

NABTRADE EXCHANGE TRADED OPTIONS

Product Disclosure Statement (PDS)

Issued by National Australia Bank Limited (NAB) ABN 12 004 044 937, AFSL 230686

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IMPORTANT INFORMATION

The nabtrade service

The nabtrade service (nabtrade) is the information, trading and settlement service provided by WealthHub Securities Limited ABN 83 089 718 249 AFSL No. 230704 (referred to in this Product Disclosure Statement (PDS) as WealthHub Securities (we, our or us). A copy of our nabtrade Financial Services Guide (FSG) is available on the Trading Site or by calling us on 13 13 80. The nabtrade FSG provides you with information about us and services we can provide.

WealthHub Securities, the issuer of this Exchange Traded Options (ETO) PDS, is a Market Participant under the ASIC Market Integrity Rules and a wholly owned subsidiary of National Australia Bank Limited ABN 12 004 044 937 AFSL No. 230686 (NAB). Neither NAB or any of its other subsidiaries guarantees WealthHub Securities' obligations or performance, or the products or services WealthHub or any of its subsidiaries offer. An investment in ETOs is subject to investment risks, including possible delays in repayment and loss of income or principal invested. Investments in ETOs through WealthHub Securities are not deposits or other liabilities of NAB.

The NAB Equity Lending product is issued by NAB. You should consider the information in the NAB Equity Lending PDS thoroughly before making a decision to acquire a NAB Equity Lending facility. You can obtain a copy of the NAB Equity Lending PDS from nabtrade.com.au. You should obtain financial advice tailored to your personal financial situation and needs before making a decision to apply for a lending facility. For further information about a NAB Equity Lending facility, speak to your financial adviser or call NAB on 1300 135 145.

Deciding whether to use this product

We've prepared this PDS without considering your objectives, financial situation or needs. For that reason, before acting on the information in this PDS, you should decide if this product meets your objectives, financial situation and needs, and you should seek your own professional advice.

ETOs involve significant risks, so you should read and consider this PDS carefully. The value of investments

may rise or fall, and sometimes returns may be negative. Past performance isn't a guarantee of future performance. Future returns may vary.

The financial products and services to which this PDS relates are offered only to people accessing them (electronically or otherwise) in Australia.

Changes to this PDS

The information in this PDS is current as at the date it was published. However, it can change from time to time. If a change isn't materially adverse to you, we may provide updates on the Trading Site, or you can ask for a printed copy by calling us on 13 13 80.

Some changes may mean that we need to issue a new or supplementary PDS. We'll post any supplementary PDS on our website at nabtrade.com.au, or you can ask for a printed copy of this PDS or any of the documents referred to in this PDS (without charge) by calling us on 13 13 80.

Where to find out more

Phone	13 13 80
Mail	nabtrade GPO Box 4545 Melbourne VIC 3001
Online	nabtrade.com.au

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ABOUT THIS PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (PDS) will help you decide if Exchange Traded Options (ETOs) would suit you, and help you compare them with other financial products. This PDS includes:

- features of ETOs
- benefits and risks of ETOs
- details of any fees you may need to pay to trade ETOs with us, and
- other information that you should consider.

This PDS is an important document — please contact us if you have any questions.

How to use this PDS

This PDS is in four parts:

Part	Contents	Page
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- Read the entire PDS before deciding to trade in ETOs, and keep a copy for future reference.
- Consult your financial adviser or another independent adviser before making a decision.

What products does this PDS cover?

This PDS covers ETOs traded on the Australian Securities Exchange Limited (ASX) and settled and cleared by ASX Clear Pty Limited (ASX Clear).

ETOs include:

- **Equity options**
Options over securities traded on the ASX. (This PDS generally talks about underlying shares when discussing equity options.)
- **Index options**
Options over an index, such as the S&P/ASX 200's Index or the S&P/ASX 200 Property Trust Index.

In this PDS, equity options and index options are collectively called Exchange Traded Options or ETOs. This PDS does not cover Low Exercise Price Options (LEPOs) traded on the ASX.

For a list of companies and indices for which ETOs are available visit asx.com.au

We do not provide personal advice.

If you've received personal advice from your adviser, you accept that they're responsible for the advice they give you. We aren't responsible for the advice your adviser gives you.

If you received this document electronically, or received updates in a form other than in writing, you can ask us for a printed copy by contacting us on **13 13 80**.

PART ONE: TRADING ETOS

Trading ETOs with nabtrade

ETOs are a powerful investment tool that can help you protect your portfolio, earn extra income and find new opportunities for profit.

ETOs involve substantial risk and you should understand both the risks and benefits before deciding to use ETOs.

Here are just some of the reasons to consider trading ETOs.

Seven reasons to trade ETOs

More opportunities	With nabtrade, opportunities come to you. The service offers tools in online trading, essential news, research and data at your fingertips, so you can make better informed decisions.
More control	By trading with nabtrade, you can enjoy a complete snapshot of your total wealth online — from your bank accounts and home loan to your share portfolio and margin loan, making it easier to keep your financial plan on track.
Better trading tools	View ETO market movements as they happen, analyse the current value of an option with our ETO valuation tool, then instantly determine the break-even point for a position.
Lower brokerage	Starting at just \$34.95 per order for online trades up to \$10,000 our ETO brokerage rates are among the lowest in the market. See Part Two for details.
More research	We've partnered with investment research houses from Australia and around the world to bring you a complete range of incisive analysis and market insights — from technical analysis and security fundamentals to macro-economic trends.
More support	Our ETO team is run by experienced staff. You can contact them on 13 13 80 .
More ways to trade on your margin loan	If you're a NAB Equity Lending client, you can earn extra income by writing Call Options over your shares.

What is an ETO?

An ETO is a contract to buy or sell a share or index at a predetermined price on or before a predetermined date. It establishes a specific price, called the strike price, at which the contract may be exercised, or acted on. An ETO has an expiration date, and when an ETO expires, it no longer has value and no longer exists.

That means you may be able to profit from the performance of a share or index at a fraction of the cost of direct share investments. It also means you may earn extra income from your existing portfolio while hedging against possible price falls. And, because ETOs are exchange listed, you benefit from liquidity, standardised contracts, quick access to prices and the use of an established and well regulated exchange clearing house.

ETOs do involve substantial risks, especially when you're the seller (or writer) of an ETO contract. You will need to actively monitor and manage your open positions. It's important to consider the risks as well as the benefits before you decide if ETOs are right for you. For more information on buyers and sellers of ETOs, see the section below.

Buyers and sellers

Every ETO contract has a seller (also called a writer) and a buyer (also called a taker):

- The buyer takes up the right to exercise the option. For example, if you buy an equity option, you have the right to either buy or sell the underlying shares at the exercise price.
- The seller underwrites the rights that the option gives the buyer. For example, if you sell an equity option, you have the obligation to buy or sell the underlying shares at the exercise price if the option is exercised.

Getting started

Step 1 — Open a nabtrade account online

If you don't already have a nabtrade Trading Account, apply online at the Trading Site.

Step 2 — Understanding the risks

Before you invest in ETOs you should consider the risks and benefits of trading ETOs, as outlined in this PDS. You should:

- read, understand and agree to the terms and conditions contained in this PDS including the:
 - section on “Risks of trading ETOs” (see page 7)
 - ETO Risk Disclosure Statement
- access, read and understand the following ASX booklets (published by the ASX) available at asx.com.au, including:
 - Understanding Options Trading
 - Understanding Option Strategies
 - Understanding Margins

Step 3 — Apply to trade ETOs

You can apply to trade ETO's:

- online at the Trading Site, or
- complete the forms in Part Four of this PDS and return them to us.

Visit the Trading Site and complete the mandatory ETO questionnaire to make sure you're ready to trade. Until you have successfully completed a questionnaire, you won't be able to trade ETOs with us.

How to trade

By phone	Call 13 13 80
Online	Log on to nabtrade.com.au

Trading hours

Equity options	10 am to 4.20 pm (AEST)
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Updating your details

You can update most of your personal details through the Trading Site. Sometimes, we may need you to give us written confirmation of changes to your personal details for security or regulatory reasons.

Why trade ETOs?

An ETO gives you the right to buy or sell a share or index at a predetermined price on or before a predetermined date.

That means you may be able to profit from the performance of a share or index at a fraction of the cost of direct share investments. It also means you may earn extra income from your existing portfolio while hedging against possible price falls. And, because ETOs are exchange listed, you benefit from liquidity, standardised contracts, quick access to prices and the use of an established and well regulated exchange clearing house.

ETOs can also involve substantial risks, especially when you're the seller (or writer) of an ETO contract. You will need to actively monitor and manage your open positions. So it's important to consider the risks as well as the benefits before you decide to trade.

Benefits of trading ETOs

Hedging

You can use ETOs to hedge or protect your share portfolio against a drop in value. For example, buying put options over shares allows you to lock in a sale price during the life of the option, regardless of share price movements.

Income

Shareholders can earn income by selling call options over shares they already hold. As a seller of ETOs, you'll receive premium income upfront. Remember, however, that you'll need to meet margin obligations throughout

the life of the position, lodging extra collateral if the price of the underlying share rises. And if the options are exercised, you'll have to deliver the underlying shares to the buyer at the exercise price, which may be below the current market price.

Time to decide

If you buy a call option, the purchase price for the underlying share is locked in until the ETO expiry date. That gives you time to decide whether to exercise the option and buy the shares. Similarly, when you buy a put option, you have time to decide if you should sell the shares.

Less counterparty risk

ETOs are standardised securities registered with a clearing and settlement facility. For you as an investor, that means more certainty and less risk from counterparty default. That's because the clearing house, ASX Clear, stands between you and the counterparty to each trade. Another benefit of this approach is that you can close out an open position without having to deal with the original counterparty.

Speculation

Security prices fluctuate on a daily basis. ETOs may be used to profit from these fluctuations if your view of a future market movement is correct. The variety of option combinations also allows you to develop sophisticated strategies designed for different market conditions.

Leverage

The initial outlay for an options contract is less than you would need if you were to invest directly in the underlying shares. You can buy an option that represents a larger number of underlying shares for less outlay, and still benefit from a price move in the underlying shares. This ability to make higher percentage returns for a smaller initial outlay is called **leverage**. While leverage can multiply your gains, it can also multiply your losses, as discussed in "Risks of trading ETOs" below.

Diversification

Because your initial outlay is lower when you trade options, you can diversify your portfolio and gain broader exposure to a range of shares, or even a market index.

Risks of trading ETOs

The risk of loss in trading in ETOs can be substantial, so you should carefully consider whether ETOs suit your investment objectives and financial circumstances. ETOs aren't suitable for all investors. For example, if you place a high priority on protecting all of your investment capital and avoiding the potential for losses, then ETOs may not be for you, since they have the potential for unlimited losses.

You should trade ETOs only if you understand how they work and the extent of the risks involved. The risks of investing in ETOs will vary depending on the strategy you use and the kind of option you're trading.

This PDS doesn't cover every risk associated with trading ETOs.

For further information about the risks of ETO trading, see ETO risk disclosure statement on page 37 of this PDS and see the ASX booklet, “Understanding Options Trading”, especially the section “Risks of options trading” at asx.com.au/documents/resources/UnderstandingOptions.pdf

Here are some significant risks you need to consider when deciding whether to trade ETOs.

Market movements

ETOs are affected by movements in the underlying share or index. If the market moves against you, your ETOs may fall in price or become worthless at or before their expiry date.

Price sensitive announcements

In particular, the value of an underlying share is affected by information about the company announced to ASX. If you invest in ETOs you should review company announcements regularly for information that may affect the share price.

Price sensitive announcements regarding shares are available on the Trading Site and asx.com.au

Leverage

The high degree of leverage involved in many ETOs can work against you, multiplying your losses if the market moves against you.

Limited life span

ETOs have a limited life span. Their time value falls as they approach their expiry date, and they're worth nothing after they expire. That means you need to actively manage open positions

and act promptly to safeguard your position as the expiry date approaches.

Limited life span becomes very relevant for options that have a weekly expiry.

Loss of premium for buyers

If you buy an option and it expires worthless, you'll lose the premium you paid for the option, plus transaction costs. This is the maximum loss you can incur as a buyer of an ETO.

Unlimited loss for sellers

As the seller of an ETO, you earn a premium. However, it's important to be aware that you can also incur unlimited losses if the market moves against your position.

For example, if you're the seller of a call option and the price of the underlying share rises, you're at significant risk, especially if you don't own the underlying shares. If the option is exercised, you'll be forced to buy the underlying shares at the current (higher) market price so you can deliver them to the buyer at the exercise price.

