

Currency transactions for private clients



Welcome to World First



World First is one of the world's leading foreign exchange providers

Whether you are buying or selling overseas property, emigrating, or simply need to make an international payment, our foreign currency experts can provide you with unbeatable exchange rates and an exceptional, hassle-free service.

How does the service work?

We will guide you through a simple registration process, help you secure an exchange rate and ensure your money gets to where it needs to be on time.

Why use World First?

We will save you money and help make the transaction process quicker and easier. You will be assigned a dedicated currency expert who will discuss your requirements and guide you through the process.

With World First you have the option to:

- Protect yourself against adverse exchange rate fluctuations by purchasing a forward contract or setting up a hedging strategy. We can fix the exchange rate for your purchase up to a year in advance.
- Make a same-day payment.
- Use our market watch service. We will monitor the currency market for you and let you know if your target exchange rate is reached.
- Set up regular transfers to cover, for example, mortgage payments or living expenses.

Our transparent service is commission-free. You will save money through better exchange rates, reduced transfer fees and covered receiving costs. There are no transfer fees for transactions over A\$25,000 and it's just A\$25 for transactions under A\$25,000. We have special payments packages for regular payments.

// I would like to thank you for your help in not only providing an excellent service (and exchange rate) but for also allowing a complete novice to enter the world of currency exchange. I would certainly not hesitate in recommending your service to anyone. *The McQuaid family* //



The World First foreign exchange process

World First has made the currency exchange process as fast and as easy as possible. The steps are laid out below:

1. Registration

You need to register to open an account with World First. This can usually be done within minutes of receiving your details.

We will confirm your registration by informing you of your client reference number by email or telephone and your dedicated currency expert will contact you to discuss your requirements further. You can call us on 1800 701 540 or +61 (0)2 9699 8455 (from outside Australia) to discuss your requirements or to request an exchange rate. We are open from 08:00 to 18:00 (Monday to Friday).

2. Transaction

Your dedicated currency expert will work with you on every step of the transaction to help convert your currency - from your first call through to the completion of all payments. When you are ready to transact, we will quote you a 'live price'. The rate will depend on the amount of currency you are buying and the date you require the currency for. This date can be anything from the day of the transaction, up to one year in advance.

If you do fix the live price, the rate is fixed regardless of subsequent market movements and the transaction becomes contractual. We will then send you a 'transaction confirmation' by email that provides all the transaction details.

Alternatively your currency expert will keep you up to date with movements in the exchange rate and we can offer you a market watch service whereby we monitor the rates and let you know when your target rate is reached. You can subscribe to our daily exchange rate update, which will keep you up-to-date with what is happening in the exchange rate markets.

3. Payment

The transaction confirmation contains our bank details. You will need to transfer your funds into this account by instructing your bank to make a payment to us. We will send you an automated email once we have received your funds. You will then fill in your payment details online. This is where you would like us to send your bought currency. On the payment date, subject to us having received your funds, we will make your outgoing payment. Depending on the currency, this will either arrive on the same day, the next day or up to three days later. We will advise you of the expected arrival date in advance. We will also send you an email confirmation, showing the instructed payment to your requested account.

The World First foreign exchange process

1

Register with World First
Receive your client reference number
Notify us of any market watch rates
Notify us of any time deadlines

