PDS is based on laws current at the date of these summaries. Those laws and the level of taxation may change. The application of taxation laws to each investor depends on that investor's individual circumstances at a particular time and you should seek independent professional advice on taxation implications before making any decision to enter into Options or Approved Options with Loans.

Section 3. Examples

There are many variations that are possible when entering into Options and Approved Options with Loans. This section does not provide an exhaustive list of the Options and the Approved Options with Loans available. Similarly, it does not provide examples for all possible repayment methods in respect of a Loan. It provides selected information about some Options and Approved Options with Loans (including certain repayment methods) which may currently be available to you when you enter into an Agreement with NAB.

The examples on the following pages are hypothetical only and do not reflect the rates or figures for any particular Option or Approved Option with Loan. NAB has not in any way considered the suitability of any of the Options or Approved Options with Loans for you and you should not infer that NAB is providing investment or tax advice in making Options and Approved Options with Loans available to you or in describing the examples below. Please ensure that you discuss the terms of the specific Option or Approved Option with Loan you intend to enter into with NAB and obtain independent legal, financial and tax advice before you enter into the Option or Approved Option with Loan. In order to assess an Option or Approved Option with Loan, you need to use the rates and figures applicable to that Option or Approved Option with Loan at the relevant time and not the rates and figures used in any example in this PDS.

For some examples, NAB has provided illustrative pay-off charts which depict a financial position which comprises both the relevant Option or Approved Option with Loan and a holding of an equal number of the underlying Securities. NAB has done this to help demonstrate how the Option or Approved Option with Loan may interact with your holding of Securities in certain situations. NAB has not provided these combined pay-off charts in situations where it may be less likely that you would combine a holding of the Securities with Options or Approved Options with Loans. However, if you do wish to enter into such combined position, NAB recommends that you discuss this with your financial or investment advisor to understand how this combined position may perform in a range of circumstances. The Agreement only provides a facility to enter into Options and Approved Options with Loans and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options or Approved Options with Loans with NAB (including any holding of those underlying Securities) is independent of your Options or Approved Options with Loans (except to the extent of NAB's Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option or Approved Option with Loan). Where you enter into an Approved Option with Loan and apply the proceeds of the advance for some other business or investment purpose, the benefits (and risks) to you of the Transaction will also be affected by the gains and losses you make in that other business or investment. The examples do not take such other gains or losses into account.

Worked examples set out on the following pages are all examples of European Options. Calculations and payments for American Options are determined on the same basis as set out in these examples, but by reference to relevant prices at the time the Options are exercised rather than at the Expiry Date. The examples also assume that Options which are "Out-of-the-Money" for the party with the right to exercise the Option will not be exercised by that party.

SINGLE OPTIONS

Put Options

Why might I consider buying Put Options?

You might consider buying a Put Option if you want to:

- reduce your risk of loss if the price of Securities you own decreases. If you buy a Put Option in respect of those Securities, your downside risk per Security is limited to an amount equal to the Exercise Price less the Option Premium per Security paid; or
- gain a leveraged exposure to Securities that you do not own but you think will decrease in price. This is a way of generating returns from the falling price of Securities that you do not own.

Note: you can only do this in compliance with any applicable restrictions on short-selling (see further "*Licensing and other legal requirements*" in Section 5).

If you buy a Put Option, your maximum loss is limited to the Option Premium paid and any other costs or charges you are required to pay.

How does buying Put Options work?

At initiation

When you buy a Put Option, you will need to pay the Option Premium to NAB on the Option Premium Payment Date.

On the Expiry Date

Assuming the Option has not been exercised prior to that date (where permitted by its terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price above Exercise Price

If the Market Price is greater than the Exercise Price, then it is likely that the Put Option will expire unexercised. If the Put Option expires unexercised, NAB's obligations to you under the Put Option will end.

Scenario 2 – Market Price below or equal to Exercise Price

If the Market Price is less than or equal to the Exercise Price, then the Put Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur.

If you have elected Cash Settlement, you will receive the Cash Settlement Amount from NAB.

If you have elected Physical Settlement, then you must deliver the underlying Securities to NAB and NAB will pay you the Physical Settlement Amount.

Where your Option is an American Option, you may exercise that Option prior to the Expiry Date. Cash Settlement or Physical Settlement will also apply as described above to the early exercise of American Options.

Example 1: Buying European Put Options

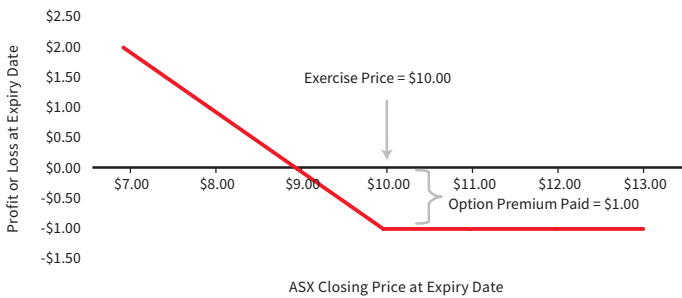
You own 10,000 Securities of XYZ Limited, currently trading at \$10.00. You would like to protect the value of your Securities against a price fall and decide to buy a European Put Option with an Expiry Date in 1 year and an Exercise Price of \$10.00. You would also prefer not to sell your Securities so you elect Cash Settlement, which means that you will receive a cash payment from NAB if the Market Price is below \$10.00 on the Expiry Date. You pay NAB \$10,000.00 (10,000 x \$1.00 per Option) as the total Option Premium.

The table below illustrates two possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$7.00 on the Expiry Date	XYZ Limited Market Price is \$12.00 on the Expiry Date
<p>The Put Option is “In-the-Money” for you and “Out-of-the- Money” for NAB.</p> <p>NAB pays you a Cash Settlement Amount of \$30,000.00 (10,000 Securities x (\$10.00 Exercise Price minus \$7.00 Market Price)).</p> <p>The realised gain from the Put Options you have bought is \$20,000.00 (\$30,000.00 minus \$10,000.00 Option Premium you paid).</p> <p>The realised gain of \$20,000 from the Put Options partly offsets the unrealised loss of \$30,000.00 (10,000 Securities x \$3.00) on the XYZ Limited Securities you hold.</p>	<p>The Put Option is “Out-of-the-Money” for you and “In-the- Money” for NAB.</p> <p>The option will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$20,000.00 (10,000 Securities x \$2.00 per Security).</p> <p>The unrealised gain of \$20,000.00 on the XYZ Limited Securities you hold is partially offset by the realised loss of \$10,000.00 on the Option Premium you paid.</p>

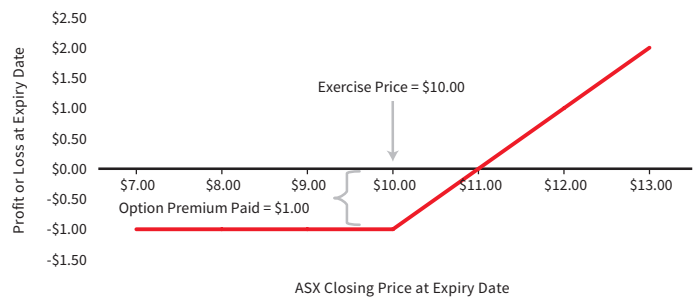
The following chart shows the theoretical pay-off from the bought European Put Option against different possible Security prices.

Bought Put Option



The following chart shows the theoretical combined pay-off from the bought European Put Option together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a cumulative position showing both your Option and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB’s Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart below or if you hold any other position with respect to the underlying Securities, the chart below will not reflect your position.

Combined position for both a Bought Put Option and a holding of the equivalent number of Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Put Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Why might I consider selling Put Options?

You might consider selling a Put Option if you want to receive an Option Premium in exchange for your obligation to buy the underlying Securities at the Exercise Price. The reasons you might consider this are:

- you have a view that the Security price is unlikely to fall to the Exercise Price and therefore are happy to earn the Option Premium in return for assuming the risk that the Security price does fall and that NAB will exercise the Option against you; or

- you wish to reduce the overall cost of an Option transaction by selling a Put Option and using the Option Premium received to help offset the Option Premium payable on another Option in an Option combination. For further details on Option combinations, please refer to “Option combinations” below.

If you sell a Put Option, you will receive the Option Premium from NAB. If the Option is exercised, you will be required to pay the Physical Settlement Amount or the Cash Settlement Amount to NAB. These amounts may be significant and, if the Option is Physically Settled, significantly above the market price of the underlying Securities you receive from NAB.

Note: Sold Put Options are not currently available as single Options, but may be combined with other Options in certain Option combinations. For more detail on Option combinations, see “Option combinations” below.

How does selling Put Options work?

At initiation

When you sell a Put Option, you will receive the Option Premium from NAB on the Option Premium Payment Date.

On the Expiry Date

Assuming the Option has not been exercised prior to that date (where permitted by its terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price above Exercise Price

If the Market Price is greater than the Exercise Price, then it is likely that the Put Option will expire unexercised. If the Put Option expires unexercised, your obligations under the Put Option will end.

Scenario 2 – Market Price below or equal to Exercise Price

If the Market Price is less than or equal to the Exercise Price, then the Put Option will be Automatically Exercised unless NAB has notified you that it does not want Automatic Exercise to occur.

If you have elected for Cash Settlement, then you must pay the Cash Settlement Amount to NAB.

If you have elected Physical Settlement, then you must buy the underlying Securities from NAB at the Physical Settlement Amount.

Where NAB’s Option is an American Option, NAB may exercise that Option prior to the Expiry Date. Cash Settlement or Physical Settlement will also apply as described above to the early exercise of American Options.

Example 2: Selling European Put Options

XYZ Limited Securities are currently trading at \$8.00. You would like to sell European Put Options over them in order to receive some Option Premium income and decide to sell 10,000 European Put Options with an Expiry Date in 1 year’s time and an Exercise Price of \$7.00. You are prepared to buy XYZ Limited Securities for \$7.00 so you choose Physical Settlement, which means that NAB will sell 10,000 XYZ Limited Securities to you at the Exercise Price if the Market Price is at or below \$7.00 on the Expiry Date.

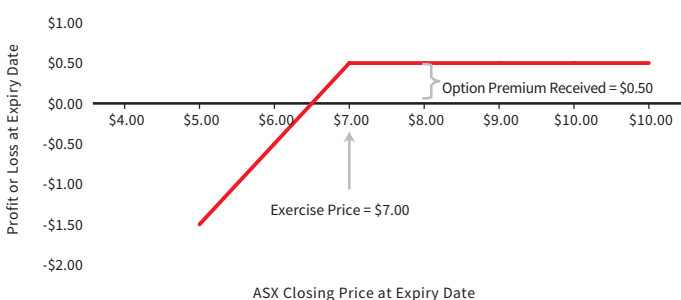
NAB will pay you \$0.50 as the Option Premium per Option. Your total Option Premium is \$5,000.00 (10,000 x \$0.50 per Option).

The table below illustrates two possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$5.00 on the Expiry Date	XYZ Limited Market Price is \$10.00 on the Expiry Date
<p>The Put Option is “In-the-Money” for NAB and “Out-of-the- Money” for you.</p> <p>NAB transfers 10,000 XYZ Limited Securities to you in exchange for \$70,000.00 (10,000 Securities x \$7.00 Exercise Price).</p> <p>The realised gain from the Put Options you have sold is the \$5,000.00 Option Premium NAB paid you.</p> <p>The realised gain of \$5,000.00 in Option Premium partly offsets the unrealised loss of \$20,000.00 (10,000 x \$2.00) on the XYZ Limited Securities you have bought from NAB.</p>	<p>The Put Option is “Out-of-the-Money” for NAB and “In-the- Money” for you.</p> <p>The Put Option will expire unexercised</p> <p>The realised gain from the Put Options you have sold is the \$5,000.00 Option Premium NAB paid you.</p>

The following chart shows the theoretical pay-off from the sold European Put Option against different possible Security prices.

Sold Put Option



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any sold Put Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical.

Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Call Options

Why might I consider buying Call Options?

You might consider buying a Call Option if you want to:

- gain a leveraged exposure to Securities that you do not own but you think will increase in price. This is a way of generating returns from the rising price of Securities that you do not own or do not necessarily want to buy. Your maximum potential return is unlimited. Your maximum loss will be the amount of the Option Premium paid; or
- lock in a maximum purchase price for Securities you are looking to buy. With a bought Call Option, the maximum purchase price per underlying Security will effectively be the sum of the Option Premium paid per Security and the Exercise Price. However, if the Call Option is not exercised, all of your rights under the Call Option will expire and you will lose all of the Option Premium.

How does buying Call Options work?

At initiation

When you buy a Call Option, you will need to pay the Option Premium to NAB on the Option Premium Payment Date.

On the Expiry Date

Assuming the Option has not been exercised prior to that date (where permitted by its terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price below Exercise Price

If the Market Price is less than the Exercise Price, then it is likely that the Call Option will expire unexercised. If the Call Option expires unexercised, NAB's obligations to you under the Call Option end.

Scenario 2 – Market Price equal to or above Exercise Price

If the Market Price is greater than or equal to the Exercise Price, then the Call Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur.

If you have elected Cash Settlement, then you will receive the Cash Settlement Amount from NAB.

If you have elected Physical Settlement, then you will buy the underlying Securities from NAB at the Physical Settlement Amount.

Where your Option is an American Option, you may exercise that Option prior to the Expiry Date. Cash Settlement or Physical Settlement will also apply as described above to the early exercise of American Options.

Example 3: Buying European Call Options

You would like to buy 10,000 XYZ Limited Securities in 1 year's time and would like to lock in a maximum purchase price. XYZ Limited Securities are currently trading at \$5.00. You decide to buy 10,000 European Call Options with an Expiry Date in 1 year and an Exercise Price of \$6.00. You want to purchase the Securities so you elect Physical Settlement, which means that you can purchase 10,000 XYZ Limited Securities from NAB at the Physical Settlement Amount if the Market Price is equal to or above \$6.00 on the Expiry Date. This means that this is the most you will pay for the Securities at the Expiry Date (although you will have also incurred the cost of the Option Premium). If the Security price remains below \$6.00, you will be able to buy the Securities at the current market price and you will not need to exercise the Call Option.

You pay NAB \$5,000.00 (10,000 x \$0.50 per Option) as the total Option Premium for the Call Options.

The table below illustrates two possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$3.00 on the Expiry Date	XYZ Limited Market Price is \$10.00 on the Expiry Date
The Call Option is "Out-of-the-Money" for you and "In-the-Money" for NAB.	The Call Option is "In-the-Money" for you and "Out-of-the-Money" for NAB.
The Call Option will expire unexercised.	NAB transfers 10,000 XYZ Limited Securities to you in exchange for \$60,000.00 (10,000 Securities x \$6.00 Exercise Price).
The realised loss from the Option Premium you paid is \$5,000.00.	The unrealised gain on the XYZ Limited Securities you buy is \$40,000.00 (10,000 Securities x \$4.00 per Security).
However, you could now purchase 10,000 XYZ Limited Securities for \$30,000.00 (10,000 Securities x \$3.00).	The realised gain of \$40,000.00 on the XYZ Limited Securities is partially offset by the realised loss of \$5,000.00 in Option Premium paid.

The following chart shows the theoretical pay-off from the bought European Call Option against different possible Security prices.

Bought Call Option



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Call Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical.

Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Why might I consider selling Call Options?

You might consider selling a Call Option over Securities to receive an Option Premium if you:

- own the Securities or propose to acquire Securities and are open to selling them at the Exercise Price (which may be above the current market price); or
- you have a view that the Security price is unlikely to increase to or above the Exercise Price and therefore are happy to earn the Option Premium in return for assuming the risk that the Security price does increase and that NAB will exercise the Option against you.

If you sell a Call Option, you will receive the Option Premium from NAB. If the Option is exercised, you will be required to deliver the underlying Securities to NAB in exchange for the Physical Settlement Amount or to pay the Cash Settlement Amount to NAB. The Cash Settlement Amount may be significant and, if the Option is Physically Settled, the Physical Settlement Amount NAB is required to pay to you for the underlying Securities may be significantly below the market value of the underlying Securities. **Note:** you can only sell Call Options in compliance with any applicable restrictions on short-selling (see further “*Licensing and other legal requirements*” in Section 5 below).

Note: Superannuation Fund trustees are not currently able to sell Call Options.

How does selling Call Options work?

At initiation

When you sell a Call Option, you will receive the Option Premium from NAB on the Option Premium Payment Date.

You will need to mortgage the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Call Option are met. For further detail on Option Collateral arrangements, please refer to Section 2.

On the Expiry Date

Assuming the Option has not been exercised prior to that date (where permitted by its terms), what happens on the Expiry Date depends on the Market Price:

Scenario 1 – Market Price below Exercise Price

If the Market Price is less than the Exercise Price, then it is likely that the Call Option will expire unexercised. If the Call Option expires unexercised, your obligations to NAB under the Call Option will end.

Scenario 2 – Market Price equal to or above Exercise Price

If the Market Price is equal to or above the Exercise Price, then the Call Option will be Automatically Exercised unless NAB has notified you that it does not want Automatic Exercise to occur.

If you have elected Cash Settlement, you will be required to pay the Cash Settlement Amount to NAB.

If you have elected Physical Settlement, then you must deliver the underlying Securities to NAB in exchange for the Physical Settlement Amount.

Where the Option is an American Option, NAB may exercise that Option prior to the Expiry Date. Cash Settlement or Physical Settlement will also apply as described above to the early exercise of American Options.

Example 4: Selling European Call Options

You hold 10,000 XYZ Limited Securities and would like to sell European Call Options over them in order to receive some Option Premium income. XYZ Limited Securities are currently trading at \$5.00 and you decide to sell 10,000 Call Options with an Expiry Date in 1 year and an Exercise Price of \$7.00. You do not necessarily want to keep your XYZ Limited holding for the long term so choose Physical Settlement, which means NAB can purchase 10,000 XYZ Limited from you at the Exercise Price if the Market Price is equal to or above \$7.00 on the Expiry Date. If the XYZ Security price falls, the Option Premium you receive will partly offset the fall in value of your Securities. You mortgage 10,000 XYZ Securities to support your obligations to NAB under the Call Option.

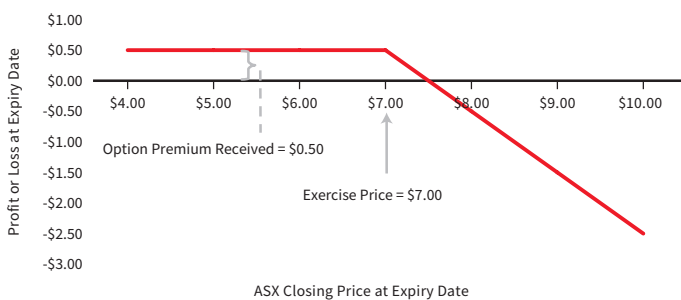
NAB pays you \$5,000.00 as the Option Premium for the Options (10,000 x \$0.50 per Option).

The table below illustrates two possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$4.00 on the Expiry Date	XYZ Limited Market Price is \$10.00 on the Expiry Date
The Call Option is “Out-of-the-Money” for NAB and “In-the- Money” for you.	The Call Option is “In-the-Money” for NAB and “Out-of-the-Money” for you.
The Call Option will expire unexercised.	You transfer 10,000 XYZ Limited Securities to NAB in exchange for \$70,000.00 (10,000 Securities x \$7.00 Exercise Price).
The realised gain from the Call Options you have sold is the \$5,000.00 Option Premium NAB paid you.	The realised gain from the Call Options you have sold is \$25,000.00 (10,000 x (\$7.00 Exercise Price minus \$5.00 initial price)) plus the \$5,000.00 Option Premium NAB paid you.
The realised gain of \$5,000.00 from the Call Options partly offsets the unrealised loss of \$10,000.00 (10,000 Securities x \$1.00) on the XYZ Limited Securities you hold.	The realised gain of \$25,000.00 from the Call Options partly offsets the opportunity cost of \$50,000.00 on the XYZ Limited Securities you hold if you did not sell a Call Option but sold your XYZ Limited Securities at the current price (10,000 Securities x \$10.00 current price minus \$5.00 initial price)).

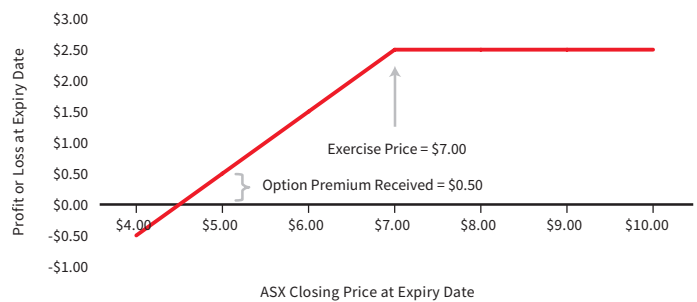
The following chart shows the theoretical pay-off from the sold European Call Option against different possible Security prices.

Sold Call Option



The chart to the right shows the theoretical combined pay-off from the sold European Call Option together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a combined position showing both your Option and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB’s Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart below or if you hold any other position with respect to the underlying Securities, the chart below will not reflect your position. You should also note that if you have provided the underlying Securities as Option Collateral for an Option, NAB’s recourse to the Option Collateral will not be limited to enforcing your obligations in connection with that Option.

Combined position for both a Sold Call Option and a holding of the equivalent number of Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any sold Call Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical.

Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Collar Options

Why might I consider buying Collar Options?

A Collar Option may be used to protect gains already accrued from underlying Securities (or to prevent further losses) rather than increasing returns from further price increases. In addition, where you own the underlying Securities or propose to acquire the underlying Securities, a Collar Option may also be used to earn Fixed Option Premium in some cases.

This strategy offers the investor protection from a decrease in the price of the underlying Securities and, in return for agreeing to forgo the upside return above a set limit, the net cost of a Collar Option is reduced. Buying a Collar Option is economically similar to simultaneously buying a Put Option and selling a Call Option with the same Expiry Date. Because the Fixed Option Premium will take into account both the downside protection and the upside forgone, the downside protection is obtained at a smaller net cost than the cost of a Put Option alone. In some cases, depending on the Floor Price, the Cap Price and the Expiry Date chosen, the Collar

Option may be established without any Fixed Option Premium being payable or with the receipt, rather than the payment, of the Fixed Option Premium. The Fixed Option Premium is paid or kept (as the case may be) regardless of the price of the underlying Securities when the Collar Option expires. **Note:** you can only buy Collar Options in compliance with any applicable restrictions on short-selling (see further “*Licensing and other legal requirements*” in Section 5).

Note: Superannuation Fund trustees are not currently able to buy Collar Options and American Collar Options are not currently available to any applicants.

How does buying a Collar Option work?

At initiation

When you buy a Collar Option, you must pay to NAB (or you may receive from NAB) the Fixed Option Premium on the Fixed Option Premium Payment Date. NAB will inform you prior to entering into the Collar Option whether you will pay or receive the Fixed Option Premium, or whether there will be no Fixed Option Premium.

You will need to mortgage the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Collar Option contract are met. For further detail on Option Collateral arrangements, please refer to Section 2.

On the Expiry Date

What happens on the Expiry Date depends on the Market Price on that date.

Scenario 1 – Market Price equal to or below Floor Price

If the Market Price is equal to or less than the Floor Price, then the Collar Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur.

If you have elected Cash Settlement, then you will receive the Variable Option Premium from NAB.

If you have elected Physical Settlement, then you will sell the Securities to NAB in exchange for the Physical Settlement Amount.

Scenario 2 – Market Price above the Floor Price and below the Cap Price

If the Market Price is within the range set by the Floor Price and the Cap Price, then it is likely that the Collar Option will expire unexercised. If the Collar Option expires unexercised, all obligations under the Collar Option will end.

Scenario 3 – Market Price equal to or above Cap Price

If the Market Price is equal to or greater than the Cap Price, then the Collar Option will be Automatically Exercised unless NAB notifies you that it does not want Automatic Exercise to occur.

You will be required to pay the Variable Option Premium to NAB. However, NAB may offer to acquire or procure one or more third parties to acquire your Securities and the proceeds of sale may be used to fund this amount. For further detail, please refer to “*Offer by NAB to acquire underlying Securities relating to a Collar*” in Section 2.

Note: Physical Settlement is only available where the Collar Option is exercised by the Buyer.

Example 5: Buying European Collar Options

You own 10,000 XYZ Limited Securities, currently trading at \$10.00. You would like to protect the value of your holdings and have considered buying a Put Option with an Exercise Price of \$9.00, expiring in 1 year. The Option Premium you need to pay for this is \$10,000.00 (10,000 x \$1.00 per Option). In order to offset this cost, you are willing to give up some of any potential Security price rise by instead buying a European Collar Option with a Floor Price of \$9.00, a Cap Price of \$12.00 and the same Expiry Date in 1 year. The Fixed Option Premium you are required to pay for the Collar Option is only \$5,000.00 (10,000 x \$0.50 per Option). You would like to continue to hold your Securities in the long term, so you have chosen Cash Settlement. You mortgage 10,000 XYZ Securities to support your obligations to NAB under the Collar Option.

The table below illustrates three possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$8.00 on the Expiry Date	XYZ Limited Market Price is \$10.50 on the Expiry Date	XYZ Limited Market Price is \$13.00 on the Expiry Date
<p>The Collar Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>NAB pays you a Variable Option Premium of \$10,000.00 (10,000 Securities x (\$9.00 Floor Price minus \$8.00 Market Price)).</p> <p>The realised gain from the Collar Option you have bought is \$5,000.00 (\$10,000.00 minus \$5,000 Fixed Option Premium you paid).</p> <p>The realised gain of \$5,000.00 from the Collar Option partly offsets the unrealised loss of \$20,000.00 (10,000 Securities x \$2.00) on the XYZ Limited Securities you hold.</p>	<p>The Collar Option is “Out-of-the-Money” for both parties and will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$5,000.00 (10,000 Securities x \$0.50 per Security).</p> <p>The unrealised gain of \$5,000 on the XYZ Limited Securities you hold is offset by the realised loss of \$5,000.00 in Fixed Option Premium.</p>	<p>The Collar Option is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>You pay NAB a Variable Option Premium of \$10,000.00 (10,000 Securities x (\$13.00 Market Price minus \$12.00 Cap Price)).</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$30,000.00 (10,000 Securities x \$3.00 per Security).</p> <p>The unrealised gain of \$30,000.00 on the XYZ Limited Securities you hold is partially offset by the realised loss of \$15,000.00 (\$10,000.00 Variable Option Premium plus \$5,000.00 in Fixed Option Premium).</p>

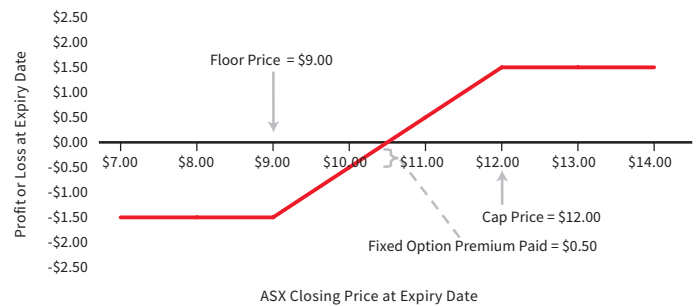
The following chart shows the theoretical pay-off from the bought European Collar Option against different possible Security prices.

Bought Collar Option



The chart to the right shows the theoretical combined pay-off from the bought European Collar Option together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a combined position showing both your Option and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB’s Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart below or if you hold any other position with respect to the underlying Securities, the chart below will not reflect your position. You should also note that if you have provided the underlying Securities as Option Collateral for an Option, NAB’s recourse to the Option Collateral will not be limited to enforcing your obligations in connection with that Option.

Combined position for both a Bought Collar Option and a holding of the equivalent number of underlying Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Collar Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Example 6: European Zero Cost Collar Options

As an alternative to a bought Collar Option described in Example 5 above, you could establish a European Zero Cost Collar Option. In this case, the Floor Price remains the same but the Cap Price of the Collar Option is reduced to \$11.00. By further reducing the potential returns you might earn from an increase in the underlying Security price, you are able to protect the value of your XYZ Limited Securities at the same level but without any obligation to pay a Fixed Option Premium. You mortgage 10,000 XYZ Securities to support your obligations to NAB under the Collar Option.

The table below illustrates three possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$8.00 on the Expiry Date	XYZ Limited Market Price is \$10.50 on the Expiry Date	XYZ Limited Market Price is \$13.00 on the Expiry Date
<p>The Collar Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>NAB pays you a Variable Option Premium of \$10,000.00 (10,000 Securities x (\$9.00 Floor Price minus \$8.00 Market Price)).</p> <p>The realised gain from the Collar Option you have bought is \$10,000.00 (the Variable Option Premium).</p> <p>The realised gain of \$10,000.00 from the Collar Option partly offsets the unrealised loss of \$20,000.00 (10,000 Securities x \$2.00) on the XYZ Limited Securities you hold.</p>	<p>The Collar Option is “Out-of-the-Money” for both parties and will expire without exercise.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$5,000.00 (10,000 Securities x \$0.50 per Security).</p> <p>The unrealised gain of \$5,000.00 on the XYZ Limited Securities you hold is not offset by any realised loss as the Collar Option did not require you to pay a Fixed Option Premium.</p>	<p>The Collar Option is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>You pay NAB a Variable Option Premium of \$20,000.00 (10,000 Securities x (\$13.00 Market Price minus \$11.00 Cap Price)).</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$30,000.00 (10,000 Securities x \$3.00 per Security).</p> <p>The unrealised gain of \$30,000.00 on the XYZ Limited Securities you hold is partially offset by the realised loss of \$20,000.00 (being the Variable Option Premium you paid to NAB).</p>

The following chart shows the theoretical pay-off from the bought Zero Cost European Collar Option against different possible Security prices.

Zero Cost Collar Option



The following chart shows the theoretical combined pay-off from the Zero Cost European Collar Option together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a combined position showing both your Option and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB’s Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart below or if you hold any other position with respect to the underlying Securities, the chart below will not reflect your position. You should also note that if you have provided the underlying Securities as Option Collateral for an Option, NAB’s recourse to the Option Collateral will not be limited to enforcing your obligations in connection with that Option.

Combined position for both a Zero Cost Collar Option and a holding of the equivalent number of underlying Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any Collar Option. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical.

Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

OPTION COMBINATIONS

What are Option combinations?

An Option combination is a strategy involving the simultaneous purchase and/or sale of more than one Option. An Option combination can be constructed by using any of the basic Options described above. An Option combination gives you exposure to the combined risks and benefits of each type of Option comprised in the Option combination. Accordingly, you should ensure that you fully understand how each type of Option works, the risks and benefits of each type of Option and the impact that combining Options has on these risks and benefits before you consider entering into Option combinations.

Why might I consider Option combinations?

Combinations of Options may allow you opportunities to gain exposure to Securities or manage risk in a flexible and effective manner.

They can be used to implement various hedging or speculative strategies in differing market conditions that are not available through other financial instruments. Combinations provide flexibility that may help you shape the risk of your Option positions in different ways.

You can tailor an Option combination to your requirements by combining Options with terms which, although not available as a single Option, taken together, achieve your desired pay-off or strategy.

You can also use combinations in conjunction with an existing holding of Securities. The Option combination may help you to protect your existing investment, enhance your expected return or both.

How do Option combinations work?

Initiation

You simultaneously enter into more than one Option. The exact terms of the Option combination need to be agreed with NAB.

Because Option combinations can involve both buying and selling individual Options, upon entering an Options combination strategy, you may pay or receive an Option Premium or a Fixed Option Premium or there may be no Option Premium or Fixed Option Premium, depending on the parameters you have requested for each of the Options comprised in the Option combination. Any Option Premium or Fixed Option Premium payable or receivable will be paid or received on the Option Premium Payment Date or the Fixed Option Premium Payment Date (as the case may be). Under the Agreement, amounts owing from NAB to you and from you to NAB may be netted so that a single amount is payable. As such, the Option Premium(s) and Fixed Option Premium (if any) payable or receivable in connection with the component Options may be netted so that a single upfront premium is payable or receivable.

You should note that the individual Option Premium or Fixed Option Premium payable for a component Option may be different from the Option Premium or Fixed Option Premium which may be payable or receivable in connection with a single Option with identical terms entered into outside of an Option combination.

If your Option combination includes a sold Call Option, a bought Collar Option (without a Loan), a bought Collar Option with a Loan or a bought Put Option with a Loan, in most cases you will need to mortgage the underlying Securities to secure your future obligations to NAB under the Option combination. In certain limited circumstances, NAB may not require you to provide Option Collateral for such an Option combination. Whether or not Option Collateral will be required in these circumstances will be at the absolute discretion of NAB and will be notified to you before you enter into the Option combination.

On the Expiry Date

Assuming the Options comprised in the Option combination have not been exercised prior to that date (where permitted by their terms), what happens on the Expiry Date depends on the Market Price on that date and the terms of the Options comprised in the Option combination.

Each Option comprised in your Option combination will be "In-the-Money", "At-the-Money" or "Out-of-the-Money" for you at the Expiry Date and each will either be exercised or expire unexercised as described under "Single Options" above. Cash Settlement or Physical Settlement (as applicable) will apply to the settlement of each Option comprised in the Option combination as also described under "Single Options" above.

Examples of Option combinations

There are many variations that are possible when combining Options. This section provides selected information about certain Option combinations which may currently be available. Please ensure that you discuss the terms of the specific Option combination you intend to enter into with your NAB Markets representative and obtain independent legal, financial and tax advice before you enter into the Option combination. Option combinations not described in this PDS will not be available unless a supplement to or replacement of this PDS is prepared.

Bought put spreads

An example of an Option combination that may be available is a bought put spread. A bought put spread is a trade that involves buying a Put Option while simultaneously selling a Put Option with a lower Exercise Price but with the same Expiry Date.

Why might I consider entering into a bought put spread?

You might consider entering into a bought put spread if you want to:

- reduce your risk of loss that would occur if the price of the underlying Securities you own decreases. If you enter into a bought put spread, your downside risk per underlying Security is reduced by an amount up to the difference between the two Exercise Prices less the Option Premium per Security paid; or
- gain a leveraged exposure to underlying Securities that you do not own but you think will decrease in price. This is a way of generating returns from the falling price of underlying Securities that you do not own.

Note: you can only enter into bought put spreads in compliance with any applicable restrictions on short-selling (see further "Licensing and other legal requirements" in Section 5 below).

The reasons for entering into a bought put spread are similar to those for buying a Put Option, in that the aim is typically to provide protection for an existing holding or to generate returns from anticipated price falls. However, bought put spreads are of lower cost in terms of the net Option Premium as the Option Premium earned from the sale of a lower Exercise Price Put Option partially offsets the cost of the Option Premium for the purchase of the higher Exercise Price Put Option. However, the cost of the reduced Option Premium is that the protection purchased (or the potential returns from falling prices) is reduced. Accordingly, bought put spreads may be used by investors expecting price falls in circumstances where the extent of the falls is expected to be of a limited nature.

How does entering into bought put spreads work?

At initiation

When you enter into a bought put spread, you must pay to NAB the Option Premium for the Put Option you buy from NAB and NAB will pay you the Option Premium for the Put Option you sell to NAB, in each case on the Option Premium Payment Date. Where the Option Premium Payment Date for each Put Option is the same day, the Agreement provides that the Option Premium you must pay to NAB and the Option Premium NAB will pay to you can be net settled such that the only payment required is your payment of the net Option Premium to NAB.

On the Expiry Date

Assuming the Options comprised in the Option combination have not been exercised prior to that date (where permitted by their terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price above the higher Exercise Price

If the Market Price is greater than the higher Exercise Price, then it is likely that the Put Options will expire unexercised and NAB's obligations to you and your obligations to NAB under the Put Options will end.

Scenario 2 – Market Price equal to or below the higher Exercise Price but above the lower Exercise Price

The Put Option with the higher Exercise Price will be Automatically Exercised (unless you have notified NAB that you do not want Automatic Exercise to occur) while it is likely that the Put Option with the lower Exercise Price will expire unexercised.

If you have elected Cash Settlement, you will receive the Cash Settlement Amount from NAB.

If you have elected Physical Settlement, then you must sell the underlying Securities to NAB in exchange for the Physical Settlement Amount.

Scenario 3 – Market Price equal to or below the lower Exercise Price

Both Put Options will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur in respect of the Put Option with the higher Exercise Price or NAB has notified you that NAB does not want Automatic Exercise to occur in respect of the Put Option with the lower Exercise Price.

If you have elected Cash Settlement, you must pay the Cash Settlement Amount to NAB for the Put Option you sold to NAB and you will receive the Cash Settlement Amount from NAB for the Put Option you bought from NAB. Where the Settlement Date for each Put Option is the same day, the Agreement provides that the Cash Settlement Amount you must pay to NAB and the Cash Settlement Amount NAB must pay to you can be net settled such that the only payment required is NAB's payment of the net Cash Settlement Amount to you.

If you have elected Physical Settlement, then you must sell the underlying Securities to NAB at the higher Exercise Price and NAB will sell the underlying Securities back to you at the lower Exercise Price. The Physical Settlement Amounts due between the parties may be net settled in accordance with the Agreement.

Where the Option combination comprises one or more American Options, those Options may be exercised prior to the Expiry Date and they may be exercised at different times. Cash Settlement or Physical Settlement will also apply as described under Example 2 and Example 3 above to the early exercise of American Options, except that payments will not be netted if exercise occurs at different times.

Example 7: Bought European put spreads

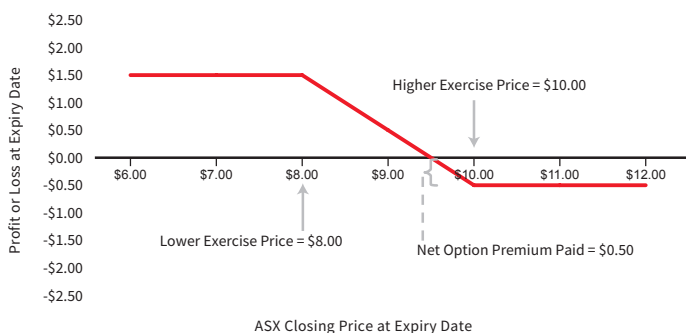
You own 10,000 Securities of XYZ Limited, currently trading at \$10.00. You would like to protect the value of your Securities against a price fall and decide to enter into a bought put spread with an Expiry Date in 1 year's time and Exercise Prices of \$10.00 and \$8.00 (i.e. you are buying a European Put Option with a \$10.00 Exercise Price and simultaneously selling a European Put Option with an \$8.00 Exercise Price). You would also prefer not to sell your Securities so you elect Cash Settlement, which means that you will receive a cash payment from NAB if the Market Price is below \$10.00 on the Expiry Date. You pay NAB \$5,000.00 as the total net Option Premium (\$0.50 per bought put spread, calculated as a \$1.00 Option Premium paid on the Put Option with the higher Exercise Price, less a \$0.50 Option Premium received on the Put Option with the lower Exercise Price).

The table below illustrates three possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$7.00 on the Expiry Date	XYZ Limited Market Price is \$9.00 on the Expiry Date	XYZ Limited Market Price is \$12.00 on the Expiry Date
<p>The Put Option with the higher Exercise Price is “In-the-Money” for you and “Out-of-the-Money” for NAB and the Put Option with the lower Exercise Price is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>NAB pays you a net Cash Settlement Amount of \$20,000.00 (10,000 Securities x (\$10.00 Exercise Price minus \$7.00 Market Price) – 10,000 Securities x (\$8.00 Exercise Price minus \$7.00 Market Price)).</p> <p>The realised gain from the bought put spread is \$15,000.00 (\$20,000.00 net Cash Settlement Amount - \$5,000.00 net Option Premium you paid).</p> <p>The realised gain of \$15,000.00 from the Put Options partly offsets the unrealised loss of \$30,000.00 (10,000 Securities x \$3.00) on the XYZ Limited Securities you hold.</p>	<p>The Put Option with the higher Exercise Price is “In-the-Money” for you and “Out-of-the-Money” for NAB while the Put Option with the lower Exercise Price is “Out-of-the-Money” for NAB and “In-the-Money” for you.</p> <p>NAB pays you a Cash Settlement Amount of \$10,000.00 (10,000 Securities x (\$10.00 Exercise Price minus \$9.00 Market Price)).</p> <p>The realised gain from the bought put spread is \$5,000.00 (\$10,000.00 Cash Settlement Amount - \$5,000.00 net Option Premium you paid).</p> <p>The realised gain of \$5,000.00 from the Put Options partly offsets the unrealised loss of \$10,000.00 (10,000 Securities x \$1.00) on the XYZ Limited Securities you hold.</p>	<p>The Put Option with the higher Exercise Price is “Out-of-the-Money” for you and the Put Option with the lower Exercise Price is “Out-of-the-Money” for NAB.</p> <p>The Options will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$20,000.00 (10,000 Securities x \$2.00 per Security).</p> <p>The unrealised gain of \$20,000.00 on the XYZ Limited Securities you hold is partly offset by the realised loss of \$5,000.00 in net Option Premium paid.</p>

The following chart shows the theoretical pay-off from the bought put spread against different possible Security prices.

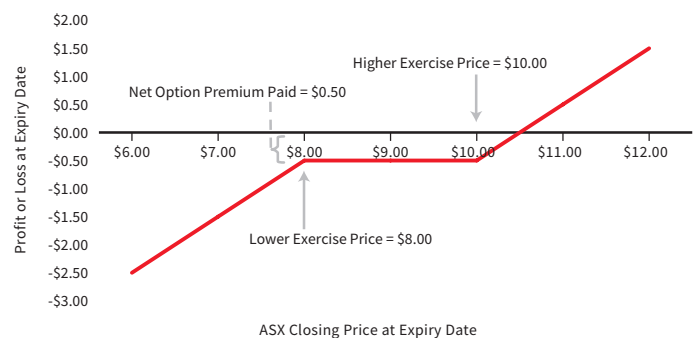
Bought European Put Spread



The following chart shows the theoretical combined pay-off from the bought European put spread together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a combined position showing both your Option combination and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option combination. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB’s Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart below or if you hold any other position with respect to the underlying Securities, the chart below will not reflect your position. You should also note that if you have provided the

underlying Securities as Option Collateral for an Option, NAB’s recourse to the Option Collateral will not be limited to enforcing your obligations in connection with that Option.

Combined position for both a Bought European Put Spread and a holding of the same number of underlying Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any Option combination. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Bought put spread collars

Another example of an Option combination that may be available is a bought put spread collar. A bought put spread collar is a trade that involves buying a Collar Option while simultaneously selling a Put Option with a lower Exercise Price than the Floor Price but with the same Expiry Date as the Collar Option.

Why might I consider entering into a bought put spread collar?

You might consider entering into a bought put spread collar if you want to reduce your risk of loss that would occur if the price of the underlying Securities you own decreases. If you enter into a bought put spread collar, your downside risk per underlying Security is reduced by an amount up to the difference between the Floor Price of the Collar Option and the Exercise Price of the Put Option less the net upfront premium paid per Security.

The reasons for entering into a bought put spread collar are similar to those for buying a Collar Option, in that the aim is typically to provide protection for an existing holding or to generate returns from anticipated price falls. However, bought put spread collars are of lower cost in terms of the net upfront premium as the Option Premium earned from the sale of the Put Option partially offsets the cost of the Fixed Option Premium for the Collar Option. However, the cost of the reduced net upfront premium is that the protection purchased (or the potential returns from falling prices) is reduced. Accordingly, bought put spread collars may be used by investors expecting price falls in circumstances where the extent of the price falls is expected to be limited. **Note:** you can only enter into bought put spread collars in compliance with any applicable restrictions on short-selling (see further “Licensing and other legal requirements” in Section 5).

How does entering into bought put spread collars work?

At initiation

When you enter into a bought put spread collar, NAB will pay you the Option Premium for the Put Option you sell to NAB on the Option Premium Payment Date and either you or NAB may be required to pay the Fixed Option Premium for the Collar Option you buy from NAB on the Fixed Option Premium Payment Date. Where the Option Premium Payment Date for the Put Option and the Fixed Option Premium Payment Date for the Collar Option is the same day, the Agreement provides that the Option Premium you receive from NAB and the Fixed Option Premium can be net settled such that only a single net payment is required to be made from you to NAB or from NAB to you (as the case may be).

On the Expiry Date

Assuming the Options comprised in the Option combination have not been exercised prior to that date (where permitted by their terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price above the Cap Price (and the Exercise Price)

If the Market Price is greater than the Cap Price, then the Collar Option will be Automatically Exercised unless NAB notifies you that NAB does not want Automatic Exercise to occur. The Put Option will likely expire unexercised.

You will be required to pay the Variable Option Premium to NAB. However, NAB may offer to acquire or procure one or more third parties to acquire your Securities and the proceeds of sale may be used to fund this amount. For further detail, please refer to “Offer by NAB to acquire underlying Securities relating to a Collar” in Section 2.

Note: Physical Settlement is only available where the Collar Option is exercised by the Buyer.

Scenario 2 – Market Price above the Floor Price (and the Exercise Price) but below the Cap Price

If the Market Price is within the range set by the Floor Price and the Cap Price and above the Exercise Price, then it is likely that the Collar Option and the Put Option will expire unexercised. If the Collar Option and the Put Option expire unexercised, all obligations between the parties will end.

Scenario 3 – Market Price below the Floor Price but above the Exercise Price

If the Market Price is less than the Floor Price but above the Exercise Price, then the Collar Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur and it is likely that the Put Option will expire unexercised.

If you have elected Cash Settlement, then you will receive the Variable Option Premium from NAB.

If you have elected Physical Settlement, then you will sell the Securities to NAB in exchange for the Physical Settlement Amount.

Scenario 4 – Market Price below the Exercise Price (and the Floor Price)

If the Market Price is less than both the Floor Price and the Exercise Price, then the Collar Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur and the Put Option will be Automatically Exercised unless NAB has notified you that NAB does not want Automatic Exercise to occur.

If you have elected Cash Settlement, then you must pay the Cash Settlement Amount to NAB for the Put Option you sold to NAB and you will receive the Variable Option Premium from NAB for the Collar Option you bought from NAB. Where the payment dates for each option are the same day, the Agreement provides that the Cash Settlement Amount you must pay to NAB and the Variable Option Premium NAB will pay to you can be net settled such that the only payment required is NAB’s payment to you of a net cash amount equal to the difference between the Variable Option Premium and the Cash Settlement Amount.

If you have elected Physical Settlement, then you must sell the underlying Securities to NAB at the Floor Price and NAB will sell the underlying Securities back to you at the Exercise Price. The Physical Settlement Amounts due between the parties may be net settled in accordance with the Agreement.

Where the Put Option in the Option combination is an American Option, that Option may be exercised prior to the Expiry Date. Cash Settlement or Physical Settlement will also apply as described above to the early exercise of any American Put Options, except that payments will not be netted if exercise occurs at different times.

Example 8: Bought European put spread collars

You own 10,000 Securities of XYZ Limited, currently trading at \$12.00. You would like to protect the value of your Securities against a price fall and decide to enter into a bought put spread collar with an Expiry Date in 1 year's time with an Exercise Price of \$10.00, a Floor Price of \$12.00 and a Cap Price of \$14.00 (i.e. you are selling a European Put Option with a \$10.00 Exercise Price and simultaneously buying a European Collar Option with a \$12.00 Floor Price and a Cap Price of \$14.00). You would also prefer not to sell your Securities so you elect Cash Settlement, which means that you will receive a cash payment from NAB if the Market Price is below \$12.00 on the Expiry Date.

You pay NAB \$5,000.00 as the total net upfront premium (\$0.50 per bought put spread collar, calculated as a \$1.00 Fixed Option Premium paid on the Collar Option, less a \$0.50 Option Premium received on the Put Option). You mortgage 10,000 XYZ Securities to support your obligations to NAB under the bought put spread collar.

The table below illustrates four possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$9.00 on the Expiry Date	XYZ Limited Market Price is \$11.00 on the Expiry Date	XYZ Limited Market Price is \$13.00 on the Expiry Date	XYZ Limited Market Price is \$15.00 on the Expiry Date
<p>The Put Option you sold is "In-the-Money" for NAB and "Out-of-the-Money" for you and the Collar Option is "In-the-Money" for you and "Out-of-the-Money" for NAB.</p> <p>NAB pays you a net cash amount of \$20,000.00 (10,000 Securities x (\$12.00 Floor Price minus \$9.00 Market Price)) – 10,000 Securities x (\$10.00 Exercise Price minus \$9.00 Market Price).</p> <p>The realised gain from the Option combination you have entered is \$15,000.00 (\$20,000.00 net cash amount - \$5,000.00 net upfront premium you paid).</p> <p>The realised gain of \$15,000.00 from the Options partly offsets the unrealised loss of \$30,000.00 (10,000 Securities x \$3.00 fall in Security price) on the XYZ Limited Securities you hold.</p>	<p>The Collar Option you bought is "In-the-Money" for you and "Out-of-the-Money" for NAB while the Put Option you sold is "Out-of-the-Money" for NAB and "In-the-Money" for you and will expire unexercised.</p> <p>NAB pays you a Variable Option Premium of \$10,000.00 (10,000 Securities x (\$12.00 Floor Price minus \$11.00 Market Price)) on the Collar Option.</p> <p>The realised gain from the Option combination you have entered is \$5,000.00 (\$10,000.00 Cash Settlement Amount - \$5,000.00 net upfront premium you paid).</p> <p>The realised gain of \$5,000.00 from the Options partly offsets the unrealised loss of \$10,000.00 (10,000 Securities x \$1.00 fall in Security price) on the XYZ Limited Securities you hold.</p>	<p>The Put Option you sold is "Out-of-the-money" for NAB and "In-the-Money" for you. The Collar Option you bought is "Out-of-the-Money" for both parties, as the Market Price is between the Floor Price and the Cap Price.</p> <p>Therefore, both Options will expire unexercised.</p> <p>The unrealised gain of \$10,000.00 on the XYZ Limited Securities you hold (10,000 Securities x \$1.00 rise in Security price) is partially offset by the realised loss of \$5,000.00 in net upfront premium you paid.</p>	<p>The Put Option you sold is "Out-of-the-Money" for NAB and "In-the-Money" for you, and expires unexercised.</p> <p>However, the Collar Option is "In-the-Money" for NAB and "Out-of-the-Money" for you and you must pay a Variable Option Premium of \$10,000.00 to NAB on the Collar Option (10,000 Securities x (\$15.00 Market Price - \$14.00 Cap Price)).</p> <p>The realised loss on the option strategy you entered is \$15,000.00 (\$5,000 net upfront premium + \$10,000.00 Variable Option Premium).</p> <p>The unrealised gain of \$30,000.00 on the XYZ Limited Securities you hold (10,000 Securities x \$3.00 rise in Security price) is offset by the realised loss of \$15,000.00 in net upfront premium and Variable Option Premium paid.</p>

The following chart shows the theoretical pay-off from the bought put spread collar against different possible Security prices:

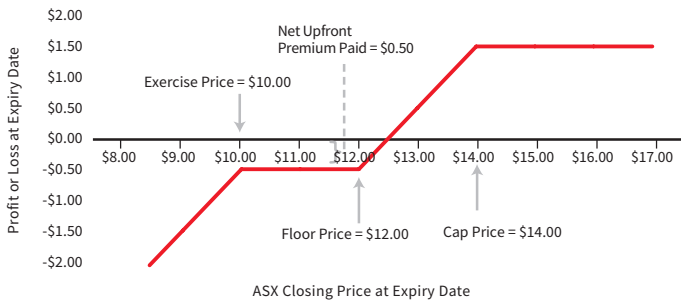
Bought European Put Spread Collar



The chart on the next page shows the theoretical combined pay-off from the bought European put spread collar together with a holding of underlying Securities against different possible Security prices. You should note however that this chart depicts a combined position showing both your Option combination and a holding of underlying Securities identical to and in a number equal to the underlying Securities for the Option combination. The Agreement only provides a facility to enter into Options with and to settle them as described in the Agreement and the PDS and not to otherwise trade generally in the underlying Securities. Accordingly, any position you have with respect to the underlying Securities other than Options with NAB (including any holding of those underlying Securities) is independent of your Option (except to the extent of NAB's Mortgage where you are required to provide those underlying Securities as Option Collateral for your Option). If you do not hold the underlying Securities as assumed by the chart on the next page or if you hold any other position with respect to the underlying Securities, the chart on the next

page will not reflect your position. You should also note that if you have provided the underlying Securities as Option Collateral for an Option, NAB's recourse to the Option Collateral will not be limited to enforcing your obligations in connection with that Option.