Similarly, when you sell a put option and your option is exercised in a falling market, you'll be obliged to buy the underlying shares from the buyer at a price above the current market price.

Loss of margin for sellers

If you're the seller of an ETO, you could lose all of the margin funds you've deposited with your broker when the market moves against the option position. As the seller, you may have to pay additional margin funds (that may be substantial) to maintain the option position, or when you

settle the contract. See “Margins” on page 15 for more.

Difficulties closing out a position

In some cases, it could become difficult or impossible for you to close out a position. The relationship between the price of ETOs and the underlying share can also become distorted. For example, this could happen if:

- there's a significant change in the price of the underlying share over a short period of time
- there are no (or less willing) buyers and sellers in either the ETO market or the underlying market, or
- the market is suspended or disrupted for any reason.

Underlying market

Market events affecting the underlying market for the share may make it difficult for you to hedge or maintain your exposure under an open ETO contract.

Automatic exercise

If you're the buyer of an open position that is in the money (see page 14), we'll usually automatically exercise your ETO contract on expiry.

Where your option is exercised automatically, we'll create a corresponding share transaction. You're responsible for making sure you have the money or security to settle that transaction.

Powers of market regulators

The Australian Securities and Investments Commission (ASIC) and ASX have discretionary powers regarding the market and how the clearing facility operates. They can take a wide range of steps to maintain fair and orderly markets, including:

- suspending the market or allowing the options market to trade while the underlying securities are in a trading halt, as appropriate
- restricting the exercise of options
- terminating an option position or substituting another underlying security or securities
- imposing position limits or exercise limits, or
- terminating contracts.

All of these actions can affect your option positions and result in a loss.

Trading disputes

Trades made on ASX may be disputed. When this happens, the ASX Rules give it the power to ask a broker to amend or cancel a trade. This will result in the contract with the client being amended or cancelled.

In some situations, ASX may also exercise powers to cancel or vary transactions, or direct others to cancel or vary them.

Trade amendments and cancellations

Under our terms and conditions, we, ASIC and ASX can amend or cancel trades, which may potentially cause you to lose money or increase your losses. A trade executed on your behalf may also be amended or cancelled, even after it has been confirmed.

System outages

Trades on ASX take place through an electronic trading platform and are cleared by ASX Clear, which also relies on electronic systems. Those systems can all fail or become temporarily disrupted. Exchanges or participants may also be able to cancel transactions under their operating rules.

A market disruption may mean that you're unable to deal in ETOs, and may suffer losses as a result. We may also be unable to execute all or part of your order according to your instructions. In these circumstances, you may not be able to recover losses, given the limits of liability imposed by ASX and ASX Clear.

Investment capital

By trading in ETOs, you're exposed to the risk of losing capital. You should never risk more capital than you can afford to lose. Speculation assumes a high degree of risk, with the distinct possibility of financial loss.

Our discretion

Under our terms and conditions, we can take steps to close out or otherwise change an open option position in certain limited circumstances. If:

- you don't pay, or provide security for, amounts you owe us or don't perform any obligation resulting from exercising or settling an ETO
- a guarantee or other security you've provided us, is withdrawn or becomes ineffective, or
- any other event occurs that we have agreed with you entitles us to take action under that agreement

then we may, without warning, take or stop taking any reasonable action, in connection with ETO contracts entered into regarding your ETO account, along with any other rights we may have against you, having regard to our legitimate business interests, or prudential or regulatory obligations. We may also:

- enter into one or more transactions to close out one or more open positions, in line with ASX Clear Operating Rules
- exercise one or more ETO contracts in line with ASX Clear Operating Rules
- exercise any other rights provided under the Corporations Act 2001 (Cth), ASX Operating Rules, ASX Clearing Rules, our agreement with you, or perform any other obligations arising under the Corporations Act 2001 (Cth), ASX Operating Rules or ASX Clear Operating Rules for ETOs

- sell any underlying shares bought in connection with your ETO account with us, and any other shares in your Trading Account with us, at your risk and expense if you don't pay us on demand
- choose not to transfer shares into your Trading Account with us until you've paid us, or
- purchase the required number of shares, at your risk and expense.

If we take any of these actions upon your instruction, you're liable for any deficiency, (except to the extent such deficiency is caused by our fraud, negligence or misconduct), and entitled to any surplus, that may result.

ETO fundamentals

Types of ETOs

	Equity options	Index options
Purpose	Gives the buyer the right to buy or sell a parcel of shares at a predetermined exercise price, on or before the expiry date.	Gives the buyer the right to receive a cash payment if the market rises or falls to a predetermined level on the expiry date.
Settlement style	Deliverable: if an equity option is exercised, one party must deliver the underlying security.	Cash settled: if an index option is exercised, the buyer has the right to receive a payment from the seller. The size of the payment depends on the difference between the exercise level and the Opening Price Index Calculation (OPIC) calculated by ASX on the day the option expires.
Exercise style	Most ASX equity options are exercised in the “American-style”. American-style options can be exercised on or before the expiry date. However, some are exercised in the “European Style”. European-style options can only be exercised on the expiry date.	ASX index ETOs are always European-style. European-style options can only be exercised on the expiry date.
Contract size	Usually 100 shares.	The exercise price of the option, expressed in points, multiplied by a set dollar value, usually \$10 an index point.

For more information on the exercise and settlement of an ETO, see the section on “Trading and settlement” on page 14.
Note: The expiry date can vary for example weekly or as set by the ASX.

A call or a put

ETOs come in two varieties: calls and puts, and you can buy or sell either type. See the table below for more information.

	Call	Put
Equity options	<p>Gives the buyer the right, but not the obligation, to buy a standard number of shares at the exercise price, on or before the expiry date.</p> <p>If a buyer exercises their right to buy, ASX Clear assigns the exercise notice to a seller in the same option series. The seller must then sell the standard number of shares to the buyer at the exercise price.</p>	<p>Gives the buyer the right, but not the obligation, to sell a standard number of shares at the exercise price, on or before the expiry date.</p> <p>If the buyer exercises their right to sell, ASX Clear assigns an exercise notice to a seller in the same option series. The buyer must then sell the standard amount of shares to the buyer at the exercise price.</p>
Index options	<p>If the closing level of the index is greater than the exercise level of the option, the buyer has the right to exercise the option and receive a payment. The amount is determined by multiplying the difference between the closing level and the exercise level by an index multiplier specified by ASX.</p> <p>If the buyer exercises the option, ASX Clear assigns an exercise notice to a seller, who must then pay the equivalent amount.</p>	<p>If the closing level of the index is less than the exercise level of the option, the buyer has the right to exercise the option and receive a payment. The amount is determined by multiplying the difference between the closing level and the exercise level by the index multiplier specified by ASX.</p> <p>If the buyer exercises the option, ASX Clear assigns an exercise notice to a seller, who must then pay the equivalent amount.</p>

Key features

ETO contracts have standardised terms and conditions set by ASX. Here are their key features, as they appear in the ETO details window on the Trading Site.

Key features of an option*

ASX Code

Underlying security

Expiry date

Exercise price

Call or Put

BHPT59 – BHP APR12 3550 C

BHP Billiton Ltd BHP – Call Option 3 days to expiry

Last Price	Today's Change	Day Range	Margin Price	Volume
\$0.285	0.00 (0.00%)	\$0.210-\$0.285	\$0.295	1,112

Real-time quotes, as of 23 04 2012 09:50am AEST L ●

Long | Short

Break Even: **\$35.79**

34.50 35.00 35.50 36.50

Delta	0.5000%	Vega	0.0148%
Gamma	1000.0000	Rho	0.0019%
Open Interest	12990	Theta	0.0000%
Implied Volatility	0.157336	Intrinsic Value	\$0.000

Premium

Pay-off diagram

Intrinsic value

* The images represented here are of sample data only and don't reflect real data.

Feature	Description
ASX code	Each option series is identified by a six letter ASX code, with the first three letters consisting of the code for the underlying security.
Underlying security	The security or index to which the ETO exposes you.
Expiry date	<p>The date when unexercised options in the series expire: in this case, December 2010.</p> <p>Expiry dates are set by ASX, with each series of options generally following one of these three cycles:</p> <ul style="list-style-type: none"> • January, April, July and October • February, May, August and November, or • March, June, September and December. <p>Equity options expire on the Thursday before the last Friday in the expiry month, (as long as both the Thursday and Friday are full business days). So, if the last day of the month is a Thursday, the option will expire on the previous Thursday.</p> <p>Index options expire on the third Thursday of the contract month (as long as that day is a business day). ASX Clear can change these expiry dates if necessary.</p> <p>For more information about expiry days, see asx.com.au</p>
Exercise price or level	<p>For an equity option, the exercise price or strike price is the price for which the underlying security can be bought or sold, if the option is exercised, expressed in cents.</p> <p>For index options, the exercise level is the index level at which the buyer is entitled to a cash payment.</p>
Call or put	Every ETO is either a call (C) or put (P).

Premium

This is the price of the option, set by buyers and sellers in the market —\$0.285 per underlying share in this example. Since equity option contracts usually cover 100 underlying shares, the current price of one contract in this series would be \$28.50.

The premium for an index option is expressed in index points, rather than in cents. The price of an index option contract can be calculated by multiplying the premium by the index multiplier set by ASX for that option series, usually \$10 a point. For example, a premium of 30 points with an index multiplier of \$10 gives a price of \$300 per contract.

Adjustments

ASX can adjust any of an option's features to reflect corporate actions that affect the underlying shares, such a bonus or rights issue, special dividend, capital reduction, or other similar event.

If ASX does adjust the option, it'll try to do so without substantially changing the economic position of the seller and buyer at the time of the adjustment.

In some cases, ASX may decide not to make an adjustment for a corporate action. Instead, ASX may terminate or close out open positions. When ASX adjusts the terms of an option series, ASX Clear will also make an adjustment to the terms of contracts that are already open.

For more information about ASX option adjustments, see the "Explanatory Note for Option Adjustments" at asx.com.au/documents/resources/explanatory_note_option_adjustments.pdf

Valuing options

The value of an option will fluctuate during its life, depending on factors including:

- the current price of the underlying share or the level of the underlying index
- the volatility of the underlying share or index
- the time remaining to expiry date (Options become less valuable as they approach expiry.) This becomes very relevant for short dated options
- interest rates
- dividends (Holding an option doesn't give you the right to any dividends paid on the underlying shares, unless you exercise a call option to become the owner of the shares before the ex-dividend date. Any fall in the price of the underlying shares as the result of a dividend will affect the value of your option.)

For more information about pricing options, see "Option pricing fundamentals" in ASX booklet, "Understanding Options Trading" at asx.com.au/documents/resources/UnderstandingOptions.pdf

Are you in the money?

An ETO is said to be in the money, at the money or out of the money, depending on the current price of the underlying security:

	Exercise price lower than price of the underlying security	Exercise price equal to price of the underlying security	Exercise price higher than price of the underlying security
Call	In the money	At the money	Out of the money
Put	Out of the money	At the money	In the money

Trading and settlement

Opening a position

Entering into an ETO contract as either buyer or seller is called **opening a position**. After opening a position, you have several choices, depending on whether you're the buyer or the seller:

	Open	Choices
Buyer (taker)	Buy to open	<ul style="list-style-type: none"> Sell to close: sell an option in respect of the same underlying equity or index to take a profit or limit a loss. Allow to expire: hold the option to expiry and allow it to lapse. Exercise the option.
Seller (writer)	Sell to open	<ul style="list-style-type: none"> Buy to close: buy an option in respect of the same underlying equity or index to take a profit or limit a loss. Allow to expire: hold the option to expiry and risk having it exercised. If it's not exercised, it will lapse without any further obligations on your part.

Closing a position

You close a position by entering into an opposite position for an option in the same series. So, if you have an open position in an option as a buyer, you can close that position by entering into an option in the same series as a seller, effectively cancelling your open position.

You may choose to close a position to:

- **Avoid exercise:** as a seller, you may want to close out the option to avoid the risk of having the option exercised.
- **Take a profit:** if the market has moved in your favour, you can take a profit by closing your position. For example, if you buy a call option and the underlying shares rise, you may be able to sell the same option series for a higher premium, closing your position and making a profit.
- **Limit a loss:** if the market has moved against you, you may want to limit your losses. For example, if you buy a call option and the underlying shares fall, you may wish to sell the same option series while it still retains some value.

