

# Futures and Options

Date: 1 January 2022



Westpac Institutional Bank

## 1.1 Trading arrangements

- (a) In respect of every Transaction made between Westpac and you subject to the Rules of a market, Westpac shall, unless otherwise agreed in writing in relation to a particular market, act as principal in any Transaction with you.
- (b) Westpac shall make (or arrange to make through an intermediate broker who may be a connected person) on a principal-to-principal basis a matching Transaction on the relevant market or accept the allocation to Westpac of such a Transaction.
- (c) You understand that business of the market operated by an exchange may from time to time be suspended or restricted or the market may be closed for a period from time to time and the duration of that closure determined in accordance with any rules of any relevant exchange on the occurrence of one or more events which require such action to be taken in the interests of maintaining fair and orderly markets. Any such action may result in Westpac, and through us, you, being unable to enter into Transactions in accordance with the Rules of a relevant exchange. We may also on occasion be prevented from or hindered in entering contracts in accordance with the Rules of any relevant exchange as a result of a failure of some or all market facilities. We shall have no liability to you for any Losses incurred or suffered by you as a result of any closure or failure of such market.
- (d) In respect of every Transaction made between Westpac and you and given up to be cleared by another broker or dealer as specified by you:
  - (i) if such broker or dealer accepts the give-up, Westpac shall (without prejudice to any claim Westpac may have for commission or other payment) upon such acceptance cease to be a party to the Transaction and shall have no obligation to you for its performance;
  - (ii) if such other broker or dealer declines to accept the give-up, Westpac shall be entitled at Westpac's option either to confirm the Transaction with you or to liquidate it by such sale, purchase, disposal or other Transaction or cancellation as Westpac may in Westpac's discretion determine, whether on the relevant market or by private contract or any other feasible method (including taking it over ourselves or transferring it to a connected person). Any balance resulting from such liquidation shall be promptly settled between Westpac and you but without prejudicing Westpac's rights under the Terms of Business or otherwise.
- (e) Unless otherwise agreed in writing between you and Westpac or where the Rules of a market provide otherwise, whenever any Transaction is entered into to close out any existing Transaction, then the obligations of both Westpac and you under both sets of Transactions shall be terminated automatically and immediately upon entering into the second Transaction, except for any settlement payment due in respect of such closed out Transactions.

## 1.2 Give up rights

You authorise Westpac to enter into and execute any International Uniform Give-up Agreement on your behalf. Where you and Westpac are party to an International Uniform Give-up Agreement, in the event of any inconsistency the provisions of such agreement shall prevail over the Terms of Business.



### 1.3 Allocation on delivery or exercise

Where the relevant market or intermediate broker does not specify a particular Transaction when making a delivery or exercising an option, Westpac may allocate randomly or in a way which seems to Westpac to be most equitable provided that it acts in accordance with any applicable Regulatory Obligations.

### 1.4 Exercise of options

- (a) It is your responsibility to determine whether or not to exercise any contract that includes an option. Westpac will not have responsibility to exercise any such contract purchased by you unless and until we have received Instructions with transaction details in accordance with our requirements under the Terms of Business (please refer to Clause 3 of the Terms of Business).
- (b) You understand that markets have established exercise cut-off times for the tender of instructions in relation to exercise of options and that options will become worthless in the event that you do not deliver instructions by such expiration time. You also acknowledge that Westpac may establish exercise cut-off times which may be earlier than the exercise cut-off times established by the relevant market, and you shall have no claims against Westpac arising out of the fact that an option was not exercised.
- (c) Where by virtue of the Rules of a market an option is exercised automatically under a back-to-back Transaction which has been entered into by Westpac on your instructions, the corresponding Transaction to which you and Westpac are both parties will be deemed to have been automatically exercised at the same time.

### 1.5 Executing broker fees

- (a) Subject to the Rules of any relevant market, if a give-up agreement between you, Westpac and a third party executing broker provides that the executing broker will invoice Westpac directly for its commissions in relation to the execution of an order, then Westpac shall be entitled to rely on the details specified in any invoice presented to Westpac by such executing broker and, notwithstanding that the amounts specified in the invoice may be incorrect, you shall fully reimburse Westpac for any sum paid to the executing broker in respect of that invoice.
- (b) Westpac shall have no liability to you for any Losses incurred or suffered by you as a result of an incorrect amount being specified in an invoice.

### 1.6 Correction of order

- (a) You understand that markets may from time to time sanction the making of contracts by Westpac off-exchange in order to satisfy your order, where there has been an error in the execution of your order on-exchange. Where a better price (an improvement) can be obtained, Westpac may seek to secure and offer that improvement to you.
- (b) Where, in response to your order, Westpac has bought or sold in accordance with the instruction in your order to buy or, as the case may be, to sell but has traded the wrong delivery/expiry month or wrong exercise price of the relevant contract, then Westpac may in accordance with the Rules of any relevant market offset any loss arising from that trade against any improvement achieved for you in the course of correctly satisfying your order, thus offering you only the net improvement, if any.



## 1.7 Margin

- (a) You will provide on demand all margin in respect of contracts in such amounts and in currencies as we may in our sole discretion require from time to time.
- (b) If you fail to provide margin as required above, we may in our sole discretion and without prejudice to any other rights under the Terms of Business or other applicable contractual or legal provisions or rules, terminate the contract in respect of which the demand for margin has been made and close out the matching Transaction. We may close out the matching Transaction on the exchange by executing one or more contracts that are equal and opposite to the relevant matching Transaction executed on your behalf under which the demand for margin has arisen.
- (c) The default market value of the matching Transaction shall be calculated by reference to the price at which equal and opposite Transaction contracts are executed.
- (d) In order for us to meet any obligations to the relevant exchange, clearing system or intermediate broker to pay deposits or margin or other sums due in respect of any contracts from Transactions registered with the relevant exchange or any member of the relevant exchange, we shall be entitled, subject to and in accordance with Applicable Law, to transfer to the relevant exchange or clearing system or intermediate broker any margin to be dealt with by the exchange or clearing system or intermediate broker in accordance with our contractual arrangements with the intermediate broker. Except as otherwise agreed we will not account to you (i.e. compensate you) for any sum received by us from any exchange, clearing system or intermediate broker which is earned on margin deposited with them.
- (e) Westpac shall not be liable for any Losses you suffer as a result of the acts or omissions of any exchange, clearing system or intermediate broker in respect of any margin held by them.

## 1.8 Financial futures requiring non-cash settlement

- (a) You shall make securities deliverable by you available for settlement on or before the settlement date. Where there are insufficient securities in your account and Westpac does proceed to settlement, Westpac may buy the securities required for delivery at a price Westpac believes to be reasonable, charge your account for the cost thereof, deliver the securities to satisfy the delivery obligation, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- (b) You will notify Westpac of all relevant details required by Westpac of your settlement agent in respect of Transactions which may be subject to securities delivery obligations. You will procure that your settlement agent enters into such other documentation as may be necessary to ensure that the clearing and settlement of such Transactions takes effect without liability to Westpac.

Any terms used but not defined in this Schedule shall have the meaning set out in Westpac's Terms of Business for Professional Clients and Eligible Counterparties (the "Terms of Business").