Combined position for Bought European Put Spread Collar and a holding of the equivalent number of underlying Securities



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any Option combination. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

Bought call spreads

A further example of an Option combination that may be available is a bought call spread. A bought call spread is a trade that involves buying a Call Option while simultaneously selling a Call Option with a higher Exercise Price but with the same Expiry Date.

Why might I consider entering into a bought call spread?

You might consider entering into a bought call spread if you:

- want to gain a leveraged exposure to Securities that you do not own but you think will increase in price. This is a way of generating returns from the rising price of Securities that you do not own or do not necessarily want to buy and doing so for a lower Option Premium outlay than buying a Call Option at the lower Exercise Price only;
- have a view that the Security will increase price beyond the lower Exercise Price and wish to benefit from the price increase, but view it as unlikely that the price will increase beyond the higher Exercise Price; or
- want to lock in a maximum purchase price for Securities you are looking to buy (the lower Exercise Price) but simultaneously would also be happy to sell out of the Security at a price equal to or above the higher Exercise Price should the price increase to this level.

The reasons for entering into a bought call spread are similar to those for buying a Call Option, in that the aim is typically to generate returns from anticipated price gains. However, bought call spreads are of lower cost in terms of the net Option Premium as the Option Premium earned from the sale of a higher Exercise Price Call Option partially offsets the cost of the Option Premium for the purchase of the lower Exercise Price Call Option. However, the cost of the reduced Option Premium is that the “upside” purchased (or the potential returns from rising prices) is reduced. Accordingly, bought call spreads may be used by investors expecting price rises in circumstances where the extent of the rises is expected to not to exceed the higher Exercise Price.

Note: you can only enter into bought call spreads in compliance with any applicable restrictions on short-selling (see further “*Licensing and other legal requirements*” in Section 5).

How does entering into bought call spreads work?

At initiation

When you enter into a bought call spread, you must pay to NAB the Option Premium for the Call Option you buy from NAB and NAB will pay you the Option Premium for the Call Option you sell to NAB, in each case on the Option Premium Payment Date. Where the Option Premium Payment Date for each Call Option is the same day, the Agreement provides that the Option Premium you must pay to NAB and the Option Premium NAB will pay to you can be net settled such that the only payment required is your payment of the net Option Premium to NAB.

On the Expiry Date

Assuming the Options comprised in the Option combination have not been exercised prior to that date (where permitted by their terms), what happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price below the lower Exercise Price

If the Market Price is below the lower Exercise Price, then it is likely that the Call Options will expire unexercised and NAB's obligations to you and your obligations to NAB under the Call Options will end.

Scenario 2 – Market Price equal to or above the lower Exercise Price but below the higher Exercise Price

The Call Option with the lower Exercise Price will be Automatically Exercised (unless you have notified NAB that you do not want Automatic Exercise to occur) while it is likely that the Call Option with the higher Exercise Price will expire unexercised.

If you have elected Cash Settlement, you will receive the Cash Settlement Amount from NAB for the Call Option you bought from NAB. If you have elected Physical Settlement, then you will buy the underlying Securities from NAB at the Physical Settlement Amount.

Scenario 3 – Market Price equal to or above the higher Exercise Price

Both Call Options will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur in respect of the Call Option with the lower Exercise Price or NAB has notified you that NAB does not want Automatic Exercise to occur in respect of the Call Option with the higher Exercise Price.

If you have elected Cash Settlement, you must pay the Cash Settlement Amount to NAB for the Call Option you sold to NAB and you will receive the Cash Settlement Amount from NAB for the Call Option you bought from NAB. Where the Settlement Date for each Call Option is the same day, the Agreement provides that the Cash Settlement Amount you must pay to NAB and the Cash Settlement Amount NAB will pay to you can be net settled such that the only payment required is NAB’s payment of the net Cash Settlement Amount to you. If you have elected Physical Settlement, then you must sell the underlying Securities to NAB at the higher Exercise Price and NAB will sell the underlying Securities back to you at the lower Exercise Price.

Where the Option combination comprises one or more American Options, those Options may be exercised prior to the Expiry Date and they may be exercised at different times. Cash Settlement or Physical Settlement will also apply as described under Example 2 and Example 3 previously to the early exercise of American Options, except that payments will not be netted if exercise occurs at different times.

Example 9: Bought European call spreads

You are considering a call spread strategy on 10,000 Securities of XYZ Limited, which is currently trading at \$5.00. You have a view that the Securities will rise in price and decide to enter into a bought call spread with an Expiry Date in 1 year’s time and Exercise Prices of \$6.00 and \$7.00 (i.e. you are buying a European Call Option with a \$6.00 Exercise Price and simultaneously selling a European Call Option with a \$7.00 Exercise Price). You would also prefer not to receive or deliver Securities so you elect Cash Settlement, which means that you will receive a cash payment from NAB if the Market Price is above \$6.00 on the Expiry Date. You pay NAB \$2,500.00 as the total net Option Premium (\$0.25 per bought call spread, calculated as a \$0.50 Option Premium paid on the Call Option with the lower Exercise Price, less a \$0.25 Option Premium received on the Call Option with the higher Exercise Price).

The table below illustrates three possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$3.00 on the Expiry Date	XYZ Limited Market Price is \$6.50 on the Expiry Date	XYZ Limited Market Price is \$8.00 on the Expiry Date
<p>The Call Option with the lower Exercise Price is “Out-of-the-Money” for you and “In-the-Money” for NAB and the Call Option with the higher Exercise Price is “Out-of-the-Money” for NAB and “In-the-Money” for you. The Options will expire unexercised.</p> <p>The realised loss from the net Option Premium paid is \$2,500.00.</p> <p>However, should you still be interested in gaining exposure to XYZ Limited you could now buy in for \$2.00 less per share than at the time of entering the Options.</p>	<p>The Call Option with the lower Exercise Price is “In-the-Money” for you and “Out-of-the-Money” for NAB while the Call Option with the higher Exercise Price is “Out-of-the-Money” for NAB and “In-the-Money” for you and will expire unexercised.</p> <p>NAB pays you a Cash Settlement Amount of \$5,000 (10,000 Securities x \$6.50 Market Price minus \$6.00 Exercise Price) on the Call Option with the lower Exercise Price.</p> <p>The realised gain from the bought call spread is \$2,500 (\$5,000 Cash Settlement Amount - \$2,500.00 net Option Premium you paid).</p>	<p>The Call Option with the lower Exercise Price is “In-the-Money” for you and “Out-of-the-Money” for NAB and the Call Option with the higher Exercise Price is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>NAB pays you a net Cash Settlement Amount of \$10,000.00 ((10,000 Securities x (\$8.00 Market Price minus \$6.00 Exercise Price)) - (10,000 Securities x (\$8.00 Market Price minus \$7.00 Exercise Price))).</p> <p>The realised gain from the bought call spread is \$7,500.00 (\$10,000.00 Cash Settlement Amount - \$2,500.00 net Option Premium you paid).</p>

The following chart shows the theoretical pay-off from the bought European call spread against different possible Security prices.

Bought European Call Spread



These examples and diagrams are for illustrative purposes only and does not indicate, guarantee or forecast the actual outcome of any Option combination. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs you might incur are not shown.

APPROVED OPTIONS WITH LOANS

Bought European Put Options with Loans

Why might I consider buying Put Options with a Loan?

For details regarding why you might wish to buy Put Options, please refer to “Why might I consider buying Put Options?” above.

You might consider buying a Put Option with a Loan if you want to use the advance for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Put Option;
- to pay the premium payable for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or
- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

How does buying European Put Options with a Loan work?

At initiation

When you buy a Put Option, you will need to pay the Option Premium to NAB on the Option Premium Payment Date. As the Put Option is linked to a Loan, you will need to mortgage the Approved Option and the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Loan are met. The proceeds of the Loan may be used for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Put Option;
- to pay the premium payable for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or

- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

On the Expiry Date

What happens on the Expiry Date depends on the Market Price on that date:

Scenario 1 – Market Price above Exercise Price

If the Market Price is greater than the Exercise Price, then it is likely that the Put Option will expire unexercised. If the Put Option expires unexercised, NAB’s obligations to you under the Put Option will end. You will be required to pay all Amounts Owing in respect of the Loan by the Maturity Date (unless you elect to repay the Loan in cash, in which case you must pay NAB all Amounts Owing in respect of the Loan by 9.30am Sydney time on the Expiry Date (i.e. 2 Business Days prior to the Maturity Date). For further detail regarding repayment methods, please refer to Section 2.

Scenario 2 – Market Price below or equal to Exercise Price

If the Market Price is less than or equal to the Exercise Price, then the Put Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur.

If you have elected Cash Settlement, NAB must pay you the Cash Settlement Amount on the Settlement Date. If you have elected to repay the Loan in cash, you must pay NAB the Amount Owing in respect of the Loan on the Expiry Date (i.e. 2 Business Days before the Settlement Date). If you have elected to repay the Loan Amount by selling underlying Securities, to or through NAB and NAB has accepted that election, the amount payable by NAB to you by way of purchase price or by way of account for the proceeds of sale of the underlying Securities together with the Cash Settlement Amount will be set off against your obligation to pay NAB the Amount Owing in respect of the Loan.

For further detail regarding repayment methods, please refer to Section 2.

If you have elected Physical Settlement, then on the Settlement Date you must deliver the underlying Securities to NAB and NAB must pay you the Physical Settlement Amount (if any). NAB’s obligation to pay you the Physical Settlement Amount is set off against your obligation to pay NAB the Amounts Owing to NAB under the Loan and in respect of these amounts only the net amount is payable on the Settlement Date.

Example 10: Buying European Put Options with a Loan (Cash Settlement and Loan repayment by selling some Securities)

You wish to purchase 6,250 Securities of XYZ Limited, currently trading at \$8.00. You would like to purchase the Securities using an Approved Option with Loan linked to a European Put Option with an Expiry Date in 3 years and an Exercise Price of \$9.00. You would also prefer not to sell your Securities so you elect Cash Settlement, which means that you will receive a cash payment from NAB if the Market Price is below \$9.00 on the Expiry Date. You pay NAB \$7,500.00 (6,250 x \$1.20 per Option) as the total Option Premium.

NAB has granted you a Facility Limit and you have available under that limit at least \$50,000.00. You drawdown \$50,000.00 to purchase 6,250 Securities of XYZ Limited. You will need to mortgage the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Approved Option with Loan are met. You will be required to pay interest on the outstanding Principal (\$50,000.00) throughout the loan period and you have elected to pay interest yearly in advance (accordingly, there is no interest payable on the Maturity Date).

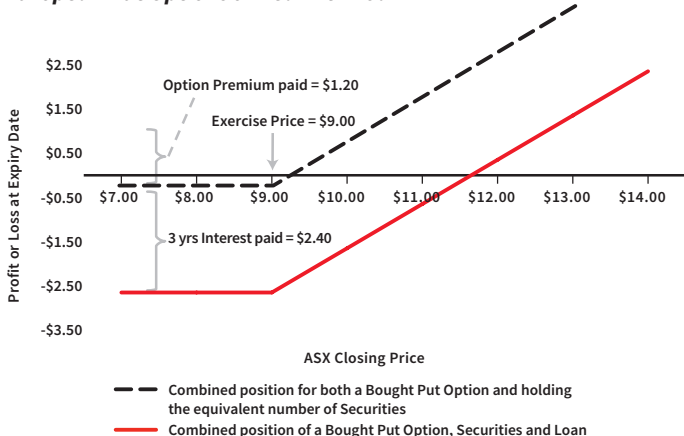
At least 5 Business Days before the Expiry Date, you elect to repay the Loan by selling a specified number of Securities of XYZ Limited to NAB sufficient to cover the Amounts Owing and NAB has accepted that election.

The table below illustrates two possible scenarios on the Expiry Date. For simplicity, please note that the table ignores any rebate on account of prepaid interest owing where the Maturity Date is not an Interest Payment Date.

XYZ Limited Market Price is \$7.00 on the Expiry Date	XYZ Limited Market Price is \$12.00 on the Expiry Date
<p>The Put Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>NAB owes you a Cash Settlement Amount of \$12,500.00 (6,250 Securities x (\$9.00 Exercise Price minus \$7.00 Market Price)).</p> <p>The realised gain from the Put Options you have bought is \$5,000.00 (\$12,500.00 minus \$7,500.00 Option Premium you paid).</p> <p>The realised gain of \$5,000.00 from the Put Options partly offsets any unrealised loss on the XYZ Limited Securities you hold.</p> <p>NAB sets off the Cash Settlement Amount of \$12,500.00 that NAB owes to you against the outstanding Principal of \$50,000.00 that you owe to NAB in relation to the Loan. You request us to sell approximately 5,358 XYZ Limited Securities at \$7.00 to satisfy the balance of the outstanding Principal of \$37,500.00 owing in relation to the Loan (\$50,000.00 minus \$12,500.00). The current market value of those Securities is approximately \$37,500.00 (5,358 XYZ Securities x \$7.00 Market Price). You keep the remaining 892 XYZ Securities, currently worth approximately \$6,244.00 (892 XYZ Securities x \$7.00 Market Price).</p>	<p>The Put Option is “Out-of-the-Money” for you and “In-the-Money” for NAB.</p> <p>The option will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$25,000.00 (6,250 Securities x \$4.00 per Security).</p> <p>The unrealised gain of \$25,000.00 on the XYZ Limited Securities you hold is partially offset by the realised loss of \$7,500.00 in the Option Premium you paid.</p> <p>You sell 4,167 XYZ Limited Securities to NAB to satisfy the outstanding Principal of \$50,000.00 owing in relation to the Loan. The current market value of those Securities is approximately \$50,000.00 (4,167 Securities x \$12.00 Market Price). You keep the remaining 2,083 XYZ Securities, currently worth approximately \$24,996.00 (2,083 XYZ Securities x \$12.00 Market Price).</p>

The following chart shows the theoretical pay-off from the bought European Put Option and Loan against different possible Security prices. The chart includes all interest payments over the Loan term using an indicative simple interest calculation of 10% p.a. with a Loan term of 3 years and assumes no default under the Loan:

European Put Options linked with Loan



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Put Option linked to a Loan. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs, taxation costs, dividends or other benefits and expenses you might incur are not shown.

Example 11: Buying European Put Options with a Loan (Physical Settlement and Loan repayment by selling some Securities)

You own 15,000 XYZ Limited Securities, currently trading at \$5.00. You would like to reduce your risk of loss if the price of the XYZ Limited Securities you own decreases and have decided to buy a European Put Option with an Exercise Price of \$4.00 and an Expiry Date in 1 year. You would like to sell your XYZ Limited Securities if the price continues to decrease, so you have chosen Physical Settlement, which means that you will sell 15,000 XYZ Limited Securities to NAB at the Exercise Price if the Market Price is at or below \$4.00 on the Expiry Date. You pay NAB \$7,500.00 (15,000 x \$0.50 per Option) as the total Option Premium.

You would also like to diversify your portfolio and would like to link the European Put Options to a Loan. You intend to use the proceeds of the Loan to acquire other ASX listed Securities. NAB has granted you a Facility Limit and you have available under that limit at least \$60,000.00. You drawdown \$60,000.00 to purchase other ASX listed Securities (i.e. Exercise Price \$4.00 times 15,000 Put Options). You will be required to pay interest on the outstanding Principal (\$60,000.00) throughout the loan period and you have elected to pay interest yearly in advance (accordingly, there is no interest payable on the Maturity Date).

You mortgage 15,000 XYZ Limited Securities to secure your obligations to NAB under the Put Option with Loan.

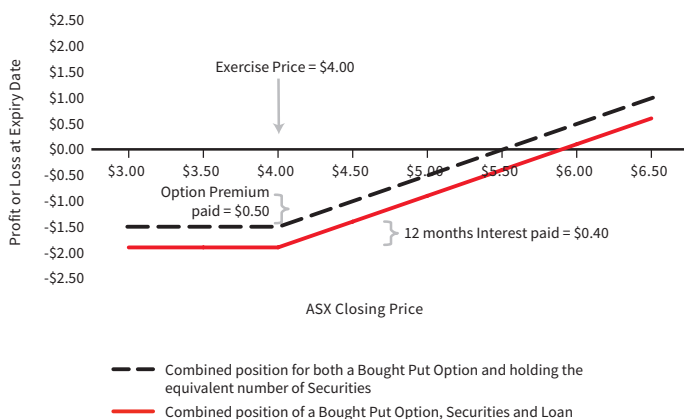
At least 5 Business Days before the Expiry Date, you elect to repay the Loan by selling a specified number of Securities of XYZ Limited to NAB sufficient to cover the Amounts Owed and NAB has accepted that election.

The table below illustrates two possible scenarios on the Expiry Date. For simplicity, please note that the table ignores any rebate on account of prepaid interest owing where the Maturity Date is not an Interest Payment Date and assumes you purchased the XYZ shares for \$5.00.

XYZ Limited Market Price is \$3.00 on the Expiry Date	XYZ Limited Market Price is \$7.00 on the Expiry Date
<p>The Put Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>You must transfer 15,000 XYZ Securities to NAB in exchange for the Physical Settlement Amount of \$60,000.00 (15,000 Securities x \$4.00 Exercise Price).</p> <p>The realised gain from the Put Options you have bought is \$7,500.00 (\$15,000.00 minus \$7,500.00 Option Premium you paid).</p> <p>The realised gain of \$15,000.00 from the Put Options partly offsets any unrealised loss on the XYZ Limited Securities you hold.</p> <p>NAB sets off the Physical Settlement Amount of \$60,000.00 that NAB owes to you against the outstanding Principal of \$60,000.00 that you owe to NAB in relation to the Loan.</p> <p>You keep the other ASX listed Securities acquired using the proceeds of the Loan.</p>	<p>The Put Option is “Out-of-the-Money” for you and “In-the-Money” for NAB.</p> <p>The option will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is partially offset by the realised loss of \$7,500.00 in the Option Premium you paid.</p> <p>You sell 8,572 XYZ Limited Securities at \$7.00 to satisfy the outstanding Principal of \$60,000.00 owing in relation to the Loan. The current market value of those Securities is approximately \$60,000.00 (8,572 Securities x \$7.00 Market Price). You keep the remaining 6,428 XYZ Securities, currently worth approximately \$44,996.00 (6,428 XYZ Securities x \$7.00 Market Price).</p> <p>You keep the other ASX listed Securities acquired using the proceeds of the Loan.</p>

The following chart shows the theoretical pay-off from the bought European Put Option and Loan against different possible Security prices. The chart includes all interest payments over the Loan term using an indicative simple interest calculation of 10% p.a. with a Loan term of 12 months and assumes no default under the Loan.

European Put Options with Loan



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Put Option linked to a Loan. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be

higher or lower than shown in these examples and diagrams and any transaction costs, taxation costs, dividends or other benefits and expenses you might incur are not shown.

Bought Collar Options with a Loan

Why might I consider buying Collar Options with a Loan?

Please see “Why might I consider buying Collar Options?” above for details regarding why you might wish to buy Collar Options.

You might consider buying a Collar Option with a Loan if you want to use the advance for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Collar Option;
- to pay the premium payable for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or
- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

How does buying a Collar Option with a Loan work?

At initiation

When you buy a Collar Option, you must pay to NAB (or you may receive from NAB) the Fixed Option Premium on the Fixed Option Premium Payment Date. NAB will inform you prior to

entering into the Collar Option whether you will pay or receive the Fixed Option Premium, or whether there will be no Fixed Option Premium.

You will need to mortgage the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Collar Option are met. The proceeds of the Loan may be used for one or more of the following purposes:

- to acquire the ASX listed Securities the subject of the Collar Option;
- to pay the premium payable for an Approved Option;
- to re-finance a maturing Approved Option with Loan; or
- for any other business purpose or investment purpose (other than investment in residential property) or both purposes.

On the Expiry Date

What happens on the Expiry Date depends on the Market Price on that date.

Scenario 1 – Market Price equal to or below Floor Price

If the Market Price is equal to or less than the Floor Price, then the Collar Option will be Automatically Exercised unless you have notified NAB that you do not want Automatic Exercise to occur.

If you have elected Cash Settlement, NAB must pay you the Variable Option Premium (if any) on the Settlement Date. If you have elected to repay the Loan in cash you must pay NAB the Amount Owing in respect of the Loan on the Expiry Date (i.e. 2 Business Days before the Settlement Date). If you have elected to repay the Loan Amount by selling underlying Securities, to or through NAB and NAB has accepted that election, the amount payable by NAB to you by way of purchase price or by way of account for the proceeds of sale of the underlying Securities together with the Variable Option Premium will be set off against your obligation to pay NAB the Amount Owing in respect of the Loan.

For further detail regarding repayment methods, please refer to Section 2.

If you have elected Physical Settlement, then on the Settlement Date you must deliver the underlying Securities to NAB and NAB must pay you the Physical Settlement Amount (if any). NAB's obligation to pay you the Physical Settlement Amount is set off against your obligation to pay NAB the Amounts Owing to NAB under the Loan and in respect of these amounts only the net amount is payable on the Settlement Date.

Scenario 2 – Market Price above the Floor Price and below the Cap Price

If the Market Price is within the range set by the Floor Price and the Cap Price, then it is likely that the Collar Option will expire unexercised. If the Collar Option expires unexercised, all obligations under the Collar Option will end.

You will be required to repay all Amounts Owing in respect of the Loan by the Maturity Date (unless you elect to repay the Loan in cash, in which case you must pay NAB all Amounts Owing in respect of the Loan by 9.30am Sydney time on the Expiry Date (i.e. 2 Business Days prior to the Maturity Date). For further detail regarding repayment options, please refer to Section 2 above.

Scenario 3 – Market Price equal to or above Cap Price

If the Market Price is equal to or greater than the Cap Price, then the Collar Option will be Automatically Exercised unless NAB notifies you that NAB does not want Automatic Exercise to occur.

You will be required to pay the Variable Option Premium to NAB on the Expiry Date.

You will also be required to repay all Amounts Owing in respect of the Loan by the Maturity Date (or if you elect to pay cash, on the Expiry Date (i.e. 2 Business Days before the Maturity Date). For further detail regarding repayment options, please see section 2.

Note: Physical Settlement is only available where the Collar Option is exercised by you as the Buyer.

Example 12: Buying European Collar Options with a Loan (Cash Settlement and Loan repayment in cash)

You own 25,000 XYZ Limited Securities, currently trading at \$20.00. You would like to protect the value of your holdings and have decided to buy a Zero Cost European Collar Option with a Floor Price of \$16.00, a Cap Price of \$26.00 and an Expiry Date in 13 months. You would like to continue to hold your Securities in the long term, so you have chosen Cash Settlement. You mortgage 25,000 XYZ Securities to support your obligations to NAB under the Collar Option.

You would also like to diversify your portfolio and would like to link the European Collar Options to a Loan. You intend to use the proceeds of the Loan to fund the purchase of a portfolio of other ASX listed Securities.

NAB has granted you a Facility Limit and you have available under that limit at least \$400,000.00. You drawdown \$400,000.00 (i.e. Floor Price of \$16.00 times 25,000 Collar Options) to purchase a diversified portfolio of ASX listed Securities valued at \$400,000.00. You will be required to pay interest on the outstanding Principal (\$400,000.00) throughout the loan period and you have elected to pay interest yearly in advance (accordingly, there is no interest payable on the Maturity Date).

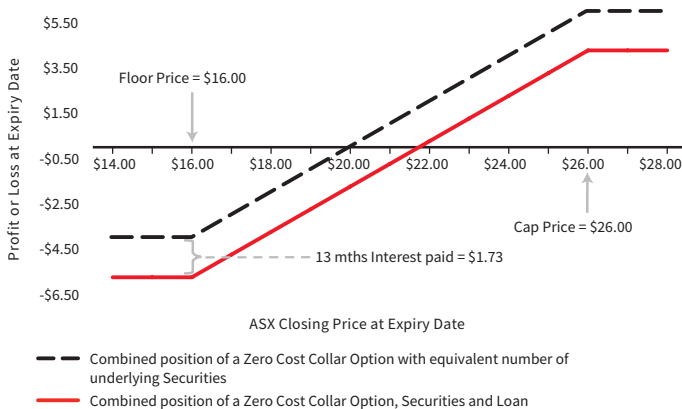
At least 5 Business Days before the Expiry Date, you elect to repay the Loan in cash.

The table below illustrates three possible scenarios on the Expiry Date. For simplicity, please note that the table ignores any rebate on account of prepaid interest owing where the Maturity Date is not an Interest Payment Date.

XYZ Limited Market Price is \$14.00 on the Expiry Date	XYZ Limited Market Price is \$21.00 on the Expiry Date	XYZ Limited Market Price is \$28.00 on the Expiry Date
<p>The Collar Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>NAB owes you a Variable Option Premium of \$50,000.00 (25,000 Securities x (\$16.00 Floor Price minus \$14.00 Market Price)).</p> <p>As the Collar Option is zero cost, the realised gain from the Collar Option you have bought is \$50,000.00.</p> <p>The realised gain of \$50,000.00 from the Collar Option offsets the unrealised loss on the XYZ Limited Securities you hold.</p> <p>You pay the \$400,000 to NAB by 9.30am on the Expiry Date as advised in your Cash Notice. The Variable Option Premium of \$50,000.00 that NAB owes to you will be paid to you on the Settlement Date.</p> <p>You keep the portfolio of ASX listed Securities acquired using the proceeds of the Loan.</p>	<p>The Collar Option is “Out-of-the-Money” for both parties and will expire unexercised.</p> <p>You repay the outstanding Principal of \$400,000.00 owing in relation to the Loan from your own funds by 9.30am on the Expiry Date.</p> <p>You keep the portfolio of ASX listed Securities acquired using the proceeds of the Loan.</p>	<p>The Collar Option is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>You owe NAB a Variable Option Premium of \$50,000.00 (25,000 Securities x (\$28.00 Market Price minus \$26.00 Cap Price)).</p> <p>The unrealised gain on the XYZ Limited Securities you hold is offset by the realised loss of \$50,000.00 (\$50,000.00 Variable Option Premium).</p> <p>You pay from your own funds the outstanding Principal of \$400,000.00 owing in relation to the Loan by 9.30am on the Expiry Date and the Variable Option Premium on the Settlement Date.</p> <p>You keep the portfolio of ASX listed Securities acquired using the proceeds of the Loan.</p>

The following chart shows the theoretical pay-off from the bought European Collar Option and Loan against different possible Security prices. The chart includes all interest payments over the Loan term using an indicative simple interest calculation of 10% p.a. with a Loan term of 13 months and assumes no default under the Loan.

European Collar Options with Loan



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Collar Option with Loan. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs, taxation costs, dividends or other benefits and expenses you might incur are not shown.

Example 13: Buying European Collar Options with a Loan (Physical Settlement and Loan repayment by sale of Securities)

You wish to purchase 10,000 Securities of XYZ Limited, currently trading at \$8.00. You would like to purchase the Securities using an Approved Option with Loan linked to a European Collar Option with an Expiry Date in 1 year, a Floor Price of \$5.00 and, a Cap Price of \$12.00. You do not want to hold the Securities in the long term, so you have chosen Physical Settlement. NAB has granted you a Facility Limit and you have available under that limit at least \$50,000.00.

You pay NAB \$10,000.00 (10,000 x \$1.00 per Option) as the total Fixed Option Premium.

You drawdown \$50,000.00 by way of a Loan and contribute \$30,000.00 of your own funds (current trading price \$8.00 less Floor Price \$5.00 times 10,000 Securities) to purchase 10,000 Securities of XYZ Limited. You will need to mortgage the underlying Securities to NAB as security to ensure that your future obligations to NAB under the Approved Option with Loan are met. You will be required to pay interest on the outstanding Principal (\$50,000.00) throughout the loan period and you have elected to pay interest yearly in advance (accordingly, there is no interest payable on the Maturity Date).

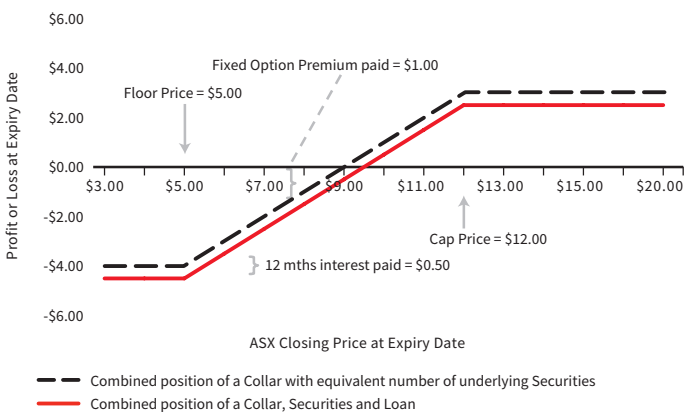
At least 5 Business Days before the Expiry Date, you elect to repay the Loan by selling the 10,000 Securities of XYZ Limited and NAB has accepted that election.

The table below illustrates three possible scenarios on the Expiry Date:

XYZ Limited Market Price is \$2.00 on the Expiry Date	XYZ Limited Market Price is \$9.00 on the Expiry Date	XYZ Limited Market Price is \$13.00 on the Expiry Date
<p>The Collar Option is “In-the-Money” for you and “Out-of-the-Money” for NAB.</p> <p>You must transfer 10,000 XYZ Securities to NAB in exchange for the Physical Settlement Amount of \$50,000.00 (10,000 Securities x \$5.00 Floor Price).</p> <p>The realised gain from the Collar Option you have bought is \$40,000.00 (\$50,000.00 minus \$10,000.00 Fixed Option Premium).</p> <p>NAB sets off the Physical Settlement Amount of \$50,000.00 that NAB owes to you against the outstanding Principal of \$50,000.00 that you owe to NAB in relation to the Loan.</p>	<p>The Collar Option is “Out-of-the-Money” for both parties and will expire unexercised.</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$10,000.00 (10,000 Securities x \$1 per Security).</p> <p>The unrealised gain of \$10,000.00 on the XYZ Limited Securities you hold is offset by the realised loss of \$10,000.00 Fixed Option Premium.</p> <p>You sell 10,000 XYZ Limited Securities to NAB or through NAB to satisfy the outstanding Principal of \$50,000.00 owing in relation to the Loan. The current market value of those Securities is \$90,000.00 (10,000 Securities x \$9.00 Market Price).</p> <p>A balance of \$40,000 is paid to you being the proceeds of the sale of XYZ Limited Securities after repayment of the Loan (\$90,000 - \$50,000).</p>	<p>The Collar Option is “In-the-Money” for NAB and “Out-of-the-Money” for you.</p> <p>You pay NAB a Variable Option Premium of \$10,000.00 (10,000 Securities x (\$13.00 Market Price minus \$12.00 Cap Price)).</p> <p>The unrealised gain on the XYZ Limited Securities you hold is \$50,000.00 (10,000 Securities x \$5.00 per Security).</p> <p>The unrealised gain of \$50,000.00 on the XYZ Limited Securities you hold is offset by the realised loss of \$10,000.00 Variable Option Premium and the \$10,000.00 Fixed Option Premium.</p> <p>You sell 10,000 XYZ Limited Securities to NAB or through NAB to satisfy the outstanding Principal of \$50,000.00 owing in relation to the Loan and the \$10,000.00 Variable Option Premium. The current market value of those Securities is approximately \$130,000.00 (10,000 Securities x \$13.00 Market Price).</p> <p>A balance of \$70,000 is paid to you being the proceeds of the sale of XYZ Limited Securities after repayment of the Loan and payment of the Variable Option Premium (\$130,000 - \$50,000 - \$10,000).</p>

The following chart shows the theoretical pay-off from the bought European Collar Option and Loan against different possible Security prices. The chart includes all interest payments over the Loan term using an indicative simple interest calculation of 10% p.a. with a Loan term of 12 months and assumes no default under the Loan.

European Collar Options with Loan



These examples and diagrams are for illustrative purposes only and do not indicate, guarantee or forecast the actual outcome of any bought Collar Option with Loan. You should note that these examples and diagrams are simplified (including through the use of rounded numbers) and only theoretical. Actual premiums, prices and payoffs may be higher or lower than shown in these examples and diagrams and any transaction costs, taxation costs, dividends or other benefits and expenses you might incur are not shown.

Section 4. Key Benefits

What are the key benefits of Options and Approved Options with Loans?

Investment protection

Options and Approved Options with Loans may be used to provide a level of protection for an investment in Securities from adverse price movements during the term of the Option or Approved Option with Loan.

Investment opportunities even during falling markets

Options and Approved Options with Loans may be used to generate returns from market movements, even when the market is falling. Options and Approved Options with Loans can also be used to earn Option Premium and Fixed Option Premium income.

Investment diversification

Options and Approved Options with Loans provide an investment opportunity that you can use to diversify your investment portfolio of Securities with a relatively low initial outlay.

Leverage or gearing

You can use Options and Approved Options with Loans to increase the size of your investment portfolio and magnify the potential returns on your investments. Using gearing allows you to either increase your exposure to one investment or spread your investments and diversify your risk. Where you have entered into an Approved Option with Loan you can borrow against the Option Collateral. This enables you to increase the size of your investment portfolio without selling your underlying position.

Tailored solutions

Options and Approved Options with Loans provide flexibility in relation to the Exercise Price (or, in the case of Collar Options, Floor Price and Cap Price), Expiry Date and choice of Option Style (in the case of Options which are not linked to a Loan) when compared to exchange traded options with standardised option terms. This may allow a greater tailoring of your strategy.

Versatility

Options and Approved Options with Loans are a versatile financial tool that can be matched to your investment goals. For example, the table below sets out how Put Options, Call Options and Collar Options might be matched to some selected investment strategies:

	Buy Put Options	Buy Call Options	Sell Put Options*	Sell Call Options	Buy Collar Options
Protect against decreases in the value of underlying Securities that you own	✓				✓
Earn returns from the falling price of underlying Securities that you do not own	✓				
Earn returns from the rising price of underlying Securities that you do not own		✓	✓		
Lock in a maximum purchase price for underlying Securities you intend to buy		✓			
Lock in a minimum sale price for underlying Securities you intend to sell	✓				✓
Receive Option Premium income			✓	✓	

*Note: Sold Put Options are not currently available as single Options but may be combined with other Options in certain Option combinations. For more detail on Option combinations, see "Option combinations" in Section 3.

Section 5. Significant Risks

What are the key risks of Options and Approved Options with Loans?

Like other investment strategies, entering into Options and Approved Options with Loans involves risk. Just as there is potential to earn returns through Options and Approved Options with Loans, there is also potential for loss. Markets can be volatile and can fall as well as rise. It is important that you consider your individual financial circumstances before entering into Options and Approved Options with Loans.

NAB have highlighted some key risks below but these are not the only risks faced by a potential investor. Accordingly, NAB strongly recommends that you talk to your legal, financial or tax adviser to determine if entering into Options or Approved Options with Loans is right for your particular circumstances and to understand the risks involved before you enter into an Option or Approved Option with Loan.

NAB has not in any way considered the suitability of Options or Approved Options with Loans for you and you should not infer that NAB is providing legal, financial, investment or tax advice in making Options and Approved Options with Loans available to you. If you enter into Options and Approved Options with Loans you must satisfy yourself that you understand and are prepared to assume all of the risks of doing so.

What are the key risks of Index Options and Approved Index Options with Loans?

Indices comprise a synthetic portfolio of shares or other assets and, as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest rates and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

Options and Approved Options with Loans may not be a suitable product for all investors

You, as a potential investor in Options and Approved Options with Loans, must determine the suitability of an investment in Options and Approved Options with Loans in light of your own circumstances. In particular, you should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Options and Approved Options with Loans, the merits and risks of investing in the Options and Approved Options with Loans and the information contained in this PDS;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in Options and Approved Options with Loans and the impact Options and Approved Options with Loans will have on your overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in Options and Approved Options with Loans;
- (d) understand thoroughly the terms of the Options and Approved Options with Loans and be familiar with the behaviour of financial markets, particularly those which impact upon the Securities you select for your Options and Approved Options with Loans; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment in Options and Approved Options with Loans and your ability to bear the applicable risks.

Options and Approved Options with Loans are complex financial instruments. You, as a potential investor, should not invest in Options and Approved Options with Loans unless you have the expertise (either alone or with a financial adviser) to evaluate how the Options or Approved Options with Loans will perform under changing conditions, the resulting effects on the value of the Options and Approved Options with Loans and the impact this investment will have on your overall investment portfolio.

Leverage or gearing

Using Options and Approved Options with Loans allows you to increase the size of your investment in Securities and other financial products. Using Options and Approved Options with Loans in this way has the potential to increase both gains and losses as gearing your investments can magnify the gains and losses in the value of your portfolio. You should discuss with your financial and tax advisers whether gearing your investment is appropriate for you.

Gearing your exposure to Securities through Options and Approved Options with Loans magnifies your exposure to the volatility of the market in which you are investing. If there is a decrease in the value of the underlying Securities, your financial position may be significantly affected.

Market conditions

There are market risks associated with an investment in Securities through Options and Approved Options with Loans. Market risks may include the volatility of the underlying Security price and its trading liquidity, prevailing and anticipated economic conditions, interest rates, technological, legal or political conditions and other inter-related factors which affect the performance of markets generally and the Securities market specifically.

Equity markets have fallen significantly in the past, resulting in high periods of volatility. Volatility risk is the potential for fluctuations in the price of securities (including ASX listed Securities), sometimes marked and over a short period of time. Investing (including in Options and Approved Options with Loans) in such highly volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

Loss of all or part of Option Premium or Fixed Option Premium

You will pay an Option Premium to buy a Call Option or a Put Option and you may pay a Fixed Option Premium to buy a Collar Option. You have no right to be repaid or refunded any amount of the Option Premium or Fixed Option Premium paid, regardless of whether the underlying Securities perform in your favour or against you in the context of your Option. Your return (if any) on an Option depends entirely on the performance of the underlying Securities and, if in your favour, will be net of the Option Premium or Fixed Option Premium paid, which may mean that your return is worse than it would have been if you invested directly in the Securities. You will not recover any part of the Option Premium or Fixed Option Premium paid if the underlying Securities perform against you.

Variable Interest Rates fluctuate

If you have requested a Variable Interest Rate to apply to your Approved Option with Loan, you should be aware that the amount of interest that you will be required to pay will be affected by fluctuations in the interest rate, as well as changes in other market conditions. NAB may change the Variable Interest Rate at any time. NAB will notify you in writing or by newspaper advertisement on or before the date of any change in the Variable Interest Rate.

Obligations to make and take deliveries and make payments

Physically Settled Options and Approved Options with Loans may require you to receive Securities from NAB or to deliver Securities to NAB. If you enter into a Physically Settled Option or Approved Option with Loan with NAB, you must be in a position to take delivery of the underlying Securities or to deliver the underlying Securities to NAB (as the case may be) on exercise of the Option or Approved Option with Loan and to make any required payments to NAB. If you sell a Cash Settled Option to NAB, you must be in a position to pay the Cash Settlement Amount or the Variable Option Premium (as the case may be) to NAB. The size of these deliveries and payments may be significant (and there may be no limit on the amount you are required to pay).

If you enter into an Approved Option with Loan, you must also be in a position to pay to NAB all Amounts Owing in connection with the Loan on the Maturity Date (e.g. by paying the Amount Owing in respect of the Loan in cash, by way of a sale of Securities or by re-financing the Loan). Please note that cash repayments must be paid by 9.30am Sydney time on the Expiry Date (i.e. 2 Business Days prior to the Maturity Date).

It is important that you have set aside independent resources and own sufficient relevant Securities to enable you to pay all amounts payable and to deliver Securities when required to do so.

Additionally, if you have sold an Option that has an American Option Style, NAB may exercise the Option at any time requiring you to make deliveries or payments at the time of exercise. Because you cannot predict if and when NAB may exercise its rights under an American Option, you will need to be in a position to meet your obligations at all times throughout the term of the Option.

Loss of upside performance on underlying Securities

If you are required to deliver Securities to NAB under a Physically Settled Option or an Approved Option with Loan, you may be required to deliver those Securities in circumstances where the amount you are paid under the Option or Approved Option with Loan for those Securities is significantly lower than the current or expected future market price for those Securities. This can result in significant loss of participation in upside performance in your holding of those Securities.

Exposure to greater downside performance on underlying Securities

If you are required to take delivery of Securities from NAB under a Physically Settled Option, you may be required to pay an amount for the Securities that is significantly higher than the current market price for those Securities. This can result in significant losses.

Performance of Options and Approved Options with Loans relative to other investments

Performance of your Option or Approved Option with Loan is dependent on a number of factors, including the factors described in this Section 5. Returns you earn or losses you incur through Options and Approved Options with Loans may be greater than or less than direct investments in the underlying Securities or in other comparable investments.

Loss of Option Collateral

When selling Call Options, buying Collar Options (which are not linked to a Loan), entering into Approved Options with Loans or entering into certain Option combinations involving these Options, you are required to mortgage the underlying Securities to NAB. You will be unable to trade or otherwise use these Securities for other purposes during the term of the Option or Approved Option with Loan.

If you do not make all payments and deliveries you are required to make or otherwise default under the Agreement, NAB may exercise its powers under the Mortgage, which may include selling your mortgaged Securities and applying the proceeds of sale to satisfy any outstanding amounts owing to NAB (which may include Early Termination Costs if NAB also elects to terminate your Options or Approved Options with Loans early).

Although the requirement to provide Option Collateral will only arise in connection with certain Options and Approved Options with Loans, you should note that once you have provided Option Collateral, NAB's recourse to that Option Collateral is not limited to your obligations in respect of that Option or Approved Option with Loan. If the Mortgage becomes enforceable, NAB may resort to that Option Collateral to satisfy any of your obligations under the Agreement (including your obligations in respect of other Options and Approved Options with Loans, in respect of any termination amounts payable and in respect of any costs).

Corporate Actions, Market Disruption Events and Hedging Events

A fundamental condition of NAB entering into and maintaining an Option or an Approved Option with Loan with you is that NAB is able to hedge the risk of entering into and performing its obligations under an Option or Approved Option with Loan. Similarly, a fundamental condition of NAB entering into and maintaining an Option or an Approved Option with Loan with you is that NAB is able to manage the risk of loss it may suffer as a result of a Market Disruption Event or a Corporate Action occurring during the term of an Option or Approved Option with Loan. NAB's pricing for an Option or an Approved Option with Loan assumes that no Market Disruption Event, Hedging Event or Corporate Action will occur. Accordingly, if a Corporate Action, a Market Disruption Event or a Hedging Event occurs in respect of an Option or Approved Option with Loan, NAB may in its discretion amend the Option or Approved Option with Loan or terminate the Option or Approved Option with Loan early. Where in the event of a Market Disruption Event or a Hedging Event it is possible to amend the Option or Approved Option with Loan or to terminate it, NAB will ask you if you prefer to amend on terms NAB will provide and agree with you or to terminate. These amendments or early terminations may lead to an unfavourable outcome and significant losses for you. In addition, you may be required to pay Break Costs and other reasonable legal costs and expenses of NAB in connection with an amendment or termination. Accordingly, you should note that you bear the risk of these events occurring.

You should carefully read the relevant provisions of the Agreement to understand when a Corporate Action, Market Disruption Event or a Hedging Event may occur and its potential consequences for you.

For more detail on Corporate Actions, Market Disruption Events, and Hedging Events, please refer to Section 8.

Early termination and amendment by NAB

Certain events (including Corporate Actions, Market Disruption Events, and Hedging Events as discussed above and your default under the Agreement) give NAB a right to terminate Options or Approved Options with Loans early or to amend the terms of Options or Approved Options with Loans. NAB exercising these rights may lead to an unfavourable outcome for you, including where your Option or Approved Option with Loan was connected to another financial position you held.

Early Termination Costs

If an Option or Approved Option with Loan is terminated early (whether at your request, on your default or as a consequence of a Corporate Action, a Market Disruption Event or a Hedging Event), Early Termination Costs may be payable. These amounts are determined by NAB and may be significant.

For more detail on early termination, please refer to Section 8.

Uncommitted facility

The Equity Options Facility is an uncommitted facility. You may request to enter into an Option or an Approved Option with Loan with NAB, however NAB is not obliged to accept your request to enter into that Option or Approved Option with Loan with you and you have no power to direct NAB to enter into that transaction with you. Accordingly, you should contact NAB if you wish to enter into an Option or an Approved Option with Loan with NAB and you should not take any action (including acquiring Securities) until NAB has indicated that it is willing to accept your request for an Option or an Approved Option with Loan.

Delays may adversely affect your position

NAB is not obliged to accept any request you make for an Option, an Order, an Approved Option with Loan, an Order for an Approved Option with Loan, an amendment or a termination at any particular time or at all. NAB is not liable to you for any losses you suffer or gains you forego because of any refusal to accept your application or because of any delay in executing your request. (You may, however, terminate a Loan (but not the Approved Option to which it is linked) by giving NAB 5 Business Days' notice and by paying the Amount Owing in respect of the Loan (which may include Break Costs)).

In addition, unless otherwise expressly confirmed to you, no indicative price quoted by NAB (whether in a Quote Sheet or otherwise) will be held by NAB for any period and NAB may change the price it has quoted to you at any time prior to the Option or Approved Option with Loan being executed.

Accordingly, any time taken to comply or delay in complying with NAB's requirements in connection with a possible Option or Approved Option with Loan (e.g. any time taken to provide Option Collateral in connection with a requested Option or Approved Option with Loan) may mean that the price quoted will change. You should confirm the details of an Option or Approved Option with Loan with NAB (including, after you have provided any required Option Collateral for the Option or Approved Option with Loan) and before you enter into that Option or Approved Option with Loan.

No rights to assign or require termination

Other than as set out in the paragraph below, you have no rights under the Agreement to assign or otherwise deal with your rights under the Agreement and no rights to require that NAB terminate any Options or Approved Options with Loans early (other than to terminate a Loan (but not the Approved Option to which it is linked) by paying the Amount Owing in respect of the Loan (which may include Break Costs)). This may be unfavourable to you if market prices do not move in the direction you had anticipated and may make it more difficult for you to mitigate your losses under Options or Approved Options with Loans if market prices move adversely for you.

NAB may assign, or otherwise deal with any of its rights under the Agreement, any Option or any Approved Option with Loan to any person without your consent but with prior notice. Upon receipt of such notice you may elect to terminate the

outstanding Transactions and NAB will calculate the Early Termination Costs which may be payable.

A person to whom NAB assigns its rights may exercise those rights as that person determines. NAB has no control over decisions of any such person and no responsibility for the performance of their obligations and whether or how such person exercises its rights or performs their obligations may be unfavourable to you.

Exercise of discretion by NAB

You should note that a number of provisions of the Agreement confer discretions on NAB which could affect the value of an Option or Approved Option with Loan. These include the powers to terminate the Option or Approved Option with Loan early, to nominate the occurrence of certain events and to determine amounts and valuations relevant to the Option or Approved Option with Loan (including the determination of the Market Price). The exercise or non-exercise of these discretions could adversely affect the value of an Option or Approved Option with Loan.

You will not have the power to direct NAB concerning the exercise of any discretion and will be bound by the exercise of that discretion. NAB's interest in exercising any discretion may be in conflict with yours and NAB will not take your interests into account in deciding if and how to exercise any discretion.

Market Price determination

The Market Price NAB determines will affect what you have to pay or receive or deliver under an Option or an Approved Option with Loan.

The Market Price is defined in the Agreement as the average price per Security at which NAB executes or could execute a sale or purchase of the underlying Securities for the purpose of hedging or unwinding an Option or Approved Option with Loan with you. NAB determines the Market Price in good faith using commercially reasonable procedures. In determining the Market Price, NAB may consider any market prices (which need not be mid-market) NAB considers relevant from either internal or external sources.

You will not have the power to direct NAB in relation to its determination of the Market Price and will be bound by NAB's determination. NAB's interest in determining the Market Price may be in conflict with yours and NAB will not take your interests into account in deciding how to determine the Market Price.

Set off by NAB

NAB may set off any amount due for payment by NAB to you under the Agreement against any other amounts payable by you to NAB (whether or not under the Agreement, matured or contingent). Although NAB's exercise of these rights of set off will discharge your obligation to make the relevant payment to the extent of the set off, this may mean that you will not receive payments you had otherwise anticipated that you would receive.

Ownership and control of underlying Securities

You will only buy or sell Securities under the Agreement when a Physically Settled Option you have entered into is exercised (unless NAB agrees to acquire Securities for you or from you or to procure one or more third parties to acquire the underlying Securities from you in certain circumstances). Whether you will become (for example if NAB delivers Securities to you) or you will cease (for example if you deliver Securities to NAB) to be entitled to any dividends or other entitlements in respect of the underlying Securities will depend on the time at which the Option or Approved Option with Loan is exercised relative to the time at which rights to any dividend or other entitlement accrue in accordance with the terms of the dividend or entitlement and the rules of ASX.

If you buy a Cash Settled Option, there is no purchase or sale of the underlying Securities. Accordingly, a Cash Settled Option does not affect your payment rights (if any) in respect of the underlying Securities.

If you provide the underlying Securities to NAB as security for your obligations, you will continue to be entitled to all dividends or other entitlements in relation to mortgaged Securities (unless and until an Event of Default or a Potential Event of Default occurs). However, you will not be able to transfer those Securities for so long as they are subject to the Mortgage and, if NAB exercises its rights to enforce the Mortgage (e.g. by exercising its rights to sell the mortgaged Securities), you will cease to have any rights in respect of those Securities.

Exposure to NAB

NAB's obligations to you under the Options and Approved Options are unsecured debt obligations. You take credit risk on NAB in respect of future payments and deliveries required to be made by NAB under an Option or Approved Option, and neither any payments you make to NAB nor any Option Collateral is a deposit liability, a protected account for the purposes of the Financial Claims Scheme or otherwise protected by the depositor protection provisions of the Banking Act. No obligation of NAB under the Agreement is guaranteed by any government, government agency or compensation scheme of Australia or any other government of another jurisdiction.

Authorised Representatives

You may appoint Authorised Representatives (including your financial adviser) to act on your behalf in connection with your Equity Options Facility. If you do so, each of your Authorised Representatives will have wide powers in connection with your Equity Options Facility, including the individual power to buy and sell Options and Approved Options on your behalf and enter into Loans. You should note that you will be legally bound by any act of your Authorised Representatives in connection with the Equity Options Facility as if you had done that act yourself and that all risks of unauthorised instruction or fraud lie with you and are not borne by NAB (except where NAB acts with negligence or fraudulently). NAB will not investigate whether any action of your Authorised Representatives is duly authorised by you. In addition, you should note that notices given to or received from (as the case

may be) one of your Authorised Representatives will be taken to have been given to or received from you (as the case may be).

Joint obligations

If you apply for an Equity Options Facility jointly with one or more persons, you should be aware that each of you is liable for the entire Secured Liabilities. Each of you agrees to pay NAB any amounts which any of the others does not pay on time or in accordance with any arrangement under which it is expressed to be owing, as at the time NAB demands that you pay them to NAB. In addition, unless you have a right conferred by the Code of Banking Practice, none of you can otherwise withdraw from, end or limit the Equity Options Facility.

For more detail on joint obligations, please refer to clause 20.4 of the Agreement.