Exercising an option

The date when you can exercise an option depends on its exercise style (see page 10). When a buyer exercises an option, ASX Clear will randomly assign that exercise to an open position held by a seller in the same option series.

Automatic exercise

If you're the buyer of an open position that is in the money, we'll usually automatically exercise your ETO contract on expiry.

Where your option is exercised automatically, we'll create a corresponding share transaction. You're responsible for making sure you have the money or security to settle that transaction.

If you don't want to have an ETO position exercised automatically, you'll need to let us know before 4.30 pm on the day of expiry.

Settlement after exercise

Equity options

When a buyer exercises an equity option, ASX Clear assigns an exercise notice to a seller with an open position in the same series. As a result, the buyer and seller will have a contract for the sale and purchase of the underlying shares at the exercise price. Both parties must then settle this transaction as they would for any other ASX transaction.

Buyers and sellers pay for and deliver the underlying shares through the Clearing House Electronic Subregister System (CHES) on T+2 from the date of exercise (that is, two business days after the trade occurs).

Your obligations regarding financial product settlement are set out in the nabtrade Client Agreement.

Index options

Index options are cash settled. When a buyer exercises an index option, and ASX Clear assigns the exercise notice to a seller, that seller must pay the cash settlement amount to ASX Clear. This amount will be determined by the difference between the exercise level (set by ASX) and the Opening Price Index Calculation (OPIC), calculated by ASX on the expiry date.

Cash settlement follows the rules of ASX Clear.

For more information about settlement of index options, see “Trading index options” in ASX booklet “Understanding Options Trading”, at asx.com.au/documents/resources/UnderstandingOptions.pdf

Margins

Where a Clearing Participant has an exposure to ASX Clear under an ETO contract, ASX Clear will call for amounts of money from the Clearing Participant to help cover that exposure. These payments are known as **margins**.

A margin is the amount calculated by ASX Clear to cover the risk of financial loss on an ETO contract if there’s an adverse market movement. The margin amount fluctuates on a daily basis depending in part, to any movement in share price.

Under the terms of our agreement with you, you need to make any margin payments that ASX Clear asks for to cover positions we have entered into for you.

We may also call for greater amounts of margin if we need to: for example, where we reasonably believe the existing margin is insufficient to cover the risk.

Why does ASX Clear charge margins?

Margins are normally features of all exchange traded derivative products. They’re designed to protect ASX Clear against default.

The seller of an ETO will generally need to pay a margin for that contract or provide collateral acceptable to ASX Clear because ASX Clear is exposed to the risk of the seller not performing their obligations if and when the option is exercised.

The buyer of an ETO won’t need to pay a margin for that contract, because they’re not **at risk** — their maximum loss is limited to the option premium, plus transaction costs.

How are margins calculated?

Margin payments are determined daily by ASX Clear, following the close of trading each day. During periods of extreme volatility, ASX Clear may make an intra-day margin call.

The margin is made up of two components:

- **Premium margin:** determined by referring to the market value of the underlying share at the close of business each day.
- **Risk margin:** the potential change in the price of the option contract, assuming a maximum probable inter-day move in the price of the underlying security or index. For more details, see ASX booklet “Understanding Margins”, at asx.com.au/documents/resources/UnderstandingMargins.pdf

Collateral

You can meet your ASX Clear margin obligations by paying cash or by providing certain types of eligible collateral, such as shares.

You may lodge shares with ASX Clear that you hold on your Holder Identification Number (HIN) (and that are acceptable to ASX Clear) as collateral for margin obligations for ETO positions.

ASX Clear hold the shares you lodge with them as **third-party security**, which means that they’re used as collateral to cover your clearing obligations. We can’t use the shares you’ve lodged for our or other clients’ dealings unless you authorise us to do so.

To manage risk, ASX Clear may sometimes apply a discount to the value of the collateral you lodge, called a **haircut**. For example, if you lodge \$10,000 worth of collateral and ASX Clear applies a 30% haircut, then your collateral gives you \$7,000 worth of cover for any margin obligations.

For more detail about the margining process used by the clearing house, see the ASX booklet, “Understanding Margins”, at asx.com.au/documents/resources/UnderstandingMargins.pdf

You must pay us a margin, or provide alternative collateral acceptable to us, by 1 pm on the business day following a call for margin.

For more information on the payment terms for option transactions, including premiums, cash settled options and margins, see asx.com.au

Dividends and entitlements

Buyers and sellers of ETOs aren't entitled to dividends, franking credits or other entitlements paid or made by the issuer of the underlying shares unless they also hold the underlying shares.

If you're the buyer of a call option and you want to benefit from a prospective dividend or entitlement, you'll need to exercise the option first. Then, you'll need to allow enough time to execute the trade before the **ex-dividend** or **ex-entitlement** date (the date when the right to a current dividend or other entitlement is no longer attached to a security).

When a buyer exercises an equity option, the sale or purchase of the underlying shares settles on the second business day following the exercise of the option.

Strategies

ETOs are versatile investments that can help you:

- hedge against changes in your underlying share portfolio
- use leverage to increase your potential for profit
- earn extra income from your portfolio through option premiums, and
- profit when your view of future market movements is proved correct.

ETOs are flexible because you can both buy and sell an ETO contract. You can also take a number of positions that target specific movements in the overall market, and movements in individual underlying shares.

You can use index options to trade a view on the market as a whole. Using ETOs as part of your overall investment strategy can allow you to take advantage of rising, falling and neutral markets. However, buying and selling ETOs involves risks — see "Risks of trading ETOs" on page 7 for more.

Creating a strategy

By combining several options in a single position, you can create a wide variety of strategies — some simple, some very complex. However, regardless of which strategy you use, there are some key considerations you need to keep in mind:

- **Time decay:** the effect of time — especially the tendency for options to lose value as they approach expiry. This becomes very relevant for short dated options.
- **Volatility:** the effects of increasing or decreasing share price fluctuations on the value of an option.
- **Margins:** it's important to calculate the potential margins you may need to pay on a position, particularly in the worst case scenario, then to make sure you're prepared with sufficient cash or collateral.
- **Dividends:** the effect of dividends and capital reconstructions on your option position.
- **Exercise:** as a seller, it's important to understand the likelihood of a buyer exercising an option early and the times when early exercise is most likely to happen. As a buyer, you need to understand the process for options to be automatically exercised when they expire in the

money: you also need to know how to avoid exercising your options by closing your position before expiry.

- **Liquidity:** while market makers help to maintain liquidity on ASX options market, they're not required to provide quotes in all series or at all times. That means illiquidity may affect your ability to enter or exit a position, especially when an option is deeply in or out of the money.

Leverage

It's also important to understand the effects of leverage. When you buy an ETO, you usually pay only a fraction of the total contract value, so options are highly leveraged or geared. This multiplies your potential for profit, but as an option buyer your loss may be limited to the premium you have paid.

Similarly, when you sell to open, you have the potential to earn premium income without investing capital upfront. But you could also be exposed to large financial losses if a position doesn't move in your favour.

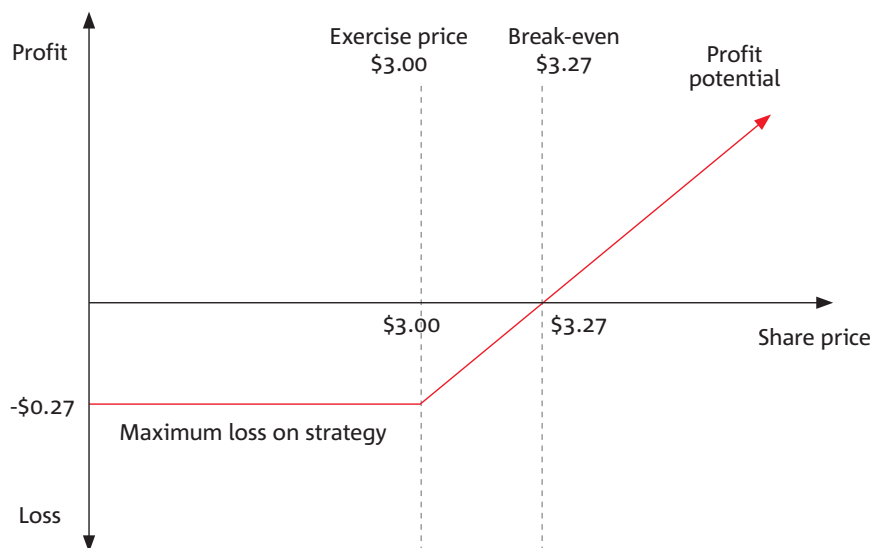
That means you should only enter into a transaction if you fully understand the nature and extent of the risks associated with trading ETOs, as well as your rights and obligations. It's also essential to have well developed risk management strategies before you trade.

While this PDS includes important information about the risks, characteristics and benefits of ETOs, we recommend you do further research before you trade. If necessary, obtain advice about the specific risks, characteristics and benefits of the ETO you wish to trade, as well as the relevant ASX rules.

Case study 1: Long call

Objective	To gain leveraged exposure so as to profit from share price rises or just time to decide.
How it works	You buy call options over shares you believe will go up in price.
Considerations	<p>This strategy may be useful when you believe that the underlying share may rise in the near term.</p> <p>By buying a call option with an exercise price at or above the current share price, you can lock in a purchase price regardless of market movements. Then, if the share price rises, you can exercise the option and buy the shares at the exercise price or take a profit by selling the call option you bought.</p> <p>Alternatively, if the share price falls below the exercise price, you can simply let the option expire worthless and buy the shares at the lower price.</p>
Break-even point	Equal to the exercise price of the option plus the premium paid.
The call option in action	<p>Susan believes that Telstra shares (TLS) will rise quickly over a short period of time. TLS is currently trading at \$2.85. She wants to take advantage of this but doesn't want to commit a large amount of money to the transaction just in case the price rise doesn't occur.</p> <p>Susan buys 10 TLS July \$3 Call options at a premium of \$0.27</p> <p>If Telstra rises above \$3 during the life of the option, Susan's ETOs will be in the money. Susan can then choose to exercise the option and buy the shares at the \$3 exercise price, let the option expire, or to close out the options position and take any profits.</p>

Susan's pay-off diagram*

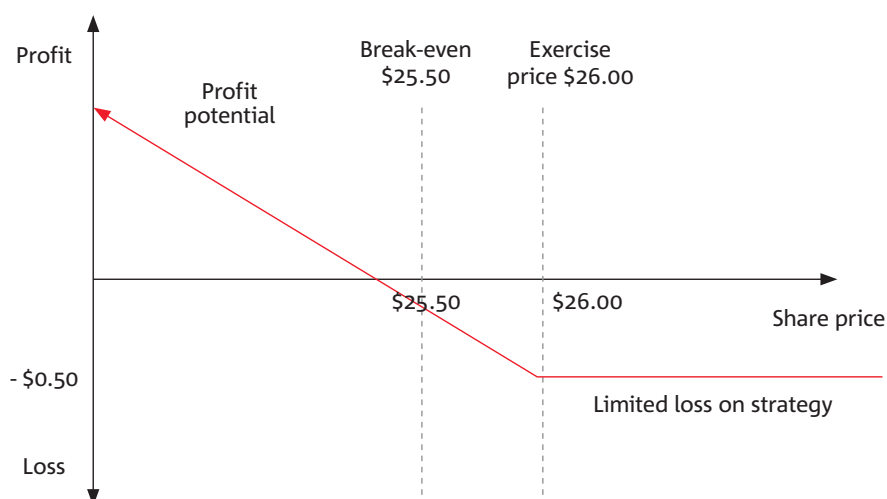


* This is a pay-off diagram for one ETO contract. The cost to Susan is 10 times that amount. The images represented here are sample data only and don't reflect real data. The diagram represents profit/loss on each underlying equity that ETOs relate to, and as such doesn't represent her total potential profit/loss in the case study. This case study also doesn't include any brokerage, fees or consider any tax implications. For more information on tax implications see page 23.