2

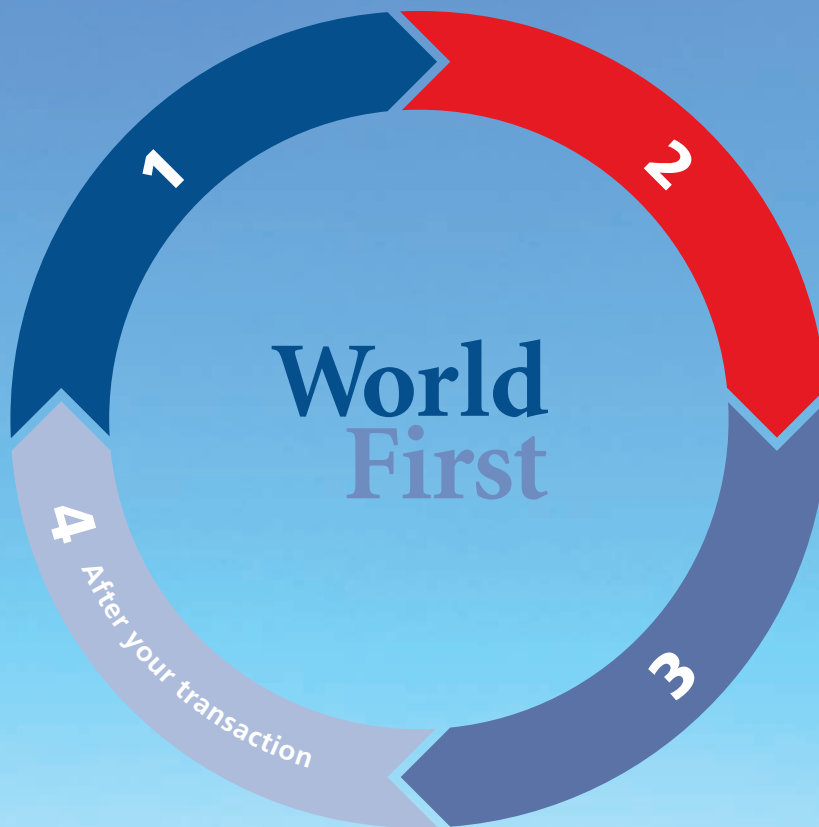
Call 1800 701 540 / +61 (0)2 9699 8455
Fix the rate for your transaction
Receive your transaction confirmation
Check the transaction details

3

Instruct your payment
Provide your recipient account details online
Receive your payment confirmation
Funds will arrive up to three days later

4

We'll send you an email requesting feedback
We'll keep your account open at no cost
Please specify any new market watch levels
Please call us with any subsequent transfers



Frequently asked questions

1. How do I save money?

We guarantee to quote you a better exchange rate than your bank. Savings are usually from 0.25% up to 2% of the amount being transferred.

2. Do you charge commission?

No, we never charge commission and there are no other hidden fees or account charges apart from payment charges for smaller transactions (see below).

3. Do you charge for payments/wire transfers?

For all transactions over A\$25,000 (or equivalent in local currency) we will give you one international payment for free. For transactions under A\$25,000 we charge A\$25 per transfer. If you would like to make multiple payments from a single transaction over A\$25,000, the first payment is free and the cost of subsequent payments will be agreed before the contract is entered into. We also try and cover all recipient banking fees for every payment we make.

4. What amounts can I transact with World First?

We can transact any amount over A\$1,000. Smaller amounts are available for customers making regular transfers or by special request.

5. Is World First regulated?

Yes. World First holds an Australian Financial Services Licence (Licence number 331945).

6. How long does a transfer take?

This depends on the currency you are sending us, the currency you are buying, the bank you use and the amount.

If you are buying Australian dollars, sterling, US dollars or euros, we will make a same-day payment on receipt of your inward payment and this should arrive in your nominated account the same day or next day.

If you are buying other currencies, once we have received your funds, please allow one to four days for your funds to reach the recipient. For example, for Swedish krona, it will be one day; for East Caribbean dollars, please allow four days.

7. What rate will I get? Will I get the same rate I see on the internet?

The rate will depend on the amount being transferred and the date you want the funds to arrive. The rates on certain internet sites are 'mid rates', for transactions over A\$5m. This means they are an indicative rate halfway between the buy rate and the sell rate and no-one can trade at these rates. We believe, however, that World First will quote you an exchange rate closer to these mid rates than anywhere else. If there is a particular exchange rate you are trying to achieve, we are always happy to watch target levels for clients and can transact or call you if the rate is reached.

8. Can I fix an exchange rate for a future date?

Yes, this is called a 'forward transaction'. You can fix a rate today for any date from one week up to one year in the future. A deposit may be required for forward transactions and you will pay us the balance one day before the pre-agreed future date. This can be ideal if you have to pay the balance on a foreign property in three months' time and you want to know exactly how much your property will cost in Australian dollars.

How to send funds

Sending funds to World First and ensuring a fast and smooth payment process

Once a 'live' exchange rate has been fixed, you must then instruct your bank to make a payment to us so that your funds are cleared with us by the agreed settlement date. Although we will seek to minimise any charges, if your funds are received late, we may incur costs that we will need to pass on to you.