Power of Attorney

When you apply for an Equity Options Facility and enter into the Agreement, you appoint NAB, any related body corporate of NAB and certain NAB officers as your Attorneys until such time as the Agreement is terminated. The Attorneys have wide powers in connection with the Equity Options Facility, including the power to execute any amendments to the Agreement and assignments, transfers, novations or other dealings with NAB's rights or obligations and to do anything necessary for the protection or perfection of NAB's interests or the exercise of NAB's rights, powers or remedies. You should note that all acts, matters and things done by the Attorneys in exercising powers under the Power of Attorney will be as good and valid as if they had been done by you personally and you agree to ratify and confirm each act.

For more detail on the Power of Attorney, please refer to the Application Form and clauses 13 and 19.2 of the Agreement.

Automatic Exercise

All Options and Approved Options with Loans which are "In-the-Money" or "At-the-Money" for the party with the right to exercise the Option or Approved Option with Loan will be automatically deemed to be exercised by that party at the Expiry Time on the Expiry Date unless the party with the right to exercise the Option or Approved Option with Loan notifies the other party that it does not want Automatic Exercise to occur in accordance with the Agreement. You should be aware of this Automatic Exercise and be prepared to take such action as is required of you under the terms of the Option or Approved Option with Loan at the time this Automatic Exercise is deemed to occur. This may require you to make a payment to NAB, to deliver Securities to NAB or to take delivery of Securities from NAB.

Giving and receiving notices

Certain actions under the Equity Options Facility require you to give notice to NAB or to consider notices from NAB in a timely fashion and within permitted time periods. For example, if you want to exercise an Option prior to its Automatic Exercise when you are permitted to do so, you must validly notify NAB at the time you wish to exercise the Option. When you enter into an Option or Approved Option

with Loan with NAB you must review the Confirmation for that Option or Approved Option with Loan received from NAB and respond within the permitted time period. Similarly, 5 Business Days prior to the Expiry Date of an Approved Option, you must notify NAB of your repayment method for the Loan (e.g. whether you intend to pay the Amount Owing in respect of the Loan in cash, by way of a sale of Securities, by refinancing the Loan or that you do not intend to pay the Amount Owing in respect of the Loan). These notice periods can be short and conditions can apply to the form of notices permitted. In addition, in many cases you will be deemed to have given a particular response if you do not respond within the permitted time. You must make sure that you understand these requirements and are in a position to comply with the permitted time periods.

Licensing and other legal requirements

Ownership and trading of interests in Australian entities listed on the ASX (such as the issuers of the Securities) is regulated by detailed and comprehensive legislation (including the Corporations Act and associated regulations, together with ASIC requirements) and the rules and regulations of the ASX. These requirements include licensing obligations for certain financial services activities, restrictions on short-selling Securities, prohibitions on insider trading and market manipulation, and restrictions on the acquisition and sale of certain interests in Australian listed entities. For example, you may, depending on your circumstances, be required to hold an Australian Financial Services Licence to conduct your portfolio activities including your trading in Options and Approved Options with Loans and you may be required to own the underlying Securities before you can enter into certain Options and Approved Options with Loans.

It is your responsibility to ensure that you comply with your legal obligations and the rules of the ASX on an ongoing basis and that entering into Options and Approved Options with Loans does not result in a breach of these obligations or these rules.

Guarantee

Where you are a company (including a company acting as a trustee), NAB's agreement to enter into an Agreement with you is conditional upon each of your directors providing a Guarantee in relation to all amounts payable by the company and the company's other obligations under the Agreement. The Guarantee covers all of the Secured Liabilities owing by the company under the Agreement and is limited to \$500 million. If you are a director of a company and you give a Guarantee in relation to the company's obligations under the Agreement, all of the risks outlined above applicable to a company will also apply to you personally. It is important that you understand and are prepared to assume all such risks.

When a company's director completes the Application Form the director appoints NAB, any related body corporate and certain of its officers as the director's attorney to execute the Agreement. The Attorneys have wide powers in connection with the Equity Options Facility, including the power to execute any amendments to the Agreement and assignments, transfers, novations or other dealings with NAB's rights or

obligations and to do anything necessary for the protection or perfection of NAB's interests or the exercise of NAB's rights, powers or remedies. You should note that all acts, matters and things done by the Attorneys in exercising powers under the Power of Attorney will be as good and valid as if they had been done by the director personally and the director agrees to ratify and confirm each act.

For more detail on the Power of Attorney, please refer to the Application Form and clauses 13 and 19.2 of the Agreement.

American Options

The Buyer of an American Option may be more likely to exercise the Option prior to the Expiry Date in certain circumstances, for example on the day prior to an ex-dividend day for the underlying Securities in a Call Option. The date chosen by the Buyer for the exercise of the Option may be disadvantageous to the Seller. If you sell an American Option, you should be aware of this possibility.

You should also be aware that once you exercise an American Option, you will not be able to benefit further through your Option. This means that any price movements in the underlying Securities which occur after you have exercised the Option but before the date which would otherwise have been the Expiry Date for that Option will not be taken into account in determining your return (if any) from the Option, even if they would have resulted in a better outcome for you.

In addition, if you sell American Options in a combination, some or all of those Options may be exercised by NAB before the Expiry Date. This may leave you with a different risk profile than that of the original Option combination and potentially a changed Option Collateral requirement.

Conflicts of interest and other transactions

Any company in the NAB group may buy and sell Securities and other financial products relating to the Securities, either as a principal or agent and whether to hedge its position in relation to Options, Approved Options with Loans or otherwise. In addition, companies in the NAB group may from time to time advise any of the issuers of Securities in relation to activities unconnected with an Option or Approved Option with Loan, including (but not limited to) general corporate advice, financing, funds management and property and other services. NAB may act in these capacities notwithstanding any conflict of interest with you.

In addition, the actions of NAB group members in trading Securities and other financial products relating to the Securities may affect the price of the Securities and, accordingly, the amounts payable or deliverable under your Options and Approved Options with Loans. Such trading may be conducted by NAB group members at any time, including on or near the Option Premium Payment Date, the Fixed Option Premium Payment Date or the Settlement Date for your Option or Approved Option with Loan.

Taxation considerations

If you elect Cash Settlement (rather than Physical Settlement) for a Put Option or a Call Option that you sell to NAB (including as part of an Option combination), the Cash Settlement payment you make may not have a tax attribute for you. For example, such a payment may not be deductible, nor be included in the cost base of an asset that you acquire or own. Similarly, where an Option or Approved Option with Loan is terminated early, a Close Out Amount you may be required to pay to NAB may not have a tax attribute for you.

For more detail on this, and other potential taxation issues, please refer to Section 9.

Additional requirements for Superannuation Funds

Superannuation Funds are regulated under a complex regime and the regulatory environment for Superannuation Funds changes over time.

It is the responsibility of the Superannuation Fund trustee to ensure that they comply with their legal obligations and the rules of the relevant Superannuation Fund on an ongoing basis and that entering into Options does not result in a breach of these obligations or these rules.

For more detail on issues affecting Superannuation Funds, please refer to Section 10.

Section 6. Fees, Costs and Charges

What fees, costs and charges are payable to enter into Options?

The Option Premium and the Fixed Option Premium

A non-refundable Option Premium is payable by you on the Option Premium Payment Date when you buy a Put Option or Call Option. Similarly, a non-refundable Option Premium is payable by NAB to you on the Option Premium Payment Date when you sell a Put Option or Call Option.

You may or may not be required to pay a Fixed Option Premium to NAB on the Fixed Option Premium Payment Date to buy a Collar Option. It is possible that instead of paying a Fixed Option Premium, you will receive a Fixed Option Premium from NAB on the Fixed Option Premium Payment Date when you buy a Collar Option.

The “**Option Premium Payment Date**” or the “**Fixed Option Premium Payment Date**” will usually be the same day the Option is entered into (also known as the “**Trade Date**”) or the Business Day following the Trade Date, as determined and notified by NAB.

NAB does not currently charge fees to sell you an Option other than the Option Premium or the Fixed Option Premium and does not charge fees to buy an Option from you, other than the costs it takes into account in determining the Option Premium or the Fixed Option Premium it pays to you. NAB recovers its costs and generates its return by including a margin in the Option Premium or the Fixed Option Premium in cases where you pay the Option Premium or the Fixed Option Premium to NAB and by subtracting a margin from the Option Premium or the Fixed Option Premium in cases where NAB pays the Option Premium or the Fixed Option Premium to you.

What factors are relevant to NAB’s determination of an Option Premium or a Fixed Option Premium?

NAB’s determination of an Option Premium or a Fixed Option Premium takes into account a number of factors, including (but not limited to):

- the current Market Price of the underlying Securities and related derivatives over the underlying Security (if any);
- the Expiry Date for the Option;
- the difference between the Exercise Price (or, in the case of a Collar Option, the Floor Price and the Cap Price) for the Option and the current price of the underlying Securities;
- market demand and supply dynamics;
- current and anticipated future interest rates;
- liquidity and transaction volumes for the underlying Security, related derivatives over the underlying Security (if any) and financial markets generally;
- the notional value of the Option, the number of Options requested, whether the Option is entered into as a single Option or as part of an Option combination and your other transactions with NAB;

- estimated future dividends on the underlying Securities and risks associated with these estimates;
- current and anticipated future costs of borrowing Securities;
- current and anticipated future hedging costs;
- current and anticipated future market volatility and volatility of the underlying Security;
- any commissions NAB pays to financial advisers in connection with the Option (which may be up to 3.30% (inclusive of GST) of the Notional Price of the Security times the number of Securities referenced by the Option); and
- NAB’s margin for risks, costs and profit.

How do the terms and parameters of the Option influence the Option Premium or the Fixed Option Premium?

Options are flexible in that the parameters can be defined to suit your individual needs. However, the Option terms that you choose may impact the Option Premium or the Fixed Option Premium paid or received. Similarly, other parameters relevant to your Option but not elected as part of its terms may also impact the Option Premium or the Fixed Option Premium paid or received.

Some examples of how the terms and parameters of your Option may theoretically affect the Option Premium are set out in the table below. However, please note that the impacts and effects described below are highly theoretical and based on the assumption that all other parameters remain unchanged and apply generally at the time the Option Premium or Fixed Option Premium is determined. These examples are for illustrative purposes only and do not indicate, guarantee or forecast the actual effect on any Option Premium or Fixed Option Premium. These factors may have effects on actual Option Premiums or Fixed Option Premiums different to those indicated in these examples.

Variable	Theoretical impact on the Option Premium or Fixed Option Premium	Effect of increase in parameter on Option Premium for a Put Option	Effect of increase in parameter on Option Premium for a Call Option	Effect of increase in parameter on Fixed Option Premium paid by Buyer for a Collar Option
Exercise Price relative to Market Price for Put Options and Call Options	The higher the Exercise Price relative to the Market Price of the underlying Securities, the higher the Option Premium is for a Put Option and the lower the Option Premium is for a Call Option.	↑	↓	N/A
Cap Price and Floor Price relative to Market Price for Collar Options	Raising Cap Prices and Floor Prices relative to the Market Price of the underlying Securities will cause the Fixed Option Premium to increase to a Buyer (this can also mean receiving less Fixed Option Premium in those cases where the Fixed Option Premium is being received by the Buyer).	N/A	N/A	
Time to Expiry Date	The longer the term of a Put Option or a Call Option, the higher the Option Premium. As a Collar Option economically combines the purchase of a Put Option and the sale of a Call Option, the net effect of the term on the Fixed Option Premium will vary depending on the parameters of the Collar Option.	↑	↑	uncertain
Implied Volatility	The higher the implied volatility of a Call Option or a Put Option, the higher the Option Premium. As a Collar Option economically combines the purchase of a Put Option and the sale of a Call Option, the net effect of the implied volatility on the Fixed Option Premium will vary depending on the parameters of the Collar Option.	↑	↑	uncertain
Estimated Dividends	The higher the estimated dividend for the underlying Securities, the higher the Option Premium for a Put Option (or Fixed Option Premium for Collar Options) and the lower the Option Premium for a Call Option.	↑	↓	↑
Interest Rates	The higher interest rates are for the term of the Option, the lower the Option Premium for Put Options (or Fixed Option Premium for Collar Options) and the higher the Option Premium for Call Options.	↓	↑	↓

The Variable Option Premium (Cash Settled Collar Options only)

In addition to the Fixed Option Premium you pay or receive in connection with a Collar Option, you may also pay or receive a Variable Option Premium on exercise of a Cash Settled Collar Option. The Variable Option Premium is determined:

- where the Option is exercised by the Buyer, in accordance with the following formula:

$(\text{the Floor Price less the Market Price}) \times \text{agreed number of underlying Securities.}$

- where the Option is exercised by the Seller, in accordance with the following formula:

$(\text{the Market Price less the Cap Price}) \times \text{agreed number of Securities.}$

What fees, costs and charges are payable to enter into Approved Options with Loans?

The fees, costs and charges applicable to Options outlined above under “*What fees, costs and charges are payable to enter into Options?*” also apply to Approved Options.

Interest

In addition, interest is payable on the outstanding Principal of the Loan. You must pay interest out of your own funds. Interest cannot be paid from amounts advanced under a Loan.

When entering into an Approved Option with Loan you may request:

- a Fixed Interest Rate;
- a Variable Interest Rate; or
- a combination of both,

to apply to your Loan. The Interest Rate applicable to your Loan, as well as the relevant Interest Payment Dates and Maturity Date, will be set out in the Confirmation for that Approved Option with Loan.

Interest will be calculated daily by applying the applicable Interest Rate to the Principal of the Loan from the date the Loan is advanced to the next Interest Payment Date.

If you select a Variable Interest Rate to apply to your Loan, NAB may change the interest rate at any time. NAB will notify you in writing or by newspaper advertisement, on or before the date of any change to the Variable Interest Rate. Variable rate interest will be payable monthly in arrears.

If you select a Fixed Interest Rate to apply to your Loan, the interest rate will remain fixed during the Fixed Rate Period. You may request to pay fixed rate interest yearly in advance or monthly in arrears.

If you select a combination of a Fixed Interest Rate and a Variable Interest Rate to apply to your Loan, a Fixed Interest Rate will apply to your Loan until the end of the Fixed Rate Period, at which time the interest rate will convert to the Variable Interest Rate current at that time. NAB will notify you prior to the end of the Fixed Rate Period and if NAB agrees, you may re-fix the interest rate at the Fixed Interest Rate current at that time.

If you wish to dispute the amount of interest charged to you and you tell NAB the reason for your dispute, you may request a statement showing, in reasonable detail, NAB’s calculations. If you request such a statement, NAB will provide it to you within 5 Business Days.

On giving you at least 30 days’ prior notice in writing NAB may also vary the frequency of interest charging or the basis of the calculation and charging of interest.

Interest rates are subject to change at any time. For details regarding the current interest rates applicable to a particular Loan, please contact your NAB Markets representative.

For further details on interest payments please refer to clause 6 of the Agreement.

Loan establishment fee

If you are a wholesale client or you are outside of Australia, NAB may, in its discretion, also charge you an establishment fee for your Loan of up to 3% of the Principal advanced under the Loan. You may request an indicative Quote Sheet from NAB setting out the indicative fees, costs and charges applicable to an Approved Option with Loan prior to requesting to enter into that Approved Option with Loan with NAB. NAB will not charge an establishment fee for Loans entered into by Australian retail clients (as defined in section 761G of the Corporations Act 2001).

Commission

If you are a wholesale client or you are outside of Australia, NAB may also pay commission to your financial adviser in connection with your entry into an Approved Option with Loan. It is expected that any commission payable to your financial adviser will be disclosed to you separately by your financial adviser prior to you entering into an Approved Option with Loan with NAB. For further detail on adviser remuneration, please see Section 11. If you are a retail client, NAB will not pay any commission to your financial adviser in respect of Options or Loans.

What fees, costs and charges are payable to amend an Option or Approved Option with Loan?

If NAB accepts your request to amend an Option or an Approved Option with Loan, you must pay any costs determined by NAB in connection with that amendment, including any Break Costs, and reasonable legal fees and expenses. Costs may also be payable in connection with other Option and Approved Option with Loan amendments, for example amendments as a consequence of a Market Disruption Event, a Corporate Action or a Hedging Event.

Where you request to amend an Option or an Approved Option with Loan, you may request an indicative Quote Sheet from NAB setting out the indicative terms for your proposed amendments together with the indicative costs for effecting those amendments before you request the amendments.

What fees, costs and charges are payable if an Option or Approved Option with Loan is terminated early?

Early Termination Costs

If an Option, an Approved Option with Loan or a Loan only is terminated early (whether at your request, on your default or as a consequence of a Market Disruption Event, a Corporate Action or a Hedging Event), the termination provisions of the Agreement will apply.

Under these provisions, NAB will determine a value for each terminated Option, Approved Option with Loan or Loan, the value of unpaid amounts and unmade deliveries, the amount of any costs (including Break Costs determined by NAB in good faith adopting commercially reasonable procedures) and a net amount payable by one party to the other in respect of all terminated Options and Approved Options with Loans (or Loans only) (the “**Net Close Out Amount**”).

NAB’s Break Costs is an amount equal to NAB’s reasonable estimate of its loss (if any) in replacing, or obtaining the economic equivalent of, the payments or deliveries NAB would have been entitled to receive under an Option or Approved Option with Loan (or Loan only) which is terminated before its scheduled Expiry Date or Maturity Date.

NAB’s determination of its Break Costs may include, without double counting and when it is reasonable for NAB to do so, any loss NAB incurs in connection with terminating arrangements NAB has made with others to fund (or to maintain the funding of) any Option or Approved Option with Loan and from NAB acquiring, establishing, maintaining, amending, substituting, unwinding or disposing of any transaction or other financial position it has with others in connection with your Options or Approved Options with Loans.

The Net Close Out Amount determined by NAB will be a debt due and payable by the party identified by NAB to the other party within 3 Business Days and may be subject to set-off by NAB. NAB will provide you with a statement showing in reasonable detail their calculations.

You will also be required to pay any Enforcement Expenses NAB incurs in enforcing its rights or taking any other action in connection with its rights and any stamp and other duties, charges or taxes and may also be required to pay or indemnify NAB for other costs (including Break Costs and other costs NAB has elected not to take into account in determining the Net Close Out Amount).

Amounts you may be required to pay on early termination of Options or Approved Options with Loans are collectively referred to in this PDS as “**Early Termination Costs**”.

For further detail on termination arrangements please refer to clauses 9 and 10 of the Agreement.

The component of the Early Termination Costs represented by the value of each terminated Option and each terminated Approved Option with Loan (or Loan only) and the value of unpaid amounts and unmade deliveries will be affected by similar variables to those which are relevant to NAB’s initial determination of the Option Premium or the Fixed Option Premium, but by reference to the facts and circumstances subsisting at the time of termination rather than the time at which the Option or Approved Option is traded or the Loan is entered into. In the case of an Approved Option with Loan, the Early Termination Costs will include the Principal, accrued but unpaid interest and any other amounts then due or which will or may become due for payment in respect of the Approved Option with Loan.

The table below provides an indication of how increasing one variable can affect this component of the Early Termination Costs for an Option or Approved Option with Loan.

In the table below, an upwards arrow indicates that the increase in the variable has the effect of increasing the Early Termination Costs payable by you. A downwards arrow indicates that the increase in the variable has the effect of decreasing the Early Termination Costs payable by you.

Please note that the impacts and effects described below are highly theoretical and based on the assumption that all other variables remain unchanged and apply generally at the time the Early Termination Costs are determined. You should be aware that at the time the Early Termination Costs are determined, the variables will interact with each other and the relative impact of a variable on the amount of your Early Termination Costs can increase or decrease depending on its movements and the movements of the other variables. It cannot be predicted how these variables will interact at the time the Early Termination Costs are determined.

The indications below relate to Options and Approved Options only. They are for illustrative purposes only and do not indicate, guarantee or forecast the actual effect on any Early Termination Costs. These variables may have effects on actual Early Termination Costs different to those indicated in these examples.

In addition, if you have entered into an Approved Option with Loan and you have agreed to a Fixed Interest Rate for the Loan and it is terminated early, lower interest rates may result in the Early Termination Costs being higher and higher interest rates may result in the Early Termination Costs being lower.

Increasing Variable	Bought Put Options	Sold Put Options*	Bought Call Options	Sold Call Options	Bought Collar Options
Market Price relative to Exercise Price for Put Options and Call Options	↑	↓	↓	↑	N/A
Market Price relative to Cap Price and Floor Price for Collar Options	N/A	N/A	N/A	N/A	↑
Time to Expiry Date	↓	↑	↓	↑	uncertain
Implied volatility	↓	↑	↓	↑	uncertain
Estimated dividends	↓	↑	↑	↓	↓
Interest Rates	↑	↓	↓	↑	↑

***Note:** Sold Put Options are not currently available as single Options, but may be combined with other Options in certain Option combinations. For more detail on Option combinations, see "Option combinations" in Section 3.

Early Termination Costs may be greater than or less than the gains or losses you would incur if you waited until the Option or the Approved Option with Loan matured in accordance with its terms.

Early Termination Costs can be significant. It is not possible to forecast the specific amount of Early Termination Costs you will be required to pay on termination of your Option or Approved Option with Loan (or Loan only). You should therefore seek independent legal, financial and tax advice on the potential impact of Early Termination Costs on your position. Where the Option or Approved Option with Loan is to be terminated at your request, you may also request an indicative Quote Sheet from NAB setting out the indicative costs for the termination before you request the termination.

What other fees, costs and charges may be payable?

Government charges and taxes

Where applicable, you are required to pay or reimburse NAB Government charges, registration or lodgement fees incurred under the Agreement, but NAB may in its absolute discretion waive its ability to charge these costs to you. If NAB elects to waive these costs, NAB will notify you of this waiver at the time it confirms that your application for an Equity Options Facility has been accepted.

Applicants resident in Tasmania are also subject to a State Government charge for lodgement of the powers of attorney included in the Application Form and the Agreement. As at the date of this PDS, the Tasmanian State Government charge for a power of attorney is \$161.09 per power of attorney and this is subject to change by the Tasmanian State Government. Where applicable, you are required to pay or reimburse NAB for these costs under the Agreement, but NAB may in its absolute discretion waive its ability to charge these costs to you. If NAB elects to waive these costs, NAB will notify you of this waiver at the time it confirms that your application for an Equity Options Facility has been accepted.

You are also responsible for any Government stamp duty, taxes and other charges that apply to the Agreement or to an Option or Approved Option with Loan. If stamp duty or similar taxes apply to your Option or Approved Option with Loan, this will be indicated in the Confirmation for that Option or Approved Option with Loan.

Brokerage and other transaction costs

You will be liable to pay any brokerage fees or other transaction costs which you incur when you are required to deliver Securities to NAB as Option Collateral under an Option or Approved Option with Loan. These costs will depend on your arrangements with your broker.

However, where NAB agrees to acquire the underlying Securities for you or from you, or to procure one or more third parties to acquire the underlying Securities from you as described in this PDS, NAB will not charge you brokerage fees.

Trust deed vetting fee

Where you are a trustee, you are required to provide certified copies of the relevant trust deed and any schedules, annexures and amendments with your Application Form.

Other costs, taxes, indemnities and interest

You may also be required to pay certain costs, taxes, indemnities and interest to NAB and to pay NMS and NMS Nominees for certain losses under the Agreement. You should carefully read the relevant provisions of the Agreement to understand when these costs, taxes, indemnities and interest might occur and their potential consequences for you.

Changes to fees, costs and charges

Please note that, on giving you at least 30 days notice in writing, NAB may (with certain exceptions) make changes to fees, costs and charges, including by imposing any new fee, varying the amount of a fee or varying the basis of the calculation and charging of fees.

Notice of changes to government fees and charges will be given by newspaper advertisement, in writing, or electronically as soon as practicable after, but no later than 3 months after, the change takes effect.

Optional Adviser Fee Facility

If you wish to pay your adviser a fee (“**Adviser Fee**”) in connection with entering into an Option Transaction or an Approved Option with Loan Transaction, you may request to use the “**Adviser Fee Facility**” as a simple way to make that payment. Under the Adviser Fee Facility, you appoint NAB as your agent to pay to your adviser on your behalf your specified Adviser Fee amount.

To use the Adviser Fee Facility, you must:

- set out in the indicative Quote Sheet NAB sends you for the proposed Transaction:
 - the dollar amount of the Adviser Fee you would like to pay using the Adviser Fee Facility; and
 - your adviser’s payment details; and
- sign and return to NAB the Indicative Quote Sheet.

You will be required to pay to NAB, with your Option Premium (for an Option Transaction), or on drawdown of your Loan (for a Loan Transaction), an amount equal to your agreed Adviser Fee amount, which NAB will on-pay to your adviser on your behalf. For a Collar where there is no Fixed Option Premium payable (i.e. Zero Cost Collar Option), you must pay to NAB your agreed Adviser Fee amount within 3 Business Days of entering into the Collar.

Where you sell NAB a Call Option, you may direct NAB to deduct from the Option Premium which NAB pays to you, the Adviser Fee amount and pay that amount to your adviser on your behalf.

NAB may refuse your request to use the Adviser Fee Facility in respect of any Option or Loan Transaction.

Example

Assume:

- you purchase a Put Option;
- the aggregate market value of the Securities for the Put Option at the time of purchase is \$100,000;
- the Option Premium is \$10,000;
- you agree with your adviser an Adviser Fee of \$1,100 in respect of advice relating to your Option Transaction; and
- you wish to use the Adviser Fee Facility to pay the Adviser Fee to your adviser.

You complete the Adviser Fee details in your indicative Quote Sheet (including payment details for your adviser), sign it, and return it to NAB. Your adviser has also signed the Quote Sheet.

The aggregate amount you will be required to pay NAB to purchase the Put Option is \$11,100 (comprising \$10,000 Option Premium amount and \$1,100 Adviser Fee amount). If NAB accepts your request to enter into the Transaction and your request to use the Adviser Fee Facility, it will pay the \$1,100 Adviser Fee payment to your adviser on your behalf. Pending payment of this amount, NAB will hold the \$1,100 on trust for you in accordance with the client money rules of the Corporations Act (NAB will keep any interest earned on such amount). NAB will retain the balance of your payment (\$10,000) as the Option Premium.

This example is included for illustrative purposes only. It is not intended as an indication of the likely amount of any Adviser Fee amount. NAB will not be involved in the calculation of any Adviser Fee amount. This is for you to agree with your adviser.

Section 7. Transacting

What do you need to do to enter into Options and Approved Options with Loans with NAB?

What are the conditions for entering into Options and Approved Options with Loans?

You must complete an Application Form prior to entering into an Option or an Approved Option with Loan with NAB. The Equity Options Master Agreement, together with all Confirmations for Options or Approved Options with Loans entered into under the Agreement and any Guarantor Accession Deed Poll, set out the contractual terms of the agreement between you and NAB and are together referred to as the “**Agreement**”.

You must satisfy NAB that you have the power and authority to enter into the Agreement (including to grant the Power of Attorney in the Application Form) and to enter into each specific Option or Approved Option with Loan requested.

You should obtain independent legal, taxation and financial advice before sending NAB the Application Form and before entering into any Option or Approved Option with Loan. You should also carefully read and consider the Equity Options Master Agreement and the Application Form, as they contain important information regarding the terms and conditions that will apply to your Options or Approved Options with Loans. Reading the summaries in this PDS is not a substitute for reading the Agreement itself or for obtaining independent legal, taxation and financial advice.

Anti-Money Laundering and Counter Terrorism Financing (AML/CTF)

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (“**AML/CTF Act**”), requires NAB to confirm certain information relating to your identity before you enter into an Equity Options Facility. If NAB is not able to confirm your identity, it may not be able to issue you with an Equity Options Facility.

The Application Form which accompanies this PDS will assist NAB in confirming your identity. If you wish to apply for an Equity Options Facility, you must complete and return the Application Form together with any other documentation which you may be required to provide.

NAB reserves the right to re-identify you and other related parties involved with your Equity Options Facility in order to satisfy requirements under the AML/CTF Act and other legislation. Should you fail to provide necessary information in a timely manner when requested, you may be responsible for loss of investment value and payment of any amounts in respect of your investment may be forfeited.

What steps should be followed to enter into Options?

To enter into Options with NAB, follow the simple steps below:

Step 1: Read this Product Disclosure Statement You should read this PDS before deciding whether to transact. This PDS sets out general information relating to Options.

Step 2: Read the Agreement

You should read the Equity Options Master Agreement set out in Part B of this PDS. The Equity Options Master Agreement, together with the Confirmation for your Option, set out the contractual terms of your Option. The Equity Options Master Agreement is structured as a master agreement to enable you to enter into a number of different Options with NAB over time.

Step 3: Read the Application Form

You should read the Application Form attached to this PDS. The Application Form contains important information about your relationship with NAB and gives NAB a Power of Attorney allowing it to execute the Agreement on your behalf.

If you are a company (including a company acting as a trustee), you must ensure that each of your directors has agreed to act as a guarantor and has read and understood the Application Form, the PDS and the Equity Options Master Agreement. Please note that each guarantor will also give NAB a Power of Attorney allowing it to execute the Agreement on behalf of that guarantor.

Step 4: Execution and identification

To enter into an Agreement with NAB you will need to execute the Application Form and meet the identification requirements required by Australian law. If you are a company (including a company acting as trustee), you must ensure that each of your directors has agreed to act as a guarantor and has completed and executed the relevant sections of the Application Form.

As the Equity Options Master Agreement is structured as a master agreement designed to enable you to enter into a number of different Options with NAB, you will only be required to execute the Application Form when you first enter into the Equity Options Facility with NAB, and not for each Option (if any) you request.

NAB will notify you whether or not your application for an Equity Options Facility is granted. If you receive confirmation that your Equity Options Facility is granted, NAB will execute your Agreement on your behalf using the Power of Attorney included in the Application Form and will send a copy of the executed Agreement back to you. If you are a company (including a company acting as trustee), NAB will also execute the Agreement on behalf of each of your directors using the Power of Attorney included in the Application Form. You are then able to request Options from time to time in accordance with Steps 5 to 9 below.

Step 5: Request an indicative Quote Sheet (optional) or otherwise contact NAB

You may request an indicative Quote Sheet for an Option you are considering from your NAB Markets representative before you request the Option. Indicative Quote Sheets may also be requested by your Authorised Representative (including your financial adviser) on your behalf. The Quote Sheet will provide indicative details for the key terms of the Option, such as the underlying Security, the Exercise Price (or, in the case of a Collar Option, the Floor Price and the Cap Price), the Option Style, the Settlement Method, the Expiry Date, any Option Collateral requirements and the Option Premium (or Fixed Option Premium). Please note, however, that details in a Quote Sheet are indicative only and will not be binding on NAB. In particular, the actual Option Premium or Fixed Option Premium you will be required to pay or will receive for an Option is subject to change at all times until you actually enter into that Option with NAB. Where applicable, the Quote Sheet will also confirm details for your transfer of the required Option Collateral.

If you do not request an indicative Quote Sheet and your Option is of a type that requires Option Collateral, you must contact NAB to discuss the terms of your potential Options and to advise NAB of the maximum number of underlying Securities for the Options you are considering requesting before requesting those Options. NAB will at this time advise you of the details of the Option Collateral required.

Step 6: Provide any Option Collateral required

To provide the Option Collateral, you must transfer your holding of the underlying Securities for the Option to be held under the Sponsorship Terms with NMS. All Securities held in your Participant Sponsored Holding with NMS as Sponsor or by NMS Nominees as Nominee immediately become subject to NAB's Mortgage. When NAB notifies you that Option Collateral is required, it will confirm details for this transfer. Unless agreed otherwise by NAB, Option Collateral will need to be received by NAB prior to accepting Orders or agreeing to enter into Options where Option Collateral is required.

Step 7: Request the Option or place an Order for the Option and ensure that funds are available for the payment of any Option Premium or Fixed Option Premium

You may initiate an Option by making a request to NAB over the telephone either to enter into that Option or to place an Order for that Option. Please see "Orders" below for further detail on placing Orders for Options. Options may be requested by your Authorised Representative (including your financial adviser) on your behalf and you should note that you will be bound by any Options entered into on your behalf by your Authorised Representative. NAB will advise you of the details of the Option Premium or the Fixed Option Premium (if any) for the Option when you request either the Option or the Order for the Option.

If you are required to pay an Option Premium or Fixed Option Premium, that Option Premium or Fixed Option Premium must be paid in accordance with your Standard Settlement Instructions. You must ensure that you have adequate funds in any account to be debited for this payment. For further details on these instructions, please see "*Payments and deliveries*" in Section 2.

Step 8: Entering into the Option

You and NAB will be legally bound by the terms of an Option from the moment you and NAB agree to those terms in accordance with the Agreement. Accordingly, you will be legally bound by the terms of an Option you request from the time you agree to those terms over the telephone with NAB when you request the Option, or from the time an Order you have placed with NAB is executed by NAB, in each case subject to the satisfaction of any conditions to NAB's obligations, including the provision of any required Option Collateral. The conditions to NAB's obligations are for NAB's benefit. You should be aware that these agreements may also be made by your Authorised Representative (which may include your financial adviser) on your behalf.

Step 9: Confirmation

Shortly after entering into an Option, NAB will send you a Confirmation setting out the commercial terms of the Option. You must sign and return the Confirmation within 1 Business Day.

The Confirmation will constitute a record of the terms of the Option agreed to by you and NAB unless there is an error in the Confirmation and you inform NAB of that error or NAB informs you of that error. It is extremely important that you check the Confirmation as soon as possible to make sure that it accurately records the terms agreed by you and NAB. In the case of any discrepancy, you will need to raise the matter with your NAB Markets representative promptly.

If there is an error in the Confirmation, NAB will send you an amended Confirmation reflecting the terms agreed to by you and NAB. You must then promptly sign and return the amended Confirmation to NAB.

Orders

You can make a request to NAB to place either a Limit Order or a Percentage Order for an Option.

Orders are placed with NAB on a reasonable endeavours basis only. NAB's ability to commit to execute your Order is subject to conditions, including NAB's ability to effectively hedge your Order.

Limit Orders

Under a Limit Order, you request an Option provided that NAB can execute the Option on the terms specified with your request at an Option Premium or a Fixed Option Premium (as applicable) expressed in cents within a given period (usually one Business Day) (or at an Option Premium or a Fixed Option Premium (as applicable) which is more favourable to you than specified in your request).

Percentage Orders

Under a Percentage Order, you request an Option provided that NAB can execute the Option on the terms specified with your request at an Option Premium or a Fixed Option Premium (as applicable) expressed as a percentage of the price of the underlying Security (such price being determined by NAB by reference to a reputable pricing information source selected in its discretion) within a given period (or at an Option Premium or a Fixed Option Premium (as applicable) which is more favourable to you than specified in your request).

An agreement in respect of an Option resulting from an Order comes into effect when NAB executes the Order, subject to any conditions to NAB's obligations. For further detail, please refer to clause 2.3 of the Agreement.

What steps should be followed to enter into Approved Options with Loans?

To enter into Approved Options with Loans with NAB, follow Steps 1 to 4 outlined on the previous pages under the heading "What steps should be followed to enter into Options?" (as if references in those steps to Options were references to Approved Options with Loans) and then follow the simple steps below:

Step 5: Apply for a Facility Limit

As part of your application to enter into an Agreement with NAB you may also apply for a Facility Limit by completing the relevant sections of the Application Form.

You may also apply for a Facility Limit after you have entered into an Agreement by contacting your NAB Markets representative and completing the necessary sections of the Application Form. NAB will notify you whether or not your application for a Facility Limit is approved and the amount of your Facility Limit. If approval is given for a smaller Facility Limit amount than you requested in the Application Form, you will be taken to have applied for a reduced Facility Limit corresponding to the Facility Limit amount that is approved.

Step 6: Request an indicative Quote Sheet (optional) or otherwise contact NAB

You may request an indicative Quote Sheet for an Approved Option with Loan you are considering from your NAB Markets representative before you request the Approved Option with Loan. You may also request an indicative Quote Sheet for a Loan you are considering linking to an existing Approved Option (provided that the existing Approved Option has an Expiry Date at least 6 months after the date NAB makes an advance to you under the Loan). Indicative Quote Sheets may also be requested by your Authorised Representative (including your financial adviser) on your behalf. The Quote Sheet for the Approved Option with Loan will include indicative details for the Approved Option such as the underlying Security, the Exercise Price (or, in the case of a Collar Option, the Floor Price and the Cap Price), the Settlement Method, the Expiry Date, any Option Collateral requirements and the Option Premium (or Fixed Option

Premium). The Quote sheet will also provide indicative details for the key terms of the Loan, such as the amount you wish to borrow, the Interest Rate, and any Option Collateral you wish NAB to acquire on your behalf with all or part of the proceeds of the advance. Where you request a Quote Sheet for a Loan to be linked to an existing Approved Option, the Quote Sheet will provide indicative details for the key terms of the Loan (together with details of the existing Approved Option).

Please note, however, that details in a Quote Sheet are indicative only and will not be binding on NAB. In particular, the actual Interest Rate you will be required to pay is subject to change at all times until you actually enter into that Approved Option with Loan with NAB.

Step 7: Provide any Option Collateral (if required)

To the extent that you are not using the proceeds of the advance to purchase the Option Collateral, you must transfer your holding of the underlying Securities for the Approved Option to be held under the Sponsorship Terms with NMS. When NAB notifies you that Option Collateral is required, it will confirm details for this transfer. To the extent that you are using the proceeds of the advance to purchase the Option Collateral, you must instruct NAB to acquire the Option Collateral on your behalf following the advance and to transfer the Option Collateral acquired to be held under the Sponsorship Terms with NMS. All Securities held in your Participant Sponsored Holding with NMS as Sponsor or by NMS Nominees as Nominee immediately become subject to NAB's Mortgage. Unless agreed otherwise by NAB, Option Collateral will need to be received by NAB prior to accepting Orders for or agreeing to enter into Approved Options with Loans.

Step 8: Request the Approved Option with Loan or place an Order for the Approved Option with Loan and ensure that funds are available for the payment of any Option Premium or Fixed Option Premium (if required)

You may initiate an Approved Option with Loan by making a request to NAB over the telephone either to enter into that Approved Option with Loan or to place an Order for that Approved Option with Loan. Please see "Orders" above for further detail on placing Orders for Options. Approved Options with Loans may be requested by your Authorised Representative (including your financial adviser) on your behalf and you should note that you will be bound by any Approved Options with Loans entered into on your behalf by your Authorised Representative. NAB will advise you of the details of the Option Premium or the Fixed Option Premium (if any) for the Approved Option and the details of the Interest Rate for the Loan when you request either an Approved Option with Loan or an Order for an Approved Option with Loan. Where you intend to link your Loan to an existing Approved Option, NAB will advise you of the details of the Interest Rate for the Loan and when interest is to be paid.

If you are required to pay an Option Premium or Fixed Option Premium, that Option Premium or Fixed Option Premium must be paid in accordance with your Standard Settlement Instructions. You must ensure that you have adequate funds in your Account to be debited for this payment. For further details on these instructions, please see “*Payments and deliveries*” in Section 2.

Step 9: Entering into an Approved Option with Loan

You and NAB will be legally bound by the terms of an Approved Option with Loan from the moment you and NAB agree to those terms in accordance with the Agreement. Accordingly, you will be legally bound by the terms of an Approved Option with Loan you request from the time you agree to those terms over the telephone with NAB or from the time an Order you have placed with NAB is executed by NAB, in each case, subject to the satisfaction of any conditions to NAB’s obligations, including the provision of any documents or information evidencing your intention as to the use of the proceeds of the advance or the provision of any required Option Collateral. The conditions to NAB’s obligations are for NAB’s benefit. You should be aware that these agreements may also be made by your Authorised Representative (including your financial adviser) on your behalf.

Step 10: Confirmation

Shortly after entering into an Approved Option with Loan, NAB will send you a Confirmation setting out the commercial terms of the Approved Option with Loan. Where you link your Loan to an existing Approved Option, this Confirmation will replace the original Confirmation provided by NAB in respect of that existing Approved Option. You must sign and return the Confirmation within 1 Business Day.

The Confirmation will constitute a record of the terms of the Approved Option with Loan agreed to by you and NAB unless there is an error in the Confirmation and you inform NAB of that error or NAB informs you of that error. It is extremely important that you check the Confirmation as soon as possible to make sure that it accurately records the terms agreed by you and NAB. In the case of any discrepancy, you will need to raise the matter with your NAB Markets representative immediately.

If there is an error in the Confirmation, NAB will send you an amended Confirmation reflecting the terms agreed to by you and NAB. You must then promptly sign and return the amended Confirmation to NAB.

Keeping you informed

You will receive the following notices from NAB over the term of your Equity Options Facility:

1. If your application for an Equity Options Facility is accepted by NAB, NAB will notify you that your application has been approved and send you a copy of the executed Agreement. NAB will also notify you if your application is not accepted.
2. If your application for a Facility Limit is accepted by NAB, NAB will notify you that your application for a Facility Limit has been approved and the amount of the Facility Limit. NAB will also notify you if your application is not accepted.
3. You may request Quote Sheets from NAB for Options or Approved Options with Loans you are considering or for other actions you are considering, including amendments to your Options or Approved Options with Loans and early termination of your Options or Approved Options with Loans. The Quote Sheets will also provide details of any Option Collateral requirements.
4. After you have bought or sold an Option or Approved Option or entered into a Loan, NAB will send you a Confirmation setting out the agreed terms of the transaction. You will need to sign and return this to NAB as described under “*What steps need to be taken to enter into Options*” and “*What steps need to be taken to enter into Approved Options with Loans*” above. You should retain a copy of this Confirmation as a record of your transaction.
5. NAB will also notify you:
 - (a) to confirm if your Option has been exercised (irrespective of whether you are the Buyer or Seller of the Option);
 - (b) to confirm if your Option has expired unexercised (irrespective of whether you are the Buyer or Seller of the Option);
 - (c) if NAB wishes to exercise an Option prior to the Expiry Date (where permitted by its terms) or if NAB does not wish its Options to be Automatically Exercised;
 - (d) to confirm the amount of any payments required in connection with the Option, such as any Cash Settlement Amount or Physical Settlement Amount payable;
 - (e) if you have entered into a Collar where you are the Buyer that NAB considers may be In-the-Money for NAB as the Seller at the Expiry Date and NAB offers to acquire or procure one or more third parties to acquire the underlying Securities from you at the Market Price in accordance with clause 3.9 of the Agreement;

- (f) if you have requested to terminate an Option or Approved Option with Loan early and NAB offers to acquire or procure one or more third parties to acquire all or some of the underlying Securities in a number NAB specifies from you at the Market Price in accordance with clause 10.10 of the Agreement; and
 - (g) to confirm Disposals of Securities in certain circumstances.
6. Where you have entered into an Approved Option with Loan, NAB will also notify you:
- (a) if NAB reduces your Facility Limit;
 - (b) if your Loan has a Fixed Interest Rate which will convert to a Variable Interest Rate at the end of the Fixed Rate Period, prior to the end of the Fixed Rate Period to give you an opportunity to fix the interest rate for a further period if NAB agrees;
 - (c) if NAB varies the frequency of interest charging or the basis of calculation and charging of interest; and
 - (d) if NAB changes the Variable Interest Rate.
7. If your Option or Approved Option with Loan is amended (for example, as a result of a Corporate Action, a Market Disruption Event or a Hedging Event), NAB will send you an amended Confirmation setting out the details of your amended Option or Approved Option with Loan and any costs payable in connection with the amendment.
8. If your Option or Approved Option with Loan is terminated early (for example, as a result of a Corporate Action, a Market Disruption Event or a Hedging Event), NAB will send you notice of this termination and any costs payable in connection with the termination.
9. If you wish to dispute certain payment calculations and you tell NAB the reason for your dispute, you may request a statement showing, in reasonable detail, NAB's calculations.

However, if you do not receive a notice from NAB this will not invalidate the actions the subject of the notice. In particular, any notice of exercise of an Option or Approved Option with Loan by NAB is effective even if you do not receive that notice.

NAB will also from time to time send you other notices, including notices NAB is required to provide you by law.

Section 8. Extraordinary Events, Default, Amendment and Early Termination

Extraordinary events

A fundamental condition of NAB entering into and maintaining an Option or an Approved Option with Loan with you is that NAB is able to hedge the risk of entering into and performing its obligations under an Option or Approved Option with Loan. Similarly, a fundamental condition of NAB entering into and maintaining an Option or an Approved Option with Loan with you is that NAB is able to manage the risk of loss NAB may suffer as a result of a Market Disruption Event or a Corporate Action occurring during the term of an Option or Approved Option with Loan. NAB's pricing for an Option or an Approved Option with Loan assumes that no Market Disruption Event, Hedging Event or Corporate Action will occur.

Market Disruption Events

The Agreement contains a list of events that constitute a Market Disruption Event for the purposes of your Option or Approved Option with Loan ("**Market Disruption Events**"). These Market Disruption Events include (but are not limited to) disruptions in trading of Securities generally on the ASX and circumstances where NAB is prevented for reasons beyond its control from making or receiving a payment or delivery in the place or manner agreed in respect of an Option or Approved Option with Loan.

If a Market Disruption Event occurs in respect of a Security underlying an Option or Approved Option with Loan, then where it is possible to amend or terminate such Option or Approved Option with Loan, NAB will ask you if you prefer to amend any term of the Option or Approved Option with Loan on terms provided by NAB having regard to the Market Disruption Event, or terminate the Option or Approved Option with Loan. If you elect to terminate your Option or Approved Option with Loan, you may be required to pay Early Termination Costs. You may also be required to pay costs in connection with any amendment.

You should carefully read the relevant provisions of the Agreement to understand when a Market Disruption Event might occur and its potential consequences for you. For further detail on costs, please see Section 6.

Corporate Actions

The Agreement contains a list of events that constitute a Corporate Action for the purposes of your Option or Approved Option with Loan ("**Corporate Actions**"). These Corporate Actions include (but are not limited to) rights issues, bonus issues, splits, consolidations, buy backs and capital returns.

If a Corporate Action occurs in respect of a Security underlying an Option or an Approved Option with Loan, then NAB may amend any term of the Option or Approved Option with Loan it deems appropriate having regard to the Corporate Action or terminate the Option or Approved Option with Loan. If NAB terminates your Option or Approved Option with Loan, you may be required to pay Early Termination Costs. You may also be required to pay costs in connection with any amendment.

You should carefully read the relevant provisions of the Agreement to understand when a Corporate Action might occur and its potential consequences for you. For further detail on costs, please see Section 6.

Hedging Events

The Agreement contains a list of events that constitute a Hedging Event for the purposes of your Option or Approved Option with Loan ("**Hedging Events**"). These Hedging Events include (but are not limited to) circumstances where NAB is unable on terms it considers reasonable to acquire, establish, maintain, substitute, unwind or dispose of any transaction it deems necessary to hedge the risk of entering into and performing its obligations under an Option or an Approved Option with Loan.

If a Hedging Event occurs in respect of an Option or an Approved Option with Loan, then where it is possible to amend or terminate such Option or Approved Option with Loan, then NAB will ask you if you prefer to amend any term of the Option or Approved Option with Loan on terms as suggested by NAB having regard to the Hedging Event or terminate the Option or Approved Option with Loan. If you elect to terminate your Option or Approved Option with Loan, you may be required to pay Early Termination Costs. You may also be required to pay costs in connection with any amendment.

You should carefully read the relevant provisions of the Agreement to understand when a Hedging Event might occur and its potential consequences for you. For further detail on costs, please see Section 6.

Events of Default

The Agreement contains a list of the events that constitute a default by you under the Agreement ("**Events of Default**"). These Events of Default include (but are not limited to) where you do not make a payment or delivery you are required to make under the Agreement on time, where a representation or warranty you have made or have been taken to make to NAB is found to be incorrect or misleading, where you become insolvent or of unsound mind, where you die, or where you breach an undertaking to NAB or where you tell NAB you will not pay the Amount Owed in respect of a Loan or, where you are a company, either a director resigns or a director is appointed without having become a guarantor and NAB considers that this is an Event of Default.

If an Event of Default occurs under the Agreement, then NAB may, at its discretion, terminate all of your Options or Approved Options with Loans early or enforce its Mortgage, including by exercising its power to sell the Option Collateral and apply the proceeds towards satisfaction of your obligations under the Agreement, or both. If NAB terminates your Options or Approved Options with Loans, you may be required to pay Early Termination Costs. If there is no Option Collateral or the value of the Option Collateral is insufficient to cover all of your outstanding obligations, you will remain

personally liable for those obligations and NAB may take further enforcement action to recover those amounts.

Among other conditions, it is a condition precedent to NAB's obligations to make payments and deliveries when scheduled that no Event of Default or Potential Event of Default has occurred and is continuing. You should be aware that NAB is accordingly not required to continue to make payments and deliveries to you in these circumstances and may elect not to make payments or deliveries rather than terminating your Options.

You should carefully read the relevant provisions of the Agreement to understand when an Event of Default or Potential Event of Default might occur and its potential consequences for you. For further detail on costs, please see Section 6.

Amendment and termination at your request

You can ask NAB to amend or terminate an Option or Approved Option with Loan prior to its Expiry Date. You can also ask NAB to amend a Loan (e.g. to vary the Interest Rate applicable to it), without asking NAB to vary the Approved Option to which it is linked. However, you cannot ask NAB to vary the Settlement Date of an Approved Option which is linked to a Loan without also asking NAB to make a corresponding variation to the Maturity Date of the Loan to which it is linked. NAB may, in its sole discretion, agree to meet your request with or without conditions (which may include a requirement that you pay restructuring costs, Break Costs or other costs determined by NAB).

You can ask NAB to terminate a Loan without asking NAB to terminate the Approved Option to which it is linked. However, you cannot ask NAB to terminate an Approved Option which is linked to a Loan without also asking NAB to terminate the Loan to which it is linked. You may terminate a Loan early (without asking NAB to terminate the Approved Option to which it is linked) by giving NAB 5 Business Days' notice and by paying NAB the Amount Owing in respect of the Loan (which may include Break Costs).

You should carefully read the relevant provisions of the Agreement to understand your rights in connection with the amendment and termination of Options and Approved Options with Loans and the consequences for you if you ask NAB for an amendment or termination of an Option or Approved Option with Loan. For further detail on costs, please see Section 6.

Amendment of the Agreement at NAB's option

In addition to NAB's rights in respect of Market Disruption Events, Corporate Actions, and Hedging Events, NAB may from time to time:

- in certain circumstances amend the Agreement without the need to obtain your consent or your signature on any document; or
- propose amendments to the Agreement and give you a stated period to consider the proposed amendments.

In certain circumstances you will be taken to have agreed to amendments even if you do not respond to NAB's proposal. You should carefully read the relevant provisions of the Agreement to understand when NAB might amend the Agreement and its potential consequences for you. For further detail on costs, please see Section 6.

MALLESONS STEPHEN JAQUES

National Australia Bank Limited

10 June 2010

The Directors
National Australia Bank Limited
Level 4 (UB4440)
800 Bourke St
Docklands VIC 3008

10 June 2010

Dear Directors

Equity Options Options and Approved Options with Loans on ASX listed Securities

1 Introduction

1.1 We have been asked to prepare a taxation summary for inclusion in the Product Disclosure Statement (“PDS”) to be dated on or about 10 June 2010, for the Options and Approved Options with Loans on ASX Listed Securities to be offered under the Equity Options Master Agreement (“EOMA”).

1.2 Unless defined in this letter, capitalised terms used in this letter and “you” have the same meaning as defined in the EOMA.

1.3 All references in this letter to legislative provisions are references to the Income Tax Assessment Act 1936 Act and to the Income Tax Assessment Act 1997 (collectively referred to as the “Tax Act”).

2 Preliminary matters

2.1 This summary is based on the Australian income tax laws in effect on the date of this letter, the interpretation of such laws by the courts and the relevant administrative practices. These are subject to change, possibly with retroactive effect, and should be treated with caution.