Case study 2: Long put

Objective	To protect your position from share price falls.
How it works	You buy put options over shares you already own.
Considerations	<p>This strategy may be useful when you believe that the underlying share may fall in the near term.</p> <p>By buying a put option with an exercise price at or above the current share price, you can lock in a guaranteed sale price regardless of market movements. Then, if the share price falls, you can either exercise the option and sell the shares, or take a profit by selling the put option you bought.</p> <p>Alternatively, if the share price rises, you can either allow the option to expire worthless, or close your position prior to expiry.</p>
Break-even point	Equal to the exercise price of the option minus the premium paid.
The put option in action	<p>Martin owns 1,000 Woolworths shares. The shares are currently worth \$26 each. While he's confident that they will produce strong returns in the long term, he's concerned that they may trade lower over the next few months.</p> <p>So he decides to buy 10 (10 options x 100 shares = 1,000 shares) put option contracts with an exercise price of \$26 for a premium of 50 cents.</p> <p>If Woolworths falls below \$25.50 during the life of the option, Martin will be in the money on his options position. He can then choose to exercise the option and sell his shares at the \$26 exercise price, or to close out the options position and take any profits.</p>

Martin's pay-off diagram*



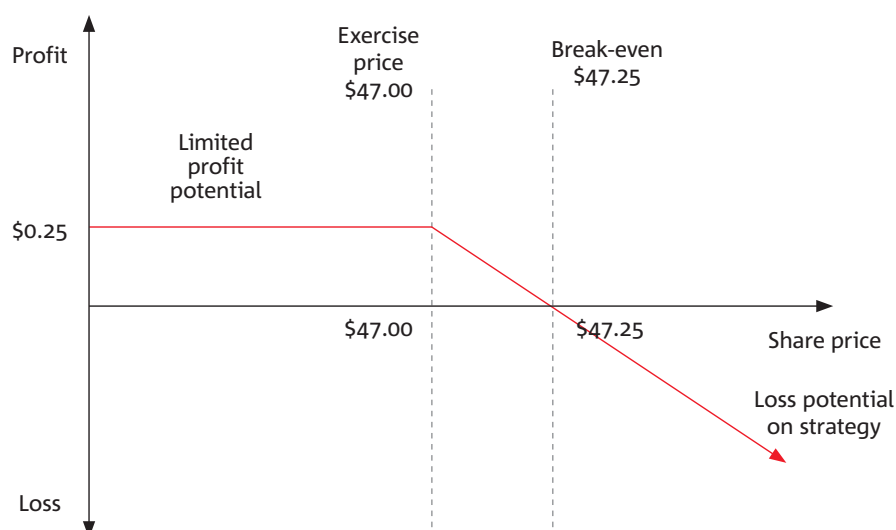
* Note: the above payoff diagram is for 1 ETO contact. To determine the total profit or loss you need to multiply by the number of contracts entered into.

The images represented here are sample data only and don't reflect real data. The diagram represents profit/loss on each underlying equity that ETO's relate to, and as such does not represent total potential profit/loss in the case study. The case study does not include any brokerage, fees or consider any tax implications. For more information on these implications see page 23.

Case study 3: Covered short call

Objective	To earn extra income from an existing share holding.
How it works	You sell call options over shares you already own.
Considerations	<p>Most frequently used by income oriented investors, this strategy may be useful when you believe that the market will be neutral or slightly lower in the near term.</p> <p>By selling a call option with an exercise price above the original purchase price of your shares, you can ensure that your investment produces a profit if the option contract is exercised.</p> <p>However, if the share price rises significantly above the exercise price before the option expires, the option is likely to be exercised and you'll have to sell the shares to deliver to the other party and you may miss out on the potential profit your share investment may otherwise have realised.</p> <p>Meanwhile, your profit from the ETO contract is limited to the ETO premium.</p> <p>For that reason, you may wish to close out the position before expiry if the market moves against you.</p>
Break-even point	Equal to the exercise price of the ETO plus the premium income received.
The covered short call in action	<p>Joanna owns 1,000 BHP shares, currently worth \$45 each. While she's confident that her investment will be profitable in the longer term, she doesn't expect BHP to trade higher in the next few months. So she decides to earn some extra income from her holding by selling 10 (10 options x 100 shares = 1,000 shares) BHP call option contracts with an exercise price of \$47, for a premium of 25 cents a share.</p> <p>If BHP rises above \$47 during the life of the option, Joanna risks having the option exercised against her, forcing her to sell at the exercise price of \$47. But if BHP remains below that level, she'll keep both her shares and the additional option income. By writing out of the money calls over the same shares on a recurring basis, she has the potential to increase the return from her existing portfolio.</p>

Joanna's pay-off diagram*



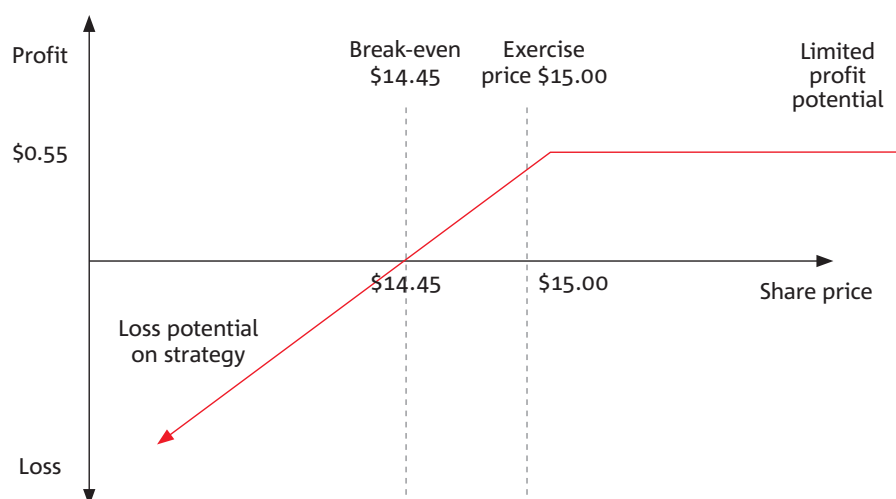
* Note: the above payoff diagram is for 1 ETO contract. To determine the total profit or loss you need to multiply by the number of contracts entered into.

The images represented here are sample data only and don't reflect real data. The diagram represents profit/loss on each underlying equity that ETO's relate to, and as such does not represent total potential profit/loss in the case study. The case study does not include any brokerage, fees or consider any tax implications. For more information on these implications see page 23.

Case study 4: Short put

Objective	To earn income in a flat or rising market.
How it works	You sell put options over shares.
Considerations	<p>Sometimes used by income oriented investors, this strategy may be useful when you believe that the market will be neutral or rising lower in the near term.</p> <p>It can also be used as a way to buy stock cheaply. If the share price falls and the option is exercised, the purchase price is effectively the strike price of the option less the premium received, which is less than the price of the stock at the time of writing the ETO.</p> <p>You'll break even if at expiry the share price is equal to the strike price of the ETO less the premium received. As the share price falls beyond this point, the potential losses of the sold put are limited only by a fall in the share price to zero.</p> <p>Therefore this strategy can result in heavy losses if the share price falls significantly. Only write puts if you have the financial capacity to buy the underlying shares should you be exercised. Monitor the position closely. You'll need to close out an in the money option in order to avoid exercise.</p>
Break-even point	Equal to the exercise price of the option minus the premium income received.
The covered call in action	<p>Andrew believes the market will be neutral or slightly bullish in the short term. He's interested in receiving income from selling a put option over ORG shares, currently worth \$15.50 each. Andrew is happy to buy the shares if the option is exercised.</p> <p>Andrew decides to earn some income by selling 20 (20 options x 100 shares = 2,000 shares) ORG put option contracts with an exercise price of \$15, for a premium of 55 cents a share.</p> <p>If ORG falls below \$15 during the life of the ETO, Andrew risks having the option exercised against him, forcing him to buy the shares at the exercise price of \$15. However, if ORG remains above that level, he'll retain the premium income.</p>

Andrew's pay-off diagram*



* Note: the above payoff diagram is for 1 ETO contact. To determine the total profit or loss you need to multiply by the number of contracts entered into.

The images represented here are sample data only and don't reflect real data. The diagram represents profit/loss on each underlying equity that ETO's relate to, and as such does not represent total potential profit/loss in the case study. The case study does not include any brokerage, fees or consider any tax implications. For more information on these implications see page 23.

Other important information

The role of ASX Clear

ETOs are traded on the ASX trading platform and cleared through ASX Clear, a licensed clearing and settlement facility under the Corporations Act 2001 (Cth). WealthHub Securities Limited ABN 83 089 718 249 AFSL NO. 230704 is a participant of both ASX and ASX Clear.

As a participant, we must comply with the operating rules of both ASX and ASX Clear (the Clearing Rules). All ETOs that we trade for you, will be cleared by ASX Clear, and are subject to the Clearing Rules.

When we enter into an ETO for you, we report the transaction to ASX Clear for registration. When ASX Clear registers a contract, they terminate the original traded contract and replace it with two contracts, known as Derivatives CCP Contracts — one between ASX Clear and the buyer's broker, and the other between ASX Clear and the seller's broker.

This process of registering and creating two Derivatives CCP Contracts is called **novation**. It's described briefly in "You and your broker" in the ASX booklet, "Understanding Options Trading" available at [asx.com.au/documents/resources/UnderstandingOptions.pdf](https://www.asx.com.au/documents/resources/UnderstandingOptions.pdf)

You don't take part directly in either of those contracts registered with ASX Clear. Although we may act on your instructions or for your benefit, when the ETO is registered with ASX Clear in our name as the Clearing Participant, we incur obligations to ASX Clear as principal, even though we may have entered into the ETO on your instructions.

Client trust accounts

According to the Corporations Act 2001 (Cth), we can use your money held in our trust account to meet margin obligations, and guarantee, secure, transfer, adjust or set dealings in derivatives. Refer to clause 19.1 in Part three of this PDS.

National Guarantee Fund

Please note: the National Guarantee Fund (NGF) does not apply to ETO trades but does apply to the resultant equity trades.

The NGF protects investors in these circumstances:

- if an equity option is exercised, the NGF guarantees the resulting trades will be completed in certain circumstances, and
- if you've entrusted property to us while dealing in ETOs, and we later become insolvent, you may claim on the NGF, according to its governing rules, for any property not returned to you or not dealt with according to our obligations to you. There are limits on claims to the NGF for property that has been entrusted.

For more information about protection offered by NGF, see [segc.com.au](https://www.segc.com.au)

Cooling-off period

There are no cooling-off arrangements for ETOs.

Environmental, social or ethical considerations

ETO contracts don't have an investment component and are speculative in nature. Labour standards, environmental, social or ethical considerations haven't been taken into account in relation to these financial products.

Consent to be named in the PDS

National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 has consented to the references to "National Australia Bank", "National Australia Bank Limited" and "NAB" included in this PDS. Neither National Australia Bank Limited nor any of its directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of this PDS.

Where to find out more

Strategies

You can find out more about options strategies at the Insight Centre on the Trading Site.

We also recommend you read these free ASX educational booklets, referred to throughout this PDS:

Booklet	Available from
Understanding Options Trading Discusses the features and contract specifications of ETOs and outlines the risks and advantages of trading options. It also gives examples of how ETOs work and provides basic option trading strategies.	asx.com.au/documents/resources/UnderstandingOptions.pdf
Understanding Option Strategies Provides more detail about trading strategies.	https://www.asx.com.au/products/equity-options/strategies.htm
Understanding Margins Explains what margins are, how ASX Clear calculates them and how a Clearing Participant can meet margin obligations to ASX Clear.	asx.com.au/documents/resources/UnderstandingMargins.pdf

If you can't access a booklet online, you can call ASX and ask for a copy. Alternatively simply contact us.

If you have questions about the ETO market or any part of the booklets, we'd be happy to help. Call nabtrade on **13 13 80**.

Premiums

If you're the buyer of an ETO, you'll need to pay a premium for the ETO contract.

If you're the seller of an ETO, you'll be entitled to receive a premium for the sale of the ETOs contract.

For detailed information about premiums on ETO contracts, see "Option Pricing Fundamentals" in the ASX booklet "Understanding Options", at [asx.com.au/documents/resources/UnderstandingOptions.pdf](https://www.asx.com.au/documents/resources/UnderstandingOptions.pdf). You can also visit the ASX Options Calculator at <https://www.asx.com.au/prices/calculators.htm>

Margin and collateral

If you're the seller of an ETO contract, you'll need to make margin payments and, in some cases, provide collateral to ASX Clear. Margins can change daily, so you need to have funds or shares available to cover them. For more information, see:

- "Margins" on page 15 for general information about margins
- Part Two of this PDS for details of any further margin requirements we may ask for, or
- The ASX booklet, "Understanding Margins" at [asx.com.au/documents/resources/UnderstandingMargins.pdf](https://www.asx.com.au/documents/resources/UnderstandingMargins.pdf) for detailed information on margin and collateral requirements.

Significant tax implications

This document is not a comprehensive and complete tax guide. Your tax position when you trade ETOs will depend on your individual circumstances, particularly whether you're trading on a revenue or capital account.