We hold bank accounts with Citibank, ANZ, Barclays and HSBC, amongst others, and will advise you which bank you should send your funds to. All funds sent to us are held in segregated client accounts that are separate to the accounts used for the day-to-day running of our business. We have also deposited substantial funds with our banks as collateral which they have a lien over for the security of our transactions.

There are three methods by which you can send Australian dollars to us and your currency expert will advise you of the most suitable method depending on which banks you hold accounts with, the amount you are transferring and the urgency of your transaction.

1. Same-day payment

A 'same-day' payment is a same-day Australian dollar payment from one Australian bank account to another Australian bank account and is the preferred method for larger or more urgent transactions. Your bank will usually charge you for a same-day payment.

2. Online banking payment

An online banking payment is a free one to two day Australian dollar payment from one Australian bank account to another. Most banks use this for their online or telephone banking payments. There is usually a limit on online banking transfers for private clients.

3. Cheque

A cheque takes three business days to clear once it has been paid into one of our client accounts. Allowing for postage and processing time, you need to post your cheque seven business days before the agreed settlement date on your transaction confirmation. This is the slowest form of payment and is not recommended for urgent transactions and / or permitted for larger amounts.

NB For anti-money laundering reasons, World First cannot accept cash payments so please do not attempt to deposit cash into any World First account. If cash is deposited into a World First account, charges will apply.

Foreign exchange products and managing currency market risk – Spot contracts

The foreign exchange markets

Foreign exchange is the largest market in the world with an average daily turnover of nearly A\$3 trillion, dwarfing the share and bond markets. There is no central exchange and the market trades 24 hours a day from Monday morning (New Zealand time) until Friday evening (US time). The rate changes virtually every second and currency direction is very hard to predict. Indeed Alan Greenspan, former Chairman of the US Federal Reserve (the central bank of America), recently said, “Forecasting exchange rates has a success rate no better than that of forecasting the outcome of a coin toss.”

Fluctuating exchange rates

Foreign exchange rates change every second which means that the price of the property you are buying or product you are importing will change continually. Whilst the rate may move in your favour, reducing the cost in Australian dollars (or your domestic currency), it is just as likely to move against you.

When you are purchasing or selling assets abroad, World First can offer you a variety of products to minimise your foreign exchange risk:

1. Spot market rate

The first method is to wait until you need to make a foreign currency payment and take the prevailing (spot) rate. If you are an overseas house buyer, for example, you are exposed to a falling exchange rate but will benefit from a rising exchange rate. The opposite applies if you are selling overseas. This is an 'un-hedged' position.

Foreign exchange products and managing currency market risk – Forward contracts

2a. Basic forward contract

The second method is to fix the exchange rate with a forward contract. A forward contract guarantees a foreign exchange rate for a future date for any period from three days to one year. This rate is fixed irrespective of currency movements between when the rate is agreed (the deal date) and when the funds are transferred (the settlement date). No payment is made until the settlement date, except for a deposit which is required to hold the rate. This type of contract is ideal if you want to fix a rate now but will not be making immediate payment.

2b. Flexible forward contract

This allows you to make and receive the pre-agreed payment early or move the date further into the future. Thus, even if you don't know the completion date of your property, but wish to fix the exchange rate today, you can set a target date and adjust it once you know the final date. In a flexible forward contract, you must provide the latest possible date you will use the contract by. If you don't use the contract by the latest possible date, you may incur charges to keep the contract open.

Deposits

Due to the increased risk to World First of fixing a rate in advance without immediate payment, we ask clients for a deposit when entering into a forward contract. The deposit requirements are detailed below:

Period:	Deposit required:
One to two months	5%
Up to three months	8%
Over three months	10%

In certain circumstances lower deposit rates can be agreed. When entering into a forward contract you must accept we may need to make a 'margin call' if the deposit is utilised, e.g. if the rate is set at 1.26 and a 5% deposit is taken. If the rate moves over 1.3230 (an increase of 5%), World First is at risk on the contract because if you breach the contract, we will lose more than the deposit held. In this instance we would ask for a further small deposit to continue to hold the rate.

Additionally, we usually ask for a higher deposit if the currency you are purchasing is particularly volatile e.g. South African rand.

Foreign exchange products and managing currency market risk – Hedging strategies

3. Hedging strategies

The third method of managing exchange rate fluctuations is to use a hedging strategy. They usually enable you to protect yourself from adverse rate movements but benefit from favourable rate movements. These have historically only been available to large corporate clients through their banks however we are now delighted to offer them to private clients.