2.2 This summary is not, and is not intended to be, exhaustive and does not deal with the position of all taxpayers who enter into an Option Transaction or Loan Transaction. In particular, it does not address the taxation consequences for an investor who:

- (a) is a non-Australian resident taxpayer;
- (b) is an Australian resident taxpayer who holds their Option Transaction or Relevant Securities through a permanent establishment outside of Australia;
- (c) buys or sells an Option Transaction or a Relevant Security other than on capital account, for example, in the course of a business that involves trading in financial instruments or arrangements;
- (d) buys or sells an Option Transaction or a Relevant Security in the capacity as trustee of a trust (other than a Superannuation Fund);

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- (e) is a partnership or buys or sells an Option Transaction or a Relevant Security as a partner in a partnership;
- (f) incurs interest payments in carrying on a business; or
- (g) is subject to the thin capitalisation provisions of the Tax Act.

2.3 This letter does not constitute legal or taxation advice and is of a general nature only. It is not intended to address all of the implications that may be relevant to any particular investor. If you are considering entering into an Option Transaction or a Loan Transaction you should therefore obtain independent legal and taxation advice relevant to your particular circumstances from time to time.

2.4 The information contained in this letter does not, and is not intended to, constitute investment advice. In determining whether to apply for an Option Transaction or Loan Transaction, you should also consider seeking your own financial advice from an independent person who is authorised to provide financial product advice in relation to dealing in securities.

3 Deductibility of Interest on Funds Borrowed under a Loan Transaction

3.1 Interest is generally deductible under section 8-1 of the Tax Act where it is incurred for the purpose of deriving assessable income (excluding capital gains) or is necessarily incurred in carrying on a business for the purpose of deriving such income. However, various provisions in the taxation legislation may deny, limit or defer a deduction for borrowing costs depending on the particular facts or circumstances.

3.2 On the basis of the above, interest payable in respect of borrowings under a Loan Transaction may be deductible as an expense necessarily incurred in deriving assessable income where the borrowed funds are used to acquire Relevant Securities (that is, shares or units) and it is expected that dividends or other assessable income will be derived from those Relevant Securities.

3.3 Deductions generally will not be allowed where the funds are borrowed for the purpose of generating only capital gains.

3.4 This taxation summary does not consider the position of investors who borrow funds under a Loan Transaction in order to pay an Option Premium.

3.5 If you are considering borrowing funds under a Loan Transaction for the purpose of acquiring either Option Transactions or Relevant Securities you should obtain independent taxation advice, which takes into account your particular circumstances in determining whether interest payable on those borrowed funds will be deductible to you.

4 Capital protected borrowings

4.1 Where it applies Division 247 of the Tax Act will operate to treat those amounts attributable to “capital protection” under certain borrowings as payments for a put option. The amount attributable to the deemed put option would not be deductible. Other provisions may then operate to deem the put option to be exercised and disposed of, or to have expired, for CGT purposes.

4.2 The terms of borrowings under a Loan Transaction represent non-recourse arrangements, in the sense that the recourse of the lender would be limited to the proceeds received on disposal of the Relevant Securities to which the Loan Transaction relates. This limited recourse feature should fall within the types of borrowing with “protection” described in the Explanatory Memorandum to the Bill that introduced Division 247. In this respect a borrowing under a Loan Transaction will be a capital protected borrowing, provided that the Relevant Securities are not of a kind referred to in section 247-55(5) (namely, shares, units and

MALLESONS STEPHEN JAQUES

National Australia Bank Limited

10 June 2010

stapled securities that are not relevantly listed on an approved stock exchange and the issuing company or unit trust is not widely held).

4.3 Under Division 247, broadly:

- (a) assuming interest payable on the borrowed funds is deductible to you (in accordance with the principles discussed above), only that part of the interest payable on the borrowed funds that is equivalent to a notional amount of interest on the same principal amount, will be deductible. The notional amount of interest is calculated by using specified Indicator Lending Rates published by the Reserve Bank of Australia (“RBA”). More specifically:
 - (i) if you have a Loan Transaction to which a Fixed Interest Rate applies for all or part of the term of the borrowing, the notional interest is calculated by applying the RBA’s Indicator Rate for Personal Unsecured Loans at the time of the first interest payment under the Loan Transaction during the term of the borrowing or the relevant part of the term; and
 - (ii) if you have a Loan Transaction to which a Variable Interest Rate applies for all or part of the term of the borrowing, the notional interest is calculated by applying the average of the RBA’s Indicator Rate for Personal Unsecured Loans at the time of the first interest payment under the Loan Transaction during the term of the borrowing or the relevant part of the term.

On 11 May 2010, the Government announced that it will amend the benchmark interest rate in the capital protected borrowing provisions to the RBA’s Indicator Rate for Standard Variable Housing Loans plus 100 basis points, for capital protected borrowings entered into, or extended, after 7:30pm (AEST) on 13 May 2008. Legislation to effect this proposed change has not yet been enacted. However, an Exposure Draft of the amendments proposed to Division 247 to give effect to this announcement has recently been released. Investors may wish to consider using the proposed benchmark rate for the purposes of the above calculations.

- (b) if the amount of interest actually incurred by you exceeds the amount produced under the RBA interest rate calculation above, the excess is treated as the amount incurred for the deemed put option;
- (c) any notional put option that you are deemed to have acquired will be a CGT asset of yours (in addition to any actual Options you may hold under the EOMA). Your cost base in the notional put option will include the amount of interest incurred by you on the borrowing that exceeds the amount produced under the RBA interest rate calculation.

4.4 It is not possible to determine whether Division 247 will operate to deem part of the interest payable under a Loan Transaction to be consideration for the acquisition of a put option until both the interest rate applicable to your borrowing and the relevant RBA Indicator Rate(s) are known. This will not occur until you enter into a Loan Transaction, at the earliest.

4.5 It is important that investors are aware that Division 247 may potentially operate to preclude a deduction being claimed in respect of a portion of interest payable on borrowed funds under a Loan Transaction and, if this is the case, that the investor will be taken to have acquired a deemed put option that may give rise to capital gains tax consequences. Investors should therefore seek their own independent tax advice on the application of the capital protected borrowing provisions to their particular circumstances.

5 Fees Associated with Loan Transactions

Establishment fees

- 5.1 Any establishment fees payable by you upon entry into a Loan Transaction may be deductible to you under section 25-25 of the Tax Act on a straight line basis over the lesser of five years and the period of the borrowing, to the extent that you use the borrowed funds for the purpose of producing assessable income in the income year in which the deduction is sought.

Break Costs

- 5.2 Any Break Costs payable by you in respect of a Loan Transaction may be allowable as a deduction to the extent that those amounts are incurred to reduce or eliminate your deductible interest expense.

6 Buying and selling Option Transactions

- 6.1 You may buy from NAB or sell to NAB different types of Option Transactions. The Australian taxation consequences to you depend on such matters as the type of Option Transaction, whether you buy or sell the Option Transaction, whether the Option Transaction is exercised and whether you have requested Physical Settlement or Cash Settlement.

Buying a Call

- 6.2 If you buy a Call:
- (a) you will acquire a capital gains tax (“CGT”) asset (the Call) with a cost base that includes the Option Premium you pay to NAB;
 - (b) if the Call expires without being exercised, you should make a capital loss equal to that cost base; and
 - (c) if you exercise the Call:
 - (i) and have elected for Physical Settlement, the cost base of the Relevant Securities you acquire will include the Exercise Price in respect of the Call together with the Option Premium;
 - (ii) and have elected for Cash Settlement, any amount you receive would be capital proceeds from a CGT event that would give rise to a capital gain.

Buying a Put

- 6.3 If you buy a Put:
- (a) you will acquire a CGT asset with a cost base that includes the Option Premium you pay to NAB;
 - (b) if the Put expires without being exercised, you should make a capital loss equal to that cost base;
 - (c) if you exercise the Put:
 - (i) and have elected for Physical Settlement, the cost base of the Relevant Securities you dispose of to NAB will include the Option Premium (as well as what you otherwise previously paid or gave to acquire the Relevant Securities). You will make a capital gain to the extent that the Physical Settlement Amount paid to you by NAB exceeds that cost

base. If you are an individual who has or a trust that has held those Relevant Securities for at least 12 months prior to entering into the contract for the Option Transaction you may be entitled to a discount on the amount of capital gain included in your assessable income;

- (ii) and have elected for Cash Settlement, any amount you receive would be capital proceeds from a CGT event that would give rise to a capital gain.

Buying a Collar

6.4 If you buy a Collar:

- (a) you will acquire a CGT asset with a cost base that includes the Fixed Option Premium you pay to NAB (if any). If you receive a Fixed Option Premium from NAB you will make a capital gain that includes the amount of the Fixed Option Premium;
- (b) if the Collar expires without being exercised, you should make a capital loss equal to that cost base (if any). If you received a Fixed Option Premium from NAB there are no further consequences under the CGT provisions;
- (c) if the Collar is exercised:
 - (i) by you and you have elected for Physical Settlement, the cost base of the Relevant Securities you dispose of to NAB will include the Fixed Option Premium (if any) that you paid to NAB (as well as what you otherwise previously paid or gave to acquire the Relevant Securities). The capital proceeds from the disposal will be the Physical Settlement Amount. If this disposal of Relevant Securities gives rise to a capital gain, you may be entitled to a discount on the amount of capital gain included in your assessable income if you are an individual or trust that has held those Relevant Securities for at least 12 months prior to entering into the contract for the Collar;
 - (ii) by you and you have elected for Cash Settlement, you may be entitled to receive a further amount by way of the Variable Option Premium (that is, in addition to the Fixed Option Premium). A CGT event would happen to you as a result of the Collar ending. Any amount you receive from NAB would be capital proceeds from a CGT event and a capital gain would arise to the extent that these capital proceeds exceed your cost base (if any) in the Collar.
 - (iii) by us and you have elected for Cash Settlement, you will be obliged to pay a further amount by way of the Variable Option Premium (that is, in addition to the Fixed Option Premium). A CGT event would happen to you as a result of the Collar ending. Any further amount you may be required to pay to NAB would be included in the cost base of the asset comprising the Collar.

Selling a Call

6.5 If you sell a Call:

- (a) the Option Premium will be treated as capital proceeds that you have received from a CGT event. This should give rise to a capital gain upon the sale of the Call;
- (b) if the Call expires without being exercised, then there are no further consequences under the CGT provisions;

- (c) if the Call is exercised then:
 - (i) where the Call is Physically Settled, any capital gain that arose upon the sale of the Call (as described above) is disregarded. Further, the capital proceeds that you are taken to have received from disposing of the Relevant Securities to NAB will include both the Physical Settlement Amount paid by NAB and the amount of the Option Premium. If this disposal of Relevant Securities gives rise to a capital gain, you may be entitled to a discount on the amount of capital gain included in your assessable income if you are an individual or trust that has held those Relevant Securities for at least 12 months prior to entering into the contract for the Call;
 - (ii) where the Call is Cash Settled, any amount you are required to pay to NAB would not be deductible. Further, the payment should not generate a capital loss.

Selling a Put

- 6.6 If you sell a Put:
- (a) the Option Premium will be treated as capital proceeds you have received from a CGT event. This should give rise to a capital gain upon the sale of the Put;
 - (b) if the Put expires without being exercised, then there are no further consequences under the CGT provisions;
 - (c) if the Put is exercised then:
 - (i) where the Put is Physically Settled, any capital gain that arose upon the sale of the Put (as described above) is disregarded. Further, the cost base of the Relevant Securities you acquire from NAB will include the Physical Settlement Amount that you paid to NAB less the amount of the Option Premium;
 - (ii) where the Put is Cash Settled, any amount you are required to pay NAB would not be deductible. Further, the payment should not generate a capital loss.

Option Transaction combinations

- 6.7 Option Transaction combinations involve the simultaneous purchase and/or sale of more than one Option Transaction. The main Australian taxation consequences of each type of Option Transaction are set out in this summary and regard must be had to the treatment of each such Option Transaction separately, even where you pay to NAB or receive from NAB a net amount following the settlement of the Option Transactions comprising the Option Transaction combination.

Provision of Relevant Securities

- 6.8 Where you are required by NAB to provide Relevant Securities as collateral in respect of an Option Transaction, this should not give rise to a CGT event or any other taxing event.

7 Distributions on Relevant Securities

- 7.1 You remain entitled to the distributions on Relevant Securities in circumstances where you are required to provide Relevant Securities as collateral when you enter into an Option Transaction with NAB. Accordingly, distributions paid on such Securities will be included in your assessable income.

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- 7.2 However, to be entitled to franking credits or a franking rebate you must also be a “qualified person” in relation to the relevant distribution under one or more of several alternative tests. Special rules apply where the holder of the shares is a trustee of a trust; broadly, these require an examination of the position of the trustee and the beneficiary seeking a franking credit benefit.
- 7.3 For example, a person will be treated as a “qualified person” where they have continuously held the relevant shares (or an interest in the shares) “at risk” for a specified number of days in a prescribed period. For these purposes, any day on which the taxpayer has materially diminished risks of loss or opportunities for gain in respect of the shares (or interest in the shares) are to be disregarded, although they do not break the continuity of the period. A person is taken to have materially diminished risks of loss or opportunities for gain if their “net position” in relation to the shares (or interest) is less than 30% of the risks or opportunities. The net position is worked out by using the financial concept known as delta. The qualified person provisions expressly provide that an option to buy or sell the relevant shares will have a delta and give rise to a position. Therefore, if you hold Relevant Securities in respect of which you intend to buy or sell an Option Transaction, you should seek independent advice as to the implications under these rules, also taking into account other positions or arrangements you may have entered into in relation to those Relevant Securities.
- 7.4 Alternatively, a person who is an individual may also be a qualified person if the total of their entitlements to franking credit benefits does not exceed \$5,000.00.
- 7.5 Further, certain trusts (including some Superannuation Funds) may become a qualified person by electing to have specified franking credit and franking rebate ceilings determined by reference to a benchmark portfolio of shares applied to them.

8 Disposal of Relevant Securities

- 8.1 A capital gain will arise where the capital proceeds from the disposal of Relevant Securities exceeds your cost base. A capital loss will arise where the capital proceeds from the disposal of Relevant Securities are less than your cost base. A capital loss is only available to reduce other capital gains but can be carried forward indefinitely.
- 8.2 If the Relevant Securities have been held for at least 12 months and you are an individual or the trustee of a Superannuation Fund then the capital gain on which you may be taxed is reduced.

9 Early Termination Costs

- 9.1 Where an Option Transaction is terminated early NAB will determine a value for the terminated Option Transaction (the Close Out Amount).
- 9.2 Where you have bought an Option Transaction from NAB, the termination of the Option Transaction will result in a CGT event happening to you. Your cost base in the Option Transaction terminated is described above. Any Close Out Amount you receive from the termination of the Option Transaction will represent capital proceeds from that CGT event. If you are required to pay a Close Out Amount to NAB, that amount would neither be deductible nor increase the existing cost base.
- 9.3 Where you have sold an Option Transaction to NAB, any Close Out Amount you are required to pay would not be deductible, nor would it generate a capital loss or be included in the cost base of an asset. If you receive a Close Out Amount, it is not clear which provision of the Australian taxation legislation would apply. However it is expected that the Commissioner would seek to have the amount included in your assessable income, whether as a capital gain or otherwise.

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- 9.4 If you are also required to pay a further amount or amounts for costs that NAB incurs, such as Break Costs or restructuring costs, such amounts would not be deductible to you.

10 Taxation of Financial Arrangements (TOFA)

- 10.1 The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 (“TOFA”) was recently enacted and introduces into the Australian income tax legislation new provisions (Division 230) representing a code for the taxation of amounts arising in relation to financial and other specified arrangements. Division 230 defines a “financial arrangement” and sets out the six methods (four of which are elective, subject to certain safeguards) for bringing to account gains or losses on financial arrangements. These methods determine the tax-timing treatment of arrangements covered by the rules. The new rules also tax gains and losses from financial arrangements as being on revenue account (and not as capital gains or losses).

- 10.2 The new rules apply to financial arrangements acquired on or after 1 July 2010 unless a taxpayer makes an election for them to apply to the income year commencing on or after 1 July 2009. Further, under transitional rules, a taxpayer may elect for the new rules to apply to all financial arrangements they hold at the start of the first applicable income year. Therefore, to the extent that an Option Transaction or Loan Transaction is entered into prior to the commencement date for Division 230, the proposed rules would not necessarily apply to the you, unless you elected for them to do so.

- 10.3 Further, not all taxpayers are intended to be subject to the new TOFA rules. In particular the Act provides that entities (including Superannuation Funds) with an annual turnover below specified thresholds, and individuals, may be outside the rules unless they elect for the rules to apply to them. You should seek independent advice on how the new rules might apply to your Option Transactions or the borrowing of funds under a Loan Transaction, taking into account your particular circumstances.

11 TFN Withholding

- 11.1 Payments made in relation to certain investments are subject to a withholding of tax unless the recipient of the payment has quoted their tax file number (“TFN”) or Australian Business Number (“ABN”) or is exempt from the TFN quotation rules. As an Option Transaction would not be treated as an investment subject to the TFN quotation rules, you do not need to quote your TFN or ABN.

12 Stamp Duty

- 12.1 No stamp duty should be payable on Option Transactions or transfer of Relevant Securities (so long as they are listed for quotation on the ASX) arising out of the grant or the exercise of an Option Transaction.

13 Goods and Service Tax

- 13.1 The Borrowing of funds under a Loan Transaction and the purchase and disposal of Option Transactions should not be subject to Australian Goods and Service Tax (“GST”). GST may, however, be payable in relation to any brokerage fees or other transactions costs incurred when you are required to deliver Relevant Securities to NAB under an Option Transaction.

Yours faithfully



28 May 2014

National Australia Bank Limited
Level 4 (UB 4440)
800 Bourke Street
Melbourne VIC 3000

Dear Directors

**Equity Options
Options and Approved Options with Loans on ASX Listed Securities**

You have asked us for our opinion on the income tax and GST consequences which flow to investors as a result of the transactions described in our opinion dated 10 June 2010 ("**Previous Opinion**") as modified by the SPDS. Terms not otherwise defined in this opinion have the same meaning as in the Previous Opinion, the PDS and the SPDS.

1 **Confirmation of Previous Opinion**

We confirm that you may rely on the Previous Opinion, subject to the assumptions and qualifications therein, as if it had been issued to you on the date of this opinion with the modifications noted below.

2 **Adviser Fee**

The income tax consequences of fees paid by an investor to an adviser depends upon the investor's own circumstances and all investors should seek independent advice referable to their own circumstances.

Generally, if the Adviser Fee is payable by the investor in connection with their entry into an Option or Approved Option with Loan, the Adviser Fee would not be deductible but should be eligible for inclusion in the investor's cost base of those assets.

However, if the Adviser Fee is payable by the investor in connection with managing their existing investments from which they derive assessable income, the Adviser Fee may be immediately deductible.

Advisor's fees are likely to be subject to GST. An investor may not be entitled to claim any 'input tax credits' including 'reduced input tax credits' for such GST. The availability of such credits will depend upon:

- whether the Investor:
 - is registered for GST;
 - has acquired the service in the course or furtherance of its enterprise;
 - provided or was liable to provide the consideration for the service; and
 - holds a valid tax invoice for the service; and
- whether the service:
 - relates to the making of input taxed supplies (including the acquisition of Securities); and
 - qualifies for reduced input tax credits.

Investors should seek their own advice about the availability of input tax credits in their particular circumstances.

3 **Index Options**

The taxation consequences which are described in the Previous Opinion for Option Transactions to which Cash Settlement applies are equally applicable to investors who acquire Index Options on capital account.

Yours faithfully



Section 10. Superannuation Funds

Regulation of Superannuation Funds

Superannuation Funds (including Self Managed Superannuation Funds), are regulated under the *Superannuation Industry (Supervision) Act 1993* (Cth) (the “**SIS Act**”) and associated regulations. In addition, the trustee of a Superannuation Fund must comply with the governing rules of the relevant fund and with the duties of a trustee under general law.

The legal obligations of the trustee of a Superannuation Fund are complex and the regulatory environment for Superannuation Funds changes over time.

It is the responsibility of the Superannuation Fund trustee to ensure that they comply with their legal obligations on an ongoing basis and that entering into Options does not result in a breach of these obligations.

NAB is not responsible for ensuring that Superannuation Fund trustees who enter into Options have complied with their legal obligations and Superannuation Fund trustees should, if necessary, seek legal advice before entering into Options.

For information purposes only, obligations imposed by the SIS Act which may be relevant to a Superannuation Fund trustee who is considering entering into Options include:

- the covenants set out in section 52(2) of the SIS Act, including the covenant to perform and exercise duties and powers in the best interests of beneficiaries and the covenant to formulate and give effect to an investment strategy that has regard to the whole of the circumstances
- of the Superannuation Fund;
- the “in-house asset” rules set out in Part 8 of the SIS Act; and
- the restriction on the giving of a charge over, or in relation to, an asset of a Superannuation Fund.

This list is not exhaustive.

Which Options may be available to Superannuation Funds?

Bought Call Options and bought Put Options are currently available to Superannuation Fund trustees. However, bought Collar Options and sold Options are not currently available to Superannuation Fund trustees as stand-alone Options. These Options may, however, in NAB’s absolute discretion, be made available to Superannuation Fund trustees in certain Option combinations which do not require Option Collateral.

Please note that simply because NAB makes an Option available to a Superannuation Fund trustee does not mean that NAB has considered whether it is appropriate for the Superannuation Fund trustee to enter into the Option or consistent with the obligations and duties of the Superannuation Fund trustee and the rules of the relevant Superannuation Fund. Superannuation Fund trustees are responsible for assessing whether Options are suitable and permitted by the SIS Act, the governing rules of the relevant Superannuation Fund and the duties of the trustee. Superannuation Fund trustees should obtain independent professional advice in making this assessment.

Are Approved Options with Loans available to Superannuation Funds?

Approved Options with Loans are currently not available to Superannuation Fund trustees.

Section 11. Other significant information

Staff incentives

NAB Staff members are salaried employees of NAB and in most cases do not receive any proportion of any fees or commissions paid to NAB or any other company in the NAB group in connection with the products. Staff members may be entitled to receive additional monetary or non-monetary benefits and/or rewards resulting from participation in programs conducted by NAB.

Monetary benefits or rewards may include an annual bonus, the level of which may depend on the overall performance of the NAB group of companies.

Whether staff members receive any such benefits and rewards depends on a number of balanced performance and behavioural factors, which may include a measure linked to sales of unspecified products and services provided to customers.

Non-monetary benefits or rewards for eligible staff may be provided in the form of recognition points which can be redeemed for products from a regularly updated catalogue which may include items such as film tickets, home appliances, beauty & fashion products and personal experiences. It is not possible to determine at any given time whether a staff member will receive any form of benefit or reward or to quantify them. They are not directly attributable to any particular product or deal that the staff member has given advice on.

Adviser remuneration

Commissions of up to 3.30% (inclusive of GST) of the Notional Price of the Security times the number of Securities referenced by the Option may be paid by NAB to financial advisers. These commissions may apply where you enter into Options through a financial adviser. However, your financial adviser may choose not to receive a commission or may be a fee-for-service adviser. NAB may take these commissions (or lack of them) into account when determining any Option Premium or Fixed Option Premium you are required to pay or are entitled to receive in connection with your Option. It is expected that any commission payable to your financial adviser will be disclosed to you separately by your financial adviser prior to you entering into an Option or Approved Option with Loan. For further detail on how an Option Premium or Fixed Option Premium is determined, please see Section 6. For more information on these commissions please ask your financial adviser.

NMS and NMS Nominees remuneration

NAB will pay NMS and NMS Nominees fees in such amounts as NAB, NMS and NMS Nominees may agree from time to time to act as Sponsor and Nominee respectively in connection with Options and Approved Options with Loans. You are not required to reimburse NAB for these fees.

Disclosures

Potential conflicts of interest

NAB and its related bodies corporate will conduct transactions as principal and as agent in various securities, including the Securities. These trading activities may affect (positively or negatively) the price at which the Securities trade in the secondary market or the price of the Securities at any point in time.

Consents

Each of NMS and NMS Nominees:

- (a) has given, and has not withdrawn, its written consent to be named in this PDS in the form and context in which it is named;
- (b) has given, and has not withdrawn, its written consent to the statements attributed to it in this PDS in the form and context they appear;
- (c) has not made any other statement in this PDS or any statement on which a statement made in this PDS is based other than as specified in paragraphs (a) and (b) above and paragraph (e) below;
- (d) has not authorised or caused the issue of this PDS, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this PDS; and
- (e) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this PDS, other than the reference to its name and the statements included in this PDS with its consent and excludes and disclaims all liability or any damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred by you as a result of this PDS being inaccurate or incomplete in any way for any reason.

Making a complaint

We are always trying to improve our customers' experience, but we know things do not always go the way they should. Your feedback about the services you receive from us and our products can help us understand and address issues we otherwise might not know about.

For information about making a complaint or resolving problems or disputes, please contact your NAB representative on 1800 343 070.

If you feel your contact has not resolved the issue, then the next step is to speak to our Customer Resolutions Team. Here's how:

1. Call us: Call our dedicated Customer Resolutions Team any time between 8am and 7pm, Monday to Friday (AEST/AEDT), on 1800 152 015.
2. Send us a form online: complete our online feedback form at nab.com.au, or email us at feedback@nab.com.au.

3. Write to us at the following address: National Australia Bank General Manager, NAB Resolve Reply Paid 2870 Melbourne, Vic 8060.

Dispute resolution

If you still feel your concerns have not been resolved to your satisfaction, you can raise your concerns with the independent external dispute resolution provider, the Australian Financial Complaints Authority (AFCA). AFCA is an external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system. AFCA provides fair and independent financial services complaint resolution that's free to consumers.

Of course as a valued customer, we'd much rather try to resolve the issue together first. In fact, AFCA will encourage you to resolve the issue with NAB before they start to investigate.

AFCA can be contacted at:

Website: afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call within Australia)

Calls from an international number add +61. International calls may incur a charge from your carrier.

In writing to: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne, VIC 3001

You can also contact the Australian Securities & Investments Commission (ASIC) to make a complaint and to find further information on your rights. ASIC is an independent Australian government body that acts as Australia's corporate regulator. To obtain further information they may be contacted at:

Telephone: 1300 300 630

Website: www.asic.gov.au

Assignments

You may not assign or otherwise deal with your rights under the Agreement, any Option or any Approved Option with Loan, or allow any interest in them to arise or be varied, without the prior consent of NAB.

NAB may assign, novate, transfer or otherwise deal with any of its rights or obligations under the Agreement, any Option or any Approved Option with Loan (including by assignment or participation) to any person (including without limitation, any bank or financial institution) without your consent. Any person to whom any of NAB's rights or obligations is assigned, novated or otherwise transferred will have the same rights or obligations (as the case may be) that NAB has under the Agreement. When you receive such notice, you may elect to terminate the outstanding Transactions and NAB will calculate the early termination amount.

Until such time as the Agreement is terminated, you irrevocably authorise each Attorney to execute on your behalf any document necessary to give effect to an assignment, novation, transfer or other dealing with any of NAB's rights or obligations, provided that you have not elected to terminate all outstanding Transactions prior to such transfer or novation.

Personal Property Securities Act

The *Personal Property Securities Act 2009* (Cth) creates a national set of laws for the registration of security interests in personal property. You must do anything NAB reasonably requires in connection with the Secured Property (including obtaining consents, signing and producing documents, producing receipts, getting documents completed and signed and paying any duties, taxes and other imposts) to allow NAB to perfect or register a security interest created under the Mortgage and the Guarantee in connection with the *Personal Property Securities Act 2009* (Cth).

Section 12. Glossary

In this PDS, the following terms have the following meanings. Capitalised terms used but not defined in this Glossary or otherwise in this PDS have the meaning given to them in the Agreement. In the event of an inconsistency between the definition in this Glossary and the definition in the Agreement, the definition in the Agreement will prevail unless the contrary intention appears.

Agreement has the meaning given in Section 7 of this PDS.

American has the corresponding meaning to American Option in the Agreement.

AML/CTF Act has the meaning given in Section 7 of this PDS.

Application Form means the application form accompanying this PDS.

Approved Option means an Approved Option Transaction as defined in clause 23 of the Agreement.

ASIC means the Australian Securities and Investments Commission.

Automatically Exercised has, with respect to an Option, the corresponding meaning to Automatic Exercise in the Agreement.

Banking Act means the *Banking Act 1959* (Cth).

Call Option means an Option that is a Call under the Agreement.

Cash Settled means, in respect of an Option, that Cash Settlement has been specified as the Settlement Method for that Option under and in accordance with the Agreement.

CGT has the meaning given in Section 9 of this PDS.

Collar Option means an Option that is a Collar under the Agreement.

Confirmation means the written document given by NAB to you which contains the specific terms of an Option or an Approved Option with Loan entered into between you and NAB. A replacement Confirmation will be given when you link a Loan to an existing Approved Option. A Confirmation may also be given in respect of an amendment to an existing Option or Approved Option with Loan.

Early Termination Costs has the meaning given in Section 6 of this PDS.

European has the corresponding meaning to European Option in the Agreement.

Financial Claims Scheme means the scheme established under Division 2AA of Part II of the Banking Act.

Fixed Interest Rate Loan has the corresponding meaning to Fixed Interest Rate Loan Transaction in the Agreement.

GST has the meaning given in Section 9 of this PDS.

Loan means a Loan Transaction as defined in clause 23 of the Agreement.

Mortgage means the mortgage granted by you to NAB under clause 12 of the Agreement.

National Credit Code means Schedule 1 to the *National Consumer Credit Protection Act 2009* (Cth).

Notional Price means, in respect of an Option that NAB may in its discretion enter into with you, the average price at which NAB determines, in its absolute discretion, that it could buy or sell an underlying Security for that Option for the purpose of hedging or unwinding that Option at or around the time you request that Option.

Option means the agreement between you and NAB constituted by the grant of an "Option" under and in accordance with the Agreement (and includes an Approved Option Transaction).

Option Collateral has the meaning given in Section 2 of this PDS.

OTC has the meaning given in Section 2 of this PDS.

PDS means this Product Disclosure Statement.

Physically Settled means, in respect of an Option, that Physical Settlement has been specified as the Settlement Method for that Option under and in accordance with the Agreement.

Power of Attorney means the power of attorney granted under the Application Form and clause 13 of the Agreement.

Put Option means an Option that is a Put under the Agreement.

Quote Sheet is a document issued by NAB in respect of an Option or an Approved Option with Loan that sets out the non-binding indicative terms of the Option or Approved Option with Loan. A Quote Sheet may also be given when you link a Loan to an existing Approved Option. A Quote Sheet may also be issued in respect of a requested amendment or early termination of an existing Option or Approved Option with Loan.

Self Managed Superannuation Fund or **SMSF** has the meaning given to the term "self-managed superannuation fund" in the SIS Act.

SIS Act has the meaning given in Section 10 of this PDS.

Superannuation Fund has the meaning given to it in the SIS Act and includes Self Managed Superannuation Funds.

TOFA has the meaning given in Section 9 of this PDS.

Variable Interest Rate Loan has the corresponding meaning to Variable Interest Rate Loan Transaction in the Agreement.

Zero Cost Collar Option means a Collar Option without any obligation to pay a Fixed Option Premium.

Part B – Equity Options Master Agreement

BETWEEN you, us, the Sponsor and the Nominee

General terms

1. Scope of Agreement

1.1 Scope

This Agreement includes this Equity Options Master Agreement, all Confirmations and any Guarantor Accession Deed Poll (together, the “**Agreement**”) and governs all Option Transactions relating to Securities and all Loan Transactions relating to Approved Option Transactions entered into between us and you on and from the date of this Equity Options Master Agreement unless the parties agree otherwise in writing. The parties may also agree from time to time that this Agreement governs other types of derivative transactions.

1.2 Single Agreement

All Transactions are entered into in reliance on the fact that this Agreement forms a single agreement between the parties, and the parties would not otherwise enter into any Transaction.

1.3 Inconsistency

In the event of an inconsistency between a Confirmation and this Equity Options Master Agreement, the Confirmation will prevail to the extent of the inconsistency.

Part 1 – Option Transactions

2. Entering into Option Transactions

2.1 Initiating an Option Transaction

You may initiate an Option Transaction by requesting to us over the telephone:

- (a) to enter into that Option Transaction; or
- (b) to place an Order for that Option Transaction with us in accordance with clause 2.3,

and in either case giving us the information we require from time to time.

However, we are not obliged to accept your request for an Option Transaction or your request for an Order for an Option Transaction. We will tell you promptly if we do not accept your request.

2.2 Confirmations

The parties agree that they will be legally bound by the terms of each Option Transaction from the moment they agree to those terms (whether orally, as a consequence of an Order placed in accordance with clause 2.3 on satisfaction of the conditions in clause 2.4 or otherwise). As soon as reasonably practicable after the terms of the Option Transaction are agreed to by the parties, we will send you a Confirmation setting out the details of the Option Transaction (a Confirmation that is computer generated does not require our signature). Within one Business Day of receiving the Confirmation, you must sign and return the Confirmation to us.

If there is an error in a Confirmation you must notify us within three Business Days of receiving it. The Confirmation will constitute a record of the terms of the Option Transaction agreed to by the parties unless:

- (a) you inform us or we inform you of an error; and
- (b) the terms of the Confirmation are different to the terms that had been agreed to by the parties (whether orally, as a consequence of an Order placed in accordance with clause 2.3, on satisfaction of the conditions in clause 2.4 or otherwise).

If there is an error in the Confirmation, we will send you an amended Confirmation reflecting the terms agreed to by the parties. You must then promptly sign and return the amended Confirmation to us.

An Option Transaction is valid notwithstanding a failure by you or us to notify the other party of an error in the Confirmation.

An Option Transaction is valid notwithstanding a failure by you or us to send the other party a Confirmation or an amended Confirmation.

2.3 Orders for Option Transactions

You may request to place:

- (a) a Limit Order with us; or
- (b) a Percentage Order with us

in respect of an Option Transaction.

When you request to place an Order with us, you must specify the period for which that Order is to apply (which will be until the end of the Business Day on which the Order is placed unless we notify you of a different period) (the “**Order Period**”) and such other information as we require from time to time in relation to Orders of the relevant kind.

If you request to place an Order for an Option Transaction with us and we accept that request in accordance with clause 2.1:

- (i) we will use reasonable endeavours to execute that Order if the conditions of that Order are satisfied within the Order Period, but we are not obliged to:
 - (A) execute that Order at any particular time within the Order Period – this may happen where a Market Disruption Event occurs or due to a system failure on our side due to technology issues or scheduled maintenance which impacts our ability to execute the Order; or
 - (B) execute that Order at all. If we do not execute that Order we will notify you via telephone within one Business Day of the end of the Order Period; and
- (ii) you agree to the terms of the Option Transaction (and, accordingly will be legally bound by those

terms) at the time within the Order Period that we execute that Order unless you have notified us prior to us executing the Order that you wish to cancel the Order. For the avoidance of doubt, you will be legally bound by an Option Transaction if we execute your Order prior to receiving your request to cancel the Order (whether or not we have notified you that we have executed the Order).

2.4 Additional requirements for certain Option Transactions

Where the terms you request in respect of a possible Option Transaction provide that the Option Type is:

- (a) a Call and you are the Seller;
- (b) a Collar not linked with a Loan Transaction;
- (c) a Collar linked with a Loan Transaction and you are the Buyer; or
- (d) a Put linked with a Loan Transaction and you are the Buyer,

unless we otherwise agree:

- (i) you must have:
 - (A) where the Option Type is a Call and you are the Seller or a Collar (not linked with a Loan Transaction), transferred the Relevant Securities into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms before you initiate that Option Transaction in accordance with clause 2.1; and
 - (B) where the Option Type is a Collar (linked with a Loan Transaction) or a Put (linked with a Loan Transaction) and you are the Buyer:
 - (aa) transferred the Relevant Securities into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms before you initiate that Option Transaction in accordance with clause 2.1; or
 - (ab) to the extent that the advance under a Loan Transaction is to be used to acquire Relevant Securities in accordance with clause 5, instructed us to acquire the Relevant Securities on your behalf with all or part of the advance and to transfer the Relevant Securities into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms when you request that Option Transaction in accordance with clause 2.1;

- (ii) you acknowledge that all Relevant Securities for that Option Transaction will be Relevant Transaction Securities to which the Mortgage Terms will apply immediately upon entry into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms; and
- (iii) our acceptance of your request for that Option Transaction (if given) is subject to the condition precedent that we have received confirmation in form and substance satisfactory to us that the Relevant Securities have been entered into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms, and we will not be taken to have agreed to the terms of that Option Transaction until we have received this confirmation.

If you are a trustee of a Superannuation Fund you may not enter into Transactions described in this clause 2.4.

For the avoidance of doubt, nothing in this clause 2.4 limits our discretion to refuse your request under clause 2.1.

3. Payments and delivery

3.1 Performance of obligations

Subject to the other provisions of this Agreement, the parties will make each payment and delivery and perform each other obligation specified in this Equity Options Master Agreement and each Confirmation.

3.2 Calculation of payments

Where a Transaction specifies a Calculation Date, on, or as soon as practicable after, a Calculation Date, we will calculate all amounts payable under a Transaction. We will notify you of the amount you must pay to us or the amount we must pay to you as soon as practicable after making the calculation.

Our notice of the amounts payable under a Transaction will include a statement showing, in reasonable detail, our calculations.

An obligation of a party to pay an amount will not be affected by a failure by us to notify you of an amount payable under this clause 3.2.

3.3 Payments generally

- (a) The parties must make any payments required under this Agreement in the Contractual Currency in immediately available funds and otherwise in the manner agreed, or, if it has not been agreed, as nominated by us.
- (b) If, on any date, amounts would otherwise be payable by each party to the other party in the same currency in respect of any Transactions under this Agreement, then the obligations of each party will be satisfied and replaced by an obligation on the party owing the larger amount to pay to the other party the difference between the larger amount and the smaller amount. In these circumstances, the other party would not make a payment.

3.4 Method of payment

Unless we agree otherwise and subject to clause 3.5:

- (a) you must pay all amounts due to us under this Agreement by:
 - (i) those amounts being directly debited from your Account; or
 - (ii) paying those amounts into an account we nominate; and
- (b) we will pay all amounts due to you under this Agreement by paying those amounts into your Account or another account you nominate for the purposes of this Agreement,

in each case on such dates as the relevant payments become due under this Agreement.

You must not cancel any Direct Debit Request you give us or close your Account or any other account you have nominated for payments unless you have first given us another Direct Debit Request acceptable to us or established a new account acceptable to us (as the case may be).

You must also ensure that any Account from which payments are to be made under this clause 3.4 has sufficient funds to make payments under this Agreement when they become due.

Payments by you will not be taken to have been made to us under this Agreement until the funds are actually received by us and any payment that is (or is subsequently) dishonoured, declined, rejected or reversed will be treated as not having been made to us.

3.5 Standard Settlement Instructions

You must provide us with standard instructions for payments and deliveries in connection with this Agreement (“**Standard Settlement Instructions**”), which instructions will include:

- (a) which of the methods of payment in clause 3.4 shall apply to payments you are required to make under this Agreement; and
- (b) details of your accounts for payments and deliveries under this Agreement.

You must make all payments and deliveries in accordance with the Standard Settlement Instructions unless we agree otherwise and you may change your Standard Settlement Instructions by providing five Business Days’ prior written notice to us.

3.6 Conditions precedent to our obligations

Each of our obligations to make a payment or delivery or to perform an obligation under this clause 3 is subject to the following conditions precedent:

- (a) that no Event of Default has occurred and is continuing;
- (b) that we have received such other documents or information both in a form and substance satisfactory to us acting reasonably, as we may reasonably require pursuant to the provisions of this Agreement; and
- (c) any other condition precedent agreed and specified in a Confirmation as applying to a particular Transaction.

However, clause 3.6(a) will not apply where you have satisfied all of your payment and delivery obligations with respect to all Transactions and have no future absolute or contingent payment or delivery obligations to us.

3.7 Payments, currency and judgments

If a payment is made to us or any judgment or order is entered for the payment of any amount owing to us in respect of this Agreement (or in respect of any judgment or order of another court for the payment of any such amount) in a currency other than the Contractual Currency, then, after receipt of that payment or recovery of the full amount to which we are entitled under that judgment or order, we may recover any Shortfall from you.

3.8 Buying Securities from us

Where you are required to acquire Relevant Securities in connection with an Option Transaction, you may elect to acquire those Relevant Securities from us (or through us as your agent) and in our discretion we may agree to sell those Relevant Securities to you as principal or purchase them for you as your agent at a price you and we agree.

3.9 Offer by us to acquire Relevant Securities where the Option Type is a Collar

- (a) Where we have entered into a Collar that we consider may be In-the-Money for us as the Seller at the Expiry Date and the Collar is not linked to a Loan Transaction, we may offer to acquire or procure one or more third parties to acquire from you the Relevant Securities for that Collar at the Market Price on or before the fifth Business Day prior to the Expiry Date of that Collar.
- (b) You are not obliged to accept our offer, but if you do accept it by no later than 4.00pm on the fifth Business Day prior to the Expiry Date, on and from your acceptance (and not before) the parties will have agreed that the following will occur on the Settlement Date, subject to clause 9:
 - (i) we will purchase or procure one or more third parties to acquire the Relevant Securities from you and pay you the Market Price on the Expiry Date. For the purpose of effecting any acquisition by a third party, you appoint us as your agent to sell the Relevant Securities on your behalf; and
 - (ii) the amount payable by us to you by way of purchase price or by way of account for the proceeds of sale to any third party shall be set off against your obligation to pay any money to us under this Agreement in respect of that Collar (including without limitation any Variable Option Premium), such that we will pay to you only the excess (if any) of the Market Price over those amounts.
- (c) Notwithstanding any agreement between us and you under this clause, if you as Buyer are At-the-Money or In-the-Money on the Expiry Date in respect of the Collar, on exercise (or deemed exercise) by you the parties will not transact as described above and settlement will occur in accordance with the Settlement Method specified in the relevant Confirmation.

3.10 Sales and Transfers of Securities

- (a) By requesting an Option Transaction you invite us to make any offer or invitation to you to acquire Securities from you where this Agreement contemplates we may make such offer or invitation.
- (b) Where Securities are to be transferred by or through us to you or by you to or through us as contemplated in this Agreement:
 - (i) the transfer of those Securities will be effected by way of a crossing, special crossing or an off-market transfer as we may decide; and
 - (ii) you must transfer full legal and beneficial title to the Securities to us as Freely Transferable Securities and pay all reasonable expenses of the transfer, including any stamp duty or similar tax or charge associated with the transfer of the Securities.
- (c) As soon as reasonably practicable after we effect a transfer of Securities, we will send you a confirmation setting out the details of the transfer (a confirmation that is computer generated does not require our signature).

Part 2 – Loan Transactions

4. Loan Terms

4.1 Non-application to Superannuation Funds

The provisions of this Part 2 do not apply to you if you are a trustee of a Superannuation Fund.

4.2 Facility Limit

- (a) You may apply for a Facility Limit. If we accept your application we will notify you of the amount of the Facility Limit.
- (b) If we give you a Facility Limit, you may ask us to provide you with a Fixed Interest Rate Loan Transaction, a Variable Interest Rate Loan Transaction, or a Combination Loan Transaction, up to the Facility Limit.
- (c) We may at our discretion reduce the Facility Limit in accordance with this sub-clause (c) to an amount no less than the aggregate Principal outstanding. We may do this (i) following changes to your credit risk; or (ii) where you have requested the Facility Limit to be reduced; or (iii) where required by law; or (iv) where you no longer meet the eligibility criteria we have shared with you for this product. Where this happens, we will give you at least 30 days' notice of any reduction of the Facility Limit. We will not accept requests to enter into new Option Transactions under clause 2.1 during the notice period of 30 days referred to in this paragraph (c).
- (d) If by reason of the reduction in the Facility Limit the total Outstanding Money in respect of Loan Transactions exceeds the Facility Limit, you are not in default under this Agreement and you do not need to repay a Loan Transaction until you are otherwise required to do so in accordance with this Agreement.

4.3 Purpose of Loan Transactions

If we agree to enter into a Loan Transaction with you, you must use the moneys we advance only:

- (a) to acquire Relevant Securities in relation to an Option Transaction that is an Approved Option Transaction;
- (b) to pay Option Premium or Fixed Option Premium for an Approved Option Transaction;
- (c) to re-finance a maturing Loan Transaction in respect of Relevant Securities in relation to an Option Transaction that is an Approved Option Transaction; or
- (d) for any other business purpose or investment purpose (other than investment in residential property) or both.

5. Entering into Loan Transactions

5.1 Initiating a Loan Transaction

If you have a Facility Limit, you may initiate a Loan Transaction by requesting us over the telephone to enter into that Loan Transaction with you. However, we are not obliged to accept your request for a Loan Transaction. We will tell you promptly if we do not accept your request.

5.2 Confirmations

The parties agree that they will be legally bound by the terms of each Loan Transaction from the moment they agree to those terms (whether orally, or otherwise).

As soon as reasonably practicable after the terms of the Loan Transaction are agreed to by the parties, we will send you a Confirmation setting out the details of the Loan Transaction (a Confirmation that is computer generated does not require our signature). Where the Loan Transaction is entered into at the same time as the Approved Option Transaction is entered into, the one Confirmation will confirm our agreement in respect of both the Approved Option Transaction and the Loan Transaction. Where the Loan Transaction is entered into with respect to an existing Approved Option Transaction, we will send you a Confirmation confirming our agreement in respect of the existing Approved Option Transaction and the Loan Transaction (this Confirmation will replace the original Confirmation provided by us in respect of the existing Approved Option Transaction). Within one Business Day of receiving the Confirmation, you must sign and return the Confirmation to us.

If there is an error in a Confirmation you must notify us. The Confirmation will constitute a record of the terms of the Loan Transaction agreed to by the parties unless:

- (a) you inform us or we inform you of an error; and
- (b) the terms of the Confirmation are different to the terms that had been agreed to by the parties (whether orally, or otherwise).

If there is an error in the Confirmation, we will send you an amended Confirmation reflecting the terms agreed to by the parties. You must then promptly sign and return the amended Confirmation to us.

A Loan Transaction is valid notwithstanding a failure by you or us to notify the other party of an error in the Confirmation.

A Loan Transaction is valid notwithstanding a failure by you or us to send the other party a Confirmation or an amended Confirmation.

5.3 Drawing advances

If you want us to make you an advance under a Loan Transaction, you or your Authorised Representative must tell us:

- (a) the amount that you require, which must not be greater than the:
 - (i) Floor Price multiplied by the Securities per Option, in the case of an Approved Option Transaction which is a Collar; or
 - (ii) Exercise Price multiplied by the Securities per Option, in the case of an Approved Option Transaction which is a Put;
- (b) the details of the particular Approved Option Transaction that the Loan Transaction will be linked to;
- (c) whether you intend to use the advance:
 - (i) to acquire Relevant Securities in relation to the Approved Option Transaction;
 - (ii) to pay Option Premium or Fixed Option Premium for an Approved Option Transaction;
 - (iii) to re-finance a maturing Loan Transaction in respect of Relevant Securities in relation to an Option Transaction that is an Approved Option Transaction; or
 - (iv) for any other business purpose or investment purpose (other than investment in residential property) or both;
- (d) to the extent you intend to use the advance to acquire Relevant Securities in relation to the Approved Option Transaction:
 - (i) the Relevant Securities relating to the Approved Option Transaction which you wish us to acquire on your behalf with the advance; and
 - (ii) when you want to acquire the Relevant Securities;
- (e) to the extent you intend to use the advance to pay Option Premium or Fixed Option Premium for an Approved Option Transaction, the details of that Approved Option Transaction and the amount of the Option Premium or Fixed Option Premium;
- (f) to the extent you intend to use the advance to re-finance a maturing Loan Transaction in respect of Relevant Securities in relation to an Option Transaction that is an Approved Option Transaction, the details of that maturing Loan Transaction;
- (g) to the extent you intend to use the advance for either or both of any other business purpose or investment purpose (other than investment in residential property), details relating to that purpose to enable us to confirm that the advance will be used for that

business or investment purpose and not for personal, domestic or household purposes; and

- (h) whether you want the advance to be provided under a Fixed Interest Rate Loan Transaction, a Variable Interest Rate Loan Transaction or a Combination Loan Transaction.

If you want us to make the advance on the day of your request, you must tell us these things by no later than 12 noon on that day.

5.4 Conditions to making each advance

We are not required to make you an advance under any Loan Transaction if:

- (a) an Event of Default has occurred; or
- (b) the Approved Option Transaction nominated under clause 5.3(b) is already linked to a Loan Transaction; or
- (c) the advance would cause the total Outstanding Money for all Loan Transactions to exceed the Facility Limit; or
- (d) you request an advance that is:
 - (i) in the case of a Loan Transaction linked to an Approved Option Transaction which is a Collar, more than the Floor Price multiplied by the Securities per Option; or
 - (ii) in the case of a Loan Transaction linked to an Approved Option Transaction which is a Put, more than the Exercise Price multiplied by the Securities per Option; or
- (e) you request an advance of less than a minimum amount we determine (which may change from time to time); or
- (f) we have not received any document or information we reasonably require, in a form satisfactory to us; or
- (g) you have not provided us with any documents or information that we reasonably require as evidence of your intention to acquire or transfer Relevant Securities in relation to an Approved Option Transaction (for example, a completed application form); or
- (h) any Securities to be acquired or transferred in relation to an Approved Option Transaction are not Relevant Securities; or
- (i) where you do not intend to use the advance to acquire Relevant Securities pay Option Premium or Fixed Option Premium for an Approved Option Transaction or to re-finance a maturing Loan Transaction, we are not satisfied acting reasonably that you intend to use the advance for business purposes or investment purposes (other than investments in residential property) or both and not for personal, domestic or household purposes.

5.5 No redraw

Only one advance will be made in respect of a Loan Transaction. If the advance is for any reason repaid before the Maturity Date you may not redraw it.

5.6 Additional requirements in relation to security

Our acceptance of your request for a Loan Transaction (if given) is subject to the conditions precedent that:

- (a) you agree to transfer any Relevant Securities relating to an Approved Option Transaction into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms;
- (b) to the extent that the advance under a Loan Transaction is to be used to acquire Relevant Securities in accordance with clause 5, you have instructed us to acquire the Relevant Securities on your behalf with all or part of the advance and to settle the Relevant Securities into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms immediately following the acquisition of those Relevant Securities; and
- (c) you acknowledge that all Relevant Securities relating to an Approved Option Transaction will be Relevant Transaction Securities to which the Mortgage Terms will apply immediately upon entry into your Participant Sponsored Holding with the Sponsor under the Sponsorship Terms.

For the avoidance of doubt, nothing in this clause 5.6 limits our discretion to refuse your request under clause 5.1.

6. Interest

6.1 Interest

You agree to pay interest on each Loan Transaction in accordance with the applicable Confirmation and this Agreement.

You must pay us interest out of your own funds. Interest cannot be paid from amounts advanced under a Loan Transaction.

6.2 Calculation of interest

- (a) You agree to pay us interest at the applicable Interest Rate agreed between us and set out in the relevant Confirmation on each Loan Transaction advanced to you calculated daily by applying the applicable Interest Rate to the Principal of the Loan Transaction from (and including) the date the Loan Amount is advanced to (but excluding) the next Interest Payment Date. The Interest Payment Date will be the Business Day set out in the Confirmation and the Confirmation may provide for an adjustment to that interest payment. Interest is calculated on actual days elapsed and a year of 365 days.
- (b) We may also charge interest at our then current interest rates on unpaid interest, fees, charges and any other amount owing in connection with this Agreement from (and including) the date that relevant amount becomes payable.
- (c) We may debit any interest to an Account acceptable to us for which you have provided us with a Direct Debit Request. You may request a statement showing, in reasonable detail, our calculations. If you request such a statement, we will provide it to you within five Business Days.