Tax laws can be complex and may change over time. We suggest you get professional tax advice before entering into or disposing of an ETO contract.

You may also like to review the content regarding the tax treatment of ETOs at <https://www.asx.com.au/prices/calculators.htm>

Taxation of financial arrangements

In 2009, the Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 introduced new rules (known as the TOFA rules) for taxing returns from financial arrangements.

The TOFA rules define financial arrangements, then set out six methods for accounting for gains or losses on those arrangements. Four of those methods are elective, subject to certain safeguards. Together, they determine the tax timing and treatment of arrangements covered by the rules. The TOFA rules generally cover tax gains and losses from financial arrangements on revenue account, (not as capital gains or losses).

ETOs may or may not qualify as financial arrangements under the

TOFA rules. Whether an ETO constitutes a financial arrangement for you can only be determined by looking at your individual facts, circumstances and, to some extent, the purposes regarding your ETO. Generally, an ETO that can be cash settled will constitute a financial arrangement under the TOFA rules.

However, the TOFA rules shouldn't generally apply to the ETOs entered into by:

- individual investors
- a superannuation entity, management investment scheme or an entity substantially similar to a managed investment scheme under foreign law with assets of less than \$100 million
- certain financial entities with a turnover of less than \$20 million, or
- other entities with a turnover of less than \$100 million, financial assets of less than \$100 million and assets of less than \$300 million,

where the ETO is not a qualifying security for tax purposes. For these purposes, an ETO shouldn't generally constitute a qualifying security.

You can also choose to apply the TOFA rules even if you don't satisfy these thresholds.

Since the TOFA rules generally apply to financial arrangements entered into

on or after 1 July 2010, they're likely to affect ETOs traded through nabtrade. So, if you're subject to the TOFA rules the TOFA rules could apply to any ETOs you enter into.

You should obtain your own taxation advice about the application of TOFA rules to your circumstances.

If you're not subject to the TOFA rules, your ETOs should generally be taxed as outlined below.

Revenue account

Seller of the option

If you sell an option in the ordinary course of your business, or you sell an option over an underlying revenue asset, the option will be treated as being on revenue account.

The premium that you receive as the seller will be assessable on a due and receivable basis. This will generally happen when the option is registered with the ASX Clear. Where any premium is credited to the seller's ASX Clear account, the amount will be assessable on the same basis.

Any margin calls that follow aren't deductible when they're deposited into your ASX Clear account. These margins will merely reduce your overall net position when a buyer closes out, settles or exercises the option.

If as the seller you receive interest on the margins held in your ASX Clear account, you must include that interest in your assessable income.

Buyer of the option

As a buyer you'll generally hold an option on a revenue account when you hold or trade it in the ordinary course of business, or you use the option to hedge an underlying revenue asset.

In this case, any premium you pay is generally regarded as being deductible on a due and payable basis. This will generally happen when you register the option with the ASX Clear.

If the option on a revenue account lapses, there are no further tax implications. However, if it's exercised, the option strike price will form part of the acquisition cost or disposal proceeds for the related underlying asset.

Alternatively, if the option is closed out before it expires, any gain or loss on the option position will be treated as assessable or deductible.

Capital account

Seller of the option

If you sell an option over an underlying capital transaction, the option will be held on capital account. Consequently, any income tax implications will be determined according to the Capital Gains Tax (CGT) provisions.

The premium that the seller of the option receives will lead to an assessable capital gain on a received or a receivable basis. If any premium is credited to your ASX Clear account, the amount will still be assessable on this basis.

Any subsequent margin calls will merely reduce your overall net position when you close out, settle or exercise the option.

If as the seller, you receive interest on the margins held in your ASX Clear account, you must include it in the seller's assessable income.

Exercise of a call option

Where a call option is exercised, the option premium and the proceeds on the sale of the underlying asset should be treated as a single transaction. As a result, both the premium and the proceeds received will be part of the seller's capital proceeds for CGT purposes.

This may have practical implications if you sell an option and you receive the premium and sale proceeds in different income years.

Exercise of a put option	<p>If you exercise a put option, the option premium received and exercise price paid will generally be reflected in the cost base of the underlying asset for the seller. The seller's cost base for the underlying asset for CGT purposes should generally include the exercise price paid, reduced by the option premium received.</p> <p>This may have practical implications if you sell an option and receive the premium in a different income year from the payment of the strike price and acquisition of the underlying capital asset.</p>
Buyer of the option	<p>If you buy an option, you'll generally hold it on capital account if you're hedging an underlying capital transaction. Any resulting income tax implications will be determined according to the CGT provisions.</p> <p>As a buyer, you won't have any taxation consequences for any premium paid for options that are held on a capital account.</p> <p>If an option on a capital account lapses, you'll realise a capital loss, equal to the premium paid.</p> <p>When an option is settled or closed out, you'll realise a capital gain or loss depending on the amount paid (which will be the premium plus any incidental costs) for the option, as well as the amount received on settlement.</p>
Exercising a call option	<p>If as a buyer you exercise a call option, you generally need to include the option premium in the cost base when you dispose of the underlying asset.</p>
Exercising a put option	<p>If as a buyer you exercise a put option, you generally need to deduct the option premium from the proceeds you receive when you dispose of the underlying asset.</p>
Index ETOs	<p>In general, there are no specific legislative rules dealing with income tax with respect to trading index ETOs. So the taxation consequences of investing in index ETOs shall be determined by taking into account the investor's circumstances in accordance with general tax principles.</p> <p>Generally, the tax principles to be applied when investing in index ETOs will be the same as those outlined above. However, as the circumstances of each investor are different, investors should obtain professional tax advice relating to whether their index ETOs are held on revenue account and the timing of any tax consequences, particularly given that an index ETO will be cash settled.</p> <p>However, there's an alternative view that any tax consequences don't occur until the index ETOs are closed out, exercised or expire.</p> <p>In this regard, the alternative view may mean you need to account for index options using a net profits method, rather than a due and receivable or due and payable approach on a gross receipts basis (as the case is for equity ETOs).</p>
Complying Superannuation Funds and Managed Investment Trusts	<p>Certain investors (such as complying superannuation funds), or managed investments trusts that are eligible for, and make the capital account election, will generally be taxed on capital account for their ETOs.</p>

Resolving complaints

If you have a concern about any aspect of our service, please call us on **13 13 80**. We'll work to resolve the issue as soon as we can.

If we can't solve your concern, or you're not satisfied with our solution, please write to us at the address below:

By mail	The Complaints Manager nabtrade GPO Box 4545 Melbourne VIC 3001
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If your complaint isn't resolved to your satisfaction within 45 days, you can get further information from the Australian Financial Complaints Authority.

By phone	1800 931 678
By mail	The Manager Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001
Online	afca.org.au

Not all customers will be eligible to make use of the services of the Australian Financial Complaints Authority. For information on if you are eligible, contact the Australian Financial Complaints Authority directly.

Client identification

We are obliged to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). Under those laws, we have to meet strict identification requirements before we can offer you the service.

PART TWO: FEES AND CHARGES

About this part

This part should be read in conjunction with Parts One, Three and Four of the PDS, describing the ETO products we trade.

Goods and Services Tax (GST)

GST applies on brokerage and fees. We charge 10% GST on brokerage and fees. The fees shown in this PDS include GST.

Brokerage

When you buy or sell an ETO contract, we calculate our brokerage as a percentage of the premium payable by the buyer (or taker) of the contract.

The minimum brokerage for opening or closing a position is \$34.95 per trade, including GST.

Type of trade	Transaction size	Brokerage
Online Trade	Up to and including \$10,000.00	\$34.95
	Above \$10,000.01	0.35% of the trade value
Over the phone trade	\$49.95 or 0.55% of trade value (whichever is greater)	
Equity trade from option exercise or assignment	\$59.95 or 0.11% of trade value (whichever is greater)	

ASX Clear fees

Fee	Amount
Transaction fee (equity options)	\$0.13 per contract plus GST
Exercise or assignment fee (equity options)	\$0.05 per contract plus GST
Exercise fee (index options)	\$0.35 per contract plus GST
Registration fee (index options)	\$0.45 per contract plus GST

How much will it cost?

We'll let you know the exact cost of each transaction when it's confirmed. Here's an example of the costs for a typical options trade:

Trade	Buy 20 XYZ March \$50 Call Options at \$1
Premium	20 Contracts (2,000 shares) x \$1 = \$2,000
Brokerage	\$34.95
ASX Clear fees	20 x 0.14 = \$2.80
Total	\$2,037.75

Note that, in addition to the above, you will still be subject to margin requirements (see below, and "Margins" and "Collateral" on page 15).

Margin requirements

The margin called by ASX Clear for ETOs is made up of two components, both determined by ASX Clear:

Total margin = premium margin + risk margin + our buffer

We may add an additional buffer margin, which is equal to 100% of the risk margin.

See “Margins” on page 15 of Part One of this PDS for more information.

An example of margins in action for a single stock portfolio:

Premium margin	\$180
Risk margin	\$129
nabtrade buffer	\$129
Total margin	\$438

Other fees

Service	Fee	
Confirmation delivery by email	No charge	
Confirmation delivery by post	\$3.85 each	
Order amendments and cancellations	No charge	
Email alert	1 alert credit*	
SMS alert	2 alert credits	
Credit alert bundles*	100 alert credits = \$11 200 alert credits = \$22 300 alert credits = \$33	
Miscellaneous queries and other requests outside the normal course of business	\$60 per hour, with a minimum charge of \$60	
Off-market transfer	\$55 per holding	
Sell fail fee (failure to settle trade within the required time)	Transaction size	
	Amount	
	Up to and including \$100,000.00	\$100 plus GST
	Above \$100,000.01	0.10% of the trade value plus GST
Buy fail	\$100 per day plus GST	

* One alert credit costs \$0.11

PART THREE: TERMS AND CONDITIONS

ETO Client Agreement

This ETO Client Agreement (Agreement) forms part of this PDS. This document should be read in conjunction with Parts One, Two and Four of the PDS, describing ETOs.

1. Definitions and interpretation

1.1 Unless otherwise defined, all capitalised terms have the same meaning given to them in the relevant Rules, and as defined in the nabtrade Client Agreement. If there is any inconsistency between the Rules and the nabtrade Client Agreement, the Rules will prevail.

Term	Definition
ASIC	Australian Securities & Investments Commission.
ASX	Australian Securities Exchange operated by the Australian Securities Exchange Limited ACN 008 624 691.
ASX Clear	ASX Clear Pty Limited ACN 001 314 503.
Authorised Person	A Person authorised to represent the Account holder in accordance with these terms and conditions.
Base Rate	NAB Equity Lending's published variable rate for loans of less than \$250,000.
Confirmation	The confirmation note WealthHub Securities sends you on execution or partial execution of a Transaction.
Derivatives CCP Contract	Means one of the two matching contracts between ASX Clear and a Participant that arise when a Derivative Market Contract is registered by and novated to the ASX Clear under the ASX Clear Operating Rules.
ETO contract	Means a Derivatives Market Contract or Derivatives CCP Contract (each as defined in the ASX Clear Operating Rules) as the context requires.
Market	The market operated by the Market Operator under Australian Market Licence (Australian Securities Exchange Limited) 2002.
nabtrade	Is a registered trademark of NAB and the brand under which nabtrade Services are provided.
nabtrade Client Agreement	For Parts A to E and G, the nabtrade Client Agreement is the agreement formed when WealthHub Securities accepts your application for an Account (subject to the relevant terms and conditions, Application Forms and any additional parts). For Part F and G in relation to the Cash Products, it's the agreement between you and National Australia Bank Limited ABN 12 004 044 937, AFSL No. 230686. Part G defines the terms used throughout the nabtrade Client Agreement. Part H contains the NAB Privacy Notification.
nabtrade Financial Services Guide	The Financial Services Guide prepared by WealthHub Securities in accordance with section 941A of the Corporations Act 2001 (Cth).
National Australia Bank and NAB	National Australia Bank Limited ABN 12 004 044 937, AFSL No. 230686, including its directors, officers, employees, agents and representatives.