Hedging strategies - how do they work?

There are a number of different strategies but generally they work in one of two ways:

1. Some strategies enable you to guarantee a worst case exchange rate but benefit from a favourable move in the rate. This worst case rate will always be inferior to the actual forward contract rate. The difference between these two rates effectively 'pays' for you to be able to benefit from a favourable move in the rate which can be unlimited.
2. The other types of strategies generally operate like an insurance policy. They provide protection by guaranteeing a worst case rate which can be higher or lower than the forward contract rate, for which you pay an upfront cost (premium). When you own this type of hedging strategy or currency 'option', you have the right to buy at your worst case rate but are not obliged to do so if, when the option expires, the rate is better than the worst case rate.

What hedging strategies are available?

The three most widely used strategies are:

- **Participating forward.** This provides a guaranteed worst case rate for the full transaction amount, like a forward contract. However, it also provides the ability to 'participate' for 50% of the amount in any favourable exchange rate move.
- **Protection option.** This provides the right but not the obligation to buy a currency on a pre-determined forward date at a guaranteed worse case rate. It also allows you to benefit from any favourable exchange rate move for 100% of the amount (in return for an upfront premium).
- **Risk reversal.** This provides the ability to fix a worse case rate for a currency purchase, like a forward contract. However, you can benefit 100% in any favourable move up to a pre-determined best case exchange rate. There is a reduced premium for this option.

The minimum value for a hedging strategy is A\$250,000. Please see the regulatory disclosure on page 12.

Making regular payments overseas?

World First offers special reduced payment fees and fixed rates for regular transfers. This is ideal if you are:

- paying for an overseas mortgage
- working abroad and transferring your salary
- paying tuition, university or school fees
- living in Australia but receiving a UK pension
- transferring money abroad to cover running costs for an overseas property

If you're making regular overseas payments through your bank, you're probably paying high charges and receiving a different amount each month. We offer a regular overseas payments service that has no or very low fees and that enables you to fix the amount you receive with each payment. Our payment plans are hassle-free, cost-effective and can be set up for any regularity.

With World First you have two options:

1. Receive the prevailing rate for each payment on the agreed date of your transfers
2. Fix the rate for all your transfers up to one year in advance

The table below illustrates possible savings from using World First compared with your bank for exchanging sterling into Australian dollars on a monthly basis:

	World First	Bank
A\$2,000 per month	@ 2.25/£1 = £889	@ 2.2/£1 = £909
Fees	£0	Up to £25
Total	£889	£934
Possible saving per month	Up to £45	
Possible saving over 12 months	Up to £540	

Why use World First's regular payment plan?

You save money

- We offer free payments to Australia
- Our commercial exchange rates can save you up to 4% compared with your bank

You save time

- Our regular payment system is automated so you don't have to contact us to set the rate for each transaction. We will convert your funds either at the prevailing rate or the pre-agreed fixed rate
- Once you have set up a standing order that matches your currency transfers there is no more for you to do
- We will usually get your funds to their destination quicker than your bank will

You can be protected against fluctuating exchange rates

- You can secure your exchange rate for each payment up to a year in advance if you opt to fix the rate

You avoid worry

- Our specialist currency experts can talk you through the process in detail and advise on the best regular payment plan for your needs

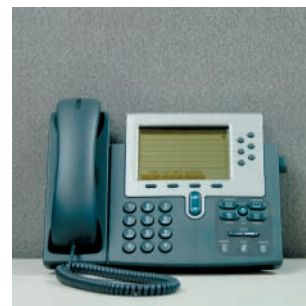
How do you send money to us?

You can set up a regular payment to us online. Please note that we cannot accept cash, cheques or drafts for regular payments. All transfers must be paid into a bank account.

Are there any other costs or charges?

There are no other costs or charges from World First. In some instances your recipient bank may charge to receive money but we can cover these charges in advance. Please contact one of our currency experts for more information.

Contact us



If you have any further questions or would like to discuss your requirements, please contact us:

Call: 1800 701 540 (Aus) +61 (0)2 9699 8455 (Int'l)

Email: info@worldfirst.com.au

Visit: worldfirst.com.au

Regulatory disclosure

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For your protection, telephone calls are usually recorded.

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