- (d) If the total Outstanding Money relating to all Loan Transactions exceeds the Facility Limit, we may charge you interest at the Default Rate on the amount of that excess in lieu of the Interest Rate otherwise applicable to the Loan Transaction (unless the total Outstanding Money exceeds the Facility Limit as a consequence of a Facility Limit reduction by us under clause 4.2(c)).
- (e) Information on current interest rates and charges is available from us on request.
- (f) On giving you at least thirty days' prior notice in writing we may vary the frequency of interest charging or the basis of the calculation and charging of interest.

6.3 Variable interest rate loans

If you have a Loan Transaction to which a Variable Interest Rate applies, we may change the interest rate at any time. We will notify you in writing or by newspaper advertisement on or before the date of any change in the Variable Interest Rate.

6.4 Variable rate interest payable monthly in arrears

If you have a Loan Transaction to which a Variable Interest Rate applies, you must pay interest incurred on that Loan Transaction monthly in arrears. Interest must be paid to us via a direct debit from an Account acceptable to us, on the Interest Payment Dates described in the Confirmation.

We may debit accrued variable interest on a certain day but not debit your Account under the Direct Debit Request Service Agreement in relation to that interest until a later scheduled date. If that happens, interest will accrue for the relevant period on the interest debited to your Account.

6.5 Fixed interest rate loans

During a Fixed Rate Period the interest rate on a Loan Transaction to which a Fixed Interest Rate applies remains fixed.

6.6 What happens at the end of the Fixed Rate Period?

Prior to the end of the Fixed Rate Period, we will give you reasonable notice of the end of the Fixed Rate Period and the conversion of the interest rate to the Variable Interest Rate current at that time.

Unless you have asked us on or before the last day of the Fixed Rate Period to fix the interest rate for a further period (which, if we agree, will be at the then applicable rate for the requested period), at the end of the Fixed Rate Period the interest rate on a fixed rate Loan Transaction automatically converts to the Variable Interest Rate current at that time.

6.7 Fixed rate interest payable annually in advance

If you have a Loan Transaction to which a Fixed Interest Rate applies, you may ask us to accept payment of the fixed rate interest annually in advance. If we agree to accept that payment, and you repay or are required by us to repay the Loan Transaction early, we will refund part of the prepaid interest proportionate to the unexpired period in respect of which the interest has been prepaid, but you must pay us our Break Costs and other charges calculated in accordance with clause 10. We may deduct these costs and charges from the

interest refund (but you must still pay them if they exceed the refund amount).

6.8 Fixed rate interest payable monthly in arrears

If you have a Loan Transaction to which a Fixed Interest Rate applies, and you do not pay interest annually in advance, you must pay us interest incurred on that Loan Transaction monthly in arrears. Interest will be charged to your Loan Account and interest must be paid to us as required by clause 3 on the Interest Payment Dates described in the Confirmation.

We may debit accrued fixed rate interest to your Loan Account on a certain day but not debit your Account under the Direct Debit Request Service Agreement in relation to that interest until a later scheduled date. If that happens, interest will accrue for the relevant period on the interest debited to your Loan Account.

6.9 Fees and charges

- (a) You agree to pay all fees and charges payable in connection with a Loan Transaction and described in this Agreement or a Confirmation (as varied under clause 6.9(e)) and any other amount owing to us and the Nominee in connection with a Loan Transaction provided under this Agreement.
- (b) We may require you to pay any reasonable Enforcement Expenses incurred in enforcing this Agreement as well as any Break Costs and other amounts you may be charged under clause 10 within five Business Days of giving you notice of this amount.
- (c) We may debit any fees, costs or charges under this clause 6.9 to:
 - (i) an Account acceptable to us for which you have provided us with a Direct Debit Request; or
 - (ii) your Loan Account, if a fixed interest rate applies to your Loan Transaction.
- (d) If we do not debit your Account or Loan Account, in accordance with clause 6.9(c), you must reimburse us within 5 days of request from us for any reasonable costs, fees and charges incurred on your behalf in accordance with the terms of this Agreement.
- (e) On giving you at least thirty days' notice in writing we may impose any new fee, vary the amount of a fee, vary the frequency of fee charging or the basis of the calculation and charging of fees. This does not apply in connection with:
 - (i) the Direct Debit Request Service Agreement, in respect of which see clause 16; or
 - (ii) changes to government fees and charges.
- (f) These new fees and charges will only apply to new Transactions that you enter into after expiry of the thirty days' notice.
- (g) We will give you notice of a new or changed government fee or charge, thirty days before the change or reasonably promptly after the government notifies us. However, we need not notify you about government fees or charges if the government publicises the change.

6.10 Loan Account

If your Loan Transaction is at a Fixed Interest Rate, you authorise us to open a Loan Account in your name. The Loan Account will be used to debit fixed rate interest under clause 6.8.

6.11 Statements of Account

We will send you statements of account for your Loan Transactions at least every 6 months unless you agree otherwise. If we are not required to do this by law or under the Banking Code, we may choose to: a) vary the frequency of the statements we provide to you; or b) not give you any statements. You can request statements from us at any time.

7. Repayment

7.1 Repayment of Loan Transactions

Subject to the other provisions in this clause 7 and clauses 8 and 9, you must repay to us the Amount Owing in respect of a Loan Transaction on the Maturity Date.

7.2 Loan Transaction repayment methods at Maturity

Subject to clause 7.3, five Business Days prior to the Expiry Date in respect of an Approved Option Transaction which is linked to a Loan Transaction, you must notify us in writing that:

- (a) you wish to retain all of the Relevant Securities beyond the applicable Maturity Date and that you will pay to us in cash the Amount Owing in respect of the Loan Transaction on the Expiry Date (a "**Cash Notice**"); or
- (b) you wish to Dispose of all of the Relevant Securities (whether by way of a Disposal to us or through us to one or more third parties) for the Market Price at the Expiry Date for settlement on the Settlement Date and use the proceeds of the Disposal of the Relevant Securities (plus any additional funds in the event that the proceeds of the Disposal are insufficient to discharge all Amounts Owing) to pay to us the Amount Owing in respect of the Loan Transaction on the Maturity Date and any other amount payable by you to us in respect of that Approved Option Transaction on the Settlement Date (a "**Disposal Notice**"); or
- (c) you wish to Dispose of some of the Relevant Securities in a number you specify (whether by way of a Disposal to us or through us to one or more third parties) for the Market Price at the Expiry Date for settlement on the Settlement Date and use the proceeds of Disposal of the Relevant Securities (plus any additional funds in the event that the proceeds of the Disposal are insufficient to discharge all Amounts Owing) to pay us the Amount Owing in respect of the Loan Transaction on the Maturity Date and to retain the remaining Relevant Securities beyond the Maturity Date and any other amount payable by you to us in respect of that Approved Option Transaction on the Settlement Date (a "**Partial Disposal Notice**"); or
- (d) you will not pay the Amount Owing in respect of the Loan Transaction, in which case clause 7.10 applies (a "**Default Notice**"); or

- (e) you wish to enter into a new Loan Transaction in a principal amount at least equal to the net amount payable by you to us on the Settlement Date in respect of the Loan Transaction and the Approved Option Transaction to which the Loan Transaction is linked, the proceeds of which will be applied in payment of that amount (a “**Rollover Notice**”).

Subject to clause 7.3 and clause 7.4, you have a discretion as to which method of repayment will apply to a Loan Transaction in accordance with this clause 7.2.

If you wish to change your repayment method following the provision of your notice in accordance with clause 7.2, you may ask us any time up to 9.30am Sydney time on the Expiry Date of the Approved Option Transaction which is linked to a Loan Transaction to accept a revised notice. If we agree to accept your revised notice the Amount Owing in respect of the Loan Transaction must be paid in accordance with that revised notice and this clause 7.

7.3 Limits on Disposal to or through us

We may decline to accept a Disposal Notice or a Partial Disposal Notice in respect of an Approved Option Transaction which is linked to a Loan Transaction if on or before the fifth Business Day before the Expiry Date in respect of that Approved Option Transaction we notify you that we are not willing to:

- (a) acquire all or some of the Relevant Securities; or
- (b) procure one or more third parties to acquire all or some of the Relevant Securities,

in accordance with such notification (a “**No Disposal Notice**”).

We may do this in the following circumstances:

- (c) where there has been a Market Disruption Event impacting the Relevant Securities;
- (d) where there has been Event of Default by a party other than NAB;
- (e) where we reasonably believe we have a conflict of interest in relation to the Relevant Securities;
- (f) where Corporate Action has taken place in relation to the Relevant Securities; or
- (g) where restricted by law.

If we so notify you after you have given us a Disposal Notice or a Partial Disposal Notice your notice is of no effect, but you may give us a new notice (which may be a Cash Notice, a Default Notice or a Rollover Notice) at any time before 4.00pm on the fifth Business Day prior to the Expiry Date.

7.4 Limits on acceptance of Rollover Notice

We may decline to accept a Rollover Notice if on or before the fifth Business Day before the Expiry Date in respect of that Approved Option Transaction we notify you that we are not willing to enter into a Loan Transaction as requested in it. We may also decline to enter into a Loan Transaction requested in the Rollover Notice if at any time any condition to our entry into the Loan Transaction is not satisfied, including that:

- (a) the new Loan Transaction is linked to an Approved Option Transaction;
- (b) all other conditions to the entry into a Loan Transaction in clause 5.4 are satisfied; and
- (c) all additional requirements in relation to Relevant Securities in clause 5.6 are satisfied.

If we decline your request in a Rollover Notice or any other condition to us entering into the new Loan Transaction is not satisfied, the notice you have given us will be of no effect, but you may give us a new notice (which may be a Cash Notice, a Default Notice or, subject to clause 7.3, a Disposal Notice or Partial Disposal Notice) any time before 4.00pm on the fifth Business Day prior to the Expiry Date.

7.5 Deemed elections where you fail to notify

If you do not provide us with an effective notice of your repayment method in accordance with this clause 7, by 4.00pm on the fifth Business Day before the Expiry Date in respect of an Approved Option Transaction which is linked to a Loan Transaction:

- (a) unless we have given a No Disposal Notice, you will be taken to have given a Disposal Notice, or, if we consider that all Amounts Owing under the Loan Transaction and all other amounts payable by you to us in respect of the Approved Option Transaction may be paid from the proceeds of some of the Relevant Securities, a Partial Disposal Notice; or
- (b) if we have given a No Disposal Notice, you will be taken to have given a Cash Notice.

7.6 Election to pay cash

If you give or are taken to give a Cash Notice, subject to clauses 7.8 and 7.9:

- (a) the Amount Owing in respect of the Loan Transaction must be paid by you to us in cash by 9.00am Sydney time on the Expiry Date; and
- (b) the Approved Option Transaction to which that Loan Transaction is linked will be settled on the Settlement Date in accordance with its terms as specified by this Agreement and the relevant Confirmation.

7.7 Disposal of Relevant Securities

If you give or are taken to give an effective Disposal Notice or a Partial Disposal Notice, subject to clauses 7.8 and 7.9 and clause 9:

- (a) you agree to Dispose of the Relevant Securities to us or through us to one or more third parties we procure at the Market Price on the Expiry Date for settlement on the Maturity Date. For the purpose of effecting any Disposal to a third party you appoint us as your agent to sell the Relevant Securities on your behalf; and
- (b) the amount payable by us to you by way of purchase price or by way of account for the proceeds of sale to any third party together with any other amounts payable by us to you in respect of the Approved Option Transaction shall be set off against your obligation to pay to us the Amount Owing in respect of the Loan

Transaction and any other amount payable by you to us in respect of that Approved Option Transaction, and in respect of these amounts only the net amount is payable by us to you or you to us (as the case may be).

7.8 Repayment of Loan Transactions linked to Put Options which are to be Physically Settled

Notwithstanding your repayment election under clause 7.2 and any agreement between us and you under clause 7.7, where the Option Type is a Put, you are the Buyer, Physical Settlement applies and on the Expiry Date you as Buyer are At-the-Money or In-the-Money, on exercise (or deemed exercise) by you, you must deliver to us the Relevant Securities on the Settlement Date. Our obligation to pay the Physical Settlement Amount is set off against your obligation to pay the Amount Owing in respect of the Loan Transaction and in respect of these amounts only the net amount is payable by us to you or you to us (as the case may be) on the Settlement Date.

7.9 Repayment of Loan Transactions linked to Collar Options which are to be Physically Settled

Notwithstanding your repayment election under clause 7.2 and any agreement under clause 7.7, where the Option Type is a Collar, you are the Buyer, Physical Settlement applies and on the Expiry Date you as Buyer are At-the-Money or In-the-Money, on exercise (or deemed exercise) by you, you must deliver to us the Relevant Securities on the Settlement Date. Our obligation to pay the Physical Settlement Amount is set off against your obligation to pay the Amount Owing in respect of the Loan Transaction and in respect of these amounts only the net amount is payable by us to you or you to us (as the case may be) on the Settlement Date.

7.10 Election not to pay

If you give a Default Notice, an Event of Default will occur on the Expiry Date which will entitle us on the Expiry Date to exercise our rights under the Mortgage Terms or otherwise under this Agreement.

7.11 Application of Disposal proceeds for repayment

For the purposes of this clause 7, so long as no Event of Default is subsisting, the proceeds from the Disposal of any Relevant Securities are to be applied as follows:

- (a) first, to pay all outstanding Principal in respect of the Loan Transaction;
- (b) second, in the case of a Loan Transaction linked to an Option Transaction that is a Collar, to pay any outstanding Variable Option Premium payable in respect of that Option Transaction;
- (c) third, to pay all accrued but unpaid interest in respect of the Loan Transaction;
- (d) fourth, to pay the balance of the Amount Owing in respect of that Loan Transaction and any other Secured Liabilities then due but unpaid.

The remaining proceeds (if any) will be repaid to you.

If an Event of Default is subsisting, the proceeds from the Disposal of any Relevant Securities will be applied in the order described in clause 12.10.

7.12 Determination of Amount Owing

For the avoidance of doubt, for the purpose of determining any Amount Owing under this clause 7, clause 8 is disregarded.

8. Recourse

8.1 Full recourse

Despite any other provision in this Agreement, we have full recourse against you at all times for all amounts owing by you under this Agreement, including but not limited to, any Principal, any Close Out Amount, interest, fees, costs, expenses and indemnities owing by you under this Agreement.

Part 3 – General terms

9. Default

9.1 Customer Events of Default

Each of the following is an “**Event of Default**” in relation to the Customer:

- (a) you do not pay an amount due under clause 3 in respect of an Option Transaction in accordance with clause 3;
- (b) you give a Default Notice under clause 7.2(d);
- (c) you do not deliver to us the Relevant Securities relating to an Option Transaction in accordance with clause 3;
- (d) you do not pay interest, fees or other amounts due under clause 6 in respect of a Loan Transaction in accordance with clause 6;
- (e) you do not pay to us all Amounts Owing in respect of a Loan Transaction in accordance with clause 7;
- (f) a Guarantor does not pay on time any amount it is liable to pay under this Agreement;
- (g) you or a Guarantor repudiate your obligations in respect of this Agreement or a Transaction;
- (h) you or a Guarantor do not perform or comply with any of your obligations under this Agreement on time in a material respect and this is likely to have a Material Adverse Effect;
- (i) a representation or warranty made or taken to be made by you or a Guarantor under this Agreement is found to have been incorrect or misleading in a material respect when made or taken to be made and this is likely to have a Material Adverse Effect;
- (j) you or a Guarantor become Insolvent, die or become of unsound mind or subject to any legal disability or incapacity;
- (k) any of your or a Guarantor’s present or future Monetary Obligations is not satisfied on time (or at the end of their period of grace) or become prematurely payable and this is likely to have a Material Adverse Effect;
- (l) distress is levied or a judgment, order or Encumbrance is enforced, or becomes enforceable against any of:

- (i) the Secured Property; or
 - (ii) other property,
- and this is likely to have a Material Adverse Effect;
- (m) an:
- (i) event of default or other similar circumstance (however described); or
 - (ii) a liquidation or acceleration of obligations or an early termination (however described),
- occurs under another agreement or instrument agreed by the parties as being covered by this clause 9.1(m) and this is likely to have a Material Adverse Effect;
- (n) this Agreement or a Transaction is or becomes (or is claimed to be) wholly or partly void, voidable or unenforceable;
- (o) an undertaking given to us by you, a Guarantor or another person in connection with this Agreement is breached or not wholly performed within any period specified in the undertaking or, where no period is specified and the undertaking is not an ongoing undertaking, within one Business Day after the date of the undertaking and this is likely to have a Material Adverse Effect; or
- (p) a Review Event occurs and NAB after considering the Review Event as contemplated in clause 9.9, declares that the Review Event gives rise to an Event of Default.

9.2 Partnership Events of Default

If you are a partnership, each of the following is also an Event of Default:

- (a) an event occurs in relation to any partner which, if the partner were you for the purposes of clause 9.1, would be an Event of Default under that clause; or
- (b) the Partnership ceases to carry on business as a partnership.

9.3 NAB Events of Default

Each of the following is an “Event of Default” in relation to us:

- (a) we do not pay on time any amount we are liable to pay under this Agreement; or
- (b) we do not perform or comply with any of our obligations under this Agreement on time; or
- (c) a representation or warranty made or taken to be made or taken to be made by us under this Agreement is found to have been incorrect or misleading in a material respect when made or taken to be made and this is likely to have a Material Adverse Effect; or
- (d) we become Insolvent.

9.4 Trustee Events of Default

If you are a trustee, each of the following is also an Event of Default:

- (a) you cease to be the trustee of the Trust or any step is taken to appoint another trustee of the Trust, in either case without our consent;

- (b) an application or order is sought or made in any court for:
 - (i) your removal as trustee of the Trust; or
 - (ii) property of the Trust to be brought into court or administered by the court or under its control;
- (c) if you are a trustee of a Superannuation Fund, steps are taken to initiate winding up proceedings in relation to the Superannuation Fund; or
- (d) a notice is given or meeting summoned for your removal as trustee of the Trust or for the appointment of another person as trustee jointly with you.

9.5 The non-defaulting party’s right to terminate following an Event of Default

If an Event of Default occurs under clauses 9.1 to 9.4, and where that Event of Default is capable of remedy, the Defaulting Party has not remedied that Event of Default within 5 Business Days of receiving written notice from the Non-defaulting Party requiring the Defaulting Party to do so, the Non-defaulting Party may terminate all outstanding Transactions (“**Terminated Transactions**”) by written notice to the Defaulting Party nominating the Early Termination Date.

9.6 Consequences of early termination

In respect of the Terminated Transactions:

- (a) Neither party need make any further payments or deliveries or perform obligations in respect of the Terminated Transactions pursuant to clauses 3, 6 or 7; and instead
- (b) the amount payable (if any) in respect of the early termination will be determined in accordance with clause 9.7.

9.7 Calculation of Net Close Out Amount

In respect of the Terminated Transactions, we will:

- (a) calculate the Close Out Amount for each Terminated Transaction and any Unpaid Amounts owing to each party;
- (b) net the Close Out Amounts and the Unpaid Amounts owing from you to us and from us to you under this Agreement to determine a Net Close Out Amount in respect of the Terminated Transactions; and
- (c) give you notice of the Net Close Out Amount calculated under clause 9.7(b) together with a statement showing, in reasonable detail, our calculations.

The Net Close Out Amount will be a debt due and payable by the applicable party to the other party within three Business Days of receipt of the notice provided for in clause 9.7(c) and will be subject to set-off in accordance with clause 9.8.

Neither the calculation nor the payment of the Net Close Out Amount limits our other rights under this Agreement (including in relation to our enforcement rights under clauses 12, 13, 14, 15, 16, 17 and 20).

9.8 Set-off

In this clause 9.8, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them.

At any time after the Non-defaulting Party exercises its rights under this clause 9, the Non-defaulting Party may set off any amount due for payment by it to the Defaulting Party under this Agreement against any other amounts (“**Other Amounts**”) payable by the Defaulting Party to it (whether or not under this Agreement or matured). To the extent that Other Amounts are so set off, the obligation to pay those Other Amounts will be discharged.

For the purposes of exercising set of rights under this clause 9.8, the Non-defaulting Party may convert any amount to the Close Out Currency at our then current spot rate of exchange.

9.9 Review Event

- (a) If you are a company, a “**Review Event**” will occur if without our prior written consent:
- (i) a director of the company resigns; or
 - (ii) a director of the company is appointed without having become a Guarantor.
- (b) If a Review Event occurs, we may:
- (i) review the availability of the Equity Options Facility; and
 - (ii) if we consider that such Review Event will have a Material Adverse Effect as a result of which we no longer wish to continue to provide the Equity Options Facility and to maintain the outstanding Transactions, we may declare that such Review Event has given rise to an Event of Default.

10. Variation and termination

10.1 Variation and termination of Transactions by you

You may request by telephone that we:

- (a) extend or terminate a Transaction in whole or in part; or
- (b) otherwise amend the terms of a Transaction.

However, we are not obliged to accept your request and may impose conditions if we do accept your request (including, without limitation, requiring you to pay any Break Costs, reasonable amendment costs and other costs referred to in this Agreement).

10.2 Termination of a Loan Transaction by you

Notwithstanding clause 10.1, you may terminate a Loan Transaction without requesting us to terminate the Approved Option Transaction to which the Loan Transaction is linked, by:

- (a) notifying us in writing that you wish to pay to us in cash the Amount Owing in respect of the Loan Transaction on a date which is 5 Business Days following the giving of the notice; and

- (b) paying the Amount Owing in respect of the Loan Transaction to us in cash by 9.30am Sydney time on the date specified in the notice given under clause 10.2(a).

Upon termination of the Loan Transaction in accordance with this clause 10.2, the Approved Option Transaction will cease to be linked to that Loan Transaction for the purposes of this Agreement.

10.3 Hedging Events

You acknowledge and agree that a fundamental condition of our pricing, entering into and maintaining a Transaction is that we are able to hedge the risk of entering into and performing our obligations under a Transaction.

If we are unable, after using commercially reasonable efforts, to (in each case on terms we consider to be reasonable):

- (a) acquire, establish, maintain, amend, substitute, unwind or dispose of any transaction or other financial position we deem necessary to hedge the risk of entering into and performing our obligations under a Transaction (a “**Hedging Transaction**”);
- (b) realise, recover or remit the proceeds of any Hedging Transaction; or
- (c) take any other action in our reasonable opinion we deem necessary to hedge the risk of entering into and performing our obligations under a Transaction, (any such event a “**Hedging Event**”) then we will request your election as to whether to do any one of the following:
 - (i) amend any of the terms of the Transaction that we determine in our reasonable opinion to be appropriate having regard to the Hedging Event and we will provide you with our proposed amended terms; or
 - (ii) terminate that Transaction,

and we will act in accordance with your election and either amend the terms of the Transaction based on the amended terms we agree or terminate the Transaction. You must provide us with your instructions within a time we reasonably require.

10.4 Market Disruption Events

You acknowledge and agree that:

- (a) our pricing for a Transaction assumes that no Market Disruption Event will occur; and
- (b) a fundamental condition of our entering into and maintaining a Transaction with you is that we are able to manage the risk of loss we may suffer as a result of a Market Disruption Event.

Accordingly, if a Market Disruption Event occurs during the term of a Transaction, we will request your election as to whether to do either of the following:

- (i) amend any of the terms of the Transaction that we determine in our reasonable opinion to be appropriate having regard to the Market Disruption Event and we will provide you with the proposed amended terms; or

- (ii) terminate that Transaction,

and we will act in accordance with your election and either amend the terms of the Transaction based on the amended terms we agree or terminate the Transaction. You must provide us with your instructions within a time we reasonably require at that time.

10.5 Corporate Actions

You acknowledge and agree that:

- (a) our pricing for a Transaction assumes that no Corporate Actions will occur; and
- (b) a fundamental condition of our entering into and maintaining a Transaction with you is that we are able to manage the risk of loss we may suffer as a result of a Corporate Action.

If, in respect of a Transaction, a Corporate Action occurs with respect to a Relevant Security:

- (i) if we consider it in our reasonable discretion to be appropriate, the Relevant Securities will be deemed to include any Securities, cash or other property whatsoever received or allocated in relation to the Relevant Security affected by that Corporate Action; and
- (ii) we may do any one of the following:
 - (A) amend any of the terms of the Transaction that we determine in our reasonable opinion to be appropriate having regard to the Corporate Action and any adjustments occurring on an exchange or in the relevant market at that time in relation to the Relevant Security; or
 - (B) terminate that Transaction and notify you accordingly.

10.6 Exercise of amendment and termination rights on extraordinary events

In exercising our rights under clause 10.3, clause 10.4, or clause 10.5, we will act reasonably.

10.7 Consequences of amendment

If a Transaction is amended pursuant to this clause 10, we may require you to pay:

- (a) Break Costs; and/or
- (b) our reasonable legal costs and expenses in amending, extending and terminating this Agreement or any Transaction under it.

10.8 Consequences of termination

If a Transaction is terminated early pursuant to this clause 10:

- (a) neither party need make any further payments or deliveries or perform obligations in respect of the terminated Transactions pursuant to clauses 3, 6 or 7; and instead
- (b) the amount payable (if any) in respect of the early termination of the terminated Transactions will be determined in accordance with clause 10.9.

10.9 Calculation of Net Close Out Amount on termination

If a Transaction is terminated early pursuant to this clause 10, we will:

- (a) calculate the Close Out Amount for each Transaction which is terminated and any Unpaid Amounts owing to each party;
- (b) net the Close Out Amounts and any Unpaid Amounts owing from you to us and from us to you under this Agreement to determine a Net Close Out Amount in respect of the terminated Transactions; and
- (c) give notice to you of the Net Close Out Amount calculated under clause 10.9(b) together with a statement showing, in reasonable detail, our calculations.

The Net Close Out Amount will be a debt due and payable by the applicable party to the other party within three Business Days of receipt of the notice provided for in clause 10.9(c) and will be subject to set-off in accordance with clause 9.8.

Neither the calculation nor the payment of the Net Close Out Amount limits our other rights under this Agreement (including under clause 17).

10.10 Offer by us to acquire Relevant Securities

- (a) Where you request us to terminate a Transaction, before we give notice that a Net Close Out Amount in respect of one or more terminated Transactions is payable by you to us, we may offer to acquire or procure one or more third parties to acquire all or some of the Relevant Securities in a number we specify in respect of the terminated Transactions from you at the Market Price.
- (b) You are not obliged to accept our offer, but if you do accept it (such acceptance being by no later than the time we give you notice of the Net Close Out Amount), on and from your acceptance (and not before), subject to clause 9, the parties will have agreed that the following will occur:
 - (i) you agree to Dispose of the Relevant Securities to us or through us to one or more third parties we procure at the Market Price on the date we agree for settlement on the date the Net Close Out Amount becomes due and payable. For the purpose of effecting any Disposal to a third party you appoint us as your agent to sell the Relevant Securities on your behalf; and
 - (ii) the amount payable by us to you by way of purchase price or by way of account for the proceeds of sale to any third party shall be set off against your obligation to pay to us the Net Close Out Amount in respect of the terminated Transactions and only the net amount is payable by us to you or you to us (as the case may be).

10.11 Termination of this Equity Options Master Agreement

Either party may terminate this Equity Options Master Agreement at any time by giving the other party thirty days' notice in writing. At the end of the thirty days, you may no longer enter into (or amend or extend) a Transaction that is governed by this Agreement, but the terms of this Agreement will continue to form part of any Transaction that remains in force.

10.12 Other amendments by us

In this clause 10.12, "you" and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them.

We may amend this Agreement without the need to obtain your consent or your signature on any document:

- (a) to comply with any change in the relevant law, or applicable codes or guidance from relevant regulators;
- (b) to reflect any decision of a court, ombudsman or regulator;
- (c) if we consider it necessary to protect either party for security reasons;
- (d) where the amendments are to simplify the terms of this Agreement, correct a mistake, inconsistency or omission or any amendment of an administrative nature and any such amendment is not detrimental to you;
- (e) if and to the extent that the amendment enhances your rights or benefits in any way or does not adversely affect your rights or obligations in a material way; or
- (f) if and to the extent that this Agreement gives us the right to amend a particular term (including by reducing or increasing an amount, adding or removing anything to a list, changing a percentage or value or rate or fee), or otherwise to amend the terms of the Agreement, so long as it is done in accordance with the requirements (if any) of the relevant term.

We will give you thirty days' prior written notice, unless we are not reasonably able to do so, in that instance the notice period may be a shorter period which we determine to be reasonable in the circumstances. Any such amendment will take effect on the expiry of the notice period.

Any other amendment or waiver in respect of this Agreement will only be effective if it is in writing and agreed by each of us.

10.13 Amended Confirmations

As soon as reasonably practicable after an amendment to terms of a Transaction is agreed to (or taken to be agreed) by the parties, we will send you an amended Confirmation setting out the agreed terms of the amended Transaction (a revised Confirmation that is computer generated does not require our signature).

Within one Business Day of receiving the amended Confirmation, you must sign and return the amended Confirmation to us.

If there is an error in an amended Confirmation you must notify us. The amended Confirmation will constitute a record of the terms of the Transaction agreed to by the parties unless:

- (a) you inform us or we inform you of an error; and
- (b) the terms of amended Confirmation are different to the amended terms of the Transaction that had been agreed (or taken to be agreed) to by the parties.

If there is an error in the amended Confirmation, we will send you a revised amended Confirmation reflecting the terms agreed to by the parties. You must then promptly sign and return the amended Confirmation to us.

A Transaction is valid notwithstanding a failure by you or us to notify the other party of an error in the amended Confirmation.

A Transaction is valid notwithstanding a failure by you or us to send the other party an amended Confirmation.

11. Representations, warranties and undertakings

In clause 11.1, a party includes each of us and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

In clauses 11.2, 11.8, 11.9 and 11.13, "you" and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

11.1 General representations and warranties by each party

Each party represents and warrants (except in relation to matters disclosed to the other party and such party has accepted in writing) that:

- (a) **(authorisations)** it has in full force and effect the authorisations necessary for it to enter into this Agreement, to comply with its obligations and exercise its rights under them and to allow them to be enforced;
- (b) **(validity of obligations)** its obligations under this Agreement are valid and binding and are enforceable against it in accordance with their terms; and
- (c) **(no contravention)** to the best of its knowledge, having made due enquiries, this Agreement and the Transactions under it do not contravene any law or obligation (including, without limitation, any contractual obligation) by which it is bound or to which any of its assets are subject.

11.2 General representations and warranties by you

You represent and warrant (except in relation to matters disclosed to us and we have accepted in writing) that:

- (a) **(no breach of policy)** to the best of your knowledge, having made due enquiries, this Agreement and the Transactions under it do not contravene any corporate governance or other policy or guidelines (whether internal or external) relating to the trading of securities,

derivatives over securities or other transactions (including Transactions) in connection with Securities applied by any person for whom you are a director, officer or employee;

- (b) **(PDS)** you have read the PDS and any Supplementary PDS (if any) issued in connection with the Equity Options Facility in each case in its entirety;
- (c) **(solvency)** there are no reasonable grounds to suspect that you are Insolvent;
- (d) **(not a trustee or partnership)** unless stated in the Application Form, you do not enter into this Agreement as a trustee or as a partner in partnership;
- (e) **(litigation)** to the best of your knowledge, having made due enquiries, there are no pending or threatened proceedings affecting you or any of your assets before a court, authority, commission or arbitrator except those in which a decision against you (either alone or together with other decisions) would be insignificant;
- (f) **(Event of Default)** to the best of your knowledge, having made due enquires, no Event of Default or Potential Event of Default continues unremedied;
- (g) **(default under law – Material Adverse Effect)** to the best of your knowledge, having made due enquiries, you are not in breach of a law or obligation (including, without limitation, any contractual obligation) affecting you or your assets in a way which is, or is likely to have, a Material Adverse Effect;
- (h) **(full disclosure)** to the best of your knowledge, having made due enquiries, you have disclosed in writing to us all facts relating to you, this Agreement and all things in connection with it which are material to the assessment of the nature and amount of the risk undertaken by us in entering into this Agreement and doing anything in connection with them;
- (i) **(ownership of property)** you are the beneficial owner of, and have good title free from Encumbrances to, all Secured Property and to the best of your knowledge, having made due enquiries, all other property held by you or on your behalf and all undertakings carried on by you;
- (j) **(no immunity)** you do not have immunity from the jurisdiction of a court or from legal process; and
- (k) **(non-reliance and no fiduciary)** when you enter into any Transaction under this Equity Options Master Agreement:
 - (i) **(non-reliance)** you are acting on your own account, you have made your own independent decision to enter into that Transaction and as to whether that Transaction is appropriate for you based on your own information and information from your professional advisers; and
 - (ii) **(fiduciary)** we are not acting as a fiduciary for you in respect of that Transaction.

11.3 Company representations and warranties

If you are a company, you also represent and warrant (except in relation to matters you have disclosed to us and we have accepted in writing) that:

- (a) **(incorporation and existence)** you have been incorporated as a company limited by shares in accordance with the laws of your place of incorporation, are validly existing under those laws and have power and authority to carry on your business as it is now being conducted;
- (b) **(power)** you have power to enter into this Agreement and comply with your obligations under it;
- (c) **(no benefit to related party)** to the best of your knowledge, having made due enquiries, no person has contravened or will contravene section 208 or section 209 of the Corporations Act by entering into the Agreement or participating in any Transaction in connection with the Agreement;
- (d) **(no contravention or exceeding power)** to the best of your knowledge, having made due enquiries, this Agreement and any Transaction under it do not contravene your constituent documents (if any) or cause a limitation on your powers or the powers of your directors to be exceeded;
- (e) **(accounts)** your most recent audited Financial Statements last given to us are a true and fair statement of your financial position as at the date to which they are prepared and disclose or reflect all of your actual and contingent liabilities as at that date;
- (f) **(consolidated accounts)** if you are required to prepare consolidated Financial Statements under the Corporations Act, the most recent audited consolidated Financial Statements of the economic entity constituted by you and the entities which you control last given to us are a true and fair statement of the economic entity's financial position as at the date to which they are prepared and disclose or reflect all the economic entity's actual and contingent liabilities as at that date;
- (g) **(no material change to financial position)** to the best of your knowledge, having made due enquiries, there has been no change in your financial position since the date to which your Financial Statements last given to us were prepared which is, or is likely to have, a Material Adverse Effect;
- (h) **(no material change to economic entity)** to the best of your knowledge, having made due enquiries, if you are required to prepare consolidated Financial Statements under the Corporations Act, there has been no change in the consolidated financial position of the economic entity constituted by you and the entities which you control since the date to which the consolidated Financial Statements of the economic entity last given to us were prepared which is, or is likely to have, a Material Adverse Effect; and
- (i) **(benefit)** you benefit by entering into the Agreement and each Transaction under it.

11.4 Trustee representations and warranties

If you are a trustee, you also represent and warrant (except in relation to matters you have disclosed to us and we have accepted in writing) that to the best of your knowledge having due enquiries:

- (a) **(only trustee)** you are the only trustee of the Trust;
- (b) **(no action to remove)** no action has been taken or, to the best of your knowledge, having made due enquiries, proposed to remove you as trustee of the Trust;
- (c) **(full disclosure of Trust terms)** true and complete copies of the Trust Deed and other documents relating to the Trust have been provided to us and disclose all the terms of the Trust;
- (d) **(power)** you have power under the Trust Deed to enter into and comply with your obligations under this Agreement;
- (e) **(authorisations)** to the best of your knowledge, having made due enquiries, you have in full force and effect the authorisations necessary to make this Agreement, perform your obligations under it and allow them to be enforced (including under the Trust Deed and your constitution (if any));
- (f) **(right to full indemnity)** you have a right to be fully indemnified out of the Trust Fund in respect of obligations incurred by you under this Agreement;
- (g) **(sufficiency of Trust Fund)** the Trust Fund is sufficient to satisfy that right of indemnity and all other obligations in respect of which you have a right to be indemnified out of the Trust Fund;
- (h) **(no default)** to the best of your knowledge, having made due enquiries, you are not, and have never been, in default under the Trust Deed;
- (i) **(no action to terminate)** to the best of your knowledge, having made due enquiries, no action has been taken or to the best of your knowledge, having made due enquiries, proposed to terminate the Trust;
- (j) **(full compliance)** to the best of your knowledge, having made due enquiries, you and your directors and other officers have complied with their obligations in connection with the Trust;
- (k) **(priority)** our rights under this Agreement rank in priority to the interests of the beneficiaries of the Trust; and
- (l) **(confirmation of benefit)** you have carefully considered the purpose of this Agreement and considered that entry into it and each Transaction under it is for the benefit of the beneficiaries and the terms of this Agreement and each Transaction under it are fair and reasonable.

11.5 Partnership representations and warranties

If you are a partnership, you also represent and warrant (except in relation to matters you have disclosed to us and we have accepted in writing) that to the best of your knowledge having made due enquiries:

- (a) **(full disclosure of Partnership terms)** true and complete copies of the Partnership Agreement and other documents relating to the Partnership have been provided to us and disclose all the terms of the Partnership;
- (b) **(all partners disclosed)** the persons named in the Application Form as Partners are all the partners in the Partnership;
- (c) **(no Partnership changes)** no action has been taken or proposed to change the composition of the Partnership (including by allowing a partner to leave the Partnership or by adding a new partner to the Partnership); and
- (d) **(authorisations)** to the best of your knowledge, having made due enquiries, you have in full force and effect the authorisations necessary to make this Agreement and each Transaction under it, perform obligations under it and allow them to be enforced (including under the Partnership Agreement and the constituent documents of each of the Partners (if any)).

11.6 Secured Property representations and warranties

Except if you are a Superannuation Fund, you also represent and warrant in respect of the Secured Property (except in relation to matters you have disclosed to us and we have accepted in writing) that to the best of your knowledge, having made due enquiries:

- (a) **(title)** you have good right and title to, and full power to mortgage, the Secured Property in the manner provided in this Agreement;
- (b) **(no Encumbrances)** the Secured Property is free from all Encumbrances other than Encumbrances in favour of us under this Agreement;
- (c) **(no escrow or other conditions)** the Secured Property is not subject to any escrow or other conditions imposed by the Corporations Act or under the rules of any securities exchange;
- (d) **(all calls satisfied and fully paid)** all calls made in respect of the Secured Property have been satisfied in full and all Securities comprised in the Secured Property are fully paid;
- (e) **(no money owing to issuer)** no money is owing by you to the issuer of Securities comprised in the Secured Property on any account; and
- (f) **(information to identify Secured Property)** you have given to us all of the information necessary to properly identify the Secured Property.

11.7 Loan Transaction representations and warranties

Where you enter into a Loan Transaction under this Agreement, you also represent and warrant that the Loan Transaction will be applied by you wholly or predominantly for business purposes or investment purposes (other than investment in residential property) or both.

11.8 Repetition of representations and warranties

The representations and warranties in this clause 11 are taken to be also made (by reference to the then current circumstances) on each day during the term of this Agreement.

Each party will promptly notify the other party if any representation or warranty made or taken to be made by it in connection with this Agreement is found to be incorrect or misleading when made or taken to be made.

11.9 General undertakings

You undertake to:

- (a) provide us with any information we reasonably require from time to time in relation to your Authorised Representatives;
- (b) provide Financial Statements to us for each financial period requested as we request from time to time; and
- (c) provide any additional financial or other information to us that we reasonably request from time to time.

11.10 Trustee undertakings

If you are a trustee, you also agree to:

- (a) do anything we may reasonably ask (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed) to bind you and your successors under this Agreement. You also agree to use your best endeavours to cause relevant third parties to do likewise to bind every person intended to be bound under this Agreement;
- (b) at our reasonable request, exercise your right of indemnity from the Trust Fund and the beneficiaries of the Trust in respect of obligations incurred by you under this Agreement;
- (c) comply with your obligations as trustee of the Trust;
- (d) not, without our consent, do anything which:
 - (i) effects or facilitates your retirement, removal or replacement as trustee of the Trust;
 - (ii) could restrict your right of indemnity from the Trust Fund in respect of obligations incurred by you under this Agreement;
 - (iii) could restrict or impair your ability to comply with your obligations under this Agreement;
 - (iv) effects or facilitates the termination of the Trust;
 - (v) effects or facilitates an amendment to the Trust Deed;
 - (vi) effects or facilitates the resettlement of the Trust Fund; or
 - (vii) could result in the Trust Fund being mixed with other property.

11.11 Partnership undertakings

If you are a Partnership, you also agree:

- (a) not to change the composition of the Partnership (including by allowing a partner to leave the Partnership or by adding a new partner to the

Partnership) without our prior written consent. You acknowledge that a condition of giving any such consent may without limitation include requiring any new partner to execute such documents and taking such action as we consider are appropriate to ensure that such new partner is bound by this Agreement;

- (b) to do anything we may reasonably ask (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed) to bind each Partner under this Agreement. You also agree to use your best endeavours to cause relevant third parties to do likewise to bind every person intended to be bound under this Agreement; and
- (c) to procure that any partner added to the Partnership assumes liability in respect of all amounts owing before that partner became a Partner by executing such documents and taking such action as we consider are appropriate to ensure that such new partner is bound by this Agreement.

11.12 Partnership acknowledgements

If you are a Partnership, you and each Partner also:

- (a) acknowledge and agree that:
 - (i) references to “you” are to be construed as references to the Partnership carrying on business under the name specified in the Application Form (or under a name substituted or further substituted for that name) and as that Partnership is reconstituted from time to time, including by admissions or retirements of partners. The persons carrying on that business at the date of this Agreement are the persons specified in the Application Form;
 - (ii) each of your obligations under this Agreement is a joint and several obligation of each Partner and is unconditional and irrevocable and, for the avoidance of doubt, each Partner is a party to each and every Transaction and this Agreement;
 - (iii) we are entitled to deal with a Partner in the Partnership without reference to any other partner and will have no obligation to any Partner to advise, caution, inform, verify, consult, or seek their approval;
 - (iv) if the composition of the Partnership changes (whether by death, by allowing a Partner to leave the Partnership or by adding a new Partner to the Partnership), this Agreement:
 - (A) continues to bind Partners and former Partners of the Partnership whether or not they are, or they remain, partners of the Partnership; and
 - (B) applies to the amounts you owe us before the change of composition of the Partnership and to amounts which you owe us as incurred by the Partnership after the changes of membership;

- (v) if the Partnership ceases business or is wound up, the Agreement continues to bind members of the Partnership both before and after it ceases business or is wound up;
- (vi) if an amount becomes payable by us under this Agreement, we may discharge our obligation to pay that amount by paying it to any one or more of the Partners;
- (b) authorise each Partner individually to enter into any Transaction under this Agreement on behalf of the Partnership. A Transaction may be in the name of any one or more of the Partners and will be binding on you and enforceable against all Partners jointly and severally as if they had each entered into the Transaction; and
- (c) undertake to notify us promptly if any meeting of the Partners is held or proposed regarding a change to the composition of the Partnership, the cessation of business or the winding up of the Partnership or any action taken towards a change to the composition of the Partnership, the cessation of business or the winding up or dissolution of the Partnership.

11.13 Reliance

Each party acknowledges that the other party has entered into this Agreement in reliance on the representations, warranties, acknowledgements and undertakings in this clause 11.

12. Mortgage Terms

12.1 Non-application to Superannuation Funds

The provisions of this clause 12 do not apply to you if you are a trustee of a Superannuation Fund.

12.2 Mortgage

You hereby mortgage to us as security for the payment of the Secured Liabilities and the performance of the Secured Obligations all your present and future interest in or right to, under or in connection with:

- (a) all Relevant Transaction Securities, automatically and immediately that they become Relevant Transaction Securities;
- (b) all Transaction Rights, automatically and immediately that they become Transaction Rights;
- (c) all New Rights, automatically and immediately that they are acquired by you or on your behalf; and
- (d) any other property which we agree to include in the Secured Property, automatically and immediately upon our agreement to include that property in the Secured Property.

12.3 Your obligations

You must ensure that an Event of Default under this Agreement does not occur. You must also punctually:

- (a) pay each Secured Liability when it becomes due; and
- (b) perform each Secured Obligation when it is due to be performed,

in each case in accordance with the terms of this Agreement.

Your obligations under this Agreement continue even if we release the Secured Property from this Agreement.

12.4 Entitlement to resort to any Secured Property

In enforcing our security under this Agreement, we are entitled to resort to any Secured Property at all and are not required to resort to any other Encumbrance or guarantee we may hold for payment of the Secured Liabilities or performance of the Secured Obligations in priority to our security under this Agreement or any other Encumbrance.

12.5 No requirement to terminate prior to enforcement

We are not required to terminate any Transactions under this Agreement prior to enforcing our security under this clause 12. Any such enforcement is without prejudice to our right to terminate any Transaction in accordance with this Agreement and any such termination is without prejudice to our right to enforce our security in accordance with this Agreement.

12.6 Power of sale

If an Event of Default occurs, we may do all or any of the following:

- (a) Dispose of all or any of the Secured Property either separately or together with other property of the same type belonging to other counterparties in our absolute discretion and do all acts and things that we consider reasonably necessary to complete the Disposal of the Secured Property;
- (b) demand and recover all of the proceeds from the Secured Property by action or otherwise in your name or in our name to the full extent of the estate or interest which you could Dispose of;
- (c) make any arrangement or compromise which we consider expedient in our interests; or
- (d) bring or defend any action, suit or legal proceedings in your name or otherwise, for all or any of the above purposes.

Where we Dispose of or deal with any Secured Property, we will take all reasonable care to Dispose of the Secured Property:

- (i) if, when it is sold it has a market value, not less than that market value; or
- (ii) otherwise, the best price that is reasonably obtainable, having regard to the circumstances existing when the Secured Property is sold.

The rights in this clause 12.6 are in addition to any other powers conferred on us by this Agreement or applicable law.

12.7 No notice required unless mandatory

Neither we nor any receiver or agent need give you any notice or demand or allow time to elapse before exercising a right under this mortgage or conferred by law (including a right to sell) unless the notice, demand or lapse of time is required by law and cannot be excluded.

12.8 Mandatory notice period

If the law requires that a period of notice must be given or a lapse of time must occur or be permitted before a right under this mortgage or conferred by law may be exercised, then:

- (a) when a period of notice or lapse of time is mandatory, that period of notice must be given or that lapse of time must occur or be permitted by us; or
- (b) when the law provides that a period of notice or lapse of time may be stipulated or fixed by this mortgage, then one day is stipulated and fixed as that period of notice or lapse of time including, if applicable, as the period of notice or lapse of time during which:
 - (i) an Event of Default must continue before a notice is given or requirement otherwise made for payment of the Secured Liabilities, performance of the Secured Obligations or the observance of other obligations under this mortgage; and
 - (ii) a notice or request for payment of the Secured Liabilities, performance of the Secured Obligations or the observance of other obligations under this mortgage must remain not complied with before we or a receiver may exercise rights.

12.9 Application of moneys

We must apply money we receive under this mortgage towards paying the Secured Liabilities unless we are obliged to pay the money to anyone with a prior claim. However, if money received represents proceeds of an insurance claim, we may use it to reinstate the Secured Property.

12.10 Order of payment

Money received under this mortgage will be applied as follows:

- (a) first, to pay all outstanding Principal in respect of a Loan Transaction;
- (b) second, to pay the Close Out Amount or Net Close Out Amount (if any);
- (c) third, to pay any outstanding Variable Option Premium in respect of a Collar;
- (d) fourth, to pay all accrued but unpaid interest in respect of a Loan Transaction;
- (e) fifth, to pay the balance of the Amount Owing in respect of a Loan Transaction and any other Secured Liabilities then due but unpaid; and
- (f) sixth, to pay all costs, taxes, indemnities and interest in accordance with clause 17.

We may use money received under this mortgage to pay part of the Secured Liabilities due later, including by paying a later payment before an earlier payment. This applies even if that part only falls due after we give a notice of demand.

12.11 Suspense account

We may place in a suspense account any payment we receive under this Agreement for as long as we consider prudent (acting in a commercially reasonable manner) and need not apply it towards satisfying the Secured Liabilities.

12.12 Remaining money

We agree to pay any money remaining after the Secured Liabilities are paid either to you (which we may do by paying it into an account in your name) or to another person entitled to it (such as another person with an Encumbrance over the Secured Property). We will give you prior notice before paying any money remaining to another person entitled to it.

In paying money under this clause 12.12, we do not incur any liability to you, except if caused by our fraud, wilful misconduct or negligence or that of our employees, officers, contractors, agents or appointed receivers. We are not required to pay you interest on any money remaining after the Secured Liabilities are paid.

12.13 Allocation of combined Disposal proceeds

We may allocate the Disposal proceeds of combined Disposals under clause 12.6(a) according to the proportion which the number of Securities comprised in the Secured Property sold on your behalf bears to the overall number of Securities of the same type in the combined Disposal.

12.14 CHESSE eligibility

Without limiting clause 14, in relation to any Securities:

- (a) where we require a Sponsorship Agreement, you must at all times be a party to such an agreement which is in a form that is acceptable to us covering those Securities;
- (b) you must promptly inform us when any Securities included in the Secured Property are, or are proposed to be, converted into CHESSE-Eligible Securities and at our request enter into a Sponsorship Agreement in respect of those Securities; and
- (c) if any CHESSE-Eligible Securities subject to this Agreement are replaced with Securities that are not CHESSE-Eligible Securities, you must ensure the relevant certificates are deposited immediately with us.

12.15 Deposit of documents

You must deposit with us or cause to be deposited with us by giving an irrevocable direction to any company, broker, share register or other person we specify:

- (a) all documents or certificates evidencing title in relation to Secured Property; and
- (b) all documents evidencing or effecting any transfers that we reasonably request to allow us to perfect or register this mortgage or enforce our rights under this Agreement or protect the value of, or perfect our interest in, or to otherwise improve our position in relation to the Secured Property.

12.16 Dividends and votes prior to default

Until an Event of Default occurs, you may:

- (a) exercise all voting rights in connection with the Securities comprised in the Secured Property; and
- (b) subject to this Agreement, receive and retain free of the mortgage the benefits of all cash dividends (other than returns of capital) and interest comprised in New

Rights which are distributed to holders of the Securities comprised in the Secured Property,

and, where applicable, and subject to the other provisions of this Agreement, you may instruct and direct the Nominee to do these things on your behalf.

12.17 Dividends and votes after default

If an Event of Default occurs:

- (a) your rights under clause 12.16 immediately cease;
- (b) you must, if we give notice to you requiring you to do so, do everything necessary to ensure that the Secured Property is registered in our name or a nominee's name in accordance with any directions contained in that notice;
- (c) we may exercise or refrain from exercising any rights in connection with the Secured Property; and
- (d) we may receive all New Rights and apply them (or their Disposal proceeds) in accordance with clauses 12.9 and 12.10.

12.18 Release of Secured Property

You may request that we release the Secured Property from this Agreement when there is no amount owing in respect of any Secured Liabilities and all Secured Obligations have been fully performed. However, even if the Secured Liabilities are paid and the Secured Obligations are performed, the Secured Property remains mortgaged to us until we actually release it from this Agreement.

12.19 Requirement to transfer to Nominee

We may at any time require:

- (a) that Secured Property held in your name be transferred into the name of the Nominee as your nominee; or
- (b) that the Nominee Transfer any Secured Property held in a Participant Sponsored Holding in your name into a Participant Sponsored Holding in the name of the Nominee as your nominee,

to allow us to perfect or register this mortgage or enforce our rights under this Agreement or protect the value of, or perfect our interest in, the Secured Property or to otherwise improve our position in relation to the Secured Property.

You authorise each Attorney appointed under clause 13 to execute all documents and do all other things necessary to effect any such transfer.

12.20 Restrictions on dealing with the Secured Property

You must not, without our prior written consent:

- (a) Dispose of, deal with or part with the possession of any interest in the Secured Property;
- (b) create or allow to come into existence any Encumbrance which affects the Secured Property in favour of anyone other than us;
- (c) convert any CHES-Eligible Securities that form part of the Secured Property to Securities which are not CHES-Eligible Securities;

- (d) in relation to any CHES-Eligible Securities that form part of the Secured Property, change the Controlling Participant, Security holder name or Security holder address;
- (e) abandon, settle, compromise or discontinue or become nonsuited in respect of any proceedings against any person (other than us) in respect of any of your rights in connection with the Secured Property; or
- (f) waive any of your rights or release any person from their obligations in connection with the Secured Property.