Term	Definition
Person	An individual, joint account holder, a company, a trustee or a body corporate.
Rules	Any or all of: <ul style="list-style-type: none"> • the ASX Group Rules • the ASX Operating Rules • the ASX Settlement Operating Rules • the ASX Clear Operating Rules • the ASIC Market Integrity Rules, and • any other applicable law.
Trading Site	Any or all of: <ul style="list-style-type: none"> • the website, located at nabtrade.com.au • any other related website operated by or for NAB, and • any other website WealthHub Securities provides you with or tells you about, in relation to the Services.
Telephone Service	The telephone service accessed on 13 13 80 or any other number WealthHub Securities nominates.
WealthHub Securities, we, our, us	WealthHub Securities Limited ABN 83 089 718 249 and AFSL No. 230704, including its directors, officers, employees, agents and representatives.
You or your	The Person(s) named as applicant on the Application Form. This is the Person to which WealthHub Securities provides the Services through the Trading Site and, where relevant, includes the Authorised Person. If the applicant is a company or body corporate, the meaning of 'you' and 'your' extends to include the directors and officers of the company.

1.2 WealthHub Securities is a member of ASX Clear. Subject to the terms and conditions of this Agreement, the Corporations Act (Cth) 2001, the Rules and any other statute or common law, we'll deal in ETOs on your behalf. We don't offer LEPOs.

2. Application of the Rules

2.1 You and WealthHub Securities agree to be bound by the Corporations Act (Cth) 2001, the Rules and the procedures, customs, usages and practices of the ASX and its related entities (as they're amended from time to time), as far as they apply to ETOs traded on ASX.

2.2 You acknowledge that each ETO registered with ASX Clear is subject to the operating rules and practices, directions, decisions and requirements of ASX Clear.

2.3 You acknowledge that as a nabtrade client, you're bound by the terms and conditions of the nabtrade Client Agreement. To the extent there is any inconsistency between the terms of this Agreement and the terms of the nabtrade Client Agreement, this Agreement will apply in respect of any ETO dealings we undertake on your behalf.

3. You'll provide information

3.1 You agree to supply all necessary documentation and/or information as required by us, concerning Market transactions.

3.2 You must provide the necessary identification information to us before we can trade ETOs on your behalf.

4. Explanatory booklets, risk, financial objectives and disclosure documentation

4.1 You acknowledge that:

- a. you've received and read the current explanatory booklet about options, "Understanding Options Trading", published by ASX
- b. you've read the nabtrade ETO PDS
- c. dealing in ETOs incurs a risk of loss
- d. we won't give any advice or recommendation regarding your transactions, and you should seek separate advice if needed, and
- e. you've thought about your objectives, financial situation and needs and decided that dealing in ETOs is right for you.

5. Authority

5.1 You represent and warrant:

- a. if you're acting as principal, you're aged 18 years or over and have the legal power and right to execute contracts and other documents in relation to this Agreement
- b. if you're a body corporate, that your incorporation details are current and valid, and
- c. if you're a trustee: a licence you hold
 - these terms and conditions will bind you in both a personal capacity and in your capacity as trustee
 - you can be indemnified out of the assets of the trust for all liabilities incurred under these terms and conditions

- you've properly exercised your trust powers and have full authority to enter into this arrangement and all transactions under it, and
- your instructions are lawful and authorised.

5.2 You acknowledge and agree that at our discretion, for legitimate business, prudential or regulatory reasons and as notified to you:

- a. we may assign you a trading level. This trading level will classify which ETO strategies you can use and is based on our assessment of your level of experience in trading ETOs. Information relating to trading levels can be found on the Trading Site.
- b. we won't be liable for any losses, damages, costs and expenses relating to the trading level assigned to you, except to the extent of our fraud, negligence or misconduct. We may change the assessment criteria in relation to a trade at any time, and
- c. we may also change your trading level without prior notice to you, but we will let you know as soon as reasonably practicable after we do this.

6. Our obligations and your rights

6.1 Even though we may act according to your instructions (or for your benefit), you acknowledge any ETO contract arising from any order submitted to the Market, is entered into by WealthHub Securities as principal.

6.2 Upon registration of an ETO contract you acknowledge that we incur obligations to ASX Clear as principal, even though we may have entered into the ETO contract on your instructions.

6.3 You acknowledge that any benefit or right we obtain when we register an ETO contract with ASX Clear by novating a contract under the Rules, or any other legal result of registration is personal to us. The benefit or legal result doesn't pass to you. You have no rights, either by subrogation or otherwise, against ASX Clear regarding any of our dealings (or any other Participant or Market Participant) in ETO transactions and Derivatives CCP Contracts.

6.4 You acknowledge that in accordance with clause 11 of this Agreement, there may be circumstances where we do not following your instructions.

6.5 You acknowledge that:

- a. instructions via the Trading Site or the Telephone Service may be limited to a specific type of dealing. This is at our discretion, for legitimate business, prudential or regulatory reasons and as notified to you, and
- b. we don't offer straight-through processing of ETO orders and that orders are placed by an appropriately accredited ETO dealer.

6.6 Unless we agree otherwise with you, all orders and instructions you give us in relation to ETO contracts to write, close, take, buy or sell ETO contracts will, on the business day that they're given:

- a. be on a day-only basis, and
- b. if unexecuted, automatically lapse at the close of normal trading.

7. Dealing as principal

7.1 You acknowledge that we may, in situations allowed under the Corporations Act 2001 (Cth) and the Rules, take the opposite position in a transaction in an ETO contract, either acting for another client or on our own account.

8. WealthHub Securities may demand funds or security or evidence

8.1 You acknowledge that we (in relation to obligations we incur for entering into any Derivatives CCP Contracts on your behalf) may:

- a. demand the payment of money
- b. demand that you provide evidence that you'll be able to comply with the demands or future demands regarding these obligations, or
- c. demand the provision of any other security that we may consider, in our discretion, suitable in connection with these obligations.

8.2 You acknowledge that you must comply with any such demand made by us under clause 8 as soon as possible. We are required to settle ETO margin obligations (if any) with ASX Clear by 10.30 am on each trading day. To make sure we can meet those obligations, we may call for you to pay money or provide other security, that we at our discretion deem suitable. You must pay any amount called, or provide security within 24 hours of the call for payment or security, unless otherwise stipulated by us.

9. Fees

9.1 You may pay us fees, taxes and charges for your dealings in ETOs at the rates we determine and as notified to you. We will give at least 30 Business Days' notice prior to any increase in fees or charges other than government fees or charges taking effect.

9.2 You acknowledge and agree that each individual order instruction:

- a. has its own individual fees, taxes and charges. Multiple orders on the same day, in the same series don't amalgamate into a single net order instruction, and
- b. may not be completely executed in one single transaction. For partially completed orders, you acknowledge that any outstanding balance will remain in the Market at your nominated limit price until such time as:
 - the order is filled, you provide instructions to amend the order, or
 - the order expires at the end of the day. If the order is partially executed at the end of the day the order will attract the minimum brokerage fee.

9.3 If you choose to place a new order for the remaining balance, the new instruction will be treated as a separate order, and the minimum brokerage fee is applicable.

9.4 For further information, refer to the nabtrade Financial Services Guide.

10. Recording of conversations

10.1 You acknowledge that:

- a. you authorise us to record any telephone communications with you, with or without an audible tone warning device
- b. you should record the relevant details of any conversation that you have with us, including the name of the operator and the date and time of the call. We may ask you for this information if you want access to a recording of a telephone communication between you and us, and
- c. if there's a dispute you have a right to listen to any recording of the conversations, but you acknowledge that any recording is our property and that we reserve the right to charge you a reasonable cost recovery fee for access to a recording.

11. Right to refuse to deal

11.1 Without limiting any other rights or discretion which we may have, acting fairly and reasonably in accordance with our obligations under clause 11A, you acknowledge that we may refuse to deal in, or may limit dealings in ETOs for you at any time and for as long as is reasonably necessary where:

- a. you fail to pay any amount you're liable for under this Agreement when it falls due, and you fail to rectify it after we have provided you with reasonable notice

- b. we reasonably believe you have breached any material term of this Agreement and such breach is not capable of remedy, or if it is, you do not rectify that failure after we have provided you with reasonable notice
- c. we have reasonable grounds to believe to act on your instructions would result in us:
 - breaching the Corporations Act 2001 (Cth), the Rules, any Australian law, the law of another country, or any of our internal business rules, or
 - being an accessory to a breach of the Corporations Act 2001 (Cth), the Rules, Australian law or the law of another country
- d. we reasonably believe it is necessary to:
 - prevent potentially fraudulent activity or a scam;
 - manage any risk; or
 - prevent an anticipated material loss to you or us or any other person arising from the misuse or unauthorised use of your account or the Services.

11.2 If appropriate, we will give you a general reason for the restriction or suspension (and any conditions) as soon as is reasonably possible (unless prohibited by legal or regulatory reasons). We cannot detect and prevent all such dealings. We don't need to tell you before restricting or suspending your account access (for example if it is reasonably necessary for us to act quickly to manage a risk). If we do not give you advance notice, and where it is reasonable to do so, we will

advise you within a reasonable time of exercising our discretion under this clause 11.

11.3 Subject to clause 11A.7, we will incur no liability to you where we exercise our right to refuse to deal.

11A. Exercise of discretions

11A.1 We'll act reasonably and be guided by our legitimate business interests in deciding whether and how to exercise any discretion we have under these terms and conditions. When we exercise a right or discretion under this Agreement (like considering a request you make or deciding whether or not to do something), we'll do it in a way that is fair and reasonable. This includes:

- a. when we determine the trading level, if any, you be subject to under clause 5.2;
- b. when we make any demands under clause 8;
- c. if we refuse to deal under clause 11;
- d. if we take an action under clause 12; and
- e. when we may make changes to terms of these terms and conditions under clause 15.

11A.2 We can take a range of things into account when exercising rights and discretions. These can include:

- a. our legal obligations, the Rules and any applicable law, industry codes and the expectations of our regulators;
- b. protecting our customers, staff and systems, and the personal information we hold;

- c. what you have told us about yourself and how you will use your account or the services (including if it's misleading, incorrect or you haven't provided us with all of the information we reasonably need when asked);
- d. how our services are intended to be used (and how you have used them);
- e. our public statements, including those relating to protecting vulnerable persons, the environment or sustainability;
- f. community expectations and any adverse impact on our reputation;
- g. whether we need to take any action to protect you or another person from a potential fraud or scam; and
- h. risk management, including sanctions risk management.

11A.3 If we impose any conditions or requirements to any consent we give, or agree to any request that you make subject to conditions, then you'll need to comply with those conditions or requirements.

11A.4 If we do not make a decision or do something straightaway, we may still do so later on. This includes where we delay or defer doing so, or we temporarily waive a requirement.

11A.5 Our rights and remedies under this Agreement are in addition to other rights and remedies given by law independently of this agreement.

11A.6 Our rights and remedies may be carried out by any officer or employee of NAB, or any person NAB has authorised.

11A.7 We are not liable for any loss or damage:

- a. caused by exercising or attempting to exercise, or failure or delay in exercising, a right or remedy where:
 - there’s no breach of a legal duty of care owed to you by us, or by any of our employees or agents;
 - if there is a breach of such a duty, such loss or damage could not have been reasonably foreseen as a result of any such breach; or
 - we reasonably exercise the discretion, including because of one or more of the factors set out at clause 11A.2; or
- b. that results from a breach by you of any term of this Agreement, except to the extent such loss or damage is caused by our fraud, negligence or misconduct.

11A.8 Where this Agreement refers to our fraud, negligence or misconduct, then for the removal of doubt, that clause will be taken to include a reference to the fraud, negligence and misconduct of our officers, employees, contractors and agents.

12. Default

12.1 Having regard to clause 11A, if:

- a. you fail to pay or provide security for any amount you owe us, or you fail to perform any obligation that results from the exercise or settlement of a Derivatives CCP Contract, or

- b. a guarantee or other security that you give us is withdrawn or becomes ineffective and any other replacement security isn’t acceptable to us, or
- c. any other event occurs (which we’ve agreed with you in this Agreement),

we have the right to take action under this section. We may, along with any other rights we may have against you, and without giving you notice (although where possible we will provide you with reasonable notice), take or refrain from taking any reasonable action regarding ETO contracts entered into for you (including without limitation, Derivatives CCP Contracts arising from those contracts) and:

- a. enter into one or more transactions to close out of one or more Derivatives CCP Contracts, in line with the Rules
- b. exercise one or more Derivatives CCP Contracts, in line with the Rules
- c. exercise any other rights, or perform any other obligations granted by the Rules and this Agreement, or
- d. deal in any of your securities or other property we hold, and use the proceeds to pay for the default.