12.21 Further assurance

You must do anything we reasonably require in connection with the Secured Property including obtaining consents, signing and producing documents, producing receipts, getting documents completed and signed and paying any duties, taxes and other imposts to allow us to perfect or register this mortgage or enforce our rights under this Agreement or protect the value of, or perfect our interest in, or to otherwise improve our position in relation to the Secured Property.

You must do anything we reasonably consider necessary for the purpose of:

- (a) providing more effective security over the Secured Property (or any other property you are required to mortgage under this Agreement) for the payment of the Secured Liabilities and the performance of the Secured Obligations including:
 - (i) if it is possible under CHES for the Secured Property to be subject to a reserved Subposition or similar restriction in our favour or for our benefit, you must execute any further documents that we ask you to so as to make the Secured Property subject to such a Subposition or similar restriction;
 - (ii) if for any reason any CHES-Eligible Security that forms part of the Secured Property becomes a Security that is not a CHES-Eligible Security, you must procure that all certificates issued in respect of those Securities are deposited with the us or a person we nominate; and
 - (iii) without limiting clause 14, if the Controlling Participant under the Sponsorship Agreement becomes unable or ineligible to continue to perform its obligations under the Sponsorship Agreement or the Controlling Participant resigns, you must enter into a Sponsorship Agreement on terms, and with another person, both acceptable to us;
- (b) ensuring that a security interest created under this mortgage is enforceable, perfected and otherwise effective;
- (c) enabling us to apply for any registration, or give any notification, in connection with a security interest created under this mortgage so that the security interest has first ranking priority;

- (d) enabling us to exercise our rights in connection with the Secured Property;
- (e) binding you and any other person intended to be bound under this mortgage;
- (f) enabling us to register the power of attorney described in the Application Form or in clause 13 or a similar power; and
- (g) showing whether you are complying with this Agreement.

12.22 Further actions

You must:

- (a) provide to us promptly after becoming aware of any New Rights, particulars and documentary evidence of such New Rights;
- (b) pay all instalments, calls or other moneys payable in respect of the Secured Property;
- (c) take up New Rights if we ask you to (but you may decline to take up New Rights for which you must pay);
- (d) assist us in exercising any power of sale or Disposal that we have in respect of the Secured Property; and
- (e) without limiting anything in clause 12.20, clause 12.21 or this clause 12.22, enter into a priority agreement in a form acceptable to us if you create or allow to exist any Encumbrance over the Secured Property in favour of anyone other than us without our prior written consent.

12.23 Preservation of our rights

This Agreement does not merge with or adversely affect and is not adversely affected by any of the following:

- (a) another security or right or remedy to which we are entitled; or
- (b) a judgment or order which we obtain against you in respect of any amount owed to us by you.

12.24 Corporations Act priority amount

Where you are a company, for the purposes only of fixing priorities in accordance with section 282 of the Corporations Act between this mortgage and any other Encumbrance given by you and without affecting any of your obligations under this Agreement, the prospective liabilities secured by this mortgage include, without limitation, the prospective liabilities comprising each amount payable under this Agreement and enforcement costs incurred in connection with this Agreement to a maximum of the Security Limit.

12.25 Registration

We may at your expense apply for any registration, or give any notification, in connection with a security interest created under this mortgage.

12.26 Personal Property Securities Act

You agree to do anything we may reasonable ask you to do in connection with the introduction and application of the *Personal Property Securities Act 2009* (Cth) and a security interest created under this mortgage.

13. Power of attorney

In this clause 13, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

13.1 Appointment

Until such time as all Secured Property is released from this Agreement, you appoint us and each of our authorised officers and agents severally as your attorneys (each an “Attorney”).

If we ask, you must formally approve and ratify anything an Attorney does under clause 13.2 (including in writing). You may not revoke these appointments.

You give the power of attorney in this clause 13:

- (a) to secure performance of your obligations to us under this Agreement and any property interest we have under this Agreement; and
- (b) for valuable consideration, receipt of which you acknowledge.

13.2 General powers

An Attorney may do any act or thing and execute, sign or deliver any document which an Attorney considers necessary or desirable:

- (a) to:
 - (i) give full effect to this Agreement;
 - (ii) better secure the Secured Property to us in a manner consistent with this Agreement; or
 - (iii) assist in the execution or exercise of any power under this Agreement,

including to give instructions or directions to the Sponsor in respect of Securities comprised in the Secured Property, execute any Transfer or other transfer (including any Transfer or other transfer in blank) or document;

- (b) to execute and if applicable deliver any deed, agreement or other document including any deed of assignment, composition or release in connection with the Secured Property;
- (c) to exercise all or any powers, rights, discretions and remedies available to any owner or holder (whether beneficial or otherwise) of any Securities comprised in the Secured Property (including any right to Dispose of or give directions to Dispose of any Security and any rights available to an owner of Securities under the Corporations Act or any other statute, or under the rules of any securities exchange) to give full effect to this Agreement; and
- (d) to do anything else that you must or may do, under this Agreement or by law but that you fail to do.

13.3 Powers on default

In addition to the powers set out in clause 13.2, if an Event of Default is subsisting, an Attorney may do any act or thing and execute, sign or deliver any document which an attorney considers necessary or desirable:

- (a) to demand, sue for, recover and give discharge for the Secured Property;
- (b) to commence, carry on, enforce, settle, arrange and compromise any proceedings to obtain or enforce the payment or delivery of the Secured Property;
- (c) to take any necessary proceedings to procure the bankruptcy or the winding up of any of your debtors in connection with the Secured Property, and attend and vote at meetings of creditors, receive dividends in any bankruptcy or winding up or appoint a proxy for any of these things; and
- (d) to compound, settle or compromise any of your debts in connection with the Secured Property.

13.4 Appointment of delegates and substitutes

Each Attorney may appoint and remove substitutes, and may delegate its powers (including this power of delegation) and revoke any delegation.

13.5 Exercise permitted regardless of conflict or default

Without limitation, an Attorney may exercise their powers under this clause 13:

- (a) even if:
 - (i) this involves an actual or potential conflict of duty;
 - (ii) they have a personal interest in doing so; or
 - (iii) they might profit or benefit from doing it; and
- (b) regardless of whether an Event of Default has occurred or is continuing.

13.6 No liability

Neither we nor any Attorney are liable for any loss or penalty you incur as a result of:

- (a) any delay by an Attorney in exercising their powers; or
- (b) an Attorney exercising or not exercising their powers, except if caused by our fraud, wilful misconduct or negligence or that of an Attorney's employees, officers, contractors, agents or appointed receivers.

13.7 Attorney's costs and expenses

You must pay each Attorney for any reasonable loss or costs they suffer or incur in exercising powers under this power of attorney within two Business Days of receiving notice demanding payment of such amounts.

13.8 Indemnity

You indemnify each Attorney on demand against, and therefore you must pay each Attorney within two Business Days' of demand for, any reasonable loss or costs they suffer or incur in exercising powers under this power of attorney.

14. CHESSE Sponsorship Terms

Explanation of Sponsorship Terms

The Sponsorship Terms set out the terms on which NMS ("Sponsor") will sponsor your Securities which are able to be held in CHESSE.

CHESSE is a system of electronic registration of shareholders in listed companies. Under CHESSE there are no share certificates and transfers are effected electronically. Only persons admitted as Participants have access to CHESSE. For you to have your Securities registered on CHESSE you must have your shareholding sponsored by a Participant. NMS is a Participant and will act as your Sponsor.

The Sponsorship Terms contain special provisions to better protect National Australia Bank Limited as mortgagee of the Securities. In particular, NMS will only transfer or otherwise deal with the Securities at the direction of National Australia Bank Limited or with its consent.

The Sponsorship Terms also contain the standard sponsorship provisions required by the settlement rules of ASX Settlement Pty Ltd (one of the bodies responsible for the operation of CHESSE). These include:

- a statement that the regulatory regime that applies to the Participant is set out in the Corporations Act and the ASTC Settlement Rules of ASX Settlement Pty Ltd. Accordingly, the participant is regulated by the Australian Securities and Investments Commission and ASX Settlement Pty Ltd;*
- a statement that if the Participant breaches the Sponsorship Agreement, you may refer that breach to any regulatory body, including ASX Settlement Pty Ltd;*
- a statement that you may lodge a complaint against the Participant with any appropriate regulatory authority or other body, including ASX Settlement Pty Ltd and the Banking and Financial Services Ombudsman;*
- the Participant's obligations to give effect to your Withdrawal Instructions and not to initiate any Transfer or Conversion without the authority of National Australia Bank Limited;*
- a statement that in some circumstances the Participant may change your Sponsor by giving you 20 Business Days' notice. You may terminate the Sponsorship Terms on receipt of such a notice;*
- a statement that if you make a claim for compensation against the Participant, the ability of the Participant to satisfy that claim will depend on its financial circumstances. In certain circumstances you may make a claim on the ASX Settlement Pty Ltd;*
- a statement of your right to remove your Securities from the CHESSE Subregister or from the control of the Participant if the Participant is suspended from participation in CHESSE;*
- each party's rights to terminate the Sponsorship Terms; and*
- a statement outlining the procedures which are put in place in respect of the Securities which are held in CHESSE if you die or become bankrupt.*

If you have any queries about the Sponsorship Terms, or you do not fully understand any of the terms, please contact NMS on 1300 135 145 before you sign the application form.

In this clause 14, 'you' and related terms mean the Counterparty and they apply separately in respect of each and every one of them.

14.1 Appointment of NMS as your Sponsor and Sponsoring Participant

- (a) You appoint NMS, and NMS agrees, to be your Sponsor and Sponsoring Participant for the Participant Sponsored Holdings that have the HIN(s) listed in the HIN Schedule on the Sponsorship Terms.
- (b) Subject to clauses 14.12 and 14.16, the appointment of NMS as your Sponsor under clause 14.1(a) is irrevocable until we notify you otherwise in writing.

14.2 Authority of NMS

- (a) NMS may:
 - (i) do anything necessary to register the CHESSEligible Securities that form part of the Secured Property as a Participant Sponsored Holding with NMS as the Controlling Participant;
 - (ii) on our instruction, do everything necessary to Transfer and register the CHESSEligible Securities that form part of the Secured Property in accordance with your and our rights and obligations under this Agreement; and
 - (iii) do anything that is reasonably necessary or convenient for the purpose of acting as Sponsor, Sponsoring Participant and Controlling Participant in relation to the CHESSEligible Securities that form part of the Secured Property. For example, if the ASTC Settlement Rules require that any of the CHESSEligible Securities be converted from a Participant Sponsored Holding (for example, because the issuer will no longer have uncertified holdings) NMS will initiate the Conversion as required by the ASTC Settlement Rules.
- (b) NMS will not initiate any Transfer or Conversion of CHESSEligible Securities into or out of your Participant Sponsored Holding, or comply with any other instruction you give in relation to the Secured Property, without our express authority.
- (c) NMS is under no duty to enquire whether we may validly give any consent or instruction.
- (d) NMS may refuse to take action in relation to the CHESSEligible Securities sponsored by it unless NMS is satisfied that to do so:
 - (i) will not affect our security interest; and
 - (ii) will not cause or result in an Event of Default.
- (e) Subject to clauses 14.2(c) and 14.2(d), NMS will initiate any action necessary to give effect to a request by you to withdraw your CHESSEligible Securities from sponsorship by NMS within two Business Days of the date of the request.

- (f) NMS may dispose of Secured Property in accordance with our instructions where we are acting as your attorney under clause 14. Without limiting this authorisation, NMS will act on our instructions in sending any messages or communications by which Secured Property can be disposed of.

14.3 Complaint procedures

- (a) If you wish to lodge a complaint against NMS you may refer that complaint to any appropriate regulatory authority or other body, including ASTC and the Australian Financial Complaints Committee.
- (b) If NMS breaches any of the provisions of the Sponsorship Terms, you may refer that breach to any regulatory authority, including ASTC.

14.4 Compensation arrangements

- (a) In accordance with the ASTC Settlement Rules, NMS has lodged a Sponsorship Bond with ASTC.
- (b) You may apply in writing to ASTC for compensation under the Sponsorship Bond if:
 - (i) NMS breaches a provision of the ASTC Settlement Rules; and
 - (ii) you suffer loss, damage, cost or expense as a result of that breach; and
 - (iii) there is no real prospect of you obtaining adequate compensation other than by making an application to ASTC.
- (c) An application for compensation to ASTC must be made:
 - (i) within the time specified in a notice published by ASTC advertising for claims; or
 - (ii) if no notice is published, within 6 months of you becoming aware that you suffered or incurred any loss, damage, cost or expense; or
 - (iii) any late date that ASTC allows.
- (d) You are not entitled to make a claim on the National Guarantee Fund for compensation.
- (e) If you make a claim for compensation against NMS, the ability of NMS to satisfy that claim will depend on NMS's financial circumstances.

14.5 Explanation of the effect of these Terms

You acknowledge that:

- (a) NMS provided you with an explanation of the effect of the Sponsorship Terms;
- (b) you have read the Sponsorship Terms and NMS's explanation of the effect of the Sponsorship Terms; and
- (c) you have sought appropriate advice if you have any queries.

14.6 Copy of Sponsorship Terms

By signing the Application Form, you are taken to have expressly instructed NMS not to provide you with an executed copy of the Sponsorship Terms (although you reserve the right to make a request in writing to NMS for an executed copy at any time).

14.7 NMS must be Controlling Participant

If any of the CHES-Eligible Securities that form, or that are proposed to form, part of the Secured Property are held in a Participant Sponsored Holding and a person other than NMS is the Controlling Participant, you must take all steps necessary to effect a change in the Controlling Participant so that NMS becomes the Controlling Participant in relation to those CHES-Eligible Securities.

14.8 Supply of information

- (a) You agree to supply all information and supporting documentation that is reasonably required by NMS to permit NMS to comply with the registration requirements under the ASTC Settlement Rules.
- (b) If any information that you have previously supplied changes, you must notify NMS of the change (and supply any necessary supporting documentation) as soon as possible.
- (c) You authorise NMS to obtain statements of the CHES-Eligible Securities that form part of the Secured Property and other information in relation to your CHES-Eligible Securities from ASTC on your request, or at such times as NMS reasonably thinks necessary.

14.9 Subpositions

- (a) If, in accordance with this Agreement or our instructions, NMS initiates any action which has the effect of creating a Subposition over any CHES-Eligible Securities that form part of the Secured Property, your right to Transfer, Convert or otherwise deal with those CHES-Eligible Securities is restricted in accordance with the terms of the ASTC Settlement Rules relating to Subpositions.
- (b) If we reasonably determine that under the ASTC Settlement Rules a Subposition may be used to protect our security interest, on our request you must do all things to cause those CHES-Eligible Securities that we identify to be reserved in a Subposition on the terms (if any) we specify.
- (c) Neither NMS nor you may initiate any action which has the effect of reserving or releasing CHES-Eligible Securities in or out of a Subposition without our prior consent, unless the ASTC Settlement Rules require NMS or you to initiate that action.

14.10 Section 9 transfers

If NMS effects a Transfer under section 9 of the ASTC Settlement Rules then:

- (a) you may not assert or claim against ASTC or the relevant issuer that the Transfer was not effected by NMS or that NMS was not authorised to effect the Transfer; and
- (b) you have no claim arising out of the Transfer against the National Guarantee Fund.

14.11 Death or bankruptcy

- (a) If you die or become Bankrupt a Holder Record Lock will be applied to your CHES-Eligible Securities that

are sponsored by NMS unless your legally appointed representative removes your CHES-Eligible Securities from the CHES Subregister.

- (b) If you die, the Sponsorship Terms will remain in operation in respect of the legally appointed representative authorised to administer your estate, for a period of up to three calendar months after the removal of the Holder Record Lock (unless your legally appointed representative removes the CHES-Eligible Securities from the CHES Subregister).
- (c) If a joint Participant Sponsored Holder dies, all CHES-Eligible Securities sponsored by NMS under the joint Holder Record will be transferred into new Holdings under a new Holder Record in the name of the survivors (the Sponsorship Terms remain valid for the new Holdings under the new Holder Record).
- (d) If a joint Participant Sponsored Holder becomes Bankrupt, NMS may:
 - (i) establish a new Holder Record in the name of the bankrupt, transfer the interest of the bankrupt into the new Holdings under the new Holder Record and request that ASTC apply a Holder Record Lock to all Holdings under the Holder Record (unless the bankrupt's legally appointed representative removes the CHES-Eligible Securities from the CHES Subregister); and
 - (ii) establish a new Holder Record in the name of the remaining joint Participant Sponsored Holders and transfer the interest of the remaining joint Participant Sponsored Holders into the new Holdings under the new Holder Record.

14.12 Suspension of NMS

If NMS is suspended from the Settlement Facility, then subject to NMS's liquidator, receiver, administrator or trustee asserting an interest in the CHES-Eligible Securities controlled by NMS:

- (a) you may, within twenty Business Days of ASTC giving NMS notice of its suspension (and NMS giving you notice of such suspension), give notice to ASTC requesting that ASTC remove any CHES-Eligible Securities that are sponsored by NMS from either:
 - (i) the CHES Subregister; or
 - (ii) NMS's control to the control of another Participant in the ASTC Settlement Facility; or
- (b) if you do not give the request specified in clause 14.12(a), then ASTC may change your sponsor and you will be taken to have entered into a new sponsorship agreement with that sponsor on the Sponsorship Terms.

14.13 Change of sponsor

- (a) NMS may give you notice of its intention to change being the Participant that sponsors your CHES-Eligible Securities in CHES.
- (b) You are under no obligation to agree to a change of sponsor and you may, within twenty Business Days of

- receiving a notice from NMS under clause 14.13(a), terminate the Sponsorship Terms in accordance with clause 14.15(a)(iv).
- (c) If you do not terminate the Sponsorship Terms:
- (i) your new sponsor will send you a notice confirming that they consent to act as your sponsor; and
 - (ii) NMS's rights under the Sponsorship Terms will be novated to the new sponsor on the date you receive a notice under clause 14.13(c)(i).
- (d) If you continue to use the Equity Options Facility after receiving a notice under clause 14.13(c)(i) you will be taken to have consented to the novation of the Sponsorship Terms.
- (e) The Sponsorship Terms continue for the benefit of NMS in respect of any rights and obligations accruing before notice is given under clause 14.13(c)(i).
- (f) To the extent that any law or provision of any agreement makes the novation in clause 14.13(c)(ii) not binding or effective, the Sponsorship Terms continue for the NMS's benefit until such time as the novation is effective.
- (g) Nothing in this clause 14.13, prevents the completion of Transfers or Conversions by NMS where the obligation to complete those Transfers or Conversions arose before notice was given under clause 14.13(c)(i) and the Sponsorship Terms will continue to apply to the completion of those Transfers or Conversions, notwithstanding the novation of the Sponsorship Terms to the new sponsor.

14.14 Indemnity

You indemnify NMS and us ("**Indemnified Party**") against any liability or loss arising from and any reasonable costs, charges and expenses incurred due to a breach by you of this Agreement or the Sponsorship Terms or in connection with NMS carrying out any direction given by you or us but excluding where caused by the fraud, wilful misconduct or negligence of an Indemnified Party or that of its employees, officers, contractors, agents or appointed receivers. This is a continuing indemnity and it is not necessary for an Indemnified Party to incur any expense or make any payment before enforcing it.

14.15 Termination

- (a) The Sponsorship Terms terminate immediately:
- (i) by notice in writing from either you or NMS to the other;
 - (ii) if NMS becomes Insolvent;
 - (iii) if NMS is suspended from the Settlement Facility or its rights under the Settlement Facility are terminated; or
 - (iv) if NMS gives you notice under clause 14.13(a), by you instructing NMS to Transfer the CHESSE-Eligible Securities sponsored by NMS from your Participant Sponsored Holding.

- (b) If the Sponsorship Terms terminate under this clause 14.15 you must, at our request, immediately enter into a Sponsorship Agreement in relation to the CHESSE-Eligible Securities that form part of the Secured Property on terms and with a Controlling Participant acceptable to us.
- (c) You may terminate the Sponsorship Terms in relation to any CHESSE-Eligible Securities when we specify in writing that we no longer rely on the mortgage of those CHESSE-Eligible Securities as security.

14.16 Variation

If any of the provisions in the Sponsorship Terms are inconsistent with the provisions in the ASX Market Rules, the ACH Clearing Rules or the ASTC Settlement Rules, NMS may, by giving you not less than seven Business Days' written notice, vary the Sponsorship Terms to the extent which, in NMS's reasonable opinion, is necessary to remove any inconsistency.

14.17 General rights and obligations

- (a) The sponsorship agreement in the Sponsorship Terms replaces any prior sponsorship agreement between you and NMS, without affecting any rights or obligations that accrued under that prior agreement.
- (b) The Sponsorship Terms are subject to the ASX Market Rules, the ACH Clearing Rules and the ASTC Settlement Rules. You may not take any action that will prevent or impede NMS from complying with its obligations under the ASX Market Rules, the ACH Clearing Rules or the ASTC Settlement Rules.
- (c) NMS is:
 - (i) an ASTC General Settlement Participant; and
 - (ii) a wholly owned subsidiary of National Australia Bank Limited.
- (d) NMS is not an ADI and its obligations do not represent deposits or other liabilities of National Australia Bank Limited. National Australia Bank Limited does not guarantee the obligations or performance of NMS or the services it offers.
- (e) Neither ASX nor its subsidiaries and controlled entities have any responsibility for supervising or regulating the relationship between you and NMS other than in relation to the ASTC Settlement Rules relating to Sponsorship Agreements.
- (f) The regulatory regime that applies to NMS is set out in the Corporations Act. Accordingly, NMS is regulated by the Australian Securities and Investments Commission. Information as to NMS's status may be obtained from the Australian Securities and Investments Commission. In addition, the regulatory regime established by the ASTC Settlement Rules applies to NMS. Accordingly, NMS is regulated by ASTC.

15. Nominee terms

15.1 Nominee

NMS Nominees Pty Ltd (ABN 62 088 233 792) is the Nominee.

15.2 Appointment of Nominee

Subject to clause 15.4, if you do not elect to hold, or it is not possible for you to hold, your Secured Property via NMS under the ASTC Settlement Rules, then you appoint the Nominee to hold on your behalf:

- (a) Secured Property which is not CHESS-Eligible Securities; and
- (b) Secured Property which was held in a Participant Sponsored Holding but was transferred to the Nominee under clause 12.19 or was Converted to another mode of holding (whether required by us or the ASTC Settlement Rules).

15.3 Term of appointment

The appointment will continue until we transfer the Secured Property into your name where we consider it necessary or this Agreement terminates.

15.4 Replacement of Nominee

You expressly authorise each Attorney, at any time we request it, to replace the Nominee appointed under clause 15.1 by terminating on your behalf that appointment and instead acting reasonably appointing another person to act in that capacity, and the expression "Nominee" in this Agreement is interpreted accordingly. You authorise each Attorney to do all things the Attorney deems necessary or desirable on your behalf to effect that replacement, including directing the transfer of any Secured Property held by the terminated nominee to the new nominee. We will notify you in writing of this change.

15.5 Role and relationship of the Nominee

The Nominee is a wholly owned subsidiary of National Australia Bank Limited.

The Nominee is not an ADI and its obligations do not represent deposits or other liabilities of National Australia Bank Limited and are not protected accounts for the purposes of the Financial Claims Scheme. National Australia Bank Limited does not guarantee or otherwise stand behind the obligations or performance of the Nominee or the services it offers.

Transactions under this Equity Options Master Agreement are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any government of another jurisdiction

15.6 Indemnity to Nominee

You agree to indemnify the Nominee on demand against all liabilities or loss whatsoever which the Nominee may suffer or incur due to a breach by you of this Agreement or the Sponsorship Terms except if caused by the fraud, negligence or wilful misconduct of the Nominee or that of its employees, officers, contractors, agents or appointed receivers.

15.7 Authority to mortgage and Dispose

You authorise the Nominee to mortgage all interests in Secured Property which is held by the Nominee under this Agreement to secure the Secured Liabilities and the Secured Obligations.

You authorise the Nominee to pay the proceeds of Disposal of any Secured Property held on your behalf in accordance with clause 12.10 towards satisfaction of Secured Liabilities and the Secured Obligations.

You authorise the Nominee to Dispose of Secured Property in accordance with our instructions or the instructions of an Attorney and in accordance with your and our rights and obligations under this Agreement.

16. Direct Debit Request Service Agreement

16.1 Debiting your Account

By signing a Direct Debit Request, you have authorised us to arrange for funds to be debited from your Account. You should refer to the Direct Debit Request and this Direct Debit Request Service Agreement for the terms of the arrangement between us and you.

We will only arrange for funds to be debited from your Account as authorised in the Direct Debit Request.

If the Debit Day falls on a day that is not a Business Day, we may direct your Financial Institution to debit your Account on the following Business Day.

If you are unsure about on which day your Account has been or will be debited you should ask your Financial Institution.

16.2 Changes by us to direct debits

Where required by law we may amend any details of the Direct Debit Request Service Agreement or a Direct Debit Request at any time by giving you at least 30 days' written notice. To avoid doubt, clause 10.12 does not apply in relation to the Direct Debit Request Service Agreement

16.3 Changes by you to direct debits

Subject to the other provisions of this clause 16.3, you may change the arrangements under a Direct Debit Request by contacting us on **1800 343 070**.

If you wish to stop or defer a Debit Payment, you must notify us or your Financial Institution in writing (which must be in a letter physically signed by you and posted or faxed to us or your Financial Institution) at least fourteen days before the next Debit Day. If you first notify your Financial Institution, you must promptly let us know.

You may also cancel your authority for us to debit your account at any time by giving us or your Financial Institution fourteen days' notice in writing (which must be in a letter physically signed by you and posted or faxed to us or your Financial Institution) before the next Debit Day. If you first notify your Financial Institution, you must promptly let us know.

16.4 Your obligations regarding direct debits

It is your responsibility to ensure that there are sufficient cleared funds available in your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

If there are insufficient cleared funds in your Account to meet a Payment:

- (a) you may be charged a fee or interest (or both) by your Financial Institution;
- (b) you may also incur fees or charges imposed or incurred by us; and
- (c) you must arrange for the Debit Payment to be made by another method or arrange for sufficient cleared funds to be in your Account by an agreed time to so that we can process the Debit Payment.

You should check your Account statement to verify the amounts debited from your Account.

16.5 Disputes about direct debits

If you believe that there has been an error in debiting your Account, you should notify us directly on 1800 343 070 and confirm that notice in writing (which must be in a letter physically signed by you and posted or faxed to us) with us as soon as possible so that we can resolve your query more quickly. You may also notify your Financial Institution of any complaint in relation to the debiting of your Account.

If we conclude as a result of our investigations that your Account has been incorrectly debited, we will respond to your query by arranging for your Financial Institution to adjust your Account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your Account has been adjusted.

If we conclude as a result of our investigations that your Account has not been incorrectly debited, we will respond to your query by providing you with reasons and any evidence for this finding.

Any queries you may have about an error made in debiting your Account should be directed to us so that we can attempt to resolve the matter between you and us.

If we cannot resolve the matter, you can still refer it to your Financial Institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

16.6 Accounts for direct debits

You should check:

- (a) with your Financial Institution whether direct debiting is available from your Account as direct debiting is not available on all accounts offered by Financial Institutions;
- (b) that the Account details which you have provided to us are correct by checking them against a recent Account statement; and
- (c) with your Financial Institution before completing the Direct Debit Request if you have any queries about how to complete the Direct Debit Request.

16.7 Confidentiality around direct debits

We will keep any information (including your Account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

We will only disclose information that we have about you in relation to your Direct Debit Request:

- (a) to the extent specifically required by law; or
- (b) for the purposes of this Direct Debit Request Service Agreement (including disclosing information in connection with any query or claim).

16.8 Notices regarding direct debits

If you wish to notify us in writing about anything relating to this Direct Debit Request Service Agreement, you should write to:

NAB Equity Options Administration Team
Level 14
395 Bourke Street Melbourne, Victoria 3000

We will notify you by sending a notice in the ordinary post to the address you have given us in the Direct Debit Request.

Despite clause 18.4, any notice will be deemed to have been received two Business Days after it is posted.

17. Costs, taxes, indemnities and interest

In this clause 17, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

17.1 No liability for us

We are not liable to you in respect of any:

- (a) loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under this Agreement or by us not accepting a request for a Transaction at the time you request or at all;
- (b) loss, delay in transit, destruction or mutilation of any forms of oral, written or electronic message;
- (c) oral, written or electronic instruction purporting to be sent by a person authorised by you; or
- (d) errors or omissions in any Confirmation for a Transaction,

but excluding where caused by our fraud, wilful misconduct or negligence or that of our employees, officers, contractors, agents or appointed receivers.

17.2 Indemnity

You indemnify us against any liability or loss arising from, and any costs incurred:

- (a) if you default under this Agreement or any Transaction; or

- (b) in connection with us acting on your instructions under this Agreement or any Transaction; or
- (c) in connection with us exercising rights under this Agreement or any Transaction,

but excluding where caused by our fraud, wilful misconduct or negligence or that of our employees, officers, contractors, agents or appointed receivers.

17.3 Items included in loss, liability and costs

You agree that our liability, loss or costs referred to in this Agreement (including this clause 17) include :

- (a) any amount that you owe us under the Agreement or any Transaction;
- (b) Break Costs;
- (c) Enforcement Expenses and any other legal costs reasonably incurred on a solicitor and own client basis;
- (d) all stamp and other duties, fees, goods and services tax or similar consumption tax and any other taxes, charges, fees and costs (including registration and lodgement costs) payable in connection with this Agreement, your Equity Options Facility and any transaction under it and any interest, penalties, fines and expenses in connection with it.
- (e) costs that we reasonably believe are payable to persons engaged by us in connection with this Agreement (such as consultants).

17.4 Default interest

If you do not pay any amount under this Agreement on the due date for payment or you do not make a delivery when required to do so under this Agreement (whether before or after termination of a Transaction under clause 9 or clause 10), you must pay to us interest on the amount or the amount equal to the market value of any obligation required to be settled by delivery determined by us using commercially reasonable procedures at the Default Rate. Any amounts of interest accrued under this clause 17.4 in respect of a Transaction prior to the termination of that Transaction under clause 9 or clause 10 may be included by us in the determination of any Unpaid Amounts in respect of that Transaction.

Interest charged at the Default Rate accrues daily from (and including) the due date to (but excluding) the date of actual payment, and is calculated on the actual number of days elapsed. You must pay interest charged at the Default Rate monthly in arrears.

If a liability becomes merged in a judgment, you agree to pay interest on the amount of that liability as an independent obligation. This interest:

- (a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and
- (b) is calculated at the judgment rate or the Default Rate (whichever is higher).

For the purposes of this clause 17.4, “Default Rate” means, for an amount, the rate per annum equal to the NAB Equity Lending Base Variable Interest Rate, plus a margin of 2% per annum.

17.5 Indemnities and certain obligations to pay costs and expenses are continuing obligations

Your obligation to pay costs and expenses under this Agreement and any indemnity in this Agreement is a continuing obligation, independent of your other obligations under this Agreement, and continues after this Agreement ends. It is not necessary for us to incur expense or make payment before enforcing a right of repayment of costs and expenses or a right of indemnity under this Agreement.

17.6 No consequential losses

No party under this Agreement can recover any consequential losses.

17.7 When payments must be made

You agree to pay us amounts under this clause 17 when and in the manner we may reasonably specify.

18. Notices and other communications

In this clause 18, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

18.1 Communications to us

Where this Agreement specifies how a communication in connection with this Agreement is to be given to us, you must give that communication in the specified manner. In all other cases, you may give communications to us in connection with this Agreement:

- (a) by telephone to 1800 343 070; or
- (b) by facsimile physically signed by you or your Authorised Representative sent to +61 3 8641 3922,

or to any other number or by any other means we notify to you in writing.

A communication given to us by your Authorised Representative is taken to be given by you.

18.2 Communications to you

We may give communications to you:

- (a) personally;
- (b) by telephone;
- (c) by post or facsimile; or
- (d) by electronic mail, by sending it to your nominated electronic address (i.e. your e-mail address).

You may change your nominated electronic address or withdraw your agreement to receive communications by electronic mail by giving us notice.

You may request a paper copy of any notice given to you by electronic mail.

A communication given by us to your Authorised Representative is taken to be given to you.

18.3 When communications are effective

Communications take effect from the time they are received or taken to be received under clause 18.4 (whichever happens first) unless a later time is specified.

18.4 When communications are taken to be received

For the purposes of this Agreement, a communication is taken to be received:

- (a) in the case of a communication given personally or by telephone, if orally, on the date the communication occurs, or otherwise, on the date the communication bears or the date it is delivered to the addressee, whichever is the later;
- (b) in the case of a communication sent by post, on the date it bears or the date which is three days after posting, whichever is the later;
- (c) in the case of a communication sent by facsimile transmission, on the date it bears or the date on which the machine from which the transmission was sent produces a report indicating that the communication was sent to the facsimile or other number of the addressee, whichever is the later; or
- (d) in the case of an electronic mail transmission, when the sender receives an automated message confirming delivery or four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered, whichever happens first.

19. Dealing with interests

In this clause 19, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

19.1 No dealing by you

You may not assign or otherwise deal with your rights under this Agreement or any Transaction under it or allow any interest in them to arise or be varied, in each case, without our prior written consent.

19.2 Dealings by us

We may assign, novate, transfer or otherwise deal with any of our rights under this Agreement and any Transaction under it (including by assignment or participation) to any person (including without limitation any bank or financial institution) without your consent. We will provide you with prior written notice. When you receive such notice, you may elect to terminate the outstanding Transactions prior to the date of the intended dealing in accordance with clause 10.1 and clause 10.8 and we will not have the right to refuse your termination request under clause 10.1.

Until such time as all Secured Property is released from this Agreement, you irrevocably authorise each Attorney appointed under clause 13 to execute on your behalf any document necessary to give effect to an assignment, novation, transfer or other dealing with any of our rights or obligations in accordance with this clause, provided that you have not elected to terminate all Transactions as set out in this clause 19.2.

20. General

In this clause 20, “you” and related terms means the Counterparty and, if there is a Guarantor, each Guarantor, and applies separately in respect of each and every one of them to the extent applicable.

20.1 Prompt performance

Subject to clause 20.13:

- (a) if this Agreement specifies when you agree to perform an obligation, you agree to perform it by the time specified; and
- (b) you agree to perform all other obligations promptly.

20.2 Consents

You agree to comply with all conditions in any consent we give in connection with this Agreement.

20.3 Authorities you give us and Authorised Representatives

You irrevocably authorise, instruct and direct us to act severally on any of your instructions and:

- (a) if there is more than one of you, the instructions of any one or more of you;
- (b) if you are a company, the instructions of any one or more directors; and
- (c) the instructions of any one Authorised Representative which you have appointed until you give us written notice not to do so.

You acknowledge and agree that:

- (i) you have granted legal powers to each of your Authorised Representatives including to enter into Transactions under this Agreement on your behalf;
- (ii) you will be legally bound by any act of your Authorised Representative in connection with this Agreement and any Transaction under it;
- (iii) without prejudice to the powers of your Authorised Representatives in respect of the Equity Options Facility or the binding nature of acts of your Authorised Representatives on you, any act you may do under this Agreement may be done by one of your Authorised Representatives on your behalf and, if so done, you will be legally bound by that act as if you had done it yourself;

- (iv) despite our receiving written notice of the revocation of an Authorised Representative's appointment under clause 20.3(c), we may continue to rely on any instruction or direction given to us by that Authorised Representative prior to our receipt of that notice; and
- (v) we may on giving you seven days' written notice notify you that we will no longer accept a person as an Authorised Representative.

20.4 Joint obligations

- (a) If a Counterparty comprises two or more persons, each of you is liable for the entire Secured Liabilities. Each of you agrees to pay us any amounts which any of the others does not pay on time or in accordance with any arrangement under which it is expressed to be owing, as at the time we demand that you pay them to us.
- (b) As a separate undertaking, each of you unconditionally and irrevocably indemnifies us against, and you must pay us for the loss we suffer if the Agreement or any Transaction is unenforceable solely because of, the death, Insolvency or incapacity of, or any act or omission by, or other circumstances affecting, any of the others.
- (c) If you have a joint Facility Limit, except to the extent any of you have a right conferred by the Banking Code, none of you can otherwise withdraw from, end or limit the facility. Your rights in respect of a joint Facility Limit as conferred by the Banking Code include the right to terminate your liability with respect to future advances or financial accommodation to be made under the Facility Limit, by giving us written notice. If you give us written notice to this effect, we may choose not to provide further advances under the Facility Limit.

20.5 Anti-money laundering and counter terrorism financing

You:

- (a) undertake to provide us with all information and assistance that we request in order to manage our risks relating to money laundering, terrorism-financing or economic and trade sanctions ("**Relevant Matters**") or to comply with any laws or regulations in Australia or any other country;
- (b) acknowledge that we have the right to delay or refuse any request or transaction, including payment of any amount payable on maturity or exercise of a Transaction, if we believe that the request or transaction may be in breach of any of our obligations, or cause us to commit or participate in an offence under any law relating to a Relevant Matter, and we will have no liability to you if we do so;
- (c) agree that we may take any action that we reasonably believe is necessary to comply with any law relating to a Relevant Matter, including but not limited to disclosing any information that we hold about you to service providers whether in Australia or outside Australia, or to any relevant Australian or foreign regulator; and

- (d) acknowledge that we may collect information about you from time to time (from you or from third parties) for the purposes of satisfying our obligations under any law relating to a Relevant Matter, and that we may use and disclose any such information as required.

20.6 Consent to telephone recording

You consent to us recording telephone conversations between the parties and for those recordings to be used in any arbitral or legal proceedings between the parties. You agree to obtain a consent to recording telephone conversations on the terms of this clause 20.6 from, and to give notice of such recordings to, each of your Authorised Representatives and all of your relevant personnel.

20.7 Partial exercising of rights

If we do not exercise a right or remedy under this Agreement fully or at a given time, we may still exercise it later.

20.8 Conflict of interest

Our rights and remedies under this Agreement may be exercised even if this involves a conflict of duty or we have a personal interest in their exercise.

20.9 Remedies cumulative

Our rights and remedies under this Agreement are in addition to other rights and remedies given by law independently of this Agreement.

20.10 Rights and obligations are unaffected

Rights given to a party under this Agreement and its liabilities under it are not affected by anything which might otherwise affect them at law.

20.11 Inconsistent law

To the extent permitted by law, this Agreement prevails to the extent it is inconsistent with any law.

20.12 Supervening legislation

Any present or future legislation which operates to vary your obligations in connection with this Agreement with the result that our rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

20.13 Time of the essence

Time is of the essence in this Agreement in respect of any of your obligations.

20.14 Variation and waiver

Unless provided otherwise in this Agreement, a provision of this Agreement, or right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

20.15 Further steps

You agree to do anything we reasonably ask (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind you and any other person intended to be bound under this Agreement; and
- (b) to show whether you are complying with this Agreement.

20.16 Severability

- (a) If the whole or any part of a provision of this Agreement is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this Agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 20.16 has no effect if the severance alters the basic nature of this Agreement or is contrary to public policy.
- (b) If the whole or any part of a provision of this Agreement is found to be void or unenforceable for unfairness or for any other reason (for example, if a court or other tribunal or authority declares it so) the remainder of this Agreement will continue to apply as if the void or unenforceable provision or part of a provision had never existed.

20.17 Counterparts

This Agreement may consist of a number of copies, each signed by one or more parties to this Agreement. If so, the signed copies are treated as making up the one document.

20.18 Complaints

For information about resolving problems or disputes, contact us on 1800 152 015.

We have available on request information about the procedures for lodging a complaint. For more details about our internal dispute resolution procedures please ask for our complaints resolution brochure.

If you subsequently feel that an issue has not been resolved to your satisfaction, you may be able to raise your concerns with the Australian Financial Complaints Authority Limited if you are an individual or small business owner.

20.19 Banking Code of Practice

We have adopted the Banking Code of Practice and relevant provisions of the Banking Code of Practice apply to this Agreement if you are a client and an individual or small business customer referred to in the Banking Code.

You can obtain from us, on request:

- (a) information on our current rates and standard fees and charges relating to the product;
- (b) general descriptive information concerning our banking services including:
 - (i) account opening procedures;
 - (ii) our obligations regarding the confidentiality of your information;

- (iii) complaint handling procedures;
 - (iv) bank cheques;
 - (v) the advisability of you informing us promptly when you are in financial difficulty; and
 - (vi) the advisability of you reading the terms and conditions applying to each banking service we provide to you;
- (c) general descriptive information about:
 - (i) the identification requirements of the *Anti-Money Laundering & Counter Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**); and
 - (ii) the options available to you under the tax file legislation; and
 - (d) a copy of the Banking Code of Practice.

To find out more about the Banking Code, visit nab.com.au and look up “Banking Code”.

20.20 Governing law

This Agreement is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of that place.

Part 4 – Guarantee terms

This Part only applies if a person is a Guarantor, either as an original party to this Agreement or by virtue of a Guarantor Accession Deed Poll.

21. Director’s Guarantee

21.1 Reason for giving a Guarantee

Each Guarantor gives us this Guarantee in return for us, at the Guarantor’s request, entering into, or continuing, the Equity Options Facility with the Counterparty.

21.2 Guarantee

- (a) The Guarantor unconditionally and irrevocably agrees to Guarantee the obligations of the Counterparty under this Agreement and to procure the Counterparty to perform all obligations under this Agreement.
- (b) The Guarantor guarantees that:
 - (i) the Counterparty will pay us when they become due for payment under this Agreement all the amounts which may be payable now or in the future under this Agreement or otherwise are Secured Liabilities; and
 - (ii) the Counterparty will deliver to us all Securities as and when required to be delivered in accordance with this Agreement.
- (c) Subject to clause 21.8, the Secured Liabilities can increase at any time without the Guarantor’s consent. We are not obliged to tell the Guarantor if the amount increases or otherwise changes. However, you may, by written notice to us, limit the amount or nature of the liabilities guaranteed under this Guarantee in the circumstances set out in paragraph 95 of the Banking Code.

- (d) The Guarantor agrees to pay us within two Business Days from when we demand payment any amounts which the Counterparty does not pay on time or in accordance with any arrangement under which it is expressed to be owing, as at the time we demand that the Guarantor pay them to us.
- (e) The Guarantor agrees to pay or reimburse us for all fees in connection with the Guarantee, including those payable to us, the Sponsor and the Nominee and any fee the Sponsor or the Nominee may charge us. We may require the Guarantor to pay within 2 Business Days of demand any reasonable Enforcement Expenses incurred in enforcing the Guarantee.
- (f) The Guarantor must reimburse, on request, us, the Sponsor and the Nominee for any reasonable costs, fees and charges incurred on the Guarantor's behalf in accordance with the terms of the Guarantee.
- (g) The Guarantor's liabilities under clause 21.2(e) and 21.2(f) include stamp duty, registration or other fees and charges associated with CHES.
- (h) On giving the Guarantor at least 30 days' notice in writing we may impose any new fee, vary the amount of a fee, vary the frequency of interest and fee charging or the basis of the calculation and charging of interest, in each case in relation to the Guarantee.
- (i) Except to the extent the Guarantor has a right conferred by the Banking Code, the Guarantor cannot otherwise withdraw from, end or limit the Guarantee.

21.3 Related indemnity

As a separate undertaking, the Guarantor unconditionally and irrevocably indemnifies us against, and the Guarantor must pay us for, the loss we suffer if this Agreement is unenforceable solely because of the Counterparty's Insolvency or any act or omission by, or other circumstances affecting, the Counterparty.

21.4 Guarantor gives up certain rights

- (a) As long as a Guarantor or the Counterparty has any liability to us for any reason, the Guarantor may not, without our prior written consent:
 - (i) recover any amount in competition with us against the Counterparty or any co-guarantor in an Insolvency, under any right of contribution or indemnity, or in any other way; or
 - (ii) claim the benefit, or seek the transfer, of any security, guarantee or indemnity from the Counterparty or any co-guarantor; or
 - (iii) take over any of our rights as creditor; or
 - (iv) require us to resort to any security or our rights before or when we resort to the Guarantor.
- (b) The Guarantor waives in our favour any right the Guarantor has against us, any co-guarantor or any other person, or their estates or assets which would reduce the Guarantor's liability to us or the amount we can recover from the Guarantor or any of them.

21.5 Payments need not reduce specific parts of Guarantor's liability

- (a) Each Guarantor agrees that we can treat payments received by us under the Equity Options Facility or the Guarantee in any way permitted by this Agreement.
- (b) We may place and keep in a suspense account any payments we receive from a Guarantor under this Agreement and appropriate them at our discretion (acting in a commercially reasonable manner).

21.6 Guarantor is bound despite certain matters

- (a) The Guarantor is liable to us even if any intended co-guarantor never is or ceases to be liable for any amounts payable under this Agreement for any reason.
- (b) The Guarantor is fully liable under this Agreement both together with any one or more co-guarantors as well as separately.
- (c) The Guarantor's liabilities under this Agreement are not affected by anything that might otherwise affect them at law or in equity including:
 - (i) the death, mental or physical disability, legal incapacity, or Insolvency of the Guarantor, a co-guarantor or any other person; or
 - (ii) the fact that we give up, release in whole or in part, vary or exchange, or fail to obtain, perfect, register or realise, or deal in any other way with any security, guarantee or indemnity or negotiable instrument; or
 - (iii) the fact that we grant time or any other concession to or compound or compromise with, or do or omit to do anything which affects the Guarantor's obligations or the obligations of a co-guarantor or any other person to us or to the Guarantor; or
 - (iv) the fact that we vary, increase, assign, end or replace the Equity Options Facility.
- (d) The Guarantee continues to cover liabilities incurred after the Guarantor's death or disability or if the Guarantor becomes Insolvent.
- (e) A payment by any person will not be taken as discharging any amounts the Guarantor owes us to the extent that any part of the payment is claimed later to be void or voidable or a preference for any reasons. The Guarantor will continue to be liable as Guarantor for such part.
- (f) The Guarantee is a continuing security and extends to all of the Secured Liabilities.

21.7 Acknowledgments and representations by Guarantor

The Guarantor acknowledges and agrees that:

- (a) all the terms and conditions of the Guarantee are set out in this Agreement and the PDS; and
- (b) in deciding to enter into the Guarantee the only statements by us which the Guarantor took into account are those contained in this Agreement and the

PDS, and the Guarantor did not rely on any other statement, document or promise made by us or on our behalf; and

- (c) no other statement, document or promise can affect the operation of the Guarantee (other than by any accompanying acknowledgment concerning existing securities and in any related documents we have seen and approved); and
- (d) no provision can be varied or waived by us except by written notice from us; and
- (e) the Guarantor is responsible for making, and for continuing to make, the Guarantor's own investigation of the creditworthiness, financial position and honesty of the Counterparty and any other person who is a co-guarantor.

21.8 Limit of Guarantee

- (a) The Guarantee is a continuing security and extends to the whole of the Secured Liabilities (determined disregarding clause 8). However, the amount payable by the Guarantor is limited to \$500,000,000.
- (b) Clause 21.8(a) does not limit the amount we can claim from a Guarantor under the Guarantee, but it limits the amount ultimately recoverable from a Guarantor.

21.9 Personal Property Securities Act

The Guarantor agrees to do anything we ask you to do in connection with the application of the *Personal Property Securities Act 2009* (Cth) and the Guarantee given under this Agreement.

22. Adviser Fee Facility

- (a) If you agree to pay your adviser an amount ("**Adviser Fee**") in connection with entering into a Transaction, you hereby appoint us as your agent to pay to your adviser on your behalf your specified Adviser Fee amount.
- (b) You must set out in your completed indicative Quote Sheet the dollar amount of the Adviser Fee as well as your adviser's payment details.
- (c) You will be required to pay to us, with your Option Premium or Fixed Option Premium (for an Option Transaction), or on drawdown of your Loan (for a Loan Transaction), an amount equal to your agreed Adviser Fee amount, which we will on-pay to your adviser on your behalf.
- (d) For a Collar where there is no Fixed Option Premium payable, you must pay to NAB your agreed Adviser Fee amount within 3 Business Days of entering into the Collar.
- (e) Where you sell us a Call Option, you may direct us to deduct from the Option Premium we pay you the Adviser Fee amount and to pay that amount to your adviser on your behalf.
- (f) Pending payment of the Adviser Fee to your adviser, we will hold it on trust for you. We will keep any interest earned on such amount.

23. Interpretation

23.1 Definitions

These meanings apply unless the contrary intention appears:

Account means the account held at your Financial Institution from which we are authorised to arrange for funds to be debited.

ACH means ASX Clear Pty Limited (ABN 48 001 314 503).

ACH Clearing Rules means the clearing rules of ACH.

ADI has the meaning it has in the Banking Act.

Adviser Fee has the meaning given in clause 22(a).

Agreement has the meaning given in clause 1.1 as amended from time to time including by any Supplemental Terms.

All Ordinaries Index means the Australian securities index of that name and includes any index with a substantially similar name and any successor or replacement index using the same or a substantially similar formula for index calculation.

American Option means an Option Transaction pursuant to which an Exercise Date may occur on any Business Day from the Trade Date to and including the Expiry Time on the Expiry Date.

Amount Owning means, in relation to a Loan Transaction, the total of all amounts which are then due for payment, or which will or may become due for payment under the Agreement, in connection with the Loan Transaction to us (including the Outstanding Money and any Break Costs or other amounts then due for payment in connection with the Loan Transaction under clause 17).

Application Form means the application form for the Equity Options Facility in the form scheduled to the PDS which you submitted to us.

Approved Exchange means ASX and any other securities exchange (whether Australian or foreign) we determine from time to time in our discretion to be an Approved Exchange.

Approved Option Transaction means an existing or new Option Transaction that is either a Collar or a Put, in each case where you are the Buyer and which have or will have an Expiry Date at least six months after the date we make you an advance under the Loan Transaction which is to be linked to the relevant Option Transaction. An Approved Option Transaction must not be linked to more than one Loan Transaction.

ASTC means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASTC Settlement Rules means the settlement rules of ASTC.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX 200 means the Australian securities index of that name and includes any index with a substantially similar name and any successor or replacement index using the same or a substantially similar formula for index calculation.

ASX Market Rules means the market rules of the ASX.

At-the-Money means, in respect of the Exercise Date for an Option that is the Expiry Date:

- (a) in the case of an Option that is a Call or a Put, that the Market Price for the Relevant Securities is equal to the Exercise Price; or
- (b) in the case of an Option that is a Collar:
 - (i) for the Buyer, that the Market Price for the Relevant Securities is equal to the Floor Price; or
 - (ii) for the Seller, that the Market Price for the Relevant Securities equal to the Cap Price.

Attorney has the meaning given in clause 13.1.

Australian Financial Complaints Authority or AFCA is the external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system.

Australian Securities & Investments Commission is an independent Australian government body that acts as Australia's corporate regulator.

Authorised Representative means, for you:

- (a) each person authorised by you to be your "Authorised Representative" in connection with the Equity Options Facility:
 - (i) in your Application Form; or
 - (ii) in such other form as is acceptable to us from time to time; and
- (b) each other person you have held out to us as a person authorised by you in connection with the Equity Options Facility,

in each case unless:

- (i) we have received written notice from you that such person's appointment has been revoked; or
- (ii) we have given you seven days' written notice that we will no longer accept such person as an Authorised Representative.