12.2 You acknowledge and agree that:

- a. on demand you’ll pay or reimburse us all charges, costs and expenses where we reasonably incur any charge, cost and expense in connection with this Agreement

- b. you’ll be liable to pay any reasonable additional costs incurred by us on demand. These may include:

- brokerage, fail fees, stamp duties and GST
- reasonable borrowing costs or losses, and
- other reasonable expenses we incur in relation to actions under this clause or the Rules, and
- interest on the outstanding amount from the due date until the date we receive payment, at the rate of two percentage points above the Base Rate, calculated daily from the due date to the date of payment. You also agree to pay any fail fees arising from the failure to settle.

- c. where we have incurred additional costs, we’ll demand payment from you, either verbally or in writing, and
- d. you’ll indemnify us for all losses, damages, costs and expenses (except to the extent resulting from or caused by our negligence, fraud or misconduct) resulting from your breach, default or failure to settle under this Agreement.

13. Appointing ASX Clear Pty Limited and others as agent

13.1 You irrevocably appoint ASX Clear, and every director, manager and assistant manager of ASX Clear (as applicable) to do all acts and execute all documents on your behalf, for the purpose of exercising the powers given to ASX Clear as prescribed under the ASX Clear Operating Rules.

14. Termination of Agreement

14.1 You acknowledge that this Agreement can be terminated if either party gives at least five Business Days' notice in writing. The notice period in respect of termination will commence upon receipt of the notice by the other party.

15. Effect of termination and variation

15.1 Termination doesn't affect you or our existing rights and obligations prior to termination. When this Agreement is terminated, we'll close out all Derivatives CCP Contracts we've entered into, and registered for you. This is unless you have directed us to transfer those contracts to another Participant, in accordance with the Rules.

15.2 Subject to clause 11A, we can amend this Agreement for legitimate business, prudential or regulatory reasons. If we reasonably believe a change is unfavourable to you, we will give you 30 days' prior notice.

Your continued use of this service is an acceptance of the variation. If you do not want to accept the variation, you can terminate this Agreement under clause 14.

15.3 Where a variation of this Agreement is:

- a. required to comply with the Rules and any applicable law
- b. to manage a material and immediate risk (for example to restore or maintain the security of this service or your accounts) and it is reasonable for us to give less notice

- c. a new or varied government charge, which we will tell you about reasonably promptly after the government notifies us (unless the government publicises it), or
- d. a minor change, which we reasonably believe is not unfavourable to you,

then this variation may not be notified to you (or we may provide less notice), and will take effect when you first use that new or varied service.

15.4 If a change is not acceptable to you, and you terminate this Agreement, you'll need to close out all ETO contracts that are open at the time you terminate this Agreement. All applicable fees and charges will be payable by you.

16. Revised terms prescribed by ASX

16.1 If the Rules prescribe amended minimum terms for an ETO client agreement (the New Terms), any inconsistency between the minimum and New Terms will be overridden by the New Terms of this Agreement. These New Terms automatically apply.

17. WealthHub Securities to provide copies of changes

17.1 We'll provide a copy of the New Terms to you as soon as we can.

18. Margins

18.1 You agree that when you write a Derivatives CCP Contract to open a position, margins will be payable. That margin is an ongoing obligation during the life of the Derivatives CCP Contract.

18.2 You must ensure that these obligations are met on a daily basis. If you're unable to meet these obligations it's your responsibility to close out any open Derivatives CCP Contracts immediately.

18.3 You agree that we may require margins in excess of those required by ASX Clear. We may allow such monies to be retained in an account on terms approved by WealthHub Securities in its absolute discretion.

19. Client funds and property

19.1 We must deal with any money and property paid or given to us in connection with the Participant/client relationship following the Corporations Act 2001 (Cth) and the Rules. You acknowledge that we may combine your and our other clients' money and deposit it in a trust account or client's segregated account. Subject to applicable law, you acknowledge that all money credited to your segregated account that we maintain may be used by us to meet the default of any of our clients. You acknowledge that we may retain interest paid by ASX Clear on money provided by you under this Agreement.

20. Assignment

20.1 You acknowledge that at all times when a written short Derivatives CCP Contract is open, you as the writer are exposed to the risk of that Derivatives CCP Contract being assigned.

20.2 Where a Derivatives CCP Contract is assigned, you must take delivery of (for short put contracts), or supply (for short call contracts) the required number of underlying shares at the exercise price on T+2. Where this occurs for a naked ETO contract, you're responsible for executing the required trade(s) and notifying us on T+1.

21. Exercise

21.1 You acknowledge that we automatically exercise Derivatives Market Long Position Contracts (that is, any call or put option that has been bought to open) on expiry that is in the money.

21.2 You acknowledge that it's your responsibility to contact and instruct us on the day of expiry if you don't wish in the money long positions to be exercised. You also acknowledge that once the in the money long position has expired, it's worthless and can't be exercised or traded on the Market. Any subsequent trades involving the same series will be considered to be the opening of a new position.

22. Change of Participant

22.1 If you receive a Participant Change Notice from us at least 20 Business Days' before the date proposed in the Notice for the Change of Participant, you don't have to agree to the change of Participant. You may also choose to do any of the things set out below.

22.2 You may choose to terminate this Agreement in line with clause 14 of this Agreement or by instructing us to transfer your Derivatives CCP Contracts to another Participant.

22.3 If you don't do anything to terminate this Agreement and don't indicate that you disagree with the change of Participant, this Agreement will be novated on the effective date to the new Participant and will be binding on all parties as if, on the effective date:

- a. the new Participant is a party to your Agreement, substituting the existing Participant
- b. any rights of ours are transferred to the new Participant, and
- c. we're released by you from any obligations arising on or after the effective date, although this does not affect any claim or action against us that you may have for a breach by us of our obligations to you in relation to the novation.

22.4 The novation won't take effect until you've received notice from the new Participant, confirming that they consent to acting for you on our behalf. As a result, the effective date may be later than the date written in the Participant Change Notice.

22.5 If you do anything that is consistent with the novation of the Agreement to the new Participant, (such as instructing the new Participant) on or after the effective date, we'll take this as your consent.

22.6 Your Agreement continues for our benefit regarding any rights and obligations accruing before the effective date. In addition, to the extent that any law or provision of any agreement makes the novation not binding or effective on the effective date, then your Agreement will continue to benefit us until the novation is effective. We'll hold the benefit of the Agreement on trust for the new Participant.

22.7 Nothing in this section will prevent the completion of ETO contracts and Derivatives CCP Contracts by us where the obligation to complete those transactions arises before the effective date. Your Agreement will continue to apply to completing ETO contracts, despite the novation of the Agreement to the new Participant.

23. Adjustments

23.1 You acknowledge that it's your responsibility to know about potential adjustments to Derivatives CCP Contracts that you trade. From time to time ASX may announce an adjustment to a Derivatives CCP Contract specification by varying the contract size, exercise price, expiry date, number of contracts and the underlying security.

23.2 You accept all responsibility for trading in Derivative CCP Contracts where the adjustment is pending or has occurred.

24. ETO Settlement

24.1 You acknowledge that settlement of a Derivative CCP Contract:

- a. occurs on T+1, and
- b. you're required to have sufficient cleared funds available in your account to meet the debt.

25. Collateral sponsored by Wealthhub Securities

25.1 You understand that you may need to, or want to lodge financial products held in your sponsored holding with us as collateral for any open Derivative CCP Contract. You acknowledge that:

- a. you need to be CHES Participant sponsored by WealthHub Securities
- b. you need to provide us with the original completed Collateral Cover Authorisation Form (Authorisation Form)
- c. the arrangement will be subject to the terms of the Authorisation Form, Sponsorship Agreement, ASX Clear Operating Rules, and ASX Settlement Operating Rules.

26. Confirmations

26.1 You acknowledge that Confirmations are issued subject to:

- a. directions and decisions made under the Rules and their requirements
- b. customs and usages of the Market, and
- c. correction of errors and omissions.

26.2 We may, at our discretion, send Confirmations for ETO contracts on your behalf by (unless proven otherwise):

- a. email, facsimile transmission or electronic data interchange (including internet) to your last notified email address or facsimile number (if supplied). You acknowledge that the conditions set out in the Rules apply to these Confirmations. Electronic communications are deemed to be received on the day of sending unless you are able to reasonably demonstrate otherwise, or
- b. post to your last notified address – with an assumed receipt date of three Business Day after posting unless you are able to reasonably demonstrate otherwise.

26.3 By providing us with an electronic mail address (email address) you authorise us to dispatch electronic Confirmations to your email address. You're responsible for:

- a. ensuring that your email address is operational and able to receive electronic Confirmations we issue, or
- b. advising us of any change to your email address as soon as practicable.

26.4 You agree, that we may have regard to our legitimate business interests, or prudential or regulatory obligations:

- a. provide you with access to an electronic version of a Confirmation via the Trading Site (or any other means we advise), or

- b. issue a paper based Confirmation to your mailing address instead of electronic Confirmation or online access.

26.5 If you don't wish to access your Confirmation online, or you don't want to receive an electronic Confirmation at your email address, you must notify us in accordance with this Agreement.

26.6 We may issue subsequent Confirmations if the previous Confirmation contained an error or omission. In this event, the subsequent Confirmation supersedes all previous Confirmations in all respects where it rectifies the error.

26.7 You agree that if we issue you with a Confirmation, it constitutes evidence of the ETO contract unless it includes an error. Where you have information to show there's an error, you must bring this to our attention, as soon as reasonable, so that it can be corrected. Once corrected, the amended Confirmation will be evidence of the matters set out in it where it rectifies the error.

ETO risk disclosure statement (Risk Statement)

This Risk Statement doesn't disclose all aspects of risk associated with trading ETOs and you shouldn't rely on this Risk Statement as being a complete explanation of all the risks. When you apply for ETOs, you acknowledge that you should read and understand this Risk Statement. We recommend that you obtain independent financial, legal and taxation advice before entering into any financial investment decision.

ASX operates a number of markets in derivatives products, including ETOs and LEPOs. This Risk Statement highlights some of the risks associated with ETOs, but does not highlight risks associated with LEPOs.

You should read this Risk Statement along with this PDS and before you invest, you should carefully assess your experience, investment objectives, financial resources and all other relevant considerations. ETOs aren't suitable for some clients. Because of the risks associated with trading ETOs, you should invest in them if you understand your rights and obligations in regard to these products and the extent of your exposure to risk.

<p>Effect of leverage or gearing</p>	<p>All financial products carry a degree of risk. The initial outlay of capital may be small relative to the total contract value, so the transactions are leveraged or geared. A relatively small market movement may have a proportionately larger impact on the contract's value, which could work against you, as well as in your favour.</p> <p>You may lose all of your margin funds deposited with us in relation to your positions. If the market moves against your position, or margin levels are increased, you may have to pay additional funds on short notice to maintain your position, or when you settle your ETO contracts.</p> <p>If you don't provide additional funds when we ask for them, we could close out your position and you will be liable to us for any resulting loss.</p>
<p>Specific product risks</p>	<p>ETOs are options over underlying securities or an underlying index. Buyers of options and sellers of options should understand the mechanics of the two different types of options — call and put options — and the nature and extent of the risks, rights and obligations associated with each.</p> <p>The value of an ETO will depend on many factors, such as the exercise price, the price of the underlying shares or the level of the underlying index, the volatility of the underlying shares or the underlying index, the time remaining to the expiry date, interest rates, dividends and other factors and general risks that apply to markets. The time remaining to the expiry date becomes very relevant for short dated options.</p> <p>The buyer of a call or put option has a known and limited potential loss. If a purchased option expires worthless, the buyer will lose the total value paid for the option (the premium), plus transaction costs. Selling ETO's potentially involves much greater risk than buying options. The premium the seller of an ETO receives is fixed and limited, but the seller may incur losses greater than that amount. For more information on ETOs, you should consider your own investment objectives, financial situation and particular needs before making a decision, and read the ASX publication, "Understanding Options Trading" at asx.com.au/documents/resources/UnderstandingOptions.pdf</p>
<p>Risk-reducing orders or strategies</p>	<p>Placing certain orders (such as stop loss orders), to limit losses to certain amounts, might not be effective because market conditions may make it impossible to carry out these orders. Strategies using combinations of positions, such as spread and straddle positions, may be as risky as taking simple long or short positions.</p>
<p>Terms and conditions of ETO contracts</p>	<p>You should ask your adviser about the terms and conditions of ETO contracts and any ASX derivative products that you're thinking about investing in. In some situations, ASX or ASX Clear may modify the specifications of outstanding contracts.</p>