Automatic Exercise means, with respect to an Option Transaction, that an Exercise Notice in respect of each Option not previously exercised under that Option Transaction will be deemed to have been given to exercise the Options at the Expiry Time on the Expiry Date:

- (a) in the case of an Option that is a Call or a Put, if it is At-the-Money or In-the-Money unless the Buyer notifies the Seller; and
- (b) in the case of an Option that is a Collar:
 - (i) if it is At-the-Money or In-the-Money for the Buyer, unless the Buyer notifies the Seller; and
 - (ii) if it is At-the-Money or In-the-Money for the Seller, unless the Seller notifies the Buyer,

in any case (orally or otherwise in accordance with the procedures specified by us from time to time) prior to the Expiry Date that the relevant party does not want Automatic Exercise to occur, which notice, once given, is irrevocable.

Banking Act means the *Banking Act 1959* (Cth).

Banking Code means the Banking Code of Practice, but before 1 July 2019 refers to the Code of Banking Practice (2013 version).

Bankrupt has the meaning it has under the ASTC Settlement Rules.

Break Costs means an amount equal to our reasonable estimate of our loss (if any) in replacing, or obtaining the economic equivalent of, the payments or deliveries we would have been entitled to receive under a Transaction which is terminated (whether or not at your request) before its scheduled Expiry Date or Maturity Date.

We determine our Break Costs in good faith adopting commercially reasonable procedures. This may include considering:

- (iii) any market information we consider relevant from either internal or external sources (for example, market rates or prices (which need not be mid-market rates or prices), margins and yield curves);
- (iv) without double counting and when it is reasonable to do so, any loss incurred in connection with:
 - (A) terminating arrangements we have made with others to fund (or to maintain our funding of) any Transaction; and
 - (B) acquiring, establishing, maintaining, amending, substituting, unwinding or disposing of any transaction or other financial position we have with others in connection with any Transaction.

Business Day means:

- (a) in respect of a Transaction, a day which is both:
 - (i) a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place); and
 - (ii) a day which is a business day within the listing rules of the Exchange specified in the relevant Confirmation; and
- (b) otherwise, a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).

Buyer means, in respect of an Option Transaction, the party specified in the relevant Confirmation as the buyer of the Options in the Option Transaction.

Calculation Date means, with respect to a Transaction, the date or dates specified in the relevant Confirmation.

Call means, in respect of an Option Transaction, an Option Transaction entitling the Buyer on exercise (or deemed exercise):

- (a) where Cash Settlement applies, to receive from the Seller the Cash Settlement Amount; and

- (b) where the Physical Settlement applies, to purchase the Relevant Securities from the Seller at the Physical Settlement Amount.

Cap Price means, in respect of an Option Transaction that is a Collar, the price of the Relevant Securities specified as such in or otherwise determined in accordance with the relevant Confirmation.

Cash Notice has the meaning given in clause 7.2.

Cash Settlement means in respect of an Option Transaction, that:

- (a) in the case of an Option that is a Call or a Put, on exercise (or deemed exercise) by the Buyer, the Seller must pay to the Buyer the Cash Settlement Amount; and
- (b) in the case of an Option that is a Collar:
- (i) on exercise (or deemed exercise) by the Buyer, the Seller must pay to the Buyer the Variable Option Premium; and
- (ii) on exercise (or deemed exercise) by the Seller, the Buyer must pay to the Seller the Variable Option Premium,

in each case on the Settlement Date.

Cash Settlement Amount means, in respect of an Exercise Date for an Option, the amount to be paid by the Seller on the Settlement Date corresponding to that Exercise Date:

- (a) in the case of an Option that is a Call, determined by us in accordance with the following formula:
- $(\text{Market Price} - \text{Exercise Price}) \times \text{Securities per Option};$
and
- (b) in the case of an Option that is a Put, determined by us in accordance with the following formula:
- $(\text{Exercise Price} - \text{Market Price}) \times \text{Securities per Option},$

provided that, if the Cash Settlement Amount is less than zero, it will be deemed to be zero.

CHESS means the Clearing House Electronic Subregister System established and operated by ASTC and ACH.

CHESS Subregister has the meaning it has in the ASTC Settlement Rules.

CHESS-Eligible Securities means investments which may be, or are, held on a subregister maintained by CHESS.

Close Out Amount means:

- (a) in relation to an Option Transaction, the value of that Transaction at the time it is terminated, being an amount calculated by us acting reasonably and using commercially reasonable procedures and applying any relevant market conventions and having regard to the terms of the Transaction (including any Break Costs and other reasonable costs, fees and charges payable or that may become payable by you to us in connection with the Transaction) and the market conditions at that

time. A Close Out Amount is not required to be the market value of the terminated Transaction or group of terminated Transactions and we are not obliged to use mid-market quotations or mid-market valuations in determining a Close Out Amount; and

- (b) where the Transaction is a Loan Transaction, the Amount Owing in respect of the Loan Transaction.

Close Out Currency means Australian dollars or such other currency we nominate from time to time.

Closing Level for an Index for a day means:

- (a) the ending Index level for that day as calculated and published by the Index sponsor or its calculation agent;
- (b) if the level under paragraph (a) cannot be determined, the level determined by us in good faith as the estimate of the level that would have prevailed as the closing level on that date; or
- (c) if we determine (in our discretion) that neither subparagraph (a) or (b) will apply, then the Closing Level will be determined by reference to the average price at which we execute or could execute a sale or purchase of Securities for the purpose of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any transaction or asset in relation to a Transaction with you, as determined by us in our absolute discretion.

Collar means, in respect of an Option Transaction, an Option Transaction (subject to any agreement being made between the Buyer and the Seller under clause 3.9):

- (a) entitling the Buyer on exercise (or deemed exercise):
- (i) where Cash Settlement applies, to receive from the Seller the Variable Option Premium; and
- (ii) where Physical Settlement applies, to sell the Relevant Securities to the Seller at the Floor Price; and
- (b) entitling the Seller on exercise (or deemed exercise) to receive from the Buyer the Variable Option Premium.

Combination Loan Transaction means a Loan Transaction to which:

- (a) a Fixed Interest Rate applies from the Interest Commencement Date to the end of the Fixed Rate Period; and
- (b) a Variable Interest Rate applies from the Variable Rate Commencement Date to the Maturity Date of the Loan Transaction.

company includes a company acting as a trustee.

Confirmation means, in respect of a Transaction, the written confirmation of the details of the Transaction given in accordance with clause 2.2 in relation to an Option Transaction or clause 5.2 in relation to a Loan Transaction (as may be amended from time to time including in accordance with clause 10.13) and in the form we determine from time to time.

Contractual Currency means:

- (a) in respect of a Transaction, the currency in which payments under the Transaction must be made as specified in the relevant Confirmation; and
- (b) in respect of any other payment under this Agreement, the currency specified in this Agreement in which that payment must be made or, if no currency is so specified, Australian dollars or such other currency that we nominate from time to time.

Controlling Participant has the meaning it has in the ASTC Settlement Rules.

Conversion has the meaning it has in the ASTC Settlement Rules.

Corporate Action means, in relation to a Relevant Security, any of the following events:

- (a) a takeover bid, scheme, merger, combination or reconstruction;
- (b) the Relevant Security is delisted or trading in the Relevant Security is suspended;
- (c) a return of capital;
- (d) a buy-back;
- (e) a distribution in respect of a Relevant Security where an Approved Exchange makes an adjustment to the exercise price in respect of exchange-traded options relating to those Relevant Securities;
- (f) any other dividend, income or capital distribution in respect of a Relevant Security which we consider to be such as to affect the capital value of the Relevant Security;
- (g) a bonus issue, split, consolidation, scheme of arrangement, spin-off, demerger or destapling;
- (h) an arrangement under which any rights to Securities vest or accrue;
- (i) a rights issue or any other entitlement or right to subscribe for or otherwise acquire any further Securities or any allotment of further Securities;
- (j) a public announcement of any of the events listed in paragraphs (a) to (i);
- (k) any event which we determine to be similar in effect to the events described in paragraphs (a) to (j) (including, without limitation, any analogous or similar event under any foreign law);
- (l) in respect of a Relevant Security that is an Index:
 - (i) the sponsor of the Index cancels the Index;
 - (ii) any event which results in the sponsor not calculating or publishing the Index;
 - (iii) there is a suspension or material limitation on trading of financial products generally on the relevant market, or in financial products making up a material percentage of the Index, for a period of 24 hours or more;

- (iv) the sponsor of the Index makes a material change in the formula for or the method of calculating the Index or in any way materially modifies the Index; or
- (v) anything which we, acting reasonably, consider is similar or analogous to any of the above occurs.

Corporations Act means the *Corporations Act 2001* (Cth).

Counterparty means the counterparty in whose name the Equity Options Facility is established and, if there is more than one of them or if the counterparty comprises more than one legal entity, means each of them separately and every two or more of them jointly. It includes lawful assigns and successors.

Debit Day means a day that payment by you to us is due and for which you have provided us with a Direct Debit Request.

Debit Payment means a particular transaction where a debit is made.

Default Notice has the meaning given in clause 7.2.

Default Rate has the meaning given in clause 17.4.

Direct Debit Request means a direct debit request, the terms of which are set out in the Application Form.

Direct Debit Request Service Agreement means the terms of the agreement set out in clause 16 of this Agreement.

Dispose means to sell, transfer, assign, declare a trust over, redeem, convert, surrender or otherwise alienate, whether for valuable consideration or not, and **Disposal** has a corresponding meaning.

Disposal Notice has the meaning given in clause 7.2.

Drawdown Date means, in respect of a Loan Transaction, the date specified in the relevant Confirmation, which is the date the Loan Amount is advanced.

Early Termination Date means a date no earlier than the date of the notice specified by us in accordance with clause 9 for the termination of all or some outstanding Transactions.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

Enforcement Expenses means any:

- (a) legal costs;
- (b) debt collection costs; and
- (c) other expenses,

reasonably incurred by us in relation to any enforcement action taken by us in relation to a Transaction.

Equity Options Facility means the facility comprising of Option Transactions and Loan Transactions which you may enter into with us under this Agreement.

Equity Options Master Agreement means this Equity Options Master Agreement as amended from time to time including by any Supplemental Terms.

European Option means an Option Transaction pursuant to which an Exercise Date may only occur on the Expiry Date.

Event of Default means an event described in clause 9.1, 9.2, 9.3 and 9.4.

Exchange means, in respect of Securities in an Option Transaction, the Approved Exchange on which those Securities are listed.

Exercise Date means, in respect of an Option, the date on which the Option is exercised as specified in the Exercise Notice or is deemed to be exercised.

Exercise Notice means a notice given (or deemed to have been given) by:

- (a) in the case of an Option that is a Call or a Put, the Buyer; and
- (b) in the case of an Option that is a Collar:
 - (i) for exercise by the Buyer, the Buyer; and
 - (ii) for exercise by the Seller, the Seller,

in any case (orally or otherwise in accordance with the procedures specified by us from time to time) stating the relevant party's intent to exercise the Option and specifying the Exercise Date, which notice, once given, is irrevocable.

Exercise Price means in respect of an Option Transaction, the price of the Relevant Securities specified as such in, or otherwise determined in accordance with, the relevant Confirmation.

Expiry Date means, in respect of an Option Transaction, the date specified as such in the relevant Confirmation.

Expiry Time means, in respect of an Option Transaction, the time specified as such in the relevant Confirmation (being the point in time on the Expiry Date at which the Option Transaction expires).

Facility Limit means the amount which sets the aggregate limit on Loan Transactions under this Agreement.

Financial Claims Scheme means the scheme established under Division 2AA of Part II of the Banking Act.

Financial Institution is the financial institution where you hold the account that you have authorised us to arrange to debit.

Financial Statements means:

- (a) a profit and loss statement;
- (b) a balance sheet; and
- (c) a statement of cash flows,

together with any notes to those documents and a directors' declaration as required under the Corporations Act and any other information necessary to give a true and fair view.

Fixed Interest Payment Dates means, in respect of a Combination Loan Transaction, the fixed interest payment dates specified in the relevant Confirmation.

Fixed Interest Rate means, in respect of a Fixed Interest Rate Loan Transaction or a Combination Loan Transaction, the fixed interest rate specified in the relevant Confirmation.

Fixed Interest Rate Loan Transaction means a Loan Transaction to which a Fixed Interest Rate applies.

Fixed Option Premium means, in respect of an Option Transaction that is a Collar, the fixed premium (if any) the Fixed Option Premium Payer must pay to the other party on the Fixed Option Premium Payment Date.

Fixed Option Premium Payer means, in respect of an Option Transaction that is a Collar, the party specified in the relevant Confirmation as the payer of the Fixed Option Premium.

Fixed Option Premium Payment Date means, in respect of an Option Transaction that is a Collar, the date so specified in or otherwise determined by the relevant Confirmation.

Fixed Rate Period means a period for which you fix the interest rate applying to a Loan Transaction so specified in or otherwise determined by the relevant Confirmation.

Floor Price means, in respect of an Option Transaction that is a Collar, the price of the Relevant Securities specified as such in or otherwise determined in accordance with the relevant Confirmation.

Freely Transferable Security means securities that are free and clear of any Encumbrance (except as created pursuant to the Mortgage Terms or otherwise authorised by us) and which are not subject to any transfer restriction in the hands of a current holder immediately prior to delivery to a purchaser and would not be subject to any transfer restriction in the hands of that purchaser upon delivery to another purchaser.

General Settlement Participant has the meaning it has under the ASTC Settlement Rules.

Guarantee means the guarantee and indemnity contained in Part 4 of this Agreement.

Guarantor means each person who guarantees your obligations under the Equity Options Facility (whether as a party to this Agreement or by virtue of a Guarantor Accession Deed Poll) and, if there is more than one of them, means each of them separately and every two or more of them jointly. It includes lawful assigns and successors.

Guarantor Accession Deed Poll means a document having that title in a form satisfactory to us executed by or on behalf of a person who has agreed to guarantee your obligations under the Equity Options Facility.

Hedging Event has the meaning given in clause 10.3.

Hedging Transaction has the meaning given in clause 10.3.

HIN has the meaning it has under the ASTC Settlement Rules.

HIN Schedule means the document provided by NMS to you (either before or after the date of this Agreement) listing the HIN(s) for the Participant Sponsored Holdings in respect of which you have appointed NMS as the Sponsoring Participant.

Holder Record has the meaning it has under the ASTC Settlement Rules.

Holder Record Lock has the meaning it has under the ASTC Settlement Rules.

Holding has the meaning it has under the ASTC Settlement Rules.

Index means an index we approve as the reference asset for an Option Transaction.

Index Option means an Option over an Index.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it has a controller appointed, is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver or receiver and manager appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by us); or
- (d) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459(C)(2)(b) or section 585 of the Corporations Act (or it makes a statement from which we reasonably deduce it is so subject); or
- (g) it commits an act of bankruptcy within the meaning of section 40 of the *Bankruptcy Act 1966* (Cth); or
- (h) it is a trustee of a Superannuation Fund and the Superannuation Fund is technically insolvent within the meaning of the SIS Regulations;
- (i) it is otherwise unable to pay its debts when they fall due; or
- (j) something having a substantially similar effect to (a) to (i) happens in connection with that person under the law of any jurisdiction.

In-the-Money means, in respect of the Exercise Date for an Option that is the Expiry Date:

- (a) in the case of an Option that is a Call, that the Market Price for the Relevant Securities is greater than the Exercise Price;

- (b) in the case of an Option that is a Put, that the Market Price for the Relevant Securities is less than the Exercise Price; and
- (c) in the case of an Option that is a Collar:
 - (i) for the Buyer, that the Market Price for the Relevant Securities is less than the Floor Price; and
 - (ii) for the Seller, that the Market Price for the Relevant Securities is greater than the Cap Price.

Interest Commencement Date means, in respect of a Loan Transaction, the date specified in the relevant Confirmation, which is the date the Loan Amount is advanced.

Interest Payment Date means:

- (a) in respect of a Fixed Interest Rate Loan Transaction or a Variable Interest Rate Loan Transaction, the Interest Payment Dates specified in the relevant Confirmation; and
- (b) in respect of a Combination Loan Transaction:
 - (i) from the Interest Commencement Date to the end of the Fixed Rate Period, the Fixed Interest Payment Dates specified in the relevant Confirmation; and
 - (ii) from the Variable Rate Commencement Date, the Variable Interest Payment Dates specified in the relevant Confirmation.

Interest Rates means:

- (a) in respect of a Fixed Interest Rate Loan Transaction, the Fixed Interest Rate specified in the relevant Confirmation;
- (b) in respect of a Variable Interest Rate Loan Transaction, the Variable Interest Rate specified in the relevant Confirmation; and
- (c) in respect of a Combination Loan Transaction:
 - (i) from the Interest Commencement Date to the end of the Fixed Rate Period, the Fixed Interest Rate specified in the relevant Confirmation; and
 - (ii) from the Variable Rate Commencement Date, the Variable Interest Rate specified in the relevant Confirmation.

Limit Order means, in respect of an Option Transaction, a request from you to us to enter into that Option Transaction during the Order Period provided that the Option Premium or Fixed Option Premium (expressed in cents) for the Option Transaction on the terms specified with your request is at the Option Premium or Fixed Option Premium (expressed in cents) you specify in your request (or at an Option Premium or Fixed Option Premium which is more favourable to you than specified in your request).

Loan Account means the account established in accordance with clause 6.10 to debit fixed rate interest under clause 6.8.

Loan Amount means, in respect of a Loan Transaction, the amount specified in the relevant Confirmation, which is the amount of the Loan Transaction.

Loan Transaction means a Fixed Interest Rate Loan Transaction, a Variable Interest Rate Loan Transaction, or a Combination Loan Transaction, in each case consisting of one advance, linked to an Approved Option Transaction entered into between us and you in accordance with this Agreement. A Loan Transaction must not be linked to more than one Approved Option Transaction.

Market Disruption Event means any of the following events:

- (a) we are prevented for reasons beyond our control from making or receiving a payment or delivery in the place or manner agreed in respect of an outstanding Transaction;
- (b) the suspension or material limitation of trading in:
 - (i) a material number of Securities included in the All Ordinaries Index or the ASX 200; or
 - (ii) Securities generally on ASX; or
- (c) the suspension or material limitation of trading in option contracts related to the All Ordinaries Index or the ASX 200.

For the purposes of this definition:

- (i) “**reasons beyond our control**” includes (but is not limited to) disruption in a market in which we normally deal, disruption in the means by which we usually communicate, and a change in any law affecting this Agreement or a Transaction under it;
- (ii) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange;
- (iii) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange will constitute a Market Disruption Event; and
- (iv) matters of materiality are to be reasonably determined by us applying prudent commercial standards.

Market Price means, in respect of an Option and an Exercise Date, the average price per Security at which we execute or could execute a sale or purchase of the Relevant Securities for the purpose of hedging or unwinding an Option with you, as determined by us in good faith using commercially reasonable procedures. This may include considering any market prices (which need not be mid-market) we consider relevant from either internal or external sources.

Material Adverse Effect means an event which in our opinion exercised in a commercially reasonable manner has or is likely to have a material adverse effect on:

- (a) your or a Guarantor’s ability to comply with your financial obligations under this Agreement; or
- (b) our remedies or rights or our credit or security risk under this Agreement, or our ability to recover under the Guarantee or any security interest granted under or pursuant to this Agreement.

Maturity Date means, in respect of a Loan Transaction, the Settlement Date of the Option Transaction to which the Loan Transaction is linked.

Monetary Obligation means a monetary obligation in connection with:

- (a) money borrowed or raised; or
- (b) any hiring arrangement, redeemable preference share, letter of credit or financial markets transaction (including a swap, option, forward or futures contract), performance bond or guarantee facility; or
- (c) a guarantee or indemnity in connection with any of the things referred to in paragraphs (a) or (b).

Mortgage Terms means the mortgage terms set out in clause 12.

NAB Equity Lending Base Variable Interest Rate means the interest rate for variable rate loans as advertised by NAB Equity Lending and, where there is more than one interest rate advertised for variable rate loans depending on the size of the loan, means the interest rate applicable to the smallest size of variable rate loan available.

National Guarantee Fund is a fund, referred to in section 889A of the Corporations Act, which operates to provide protection and compensation to investors in specified circumstances.

Net Close Out Amount means the amount calculated by us under clause 9.7(b) or clause 10.9(b).

New Rights means all of your present and future:

- (a) right, title and interest in all money, dividends, interest, allotments, offers, benefits, privileges, rights, bonuses, shares, stock, debentures, distributions or rights to take up Securities in connection with the Secured Property;
- (b) rights consequent on any conversion, redemption, cancellation, reclassification, forfeiture, consolidation or subdivision in connection with the Secured Property; and
- (c) rights consequent on a reduction of capital, liquidation or scheme of arrangement in connection with the Secured Property.

NMS means National Margin Services Pty Ltd (ABN 81 088 233 872).

No Disposal Notice has the meaning given in clause 7.3.

Nominee means NMS Nominees Pty Ltd (ABN 62 088 233 792), or any replacement appointed under clause 15.

Number of Options means, in respect of an Option Transaction, the number of Options into which that Option Transaction is divided.

Option means, in respect of an Option Transaction, each unit into which the Option Transaction is divided for the purposes of exercise, valuation or settlement.

Option Premium means, in respect of an Option Transaction that is not a Collar, the premium (if any) the Buyer must pay to the Seller on the Option Premium Payment Date.

Option Premium Payment Date means, in respect of an Option Transaction that is not a Collar, the date specified in or otherwise determined by the relevant Confirmation.

Option Style means, in respect of an Option Transaction, the style of the option specified in the relevant Confirmation.

Option Transaction means an option transaction relating to a Security entered into between us and you in accordance with this Agreement.

Option Type means, in respect of an Option Transaction, the type of the Option Transaction specified in the relevant Confirmation.

Order means a Limit Order or a Percentage Order.

Order Period has the meaning given in clause 2.3.

Other Amounts has the meaning given in clause 9.8.

Out-of-the-Money means, in respect of the Exercise Date for an Option that is the Expiry Date:

- (a) in the case of an Option that is a Call, that the Market Price for the Relevant Securities is less than the Exercise Price;
- (b) in the case of an Option that is a Put, that the Market Price for the Relevant Securities is greater than the Exercise Price; and
- (c) in the case of an Option that is a Collar:
 - (i) for the Buyer, that the Market Price for the Relevant Securities is greater than the Floor Price; and
 - (ii) for the Seller, that the Market Price for the Relevant Securities is less than the Cap Price.

Outstanding Money means, in respect of a Loan Transaction, the outstanding Principal plus any accrued but unpaid interest on it.

Partial Disposal Notice has the meaning given in clause 7.2.

Participant has the meaning it has in the ASTC Settlement Rules.

Participant Sponsored Holder has the meaning it has in the ASTC Settlement Rules.

Participant Sponsored Holding has the meaning it has in the ASTC Settlement Rules.

Partnership means the partnership described in the Application Form.

Partnership Agreement means the partnership agreement described in the Application Form.

Partner means each person named as a partner in the Partnership in the Application Form.

PDS means the Product Disclosure Statement for the Equity Options Facility dated 24 January 2024.

Percentage Order means, in respect of an Option Transaction, a request from you to us to enter into that Option Transaction during the Order Period provided that the Option Premium or Fixed Option Premium expressed as a percentage of the price of the underlying Relevant Security (such price being determined by us by reference to a reputable pricing information source selected in our discretion) for the Option Transaction on the terms specified with your request is at the Option Premium or Fixed Option Premium expressed as a percentage of the price of the underlying Relevant Security you specify in your order (or at an Option Premium or Fixed Option Premium which is more favourable to you than specified in your request).

Physical Settlement means, in respect of an Exercise Date for an Option, that:

- (a) in the case of a Call, on exercise (or deemed exercise) by the Buyer, the Seller must deliver to the Buyer the Relevant Securities and the Buyer must pay to the Seller the Physical Settlement Amount;
- (b) in the case of a Put, on exercise (or deemed exercise) by the Buyer, the Buyer must deliver to the Seller the Relevant Securities and the Seller must pay to the Buyer the Physical Settlement Amount; and
- (c) in the case of a Collar, on exercise (or deemed exercise) by the Buyer, the Buyer must deliver to the Seller the Relevant Securities and the Seller must pay to the Buyer the Physical Settlement Amount,

in each case on the Settlement Date corresponding to that Exercise Date, provided in all cases that if we determine it is for any reason whatsoever unlawful, impossible or impracticable for Physical Settlement to occur, we may provide for Cash Settlement to occur by notice to you.

Physical Settlement Amount means:

- (a) in the case of an Option that is a Call or a Put, the amount to be paid by the relevant party in respect of the Option determined by us in accordance with the following formula:
$$\text{Exercise Price} \times \text{Securities per Option}; \text{ and}$$
- (b) in the case of an Option that is a Collar on exercise (or deemed exercise) by the Buyer, the amount to be paid by the Seller in respect of the Option determined by us in accordance with the following formula:
$$\text{Floor Price} \times \text{Securities per Option}.$$

Potential Event of Default means an event which, with the giving of notice, lapse of time or fulfilment of any condition, may become an Event of Default.

Principal means, in respect of a Loan Transaction, the amount drawn down under it.

Put means, in respect of an Option Transaction, an Option Transaction entitling the Buyer on exercise (or deemed exercise):

- (a) where Cash Settlement applies, to receive from the Seller a Cash Settlement Amount; and

- (b) where Physical Settlement applies, to sell the Relevant Securities to the Seller at the Physical Settlement Amount.

Quote Sheet is a document issued by NAB in respect of an Option or an Approved Option with Loan that sets out the nonbinding indicative terms of the Option or Approved Option with Loan. A Quote Sheet may also be given when you link a Loan to an existing Approved Option. A Quote Sheet may also be issued in respect of a requested amendment or early termination of an existing Option or Approved Option with Loan. To use the Adviser Fee facility, you must complete the relevant section of the Quote Sheet and return it to us.

Relevant Matters has the meaning given in clause 20.5.

Relevant Securities means, in respect of an Option Transaction or a Loan Transaction, the Securities set out in the relevant Confirmation (as adjusted for any Corporate Action).

Relevant Transaction Securities means any Securities held in your name, or held on your behalf:

- (a) which are registered in a Participant Sponsored Holding maintained with the Sponsor under this Agreement (or with any successor sponsor appointed under this Agreement) or which were so registered but are replaced with a Security that is not a CHESSE-Eligible Security;
- (b) which are held by the Nominee on your behalf under this Agreement;
- (c) for which we hold the certificate or other scrip or indicia of title; or
- (d) which have been accepted by us as forming part of the Secured Property by notice in writing to you.

Review Event has the meaning given in clause 9.9.

Rollover Notice has the meaning given in clause 7.2.

Secured Liabilities means all amounts which at any time for any reason or circumstance in connection with this Agreement or any transaction contemplated by this Agreement (including any Transaction) whether at law, in equity, under statute or otherwise:

- (a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by you to us or have been advanced or paid by us on your behalf (including, without limitation, damages for failure to deliver Securities in connection with the terms of a Transaction); or
- (b) are reasonably foreseeable as likely, after that time, to fall within paragraph (a) above.

This definition applies irrespective of:

- (i) the capacity in which you are liable in respect of the amount concerned;
- (ii) the capacity in which we are entitled to the amount concerned;

- (iii) whether the mortgagee under this Agreement is us or an assignee and whether or not you were aware of the assignment; and
- (iv) whether the amount was originally contemplated by us or you.

A reference to “Secured Liabilities” includes any part of it.

Secured Obligations means all of your obligations under or in connection with this Agreement (including in respect of each Transaction and including to pay the Secured Liabilities in respect of this Agreement and each Transaction).

Secured Property means all of your present and future interest in or right to, under or in connection with all:

- (a) Relevant Transaction Securities;
- (b) Transaction Rights;
- (c) New Rights; and
- (d) any other property which we agree to include in the Secured Property.

Securities per Option means, in respect of an Option Transaction, the number of Securities per Option specified in the relevant Confirmation.

Security means any security in a body as defined in section 92(2) of the Corporations Act listed for quotation on an Approved Exchange or any Index.

Security Limit means the amount that the mortgage in this Agreement is limited to, being \$500,000,000 or any greater amount you and us may agree in writing from time to time.

Self Managed Super Fund or **SMSF** has the meaning given to the term “self-managed superannuation fund” in the SIS Act.

Seller means, in respect of an Option Transaction, the party specified in the relevant Confirmation as the seller of the Options in that Option Transaction.

Settlement Date means, in respect of an Option Transaction, the date or dates specified in the relevant Confirmation on which settlement payments and deliveries must be made in respect of the Option Transaction.

Settlement Facility means the facility provided by ASTC in accordance with its Australian CS Facility licence.

Settlement Method means, in respect of an Option Transaction, the method for settlement of the Option Transaction specified in the relevant Confirmation.

Shortfall means, with respect to a payment, the shortfall of the Contractual Currency received by us as a consequence of that payment being made in another currency, where that shortfall arises as a result of a variation between:

- (a) the rate of exchange at which the Contractual Currency is converted into the currency; and
- (b) the rate of exchange at which we are able to purchase the Contractual Currency with the amount of the currency of the judgment, order or payment actually received.

SIS Act means the *Superannuation Industry (Supervision) Act 1993* (Cth).

SIS Regulations means the *Superannuation Industry (Supervision) Regulations 1994* (Cth).

Sponsor has the meaning given in clause 14 and includes any replacement appointed under clause 14.

Sponsoring Participant has the meaning it has in the ASTC Settlement Rules.

Sponsorship Agreement has the meaning it has in the ASTC Settlement Rules.

Sponsorship Bond has the meaning it has in the ASTC Settlement Rules.

Sponsorship Terms means the CHES Sponsorship Terms set out in clause 14 of this Agreement.

Standard Settlement Instructions has the meaning given in clause 3.5.

Subposition means a facility in CHES by which in accordance with the ASTC Settlement Rules:

- (a) activity in relation to Securities held in a CHES Holding may be restricted; and
- (b) access to those Securities for limited purposes may be given to a Participant other than the Controlling Participant.

Superannuation Fund means a “regulated superannuation fund” as defined in the SIS Act. For the avoidance of doubt, it includes an SMSF.

Supplementary PDS means a document supplementing the PDS.

Term means, in respect of a Loan Transaction, the term of the Loan Transaction specified in the relevant Confirmation.

Terminated Transactions has the meaning given in clause 9.5.

Trade Date means, in respect of a Transaction, the date specified in the relevant Confirmation, which is the date that the parties enter into the Transaction.

Transaction means an Option Transaction, a Loan Transaction or an Other Transaction (as the case may be).

Transaction Rights means, in respect of this Agreement, all of your present and future right, title and interest in, to and under this Agreement and in respect of each Transaction.

Transfer has the meaning it has in the ASTC Settlement Rules.

Trust means the trust described in the Application Form.

Trust Deed means the trust deed described in the Application Form.

Trust Fund means the property held on trust under the Trust Deed.

Unpaid Amounts means, with respect to a Transaction which is terminated under clause 9 or clause 10, the following amounts owing to a party:

- (a) all amounts which became payable (or which would have become payable but for clause 3.6) to that party under clause 3.1 and which remain unpaid as at the time the Transaction is terminated;
- (b) in respect of each terminated Transaction, an amount equal to the amount we determine acting reasonably and using commercially reasonable procedures to be the value of the delivery which was required to be made to that party under clause 3.1 (provided that, if after the event triggering the right to terminate but before we send you notice of the Net Close Out Amount we have recently (no longer than 60 days) bought or sold Securities of the same description to those which were to be delivered on arm’s length terms, we may in our absolute discretion elect to use the price at which we bought or sold those Securities as their value) (or which would have been required to be delivered but for clause 3.6) and which remain undelivered as at the time the Transaction is terminated.

Variable Interest Payment Dates means, in respect of a Combination Loan Transaction, the variable interest payment dates specified in the relevant Confirmation.

Variable Interest Rate means, in respect of a Variable Interest Rate Loan Transaction or a Combination Loan Transaction, the variable interest rate specified in the relevant Confirmation.

Variable Interest Rate Loan Transaction means a Loan Transaction to which a Variable Interest Rate applies.

Variable Rate Commencement Date means, in respect of a Combination Loan Transaction, the variable rate commencement date specified in the relevant Confirmation, which is the date from which a Variable Interest Rate applies to the Combination Loan Transaction.

Variable Option Premium means, in respect of an Option Transaction that is a Collar, the variable premium (if any) that:

- (a) on exercise (or deemed exercise) by the Buyer, is to be paid by the Seller to the Buyer in respect of the Option determined by us in accordance with the following formula:
$$(\text{Floor Price} - \text{Market Price}) \times \text{Securities per Option},$$
- (b) on exercise (or deemed exercise) by the Seller, is to be paid by the Buyer to the Seller in respect of the Option determined by us in accordance with the following formula:
$$(\text{Market Price} - \text{Cap Price}) \times \text{Securities per Option}$$

provided that, if the Variable Option Premium is less than zero, it will be deemed to be zero.

we or **us** or **NAB** means National Australia Bank Limited (ABN 12 004 044 937), its lawful assigns and successors and **our** has a corresponding meaning.

Withdrawal Instructions has the meaning it has under the ASTC Settlement Rules.

you means

- (a) in relation to a clause or part of this Agreement where it is so stated at the beginning, the Counterparty and, if there is a Guarantor, each Guarantor; and
 - (b) otherwise, the Counterparty,
- and **your** has a corresponding meaning.

23.2 References to certain general terms

Unless the contrary intention appears, a reference in this Agreement to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually but an agreement, representation or warranty by us binds us individually only;
- (d) anything (including an amount) is a reference to the whole and each part of it;
- (e) a document (including this Agreement) includes any variation or replacement of it;
- (f) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (g) a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and a reference to an ASTC Settlement Rule includes consolidations, amendments, re-enactments or replacements of it;
- (h) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (i) Australian dollars, dollars, \$ or A\$ is a reference to the lawful currency of Australia;
- (j) a time of day is a reference to Sydney time;
- (k) if an act under this Agreement to be done by a party on a given day is done after 5.00pm on that day, it is taken to be done the next day;
- (l) if an event under this Agreement must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day, unless that Business Day would fall in the next calendar month, in which case

- (m) the stipulated day will be taken to be the preceding Business Day;
- (n) the word “person” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (o) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (p) the term “amend” includes to amend, to modify, to adjust, to cancel, to vary, to alter or to add to and “amended” and “amendment” have corresponding meanings; and
- (q) the words “including”, “for example” or “such as” when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

23.3 Number

The singular includes the plural and vice versa.

23.4 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Agreement.

Signing page

EXECUTED as a deed

DATED: _____

National Australia Bank Limited

SIGNED, SEALED AND DELIVERED)

by)

)

)

as attorney for)

NATIONAL AUSTRALIA BANK LIMITED)

under power of attorney dated)

)

)

in the presence of:)

)

)

)

_____))

Signature of witness

Name of witness (block letters)

National Margin Services Pty Ltd

SIGNED, SEALED AND DELIVERED)

by)

)

as attorney for)

NATIONAL MARGIN SERVICES PTY LTD)

under power of attorney dated)

)

)

in the presence of:)

)

)

_____))

Signature of witness

Name of witness (block letters)

By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney

By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney

Signing page

DATED: _____

NMS Nominees Pty Ltd

SIGNED, SEALED AND DELIVERED)

by)

)

)

as attorney for)

NMS NOMINEES PTY LTD)

under power of attorney dated)

)

)

in the presence of:)

)

)

)

_____))

Signature of witness

Name of witness (block letters)

Counterparty

SIGNED, SEALED AND DELIVERED)

by)

)

as attorney for)

)

under power of attorney dated)

)

in the presence of:)

)

)

)

_____))

Signature of witness

Name of witness (block letters)

By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney

By executing this deed the attorney states that the attorney has received no notice of revocation of the power of attorney

Signing page

DATED: _____

Guarantor

SIGNED, SEALED AND DELIVERED)

by)

)

)

as attorney for)

)

under power of attorney dated)

)

in the presence of:)

)

)

)

Signature of witness

Name of witness (block letters)

By executing this deed the attorney states
that the attorney has received no notice
of revocation of the power of attorney

Guarantor¹

SIGNED, SEALED AND DELIVERED)

by)

)

as attorney for)

)

under power of attorney dated)

)

in the presence of:)

)

)

)

Signature of witness

Name of witness (block letters)

By executing this deed the attorney states
that the attorney has received no notice
of revocation of the power of attorney

¹ Note: If there is only one Guarantor, delete the additional execution block. If there are more than two guarantors, annex duly executed duplicates of these execution blocks to the Agreement.

Part C – Privacy

Privacy

This notification covers National Australia Bank Ltd ABN 12 004 044 937 and its related companies (the ‘Group’). It includes all the banking, financing, funds management, financial planning, superannuation, insurance, broking and e-commerce organisations in the Group. The notification tells you how we collect your information, what we use it for and who we share it with. It also points out some key features of our Privacy Policy www.nab.com.au/privacy.

How we collect information from you

We’ll collect your personal information from you directly whenever we can, for example when you fill out a form with us, when you’ve given us a call, used our websites (including via cookies) or mobile applications (including collection of information about your use of technology when you access these services, such as location data and information about how you use your devices) or dropped into one of our branches or used our online or mobile banking services. (See our Cookies Policy www.nab.com.au/cookies for more information). Sometimes we collect your personal information from third parties. You may not be aware that we have done so. If we collect information that can be used to identify you, we will take reasonable steps to notify you of that collection.

How we collect your information from other sources

Sometimes we collect information about you from other sources. We may collect information about you that is publicly available (for example from public registers or social media), or made available by third parties. We do this where:

- we distribute or arrange products on behalf of others, including our business partners;
- we can’t get hold of you and need to update your contact details;
- we need information from third parties about an application you make through us;
- we need information for fraud detection and prevention purposes;
- we are checking the security you are offering;
- we can learn insight about your financial needs, such as through property information;
- you have consented to third parties sharing it with us, such as organisations we have loyalty programs with or we sponsor;
- at your request, we exchange information with your legal or financial advisers or other representatives.

We may use or disclose information about you in order to combine the information that we hold with information collected from or held by external sources.

When the law authorises or requires us to collect information

We may collect information about you because we are required or authorised by law to collect it. There are laws that affect financial institutions, including company and tax law, which require us to collect personal information. For example, we require personal information to verify your identity under Commonwealth Anti- Money Laundering law.

How we use your information

We use your information to provide you with the product or service you asked for, and for other purposes including:

- giving you information about a product or service including financial help, guidance and advice;
- considering whether you are eligible for a product or service, including identifying or verifying you or your authority to act on behalf of a customer;
- processing your application and providing you with a product or service;
- administering the product or service we provide you, which includes answering your requests and complaints, varying products and services, conducting market research, and managing our relevant product portfolios;
- telling you about other products or services that may be of interest to you, or running competitions and other promotions (this can be via email, telephone, SMS, iM, mail, or any other electronic means including via social networking forums), unless you tell us not to;
- Identifying opportunities to improve our service to you and improving our service to you
- determining whether a beneficiary will be paid a benefit;
- assisting in arrangements with other organisations (such as loyalty program partners) in relation to a product or service we make available to you;
- allowing us to run our business and perform administrative and operational tasks (such as training staff, risk management; developing and marketing products and services, undertaking planning, research and statistical analysis, and systems development and testing)
- preventing, detecting or investigating any fraud or crime, or any suspected fraud or crime;
- as required by law, regulation or codes binding us; and
- for any purpose for which you have given your consent.

You can let us know at any time if you no longer wish to receive direct marketing offers from the Group. We will process your request as soon as practicable. Where you have subscribed to something specific (like to hear from one of our sponsored organisations) then these subscriptions will be managed separately. If you no longer wish to receive these emails click the unsubscribe link included in the footer of our emails.

How we use your credit information

In addition to the ways for using personal information mentioned above, we may also use your credit information to:

- enable a mortgage insurer or title insurer to assess the risk of providing insurance to us or to address our contractual arrangements with the insurer;
- assess whether to accept a guarantor or the risk of a guarantor being unable to meet their obligations;
- consider hardship requests; and
- assess whether to securitise loans and to arrange the securitising of loans.

What happens if you don't provide your information to us?

If you don't provide your information to us, we may not be able to:

- provide you with the product or service you want;
- manage or administer your product or service;
- verify your identity or protect against fraud; or
- let you know about other products or services from our Group that might better meet your financial, e-commerce and lifestyle needs.

Sharing Your Information

We may share your information with other organisations for any purposes for which we use your information.

Sharing with the Group

We may share your personal information with other Group members. This could depend on the product or service you have applied for and the Group member you are dealing with.

Sharing at your request

We may need to share your personal information with:

- your representative or any person acting on your behalf (for example, financial advisers, lawyers, settlement agents, accountants, executors, administrators, trustees, guardians, brokers or auditors); and
- your referee such as your employer (to confirm details about you).

Sharing with Credit Reporting bodies

When we're checking your credit worthiness and at other times, we might share information about you with credit reporting bodies. When we give your information to a credit reporting body, it may be included in reports that the credit reporting body gives other organisations (such as other lenders) to help them assess your credit worthiness.

Some of the information that we give to credit reporting bodies may reflect adversely on your credit worthiness, for example, if you fail to make payments or if you commit a serious credit infringement (like obtaining credit by fraud). That sort of information may affect your ability to get credit from other lenders.

Sharing with third parties

We may disclose your personal information to third parties outside of the Group, including:

- (a) those involved in providing, managing or administering your product or service;
- (b) authorised representatives of the Group who sell products or services on our behalf;
- (c) credit reporting bodies or other approved third parties who are authorised to assess the validity of identification information;
- (d) insurance, investment, superannuation and managed funds organisations, and their advisers and service provider;
- (e) medical professionals, medical facilities or health authorities who verify any health information you may provide;
- (f) real estate agents, valuers and insurers (including lenders' mortgage insurers and title insurers), re-insurers, claim assessors and investigators;
- (g) brokers or referrers who refer your application or business to us;
- (h) other financial institutions, such as banks, as well as guarantors and prospective guarantors of your facility;
- (i) organisations involved in debt collecting, including purchasers of debt;
- (j) fraud reporting agencies (including organisations that assist with fraud investigations and organisations established to identify, investigate and/or prevent any fraud, suspected fraud, crime, suspected crime, or misconduct of a serious nature);
- (k) service providers that assist with fraud detection and prevention;
- (l) organisations involved in surveying or registering a security property or which otherwise have an interest in such property;
- (m) organisations we sponsor and loyalty program partners, including organisations the Group has an arrangement with to jointly offer products or has an alliance with to share information for marketing purposes;
- (n) companies we arrange or distribute products for, such as insurance products;
- (o) rating agencies to the extent necessary to allow the rating agency to rate particular investments;
- (p) any party involved in securitising your facility, including the Reserve Bank of Australia (sometimes this information is de-identified), re-insurers and underwriters, loan servicers, trust managers, trustees and security trustees;
- (q) service providers that maintain, review and develop our business systems, procedures and technology infrastructure, including testing or upgrading our computer systems;

- (r) payments systems organisations including merchants, payment organisations and organisations that produce cards, cheque books or statements for us;
- (s) our joint venture partners that conduct business with us;
- (t) organisations involved in a corporate reorganization or transfer of Group assets or business;
- (u) organisations that assist with our product planning, analytics, research and development;
- (v) mailing houses and telemarketing agencies and media organisations who assist us to communicate with you, including media or social networking sites;
- (w) other organisations involved in our normal business practices, including our agents and contractors, as well as our accountants, auditors or lawyers and other external advisers (e.g. consultants and any independent customer advocates);
- (x) government or regulatory bodies (including the Australian Securities and Investment Commission and the Australian Tax Office) as required or authorised by law (in some instances these bodies may share it with relevant foreign authorities); and
- (y) where you've given your consent or at your request, including to your representatives, or advisors.

Sharing outside of Australia

We run our business in Australia and overseas. We may need to share some of your information (including credit information) with organisations outside Australia. Sometimes, we may need to ask you before this happens. You can view a list of the countries in which those overseas organisations are located at www.nab.com.au/privacy/overseas-countries-list/

We may store your information in cloud or other types of networked or electronic storage. As electronic or networked storage can be accessed from various countries via an internet connection, it's not always practicable to know in which country your information may be held. If your information is stored in this way, disclosures may occur in countries other than those listed.

Overseas organisations may be required to disclose information we share with them under a foreign law. In those instances, we will not be responsible for that disclosure.

We will not share any of your credit information with a credit reporting body, unless it has a business operation in Australia. We are not likely to share credit eligibility information (that is, credit information we obtain about you from a credit reporting body or that we derive from that information) with organisations unless they have business operations in Australia. However in the event NAB seeks assistance from a related company to manage defaulting loans, we may need as a consequence disclose credit eligibility information to the Bank of New Zealand, located in New Zealand. We are likely to share other credit information about you with organisations outside Australia. A list of countries in which those overseas organisations are located is set out above.

Accessing your Information

You can ask us to access information that we hold about you. You have special rights to access credit information we obtain about you from a credit reporting body or that we derive from that information. You can find out how to access your information (including your credit eligibility information) by reading our Privacy Policy, available at www.nab.com.au/privacy or by calling 13 22 65 and asking us for a copy.

Correcting your Information

You can ask us to correct information we hold about you. You have special rights to correct your credit information. You can find out how to correct your information (including your credit information) by reading our Privacy Policy, available at www.nab.com.au/privacy or by calling 13 22 65 and asking us for a copy.

Complaints

If you have a complaint about a privacy issue, please tell us about it. You can find out how to make a complaint (including special rights for credit information complaints) and how we will deal these complaints, by reading our Privacy Policy, available at www.nab.com.au/privacy or by calling 13 22 65 and asking us for a copy.

Contact Us

We care about your privacy. Please contact us if you have any questions or comments about our privacy policies and procedures. We welcome your feedback.

You can contact us by:

- submitting an online Compliments, Suggestions or Complaints form via www.nab.com.au
- calling our contact centre on 13 22 65 (Hearing impaired customers can call TTY 13 36 77)
- speaking to us In Person at a branch

Contact details for Credit Reporting Bodies

When we're checking your credit worthiness and at other times, we might share information about you with credit reporting bodies. The contact details of those credit reporting bodies are set out below. Each credit reporting body has a credit reporting policy about how they handle your information. You can obtain copies of these policies at their websites.

Illion

- www.illion.com.au
- Illion's credit reporting policy is set out at www.illion.com.au/legal/illion-credit-reporting-policy-australia
- **Phone:** 1300 734 806
- **Email:** pac.australia@illion.com.au

Experian Australia

- www.experian.com.au
- Experian's credit reporting policy is set out at <http://www.experian.com.au/privacy-policy>
- **Phone:** 1300 783 684
- Mail: Consumer Support Experian Australia
P.O. Box 1969 North Sydney NSW 2060

Equifax Australian Information Services and Solutions Pty Limited

- www.mycreditfile.com.au
- Equifax Australia's credit reporting policy is set out at <https://www.equifax.com.au/credit-reporting-policy>
- Mail: Attention: Equifax Public Access, PO Box 966 North Sydney NSW 2059

Contact credit reporting bodies if you think you have been the victim of a fraud

If you believe that you have been or are likely to be the victim of fraud (including identify fraud), you can request a credit reporting body not to use or disclose the information they hold about you. If you do this, the credit reporting body mustn't use or disclose the information during an initial 21 day period without your consent (unless the use or disclosure is required by law). This is known as a ban period.

If, after the initial 21 day ban period, the credit reporting body believes on reasonable grounds that you continue to be or are likely to be the victim of fraud, the credit reporting body must extend the ban period as they think reasonable in the circumstances. The credit reporting body must give you a written notice of the extension.

Contact credit reporting bodies if you don't want your information used by them for direct marketing/pre-screening purposes

Credit reporting bodies can use the personal information about you that they collect for a pre-screening assessment at the request of a credit provider unless you ask them not to. A pre-screening assessment is an assessment of individuals to see if they satisfy particular eligibility requirements of a credit provider to receive direct marketing. You have the right to contact a credit reporting body to say that you don't want your information used in pre-screening assessments. If you do this, the credit reporting body must not use your information for that purpose.



NAB Equity Options and Approved Options with Loans Application Form Checklist

Please complete Application form in full in black or blue pen using CAPITAL LETTERS and **X** where appropriate.

To ensure NAB is able to process your application promptly, please check that you have:

- Read the NAB Equity Options Product Disclosure Statement (the “PDS”) (including the Equity Options Master Agreement set out in Part B of the PDS (the “Equity Options Master Agreement”)) in full
- Answered all applicable questions on the Application Form
- Completed sections 8 and 9 if you wish to apply for a Facility Limit
- Ensured all signatories have signed and dated the Application Form where required in section 3, section 4 and in the section appearing after section 11
- Ensured that for individual, individual trustee and strata corporation applicants, the Business or Investment Purpose Declaration in section 12 is completed, signed and dated
- If you are a new client to NAB, ensured that section 13 is completed, signed and dated by your financial adviser
- Ensured that for company (including any company acting as trustee) applicants, all directors have agreed to act as guarantors and have completed, signed and dated section 14

Terms used but not defined in the Application Form have the meaning given in the Equity Options Master Agreement and the PDS unless the context requires otherwise. References in this Application Form to “you” mean the counterparty in whose name the Equity Options Facility is to be established and, if there is more than one of them, means each of them separately and every two or more of them jointly. “Your” and, where appropriate, “me” and “I” have corresponding meanings.

Additional requirements for trustee and partnership applicants

- For trustee applicants (including Superannuation Funds), please supply a certified copy of the trust deed, including any schedules, annexures and amendments.
- For partnership applicants, please supply a certified copy of the partnership agreement, including any schedules, annexures and amendments.

Your application cannot be processed until these documents have been received and reviewed.

Approved Certifiers

A certified copy means a document that has been certified as a true copy of the original document by one of the following persons, each an “Approved Certifier”:

1. A person who is enrolled on the roll of the Supreme Court of a State or Territory, or on the High Court of Australia as a legal practitioner (however described)
2. A judge of a court
3. A magistrate
4. A chief executive officer of a Commonwealth Court

5. A registrar or deputy registrar of a court
6. A Justice of the Peace
7. A notary public (for the purposes of *Statutory Declarations Regulations 1993* (Cth))
8. A police officer
9. An agent of the Australian Postal Corporation who is in charge of supplying postal services to the public
10. A permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public
11. An Australian consular officer or an Australian diplomatic officer (within the meaning of the *Consular Fees Act 1955* (Cth))
12. An officer with 2 or more years of continuous service with one or more financial institutions (for the purposes of *Statutory Declarations Regulations 1993* (Cth))
13. A finance company officer with 2 or more years of continuous service with one or more financial institutions (for the purposes of the *Statutory Declarations Regulations 1993* (Cth))
14. An officer with, or authorised representative of a holder of an Australian Financial Services Licence, having 2 or more years of continuous service with one or more licences or
15. A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership

Certified copy requirements

A certified copy is a document that has been certified by an Approved Certifier as a true copy of an original document.

The following certification requirement must appear on each page of the copy:

1. **Full printed name** of the Approved Certifier e.g. Michelle Helena Citizen
2. **Full address** of the Approved Certifier
3. Registration number (if applicable)
4. Date the document was certified
5. The text: “**This is to certify that this is a true copy of the original which I have sighted**”
6. Signature of the Approved Certifier
7. The capacity in which they have certified the document, e.g. **A police officer** etc.

Please forward the completed Application Form with any other required documentation to:

NAB Equity Options Administration team
Level 14, 395 Bourke Street
Melbourne VIC 3000



NAB Equity Options and Approved Options with Loans Application Form

Please complete Application form in full in black or blue pen using CAPITAL LETTERS and where appropriate.

Office use ONLY

Account number

You must read the PDS (including the Equity Options Master Agreement) in full before signing this Application Form.

Issued by National Australia Bank Limited

ABN 12 004 044 937

AFSL 230686

Type of applicant (please tick)

<input type="checkbox"/> Individual <input type="checkbox"/> Joint ▶ Go to Section 1	<input type="checkbox"/> Company ▶ Go to Section 2	<input type="checkbox"/> Partnership ▶ Go to Section 1	<input type="checkbox"/> Corporate trustee(s) of a trust or superannuation fund ▶ Go to Section 2	<input type="checkbox"/> Individual trustee(s) of a trust or superannuation fund ▶ Go to Section 1
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Section 1 Applicant – Name of individual or individual trustee of a trust or Superannuation Fund

Applicant 1

<input type="checkbox"/> Individual	<input type="checkbox"/> Joint	<input type="checkbox"/> Partnership	<input type="checkbox"/> Individual trustee(s) of a trust or superannuation fund
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Account description (i.e. name of trust/Superannuation Fund/partnership)

Date of the trust deed (if applicable)

Title Mr Mrs Ms Miss Other Given name(s)

Surname Date of Birth / / Gender M F

Telephone (Home) () Work ()

Mobile

Email address

Residential address (must be your physical address – PO or GPO boxes are not permitted)

State Postcode

Postal address (PO or GPO boxes will not be accepted if a physical residential address has not been supplied)

State Postcode

If you are an existing NAB customer, please provide an account or card number

Applicant 2

<input type="checkbox"/> Individual	<input type="checkbox"/> Joint	<input type="checkbox"/> Partnership
---	--	--

Title Mr Mrs Ms Miss Other Given name(s)

Surname Date of Birth / / Gender M F

Telephone (Home) () Work ()

Mobile

Email address

Residential address (must be your physical address – PO or GPO boxes are not permitted)

 State Postcode

Postal address (PO or GPO boxes will not be accepted if a physical residential address has not been supplied)

 State Postcode

If you are an existing NAB customer, please provide an account or card number

Individual applicants (including individual trustees) must also complete the Business or Investment Purpose Declaration in section 12. Partnership applicants must attach certified copies of the Partnership Agreement and any schedules, annexures and amendments. Trustee applicants must attach certified copies of the Trust Deed and any schedules, annexures and amendments.

Section 2 Name of company or corporate trustee of trust or Superannuation Fund

Name of company or corporate Trustee ACN

Account description (i.e. name of trust/Superannuation Fund)

Date of the Trust Deed (if applicable)
 / /

Primary contact name for company Business telephone ()

Email address

Business address (must be your physical address – PO or GPO boxes are not permitted)

 State Postcode

Postal address (PO or GPO boxes will not be accepted if a physical business address has not been supplied)

 State Postcode

Company secretary name Business telephone ()

If there is more than one company secretary, please attach a list of the additional company secretaries to this Application Form.

Director name	Business telephone
<input type="text"/>	()
Director name	Business telephone
<input type="text"/>	()
Director name	Business telephone
<input type="text"/>	()
Director name	Business telephone
<input type="text"/>	()

If there are more than four directors, please attach a list of the additional directors to this Application Form.

If the Company is an existing NAB customer, please provide an account or card number

Trustee applicants must attach certified copies of the Trust Deed and any schedules, annexures and amendments.

Strata corporation applicants must also complete the Business or Investment Purpose Declaration in section 12.

A director of each company applicant must also complete section 14.

Section 3 Customer authority

You can appoint one or more Authorised Representatives for the purposes of your Equity Options Facility and Transactions under it, including Option Transactions and Loan Transactions.

Please note that if you appoint an Authorised Representative, you hereby grant the Authorised Representative the powers set out in Part B below and you will be legally bound by any act of each Authorised Representative in connection with your Equity Options Facility.

Part A: Appointment of your Authorised Representative

Please provide the details of each Authorised Representative you appoint for the purposes of your Equity Options Facility. Please let NAB know if you wish to appoint more than two Authorised Representatives.

First Authorised Representative

Please tick the relevant box below:

- this Authorised Representative is my financial adviser (please complete details below and ensure the Authorised Representative makes the declarations in Part C below).
- this Authorised Representative is not my financial adviser (please complete details below and ensure the Authorised Representative makes the declarations in Part C below).

Is this Authorised Representative to be the primary contact for your Equity Options Facility? Yes No

You can only appoint one Authorised Representative as your primary contact at a time. You can change your primary contact at any stage by contacting your NAB Markets representative. If you do not appoint an Authorised Representative as the primary contact for your Equity Options Facility, you or the primary contact for your entity will be the primary contact for the Equity Options Facility.

Details of Authorised Representative

Name of Authorised Representative	ACN (if applicable)	
<input type="text"/>	<input type="text"/>	
Contact name	Business telephone	
<input type="text"/>	()	
Email address		
<input type="text"/>		
Business address (must be your physical address – PO or GPO boxes are not permitted)		
<input type="text"/>		
	State	Postcode
<input type="text"/>		
Postal address (PO or GPO boxes will not be accepted if a physical business address has not been supplied)		
<input type="text"/>		
	State	Postcode
<input type="text"/>		

Second Authorised Representative (if applicable)

Please tick the relevant box below:

- this Authorised Representative is my financial adviser (please complete details below and ensure the Authorised Representative makes the declarations in Part C below).
- this Authorised Representative is not my financial adviser (please complete details below and ensure the Authorised Representative makes the declarations in Part C below).

Is this Authorised Representative to be the primary contact for your Equity Options Facility? Yes No

You can only appoint one Authorised Representative as your primary contact at a time. You can change your primary contact at any stage by contacting your NAB Markets representative. If you do not appoint an Authorised Representative as the primary contact for your Equity Options Facility, you or the primary contact for your entity will be the primary contact for the Equity Options Facility.

Details of Authorised Representative

Name of Authorised Representative	ACN (if applicable)	
<input type="text"/>	<input type="text"/>	
Contact name	Business telephone	
<input type="text"/>	()	
Email address		
<input type="text"/>		
Business address (must be your physical address – PO or GPO boxes are not permitted)		
<input type="text"/>		
	State	Postcode
Postal address (PO or GPO boxes will not be accepted if a physical business address has not been supplied)		
<input type="text"/>		
	State	Postcode

Part B: Powers of your Authorised Representative and terms of appointment

Each person you appoint as an Authorised Representative may do any of the following in your name or in its own name as a personal act of yours in relation to your Equity Options Facility:

- Enter into Transactions and associated security arrangements and sign Confirmations;
- Issue requests and instructions relating to Securities, security arrangements, execution, portfolio management, Corporate Actions, Market Disruption Events, Hedging Events, payments and deliveries;
- Issue instructions and directions relating to security arrangements, maturity, amendments and termination (including early termination);
- Receive notices issued to you or give notices for you;
- Complete any blanks, supplement or amend any document relating to the Equity Options Facility;
- Amend your instructions and forms;
- Change your contact details;
- Make enquiries regarding your Equity Options Facility; and
- Do anything incidental to any of the above.

You acknowledge and agree that:

- Your Authorised Representative may do any of the acts or things set out above;
- Directions, instructions and enquiries from an Authorised Representative shall be deemed to be your personal acts and, without limitation to the other provisions of the Equity Options Master Agreement, will be subject to clauses 2.0.3 and 2.0.4 of the Equity Options Master Agreement;
- NAB may continue to act upon any instructions from your Authorised Representative until NAB receives a written cancellation of the appointment. Despite NAB receiving notice of the cancellation of an Authorised Representative's appointment NAB may continue to rely on any instruction or direction given to NAB by that Authorised Representative prior to NAB's receipt of that notice;
- NAB is authorised to share information about your Transactions with your Authorised Representative;
- NAB may on giving you 7 days' notice notify you that NAB will no longer accept a person as an Authorised Representative;
- Where you have appointed more than one Authorised Representative:
 - NAB may act and rely on instructions or authorities received from any of your Authorised Representatives severally (unless NAB has acted fraudulently or with negligence);
 - NAB may verify instructions received from one of your Authorised Representatives or obtain additional information by contacting one or more of your other Authorised Representatives but is not bound to make any enquiries; and
 - In the event of conflict or inconsistency in any instructions or authorities received from your Authorised Representatives or from you, NAB may choose in its absolute discretion which instruction or authorities upon which NAB will act or rely.

You agree to release, discharge and indemnify NAB on demand from and against all losses, actions, liabilities, claims, demands and proceedings arising from your appointment of an Authorised Representative (unless NAB has acted fraudulently or willful misconduct or with negligence or that of its employees, officers, contractors, agents or appointed receivers).

You agree that neither you nor any person claiming through you will have any claim against NAB in respect of any act or omission of your Authorised Representative, whether authorised by you or not, including without limitation any Transaction entered into by your Authorised Representative or any payment or delivery made at their direction.

Part C: Authorised Representative declaration

I, as an Authorised Representative appointed under (a) above and, if applicable, section 4 below, hereby:

- Represent, warrant and undertake to NAB that to the best of my knowledge, having made due enquiries:

- i. Each action I take in connection with the Equity Options Facility is and will be within my powers as an Authorised Representative, that I will properly perform my duties to the applicant and that I will not take any action in connection with the Equity Options Facility if I have received notice of revocation of my authorisation as an Authorised Representative; and
 - ii. Where the applicant is an individual (including an individual trustee) or a strata corporation and is applying for a Facility Limit, I believe that the individual or strata corporation will use the funds advanced under a Loan Transaction for a business purpose or an investment purpose (other than investment in residential property) or both. I will not take any action in connection with a Loan Transaction, if I am aware or have reason to believe that the individual or strata corporation intends to use the funds advanced under a Loan Transaction for a purpose other than a business purpose or an investment purpose (other than investment in residential property) or both; and
- b. Indemnify NAB on demand from and against all losses, actions, liabilities, claims, demands and proceedings arising from my appointment as an Authorised Representative.

First Authorised Representative signature

Second Authorised Representative signature

Applicant 1 signature

Applicant 2 signature

Section 4 Financial adviser details

Name	Licensee adviser number
<input type="text"/>	<input type="text"/>
Business name	Work/Mobile number
<input type="text"/>	()
Email address	Facsimile number
<input type="text"/>	()
Address	
<input type="text"/>	
	State Postcode
Licensee (if applicable)	
<input type="text"/>	

I hereby declare that to the best of my knowledge having made due enquiries:

- a. I hold, or I am a representative of an entity that holds, a current Australian Financial Services Licence and that no application has been made or is pending to vary, amend or remove this licence and I have and will comply with all conditions on this licence;
- b. I hold or I am a representative of an entity that holds all appropriate licences and authorities and I am accredited to act in connection with the financial products described in the PDS;
- c. I am entitled to receive the commission payable to licensed financial advisers, planners or brokers as set out in the PDS and will disclose these commissions to the applicant;
- d. I have not misled, or misrepresented, the financial products described in the PDS to the applicant disclosed in this Application Form and I have acted honestly, responsibly and lawfully in providing financial products and services described in and associated with the PDS to the applicant disclosed in this Application Form;
- e. I have fully explained the risks of the Equity Options Facility and drawn the specific attention of the applicant to section 5 “Significant Risks” of the PDS;
- f. I have fully explained the Equity Options Facility (including all material provisions of the Equity Options Master Agreement) to the applicant;
- g. I have formed the view that the applicant has read and understood the PDS and the terms and conditions of the Equity Options Master Agreement; and
- h. I have formed the view that the applicant understands the Option Transactions and the Loan Transactions.

Adviser signature

Financial adviser stamp or licensee name

Section 5 Power of Attorney

1. I (the “**Principal**”) appoint each employee of NAB and any Related Body Corporate (as defined by the Corporations Act) of NAB, whose title is or includes the word “Director” or “Manager” (“**Attorneys**”) jointly and each of them severally to be the Principal’s attorneys until such time as the Equity Options Master Agreement is terminated.
2. The Attorneys may do in the name of the Principal and on the Principal’s behalf everything necessary or expedient to:
 - (a) Execute and deliver the Equity Options Master Agreement in substantially the same form as that provided with this Application Form and any amendment to the Equity Options Master Agreement contemplated by the Equity Options Master Agreement;
 - (b) Execute and deliver any other deeds, agreements, documents or instructions or do any other acts or things which are:
 - (i) Referred to in the Equity Options Master Agreement (including, without limitation, anything referred to in clause 13 of the Equity Options Master Agreement), the documents described in paragraph (a) or which are ancillary or related to them or the transactions contemplated by them, in the absolute discretion of the Attorneys; or
 - (ii) For the protection or perfection of the interests of NAB or the exercise of the rights, powers or remedies of NAB;
 - (c) Complete blanks and make amendments, alterations and additions to the documents described in paragraph (a) or (b) above considered necessary or desirable by an Attorney (including, without limitation, changes to parties);
 - (d) Appoint one or more substitute attorneys to exercise, or delegate to one or more sub attorneys the power to exercise, one or more of the powers given to the Attorneys, and to revoke any of those appointments, and in this power of attorney, “**Attorneys**” includes a substitute attorney and sub attorney appointed under this clause;
 - (e) Stamp and register this power of attorney; and
 - (f) Instruct the Sponsor, the Nominee, any issuer of a Security, provider of registry services or any other person with respect to my dealings with my needs in connection with my Equity Options Facility.
3. The Attorneys may do any of these things despite the fact that a document they execute in the exercise of their powers itself contains a power of attorney or an appointment of an attorney or agent for any purpose whatsoever.
4. The Principal declares that all acts, matters and things done by the Attorneys in exercising powers under this power of attorney will be as good and valid as if they had been done by the Principal and agrees to ratify and confirm whatever the Attorneys do in exercising powers under this power of attorney.
5. The Principal agrees to pay or reimburse each of the Attorneys for the amount of any liability, loss, costs, charges or expenses arising from the exercise of powers under this power of attorney within 2 Business Days of receiving notice demanding payment of such amounts.
6. The Principal indemnifies on demand each of the Attorneys against liability, loss, costs, charges or expenses arising from the exercise of powers under this power of attorney.
7. The Principal declares that a person (including, but not limited to, a firm, body corporate, unincorporated association or authority) who deals with any of the Attorneys in good faith may accept a written statement signed by any of the Attorneys to the effect that this power of attorney has not been revoked as conclusive evidence of that fact.
8. The Principal declares that the Principal and a person (including, but not limited to, an executor, administrator, successor, substitute or assign) claiming under the Principal are bound by anything the Attorneys do in exercising powers under this power of attorney.
9. The Principal declares that this power of attorney is given for valuable consideration and is irrevocable for so long as any of those obligations remain undischarged, unless NAB gives its prior written consent to its revocation.
10. The Attorneys are expressly authorised to do any act as a result of which a benefit may be conferred on the Attorneys, NAB, any Related Body Corporate of NAB or any of them.
11. This power of attorney is governed by and shall be construed in accordance with the laws of New South Wales.

Section 6 Declaration and execution

I acknowledge and declare that to the best of my knowledge having made due enquiries:

- a. All information provided in this Application Form is true and correct;
- b. I acknowledge that NAB does not endorse or recommend investment in any Security or any Transaction and takes no responsibility for the performance of any Security;
- c. I acknowledge the risks associated with entering into Transactions;
- d. I am not aware of any liquidation or bankruptcy proceedings that have been commenced or are intended to be commenced by any person against me or which are intended or anticipated by me;
- e. I have read the terms and conditions of the Equity Options Master Agreement and acknowledge and agree to be bound by them;
- f. Without in any way limiting (e) above, I have read the representations, warranties, undertakings and acknowledgements in clauses 11, 12, 14 and 20 of the Equity Options Master Agreement and acknowledge and agree to make and to be bound by them as provided in the Equity Options Master Agreement;
- g. Without in any way limiting (e) above, I acknowledge and agree to make and to be bound by the representations, warranties, undertakings and acknowledgements in clauses 11, 12, 14 and 20 of the Equity Options Master Agreement;
- h. My obligations under the Equity Options Master Agreement including my obligations to pay amounts due on exercise of an Option Transaction, to deliver or take delivery of the Relevant Securities on exercise of an Option Transaction and to pay any Option Premium or Fixed Option Premium and any costs, fees and charges are not affected by:
 - i. The success or failure of the Relevant Securities or the level of return from or loss on the Relevant Securities; or
 - ii. Any illegality in connection with the Relevant Securities;
- i. I acknowledge that my liability in respect of a Loan Transaction:
 - i. To pay interest, any Close Out Amount, or other costs, fees or charges payable in connection with a Loan Transaction is not limited to the Relevant Securities in relation to the Approved Option Transaction to which the Loan Transaction is linked;
 - ii. To pay the Principal outstanding is not limited to the Relevant Securities in relation to the Approved Option Transaction to which the

- Loan Transaction is linked if an Event of Default or Potential Event of Default is subsisting; or
- iii. To pay the Principal outstanding is not limited to the Relevant Securities in relation to the Approved Option Transaction to which the Loan Transaction is linked if a Loan Transaction is terminated early;
 - iv. To pay the Principal outstanding is not limited to the Relevant Securities in relation to the Approved Option Transaction to which the Loan Transaction is linked if I have elected to repay my Loan Transaction in cash in accordance with clause 7 of the Equity Options Master Agreement;
 - v. To pay the Principal outstanding is not limited if I fail to act honestly or have failed to exercise due care and diligence; and
 - vi. To the extent that my liability is not limited to the Relevant Securities in relation to the Approved Option Transaction to which the Loan Transaction is linked I must meet those liabilities from my own funds;
- j. I acknowledge and agree that:
- i. A fundamental condition of NAB entering into and maintaining a Transaction with me is that NAB is able to hedge the risk of entering into and performing its obligations under that Transaction;
 - ii. In entering into a Transaction, NAB's pricing assumes that no Hedging Event, Market Disruption Event or Corporate Actions will occur; and
 - iii. A fundamental condition of NAB entering into and maintaining a Transaction with me is that NAB is able to manage the risk of loss NAB may suffer as a result of a Hedging Event, Market Disruption Event or Corporate Action;
- k. Transactions are not deposits with NAB or of any Related Body Corporate of NAB (NAB and its Related Bodies Corporate together being the "Group") or of any affiliate of NAB, are not protected accounts for the purposes of the Financial Claims Scheme and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any government of another jurisdiction;
- l. Transactions are subject to risk, including in the case of Option Transactions the risk of losing the Option Premium or Fixed Option Premium paid and the risk of having to pay a significant amount without any specific limit to NAB. None of NAB, the Sponsor, the Nominee or any other Related Body Corporate of NAB guarantees any particular outcome, return or performance of your entry into Transactions or any Relevant Securities;
- m. I have received a Product Disclosure Statement for the Equity Options Facility I am applying for and have read it in its entirety;
- n. By executing this Application Form, I grant the power of attorney in section 5 of this Application Form as Principal authorising each Attorney, among other things, to execute the Equity Options Master Agreement on my behalf;
- o. None of NAB, the Sponsor, the Nominee or any other member of the Group is liable to me for any delay in entering into any Transactions for which I apply nor are they liable for any failure to enter into Transactions at a particular price, or for different prices for, those Transactions;
- p. This Application Form is executed and delivered as a deed poll in favour of each of NAB, the Sponsor, the Nominee and each of their Related Bodies Corporate. By executing this deed poll I acknowledge that each of NAB, the Sponsor, the Nominee and each of their Related Bodies Corporate has the benefit of and is entitled to enforce this deed poll even though it is not a party to this deed poll or is not in existence at the time this deed poll is executed and delivered;
- q. I have not been given any legal or tax advice from NAB, the Sponsor or the Nominee or advice from them as to the suitability of this product for me;
- r. I have not been given or relied upon any financial advice or recommendation about any specific Security from NAB, the Sponsor or the Nominee, except as may have been given as part of a full written financial plan prepared by NAB. Neither NAB, the Sponsor nor the Nominee is acting as a fiduciary for me in connection with the Equity Options Facility;
- s. NAB has recommended to me that I seek independent legal, tax and financial advice on the suitability of this product for me;
- t. A statement regarding privacy in connection with the Equity Options Facility is set out in Part C of the PDS. This explains when and how NAB will collect, use and disclose my information and how I can access information NAB holds about me. A copy can be obtained by calling NAB on 1800 343 070.
- I agree to:
- i. NAB providing information concerning my Equity Options Facility to my financial adviser and/or Authorised Representative(s);
 - ii. Members of the Group giving information about me to a credit reporting agency to seek access to consumer credit reports containing information about me, for the purpose of assessing my application for commercial credit. This information is limited to:
 1. Identity particulars (my name, sex, address (and the previous two addresses), date of birth, name of employer, and driver's licence number); and
 2. My application for credit or commercial credit and the fact that I have applied for credit and the amount; and
 - iii. NAB providing other organisations within the Group with my details and with financial information about me for the purposes of management of the provision by the Group of services to me;
- u. Where I have completed Part A of section 7 of this Application Form, I authorise and request NAB to debit my Account in accordance with the Direct Debit Request in Part A of section 7 of this Application Form and on the terms and conditions of the Direct Debit Request Service Agreement in clause 16 of the Equity Options Master Agreement; and
- v. Any credit to be provided to me by NAB under the Equity Options Facility is to be applied wholly or predominantly for business purposes or investment purposes other than investment in residential property (or both purposes).

Section 7 Your Standard Settlement instructions

Part A: Instructions for payments from you

I wish to make all payments in connection with the Equity Options Facility via the following method (please tick):

- Direct Debit from my account – you must complete the Direct Debit Request below
- Payment into NAB's nominated account

If you elect to make payments to NAB's nominated account and NAB accepts your application, NAB will notify you of the nominated account at or before the time you and NAB enter into a Transaction.

Direct Debit Request

You must read the Direct Debit Request Service Agreement contained in the Equity Options Master Agreement before completing this section.

Request and authority to debit the account named below to pay National Australia Bank Limited

By signing this Application Form and completing this Direct Debit Request the applicant requests and authorises National Australia Bank Limited (the "User") to arrange for any amount National Australia Bank Limited may direct debit the applicant under the Equity Options Master Agreement in respect of all payments to be debited through the Bulk Electronic Clearing System from or to an account held at the financial institution identified below subject to the terms and conditions of the Direct Debit Request Service Agreement in the Equity Options Master Agreement and the applicant instructions provided below.

Name and address of financial institution at which account is held

Name of financial institution

Address of financial institution

<input type="text"/>		
	State	Postcode

Details of account to be debited

Name of account

BSB Number

Account Number

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

Part B: Instructions for payments by NAB

I instruct NAB to make all payments to me under the Equity Options Master Agreement to the following bank account:

Name of financial institution

Address of financial institution

<input type="text"/>		
	State	Postcode

Details of account to be debited

Name of account

BSB Number

Account Number

<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------

Part C: Dividend Instructions (optional)

Credit to Nominated Account (complete Part B)

Part D: Delivery details for Securities

I hereby instruct NAB to make all deliveries to me under the Equity Options Master Agreement to the following broker sponsored account:

(a) Participation Identification Number (PID)

(b) Name of Participant

(c) Holder Identification Number (HIN)

Additional details if you have more than one broker sponsored account that you wish to use in connection with your Equity Options Facility

(a) Participation Identification Number (PID)

(b) Name of Participant

(c) Holder Identification Number (HIN)

If you have specified more than one broker sponsored account, you must confirm which account will be used for that Transaction with your NAB Markets representative at the time you place your Order for that Transaction.

If you intend to use Securities for a Transaction which are held outside of CHES, you must give the details for these Securities to your NAB Markets representative at the time you initiate the Transaction. Without limiting NAB's discretion not to enter into any Transaction, NAB reserves the right not to enter into Transactions over Securities which are held outside of CHES.

If NAB accepts your application for a Transaction, NAB will notify you of the details for deliveries to NAB at or before the time you and NAB enter into the Transaction with you.

Section 8 Facility Limit

Requested Facility Limit

\$

The minimum Facility Limit is \$50,000.

If NAB grants you a Facility Limit, NAB retains the discretion to decline your request for a Loan Transaction, either in whole or in part. If approval is given for a smaller Facility Limit amount than you request (which approval NAB may give in its absolute discretion), you will be taken to have applied for a reduced Facility Limit corresponding to the Facility Limit amount that is approved.

Note: Loan Transactions do not apply to you if you are a trustee of a Superannuation Fund.

Section 9 Statement of position

- Individual/joint applicants (including applicants in their capacity as trustee) complete Parts A and C.
- Company applicants (including companies in their capacity as trustee) complete Part B and Part C and provide information about each director in Parts A and C.

Part A: Income & Expenditure

	First Applicant/Director	Second Applicant/Director	Total
Estimated Gross Annual Income (before tax, super, expenses)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Less pre-tax salary sacrifice super contributions (if any)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Estimated Assessable Income (before tax & expenses)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Less Total living expenses (inc existing loan repayments etc)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Less after tax super contributions (if any)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Less Tax (estimated)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Surplus / (Deficit) Income	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Part B: Financial Statements

Provide the following information from the latest end of financial year Financial Statements, as prepared by your Accountant/Taxation adviser.

Financial Year ending that this information refers to (Loss) before Tax	Total Income/Revenue/Sales	Total Net Profit
<input type="text"/> / <input type="text"/> / <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Part C:

Where there is more than one person providing details, complete on a combined basis or attach supplementary information to this Application Form.

	First Applicant	Second Applicant	Total
Assets	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Residential/Investment property	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Cash/Shares/Investments	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Other assets (e.g. motor vehicles etc)	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Total Assets	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Liabilities	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Mortgage(s) outstanding	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Credit cards	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Total Liabilities	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

Note: National Australia Bank Limited at all times reserves the right to request supporting documentation of any income stated which is provided in support of this application.

Section 10 Tax File Number notification

Tax File Number (“TFN”)

The collection and use of TFNs is strictly regulated by Australian tax laws and the Privacy Act. You are not required by law to provide your TFN, however, if you do not provide it, tax may be deducted from your dividends and distributions at the highest marginal tax rate. If you require further information on the use and collection of TFNs, contact your tax adviser or the Australian Taxation Office.

If you quote your TFN, you authorise each of the NAB, the Sponsor and the Nominee as your agent to provide your TFN details as provided to investment bodies in connection with the Equity Options Facility. To avoid doubt, this authority extends to the provision of your TFN to the relevant investment body for further investments in connection with the Equity Options Facility. This authority is to apply until such time as it is revoked in writing to NAB.

Individual, company, trust, partnership and Superannuation Fund applicantse

Name of first applicant	Tax file number
<input type="text"/>	<input type="text"/>
Name of second applicant	Tax file number
<input type="text"/>	<input type="text"/>
Name of company/trust applicant	Tax file number
<input type="text"/>	<input type="text"/>

If you are a non-resident for Australian taxation purposes then interest, dividends and royalties paid to you from an Australian source may be subject to withholding tax. Tick the box if you are a non-resident for Australian taxation purposes.

I am a non-resident for Australian taxation purposes.

Section 11 Marketing consent

NAB needs your consent to use your personal information for purposes of sending you material informing you of other products or services from across the NAB group, or other promotions or opportunities from time to time in which you may be interested. NAB assumes NAB has your permission to send information about other products and services from across the NAB group. However, you may let NAB know that you don't want to receive such information by contacting a Customer service advisor on 1800 343 070. Any specific product / service consent you have given previously will continue to apply unless you tell NAB otherwise.

Instructions for signing

Individual applicants

If you are an individual, you should execute this Application Form by signing the execution block below and completing your name and the date. Your execution must be witnessed by an adult witness and the witness must sign the execution block and complete their name and address and the date.

Company applicants

If you are a company, you should execute this Application Form in the execution block provided and in the manner that you execute other legal documents. The persons who sign the execution block below must complete the date and their names and capacities.

Partnership applicants

If you are a partnership, you must specify this in section 1 of this Application Form and include the relevant details. Each partner must be named in section 1 of this Application Form and each partner must execute this Application Form.

Each partner should execute this Application Form by using one of the methods for individual applicants or company applicants (as applicable) described above.

Where you execute this Application Form as a partnership, each obligation under this Application Form is a joint and separate obligation of each partner.

Trustee applicants

If you are a trustee, you must specify this in section 1 or 2 of this Application Form and include the relevant details in section 1 or 2 as appropriate. If there is more than one trustee, each trustee must be named in section 1 or 2 of this Application Form and each trustee must execute this Application Form.

If you are an individual executing this Application Form as a trustee, you should execute this Application Form by using the method for individual applicants described above. If you are a company executing this Application Form as a trustee, you should execute this Application Form in the execution block provided and in the manner that you execute other legal documents.

Where you execute this Application Form as a trustee, your execution of this Application Form is taken to be both in your personal capacity and in your capacity as trustee of the trust described in section 1 or 2.

Important warning for all applicants

The Equity Options Master Agreement allows you to enter into Transactions (including Loan Transactions) with NAB. Transactions involve the risk of significant loss because of changes in the value of the underlying Security and movements in other market factors (such as interest rates and volatility). You should not enter into Transactions if you do not understand the risks.

NAB is not acting as your adviser or fiduciary. It is your responsibility to monitor your Transactions and NAB makes no recommendation as to the suitability of Transactions for your needs. NAB will not be liable for your losses.

You should seek independent tax, financial and legal advice on the implications associated with entry into the Equity Options Master Agreement, which advice should take into account your specific objectives and individual circumstances.

Any company in the NAB group may buy and sell Securities and other financial products relating to Securities or advise any of the issuers of Securities in relation to activities unconnected with a Transaction. NAB may act in these capacities notwithstanding any conflict of interest with you. In addition, the actions of NAB group members in trading Securities and other financial products relating

to Securities may affect the price of the Securities and, accordingly, the amounts payable or deliverable under your Transaction. For further details, please see section 5 of the PDS.

A Corporate Action, Market Disruption Event or a Hedging Event may change or affect a Transaction or the Securities the subject of a Transaction. If this happens, NAB has a discretion about the action NAB will require you to take (which may include paying, amending the terms of your Transaction or terminating your Transaction early). You must comply with any requirement or direction given to you in these circumstances and you may be required to pay Break Costs and other costs to NAB in connection with an amendment or termination. Furthermore, the limited recourse feature of Loan Transactions does not apply where a Loan Transaction is terminated early. Accordingly the risk of these events occurring is on you.

IMPORTANT: You should **not** sign this Application Form unless the Equity Options Facility is wholly or predominantly for business purposes or investment purposes (other than investment in residential property) or both. By signing this Application Form, you may **lose** your protection under the Consumer Credit Code, the National Credit Code and other consumer protection laws.

Executed as a deed poll

Signed, sealed and delivered by:

Individual applicants (including individual partners and individual trustees)

Signature	Date	Witnessed by: Signature	Date
<input type="text" value="X"/>	<input type="text" value="/ /"/>	<input type="text" value="X"/>	<input type="text" value="/ /"/>
Print name		Print name	
<input type="text"/>		<input type="text"/>	
Address			
<input type="text"/>			
		State	Postcode

Signature	Date	Witnessed by: Signature	Date
<input type="text" value="X"/>	<input type="text" value="/ /"/>	<input type="text" value="X"/>	<input type="text" value="/ /"/>
Print name		Print name	
<input type="text"/>		<input type="text"/>	
Address			
<input type="text"/>			
		State	Postcode

If more than two individuals are required to execute this Application Form, please attach duly executed duplicates of these execution blocks to this Application Form.

Company applicants (including corporate partners and corporate trustees)

Print name of company

Signature	Date	Signature	Date
<input type="text" value="X"/>	<input type="text" value="/ /"/>	<input type="text" value="X"/>	<input type="text" value="/ /"/>
Print name		Print name	
<input type="text"/>		<input type="text"/>	
Capacity* e.g. Director/secretary		Capacity* e.g. Director/secretary	
<input type="text"/>		<input type="text"/>	

* If signing on behalf of a company, please state your capacity

Print name of company

Signature	Date	Signature	Date
<input type="text" value="X"/>	<input type="text" value="/ /"/>	<input type="text" value="X"/>	<input type="text" value="/ /"/>

Print name

Print name

Capacity* e.g. Director/secretary

Capacity* e.g. Director/secretary

* If signing on behalf of a company, please state your capacity

If more than two companies are required to execute this Application Form, please attach duly executed duplicates of these execution blocks to this Application Form.

Section 12 Business or Investment Purpose Declaration – Individual, individual trustee and strata corporation applicants only

I/we declare that the credit to be provided to me/us by NAB under the Equity Options Facility is to be applied wholly or predominantly for:

- Business purposes; and/or
- Investment purposes other than investment in residential property.

IMPORTANT: You should **only** sign this declaration if this loan is wholly or predominantly for:

- Business purposes; and/or
- Investment purposes other than investment in residential property.

By signing this declaration, you may **lose** your protection under the National Credit Code.

Individual applicants (including individual trustees)

Applicant 1

Applicant signature

Date

Applicant 2

Applicant signature

Date

Applicant name

Applicant name

If more than two individuals are required to execute this Application Form, please attach duly executed duplicates of these execution blocks to this Application Form.

Strata corporation applicant

Print name of company

Signature

Date

Signature

Date

Print name

Print name

Capacity* e.g. Director/secretary

Capacity* e.g. Director/secretary

* If signing on behalf of a company, please state your capacity

Correspondence address

Please nominate your preferred method to receive notices (please tick the box below and, if applicable, complete the required details) – if left blank the address in section 1 or 2 will be used. NAB retains the right to choose the method of notification under the Agreement regardless of your election below.

Via **mail** to address in Section 1 or 2 (as applicable), or

Via **email** (Please complete address)

Via **facsimile** (Please complete facsimile number)

Anti-Money Laundering and Counter Terrorist Financing (AML/CTF)

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) ("**AML/CTF Act**") requires NAB to confirm certain information relating to your identity before you enter into an Equity Options Facility. If NAB is not able to confirm your identity, it may not be able to issue you with an Equity Options Facility.

This Application Form will assist NAB in confirming your identity. If you wish to apply for an Equity Options Facility you must complete and return this Application Form together with any other documentation which you may be required to provide.

NAB reserves the right to re-identify you and other related parties involved with your Equity Options Facility in order to satisfy requirements under the AML/CTF Act and other legislation. Should you fail to provide necessary information in a timely manner when requested, you may be responsible for loss of investment value and payment of any amounts in respect of your investment may be forfeited.

Section 13 Client Identification Form

Applicant name

Financial Adviser to complete ONE Client Identification Form FOR EACH applicant, guarantor or any nominated Authorised Representative who is not an existing NAB client and who will be a party to this Equity Options Facility.

Part A: Individual details

Please tick one:

- Individual Joint Sole trader Member of a partnership Trustee Company Director/Secretary
 Guarantor Authorised Representative

Full name

Date of Birth

Gender

 / / M F

Residential Address

 State Postcode

If sole trader complete the following:

Business name

ABN

Principal place of business

 State Postcode

Attach the required documentation (see overleaf) and complete the following:

Identification Document Details:

Document Type: (e.g. Australian Passport)

Document 1 – From Table A

Document 2 – From Table A or B

Part B: Financial Adviser details

I have attached a certified copy of the original identification document, and verify that the above is true and correct.

Identification verified by:

Financial Adviser Signature

Date verified

 / /

Financial Adviser name

Financial Adviser company name

Financial Adviser ID (if applicable)

Refer to page 121 for a list of approved certifiers.

Accepted Documents

Verify the customer's full name **and** either date of birth **or** residential address by selecting **TWO** documents from the list below.

NOTE: At least **ONE** document must be included from **Table A**.

Table A: Primary Identification

- Australian driver's licence containing a photograph of the person
- Australian passport (a passport that has expired within the preceding 2 years is acceptable)
- Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
- Foreign passport or similar travel document containing a photograph of the person*
- Australian birth certificate or Australian citizenship certificate (these documents cannot be used together for the purposes of identification)

Table B: Secondary Identification

- National identity card issued by a foreign government*
- A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits and contains the individual's name and residential address
- A document issued by the Australian Taxation Office within the preceding 12 months which contains the individual's name and residential address
- A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
- Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth*
- Australian Government issued Medicare card
- Australian Government issued ID or permit card, sealed in plastic
- Australian driver's licence issued on paper
- Letter of reference or equivalent originating from Aboriginal/Torres Strait Islanders Community Leaders

* Documents not written in English must be accompanied by an English translation prepared by an accredited translator.

Section 14 Guarantors

Complete this section if you are a company applicant. In this case, all of your directors must provide a director's guarantee and indemnity by completing, signing and dating this section.

Before completing this section 14, ensure each director has read and understood the Equity Options Master Agreement and the PDS.

Warning to guarantors

Please Read!

This section contains a guarantee and indemnity.

- A guarantor should seek independent legal and financial advice on the effect of this guarantee and indemnity before the guarantor agrees to sign it.
- A guarantor can refuse to sign this guarantee and indemnity.
- There are financial risks involved in signing this guarantee and indemnity (for example, it may become necessary for the guarantor to sell the guarantor's assets so that the guarantor can pay NAB).
- A guarantor has the right to limit the guarantor's liability under this guarantee and indemnity in accordance with the Code of Banking Practice (if it applies to this guarantee and indemnity) and as allowed by law.
- A guarantor can request information about the Equity Options Master Agreement, any Option Transaction, Loan Transaction or other financial obligations to be guaranteed (including any existing credit contract, facility or financial obligation with NAB to be refinanced by the new credit contract, facility or financial obligation).
- This guarantee and indemnity applies in relation to a future credit contract, an option transaction or other facility or financial obligation to the extent it is within a limit previously agreed by the guarantor in writing. Otherwise this guarantee and indemnity only applies to a future credit contract, an option transaction or other facility or financial obligation if NAB gives the guarantor a copy of the relevant contract document and subsequently obtains the guarantor's written acceptance of the extension of the guarantee and indemnity in this regard.

The Guarantee and Indemnity is an important document.

By signing it the guarantor becomes personally responsible instead of, or as well as, **the counterparty up to the amount of \$500,000,000**. They include amounts which the counterparty, along with any other person, owes NAB. They may also include amounts which can increase, for example if the counterparty has entered into an Option Transaction or terminated early an Option Transaction or a Loan Transaction.

It is likely that NAB will be able to resort to any mortgage or other security which NAB holds or which the guarantor gives NAB in relation to the guarantor's own affairs as security for the amounts covered by this document. If the guarantor is an individual this would include any mortgage over the guarantor's family home.

Part A: Guarantor Details

First guarantor

Title	Given name(s)	
<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> Other	<input type="text"/>	<input type="text"/>
Surname	Date of Birth	Gender
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="checkbox"/> M <input type="checkbox"/> F
Telephone (Home)	Work	
() <input type="text"/>	() <input type="text"/>	
Mobile	Email address	
<input type="text"/>	<input type="text"/>	
Residential address (must be the guarantor's physical address – PO or GPO boxes are not permitted)		
<input type="text"/>		
		State
		Postcode

Postal address (PO or GPO boxes will not be accepted if a physical residential address has not been supplied)

		State
		Postcode

If the guarantor is an existing NAB customer, please provide an account or card number

--

Second guarantor

Title	Given name(s)
<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> Other	

Surname	Date of Birth	Gender
	/ /	<input type="checkbox"/> M <input type="checkbox"/> F

Telephone (Home)	Work
()	()

Mobile	Email address

Residential address (must be the guarantor's physical address – PO or GPO boxes are not permitted)

		State
		Postcode

Postal address (PO or GPO boxes will not be accepted if a physical residential address has not been supplied)

		State
		Postcode

If the guarantor is an existing NAB customer, please provide an account or card number

--

Part B: Guarantor's Power of Attorney

1. I (the "**Guarantor**") appoint each employee of NAB and any Related Body Corporate (as defined by the Corporations Act) of NAB, whose title is or includes the word "Director" or "Manager" ("**Attorneys**") jointly and each of them severally to be the Guarantor's attorneys until such time as the Equity Options Master Agreement is terminated.
2. The Attorneys may do in the name of the Guarantor and on the Guarantor's behalf everything necessary or expedient to:
 - a. execute and deliver the Equity Options Master Agreement in substantially the same form as that provided with this Application Form and any amendment to the Equity Options Master Agreement contemplated by the Equity Options Master Agreement;
 - b. execute and deliver any other deeds, agreements, documents or instructions or do any other acts or things which are:
 - i. referred to in the Equity Options Master Agreement (including, without limitation, anything referred to in clause 13 of the Equity Options Master Agreement), the documents described in paragraph (a) or which are ancillary or related to them or the transactions contemplated by them, in the absolute discretion of the Attorneys; or
 - ii. for the protection or perfection of the interests of NAB or the exercise of the rights, powers or remedies of NAB;
 - c. complete blanks and make amendments, alterations and additions to the documents described in paragraph (a) or (b) above considered necessary or desirable by an Attorney (including, without limitation, changes to parties);
 - d. appoint one or more substitute attorneys to exercise, or delegate to one or more sub attorneys the power to exercise, one or more of the powers given to the Attorneys, and to revoke any of those appointments, and in this power of attorney, "Attorneys" includes a substitute attorney and sub attorney appointed under this clause; and
 - e. stamp and register this power of attorney.
3. The Attorneys may do any of these things despite the fact that a document they execute in the exercise of their powers itself contains a power of attorney or an appointment of an attorney or agent for any purpose whatsoever.
4. The Guarantor declares that all acts, matters and things done by the Attorneys in exercising powers under this power of attorney will be as good and valid as if they had been done by the Principal and agrees to ratify and confirm whatever the Attorneys do in exercising powers under this power of attorney.
5. The Guarantor agrees to pay or reimburse each of the Attorneys for the amount of any liability, loss, costs, charges or expenses arising from the exercise of powers under this power of attorney within 2 Business Days of receiving notice demanding payment of such amounts.
6. The Guarantor indemnifies on demand each of the Attorneys against liability, loss, costs, charges or expenses arising from the exercise of powers under this power of attorney.
7. The Guarantor declares that a person (including, but not limited to, a firm, body corporate, unincorporated association or authority) who deals with any of the Attorneys in good faith may accept a written statement signed by any of the Attorneys to the effect that this power of attorney has not been revoked as conclusive evidence of that fact.
8. The Guarantor declares that the Guarantor and a person (including, but not limited to, an executor, administrator, successor, substitute or assign) claiming under the Guarantor are bound by anything the Attorneys do in exercising powers under this power of attorney.
9. The Guarantor declares that this power of attorney is given for valuable consideration and is irrevocable for so long as any of those obligations remain undischarged, unless NAB gives its prior written consent to its revocation.

10. The Attorneys are expressly authorised to do any act as a result of which a benefit may be conferred on the Attorneys, NAB, any Related Body Corporate of NAB or any of them.

11. This power of attorney is governed by and shall be construed in accordance with the laws of New South Wales.

Part C1: Guarantor Acknowledgment and Execution

I/We agree that NAB may obtain from a credit reporting agency a consumer credit report containing information about me/us for the purpose of assessing whether to accept me/us as a guarantor for the Equity Options Facility applied for by, or provided to the applicant.

I/We acknowledge that:

- NAB has recommended to me/us that I/we seek independent legal, tax and financial advice before agreeing to give the guarantee and indemnity in the Equity Options Master Agreement.

By executing this Application Form I/we acknowledge and agree that I/we will be bound by the guarantee and indemnity contained in the Equity Options Master Agreement.

BEFORE A GUARANTOR SIGNS, RETURN THIS APPLICATION FORM TO NAB (AFTER COMPLETING PART A 'GUARANTOR DETAILS' AND PART C2 'DIRECTOR GUARANTORS' (IF APPLICABLE) BUT BEFORE COMPLETING PART C1, PART D AND PART E).

NAB WILL SEND THIS APPLICATION FORM BACK TO THE GUARANTOR TO COMPLETE AND SIGN, ALONG WITH FURTHER INFORMATION THAT NAB IS REQUIRED TO PROVIDE TO THE GUARANTOR BEFORE NAB TAKES A GUARANTEE FROM THE GUARANTOR.

IMPORTANT

BEFORE THE GUARANTOR SIGNS

- READ THE GUARANTEE AND INDEMNITY AND THE OTHER TERMS OF THE EQUITY OPTIONS MASTER AGREEMENT WHICH SET OUT WHAT THE GUARANTOR IS GUARANTEEING.
- A guarantor should obtain independent legal advice.
- A guarantor should also consider obtaining independent financial advice.
- A guarantor should make its own enquiries about the credit worthiness, financial position and honesty of the counterparty.

THINGS THE GUARANTOR MUST KNOW

- Understand that, by signing this guarantee and indemnity, a guarantor may become personally responsible instead of, or as well as, the counterparty to pay the amounts which the counterparty owes and the reasonable expenses of the credit provider in enforcing the guarantee and indemnity.
- If the counterparty does not pay the guarantor must pay. This could mean a guarantor loses everything the guarantor owns including the guarantor's home.
- A guarantor may be able to withdraw from this guarantee and indemnity or limit the guarantor's liability. Ask the guarantor's legal adviser about this before the guarantor signs this guarantee and indemnity.
- This guarantee and indemnity applies in relation to a future credit contract, option transaction or other facility or financial obligation to the extent it is within a limit previously agreed by a guarantor in writing. Otherwise this guarantee and indemnity only applies to a future credit contract, option transaction or other facility or financial obligation if NAB gives the guarantor a copy of the relevant contract document and subsequently obtains the guarantor's written acceptance of the extension of the guarantee and indemnity in this regard.

Signed Sealed and Delivered by the guarantor

Individual/Joint guarantors

Signature

Date

Signature

Date

Print name

Print name

Part C2: Director guarantors

If the guarantor is a **director of a company which is to be the counterparty for the Equity Options Facility** other than a sole director of that company (i.e. the guarantor is a "**Director Guarantor**"):

- the guarantor has the right to receive the documents described below in this Part C2 under the heading 'Documents for Guarantors' ("Documents");
- these Documents contain important information that may affect the guarantor's decision to give the guarantee and indemnity.

However, a guarantor may choose not to receive some or all of the Documents. If the guarantor does not wish to receive **any** of the Documents, the guarantor can make this choice by ticking 'No' next to the question 'DOES THE GUARANTOR WISH TO RECEIVE ANY OF THE DOCUMENTS LISTED BELOW' and then signing and dating the statement. If the guarantor does not wish to receive **some** of the Documents, the guarantor can make this choice by indicating 'No' below against the description of the relevant Documents. If the guarantor indicates 'Yes' or does not make a choice NAB will provide a copy of the relevant Documents to the guarantor.

Please complete the following:

I AM/AM NOT A DIRECTOR GUARANTOR

Signature

DOES THE GUARANTOR WISH TO RECEIVE ANY OF THE DOCUMENTS LISTED BELOW?

Yes. If YES, the guarantor will receive **all of the Documents** unless the guarantor indicates below that it does not wish to receive some Documents.

No. If NO, the guarantor will **not** receive **any** of the Documents.

Signature

Date

If the guarantor is a **Director Guarantor** and the guarantor wishes to receive **some** of the Documents, please complete the following:

Company/Trust Applicants

Documents for Guarantors:

Does the guarantor wish to receive the documents?

- 1. Copies of any related credit contract together with a list of any related security contracts. The list will include a description of the type of each related security contract and of the property subject to, or proposed to be subject to, the security contract (to the extent to which that property is ascertainable). Yes No
- 2. A copy of each related security contract referred to in 1. Yes No
- 3. The final letter of offer provided to the counterparty by NAB together with details of any conditions in an earlier version of that letter of offer that were satisfied before the final letter of offer was issued. Yes No
- 4. Any related credit report from a credit reporting agency. Yes No
- 5. If NAB possesses any current contract for insurance of any of the following kinds in connection with a credit contract: Yes No
 - insurance over mortgaged property;
 - consumer credit insurance;
 - insurance that is a 'credit related insurance contract' for the purposes of section 142(1)(c) of the National Credit Code.
- 6. Any financial accounts or statement of financial position given to NAB by the counterparty for the purposes of the Equity Options Facility within 2 years prior to the day NAB provides the guarantor with this information. Yes No
- 7. The latest statement of account relating to the Equity Options Facility (and any other statement of account for a period during which a notice of demand was made by NAB, or a dishonour occurred, in relation to any facility the counterparty has had with NAB and which event occurred before NAB provides the guarantor with this information). Yes No
- 8. Any unsatisfied notice of demand made by NAB on the counterparty in relation to the Equity Options Facility where the notice was given within 2 years prior to the day NAB provides the guarantor with the information. Yes No

Signature

Date

I DO/DO NOT (circle appropriate choice) ELECT NOT TO TAKE THE BENEFIT OF THE WAITING PERIOD PROVIDED FOR BY THE BANKING PRACTICE WHICH WOULD OTHERWISE ALLOW ME TO WAIT UNTIL THE NEXT DAY AFTER RECEIVING INFORMATION REQUIRED BY THE CODE OF BANKING PRACTICE BEFORE I SIGN THE GUARANTEE AND INDEMNITY OR OTHERWISE ACCEPT IT.

Signature

Date

Part D: Guarantor's Witness Execution

Use a separate section for each guarantor

Note: Certificate from guarantor's solicitor required for each individual.

First Guarantor

Certificate from guarantor's solicitor

I certify that:

- I am a qualified legal practitioner instructed and retained by the guarantor independently of National Australia Bank Limited ("**NAB**") and of the applicant borrower;
- I am satisfied as to the identity of the guarantor;
- before the guarantor executed this Application Form, I explained to him/ her the contents and effect of this Application Form and the guarantee and indemnity set out in the Equity Options Master Agreement;

- the guarantor told me, and I am satisfied, that he/she understood my explanation of his/her obligations under these documents and was signing this Application Form, and entering into the guarantee and indemnity in the Equity Options Master Agreement, freely, voluntarily and without pressure from NAB, the applicant borrower or any representative of either of them; and
- the guarantor executed this Application Form in my presence.

Solicitor's signature

Date

Name of firm

Address

State
Postcode

Second Guarantor

Certificate from guarantor's solicitor

I certify that:

- I am a qualified legal practitioner instructed and retained by the guarantor independently of National Australia Bank Limited (“NAB”) and of the applicant borrower;
- I am satisfied as to the identity of the guarantor;
- before the guarantor executed this Application Form, I explained to him/ her the contents and effect of this Application Form and the guarantee and indemnity set out in the Equity Options Master Agreement;
- the guarantor told me, and I am satisfied, that he/she understood my explanation of his/her obligations under these documents and was signing this Application Form, and entering into the guarantee and indemnity in the Equity Options Master Agreement, freely, voluntarily and without pressure from NAB, the applicant borrower or any representative of either of them; and
- the guarantor executed this Application Form in my presence.

Solicitor's signature

Date

Name of firm

Address

State
Postcode

Signature section for individuals

Name of guarantor

Statutory warning: A person who guarantees the liability of a person who is under 18 years of age when the liability was incurred may not be entitled to an indemnity from the person who incurred the liability.

Signed, sealed and delivered as a deed by the guarantor in the presence of the guarantor's solicitor.

Guarantor's signature

(To be witnessed below by the solicitor who signs the solicitor's certificate.)

Solicitor's signature as witness

Date

Full Name (BLOCK LETTERS)

Part E: Guarantor's Tax File Number notification

Tax File Number ("TFN")

The collection and use of TFNs is strictly regulated by Australian tax laws and the Privacy Act. A guarantor is not required by law to provide its TFN, however, if the guarantor does not provide it, tax may be deducted from the guarantor's dividends and distributions at the highest marginal tax rate. If the guarantor requires further information on the use and collection of TFNs, contact the guarantor's tax adviser or the Australian Taxation Office.

If the guarantor quotes its TFN, the guarantor authorises each of NAB, the Sponsor and the Nominee as the guarantor's agent to provide the guarantor's TFN details as provided to investment bodies in connection with the Equity Options Facility. To avoid doubt, this authority extends to the provision of the guarantor's TFN to the relevant investment body for further investments in connection with the Equity Options Facility. This authority is to apply until such time as it is revoked in writing to NAB.

Name of first Guarantor	TFN
<input type="text"/>	<input type="text"/>

Name of second Guarantor	TFN
<input type="text"/>	<input type="text"/>

If the guarantor is a non-resident for Australian taxation purposes then interest, dividends and royalties paid to the guarantor from an Australian source may be subject to withholding tax. Tick the box if the guarantor is a non-resident for Australian taxation purposes.

I am a non-resident for Australian taxation purposes.

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For more information visit

nab.com.au

or call us on **13 22 65**

8am – 7pm AEST Monday to Friday

9am – 6pm AEST Saturday to Sunday

or ask at your **local branch**



Help for people with hearing or speech difficulties. Contact us on **13 22 65** through the National Relay Service.