Suspending or restricting trading and pricing relationships	Market conditions (such as illiquidity) or actions by ASX or ASX Clear (for example, suspending trading in an ASX derivative product), may increase the risk of loss by making it difficult or impossible to make transactions or close out existing positions. Normal pricing relationships mightn't exist in certain circumstances — for example, in periods of high buying or selling pressure, high market volatility or illiquidity in the market for a particular ETO. The Rules give ASX and ASX Clear broad powers to take action in the interests of maintaining fair and orderly markets. Sometimes, this may affect your positions.
Margins, cash and property	<p>We may have to pay margins or provide property as collateral to ASX Clear in connection with it dealing in ETOs for you. Under our Agreement, you'll need to provide us with money or some form of security so ASX Clear can manage the risks associated with dealing in ETOs.</p> <p>You should familiarise yourself with the protections for money or other property you deposit for transactions, (particularly if we become insolvent or bankrupt). The Corporations Act 2001 (Cth) and other legislation and Rules govern the extent to which you may recover the money or property that you give us. In certain circumstances you may have a claim against the National Guarantee Fund.</p>
Fees and charges	Before you instruct us to deal in any ETO, you should read this PDS and the nabtrade Financial Services Guide so you're aware of all fees and other charges that you may be liable for as described in this PDS and the nabtrade Financial Services Guide.
Trading facilities	As with all trading facilities and systems, the systems used in the market are vulnerable to temporary disruption or failure. This may result in your order not being executed as you instructed or not executed at all. Your ability to recover certain losses may depend on limits on liability imposed by the system provider, ASX, ASX Clear or us.
Risks of margin loan covered call writing	Selling covered call ETOs over margined securities is a risky trading strategy that should only be attempted when you understand all of the risks. Subject to us having appropriate arrangements in place with a margin lender, we may allow you to do this. You may be required to enter into additional arrangements with us about those arrangements. You should be aware if you enter covered-call arrangements that you may suffer significant losses if the price of the shares fall. In addition, you'll also have obligations to repay the loan to the margin lender. You should discuss this with your margin lender and financial adviser and consider these risks.

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. We are grateful for the trust and confidence you have in us to safeguard your privacy. 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 available at www.nab.com.au/privacy. By providing personal information to us, you consent to the collection, use and disclosure of your information in accordance with this Notification and any other arrangements that apply between us.

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. (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.

NAB believes that by applying for this account, you're not a US citizen or tax resident. If you are a US citizen or tax resident, you'll need to advise NAB by calling 1300 550 316 between 9am and 5pm (AEST/ADST) Monday to Friday.

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.
- 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;
- personalise your experience with us;
- 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. Where appropriate we integrate the information we hold across the Group to provide us with a complete understanding of you and your needs, including giving you access to the Group or related products you hold via Internet Banking.

IOOF is an alliance partner of NAB

- Under the alliance, NAB has agreed to refer NAB customers to IOOF for Financial Advice Services and Corporate Superannuation Services on an exclusive basis within a specified perimeter. NAB may receive a referral fee for such referrals.
- Where a NAB customer that has been referred to IOOF requires banking services, IOOF will exclusively refer that customer back to NAB
- NAB is a preferred provider of specified services to IOOF which include:
 - Corporate Banking Services
 - Deposit Taking Services; and
 - Custody Services
- IOOF is a preferred provider of specified services to NAB which include:
 - Corporate Superannuation Services
- Parties may provide other services to each other on a non-preferred provider basis
- The agreement also provides for representation of NAB's Banking Products on IOOF's APLs
- The parties also agree to work together on certain projects.

Sharing with MLC Limited

NAB acts for MLC Limited ABN 90 000 000 402 (described as MLC Life Insurance) in distributing their life insurance products. MLC Limited is no longer part of the NAB Group of companies. We may exchange personal information with MLC Limited or their service providers in order to administer and manage your life insurance products that are issued by them. We may also need to share information so as to ensure:

- your insurance premium is calculated correctly (balance information may be required to be shared so your insurance can be calculated) and where authorised,

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:

make payments on your behalf to MLC Limited;

- insurance claims and benefits are paid;
- NAB and MLC Limited can both tell you about our respective marketing and products offers (including ensuring customers who hold MLC Limited products are excluded from NAB Group campaigns marketing MLC Limited products);
- a smooth customer experience when you contact us, including:
- we can transfer you to the right service centre;
- where appropriate, NAB and MLC Limited can cooperate in order to handle your complaint;
- being able to provide assistance should you wish to speak about your MLC Limited products held (for example, where possible, we may assist by updating contact details on request).

Some of the information exchanged will be stored and visible within NAB Group customer databases; with some of these databases being accessible to MLC Limited for a transition period. All information stored in these databases is subject to this privacy policy as well as NAB Group's security procedures and controls.

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.

With your consent, personal information may also be shared with credit reporting bodies or other approved third parties who are authorised to assess the validity of identification information. These checks help us verify whether your identity is real and are not a credit check.

Sharing with third parties

We may disclose your personal information to third parties outside of the Group, including:

- those involved in providing, managing or administering your product or service;
- authorised representatives of the NAB Group who sell products or services on our behalf;
- credit reporting bodies or other approved third parties who are authorised to assess the validity of identification information;
- insurance, investment, superannuation and managed funds organisations, and their advisers and service provider;
- medical professionals, medical facilities or health authorities who verify any health information you may provide;
- real estate agents, valuers and insurers (including lenders' mortgage insurers and title insurers), re-insurers, claim assessors and investigators;
- brokers or referrers who refer your application or business to us;
- other financial institutions, such as banks, as well as guarantors and prospective guarantors of your facility;
- organisations involved in debt collecting, including purchasers of debt;
- 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);
- service providers that assist with fraud detection and prevention;
- organisations involved in surveying or registering a security property or which otherwise have an interest in such property;
- organisations we sponsor and loyalty program partners, including organisations the NAB Group has an arrangement with to jointly offer products or has an alliance with to share information for marketing purposes;
- companies we arrange or distribute products for, such as insurance products;
- rating agencies to the extent necessary to allow the rating agency to rate particular investments;
- 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;
- service providers that maintain, review and develop our business systems, procedures and technology infrastructure, including testing or upgrading our computer systems;
- payments systems organisations including merchants, payment organisations and organisations that produce cards, cheque books or statements for us;
- our joint venture partners that conduct business with us;
- organisations involved in a corporate re-organisation or transfer of NAB Group assets or business;
- organisations that assist with our product planning, analytics, research and development;
- mailing houses and telemarketing agencies and media organisations who assist us to communicate with you, including media or social networking sites;

- 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);
- 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
- 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 with 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.checkyourcredit.com.au

- Illion's credit reporting policy is set out at <https://www.illion.com.au/legal/illion-credit-reporting-policy-australia>

Phone: 1300 734 806

Mail: Public Access Centre
Illion Australia
PO Box 7405
St Kilda Rd VIC 3004

Experian Australia

www.experian.com.au

- Experian's credit reporting policy is set out at www.experian.com.au/privacy-policy

Phone: 1300 783 684

Mail: Consumer Support
Experian Australia
PO Box 1969
North Sydney NSW 2060

Equifax Australia Information Services and Solutions Pty Limited

www.mycreditfile.com.au

- Equifax's credit reporting policy is set out at <https://www.equifax.com.au/credit-reporting-policy>

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 identity 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.

PART FOUR: APPLICATION FORMS

Completing the forms

Before you start filling in this form it's important that you:

- are a nabtrade client and have read and agreed to the terms and conditions of the nabtrade Client Agreement and the nabtrade Financial Services Guide
- have an existing CHESS sponsored nabtrade Trading Account
- access and read the following ASX booklets (published by ASX) available at asx.com.au, including:
 - Understanding Options Trading
 - Understanding Option Strategies
 - Understanding Margins
- read the terms and conditions contained in the nabtrade ETO PDS including the:
 - ETO Client Agreement
 - ETO Risk Disclosure Statement, and
 - NAB Privacy Notification
- complete the Collateral Cover Authorisation Form and send the original copy to us, and
- complete the mandatory ETO questionnaire, which is only available online at the Trading Site, to make sure you meet the criteria. Until you have successfully completed this questionnaire, you won't be able to trade ETOs.

This application applies only to persons receiving this PDS in Australia. We reserve the right to decline your application.

Contact us

By phone	13 13 80
By mail	nabtrade GPO 4545 Melbourne VIC 3001
Online	nabtrade.com.au

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ETO Application Form



WealthHub Securities Limited
ABN 83 089 718 249
AFSL No. 230704

nabtrade
GPO Box 4545
Melbourne VIC 3001

Telephone 13 13 80
nabtrade.com.au



Please use black or blue pen and write in CAPITALS. If you need help completing this form, please call 13 13 80. You can only apply to trade Exchange Traded Options (ETOs) if you have a Trading Account.

Please don't use photocopies of this form—it includes unique information to help process your application faster.

Section 1 nabtrade Trading Account details

nabtrade Trading Account number

Name(s) in which your Trading Account is held

Section 2 Before you sign

Before you start filling in this form it is important that you:

- are a nabtrade client and have read and agree to the terms and conditions of the nabtrade Client Agreement
- have an existing CHES sponsored nabtrade Trading Account
- access and read the following ASX booklets (published by the ASX) available at asx.com.au, including:
 - Understanding Options Trading
 - Understanding Options Strategies
 - Understanding Margins
- read the terms and conditions contained in the nabtrade ETO PDS including the:
 - ETO Client Agreement
 - the ETO Risk Disclosure Statement, and
 - the NAB Privacy Notification
- complete the Collateral Cover Authorisation Form and return the original copy by post, and
- complete the mandatory ETO Questionnaire which is only available online at nabtrade.com.au to make sure you meet the criteria
 - Until you have successfully completed this outstanding action you won't be able to trade ETO's.

Section 3 Signatures

Please provide signatures of all persons authorised to operate the account.

Applicant 1: Individual, Director of Company, Company Secretary or Trustee

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

Applicant 2: Individual, Director of Company, Company Secretary or Trustee

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

Applicant 3: Individual, Director of Company, Company Secretary or Trustee

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

So that your ETO Account can be opened, you also need to complete the **Collateral Cover Authorisation** and return it with your completed ETO Application form.

Each applicant who wishes to trade ETOs will also need to successfully complete the **online ETO questionnaire**, which is available at nabtrade.com.au

Please complete and return this form and the Collateral Cover Authorisation (copies or faxes won't be accepted) by **post** to:

Post:

nabtrade
GPO Box 4545
Melbourne VIC 3001

Collateral cover authorisation

WealthHub Securities Limited
ABN 83 089 718 249
AFSL No. 230704

nabtrade
GPO Box 4545
Melbourne VIC 3001

Telephone 13 13 80
nabtrade.com.au



Please use black or blue pen and write in **CAPITALS**. If you need help completing this form, please call us on **13 13 80**.

Please don't use photocopies of this form — it includes unique information to help us process your application faster.

ASX Clear number – FOR OFFICE USE ONLY

Section 1

Account Details

Your Account Number

Holder Identification Number (HIN)

Name

Section 2

Declaration

I/We acknowledge and agree that:

1. authorise my Controlling Participant to, without limitation, reserve, withdraw, transfer or otherwise deal with the Financial Products (the "Collateral") registered in the name of the Registered Holder in the ASX Clear Pty Limited, ABN 48 001 314 503 ("ASX Clear") Subposition as Collateral Cover for obligations in respect of Options Market Contracts registered in my accounts (**Accounts**) with a Clearing Participant (**ASX Clear Participant**).
3. The Registered Holder acknowledges that on behalf of the Registered Holder the Controlling Participant will reserve, withdraw, transfer or otherwise deal with the Collateral in the ASX Clear Subposition, by sending the appropriate Collateral lodgement message in accordance with the ASX Clear Operating Rules and Procedures (as amended from time to time).
4. In registering Collateral in the ASX Clear Subposition, the Registered Holder acknowledges that the Collateral will be subject to a security interest in favour of ASX Clear, from the time they are reserved to the ASX Clear Subposition as in the manner referred to above, and will remain subject to the security interest until ASX Clear permits it to be withdrawn from the ASX Clear Subposition.
5. The Registered Holder acknowledges that the security interest secures all amounts and obligations owing by the ASX Clear Participant to ASX Clear in connection with the Accounts.
6. The Registered Holder warrants that, the Collateral is not and must not be subject to any other security interest, other than where the parties to the security interest agree between themselves in writing that ASX Clear's security interest in respect of the Collateral has priority over that security interest, and the parties hold the benefit of such agreement on trust for the benefit of ASX Clear, unless ASX Clear otherwise agree in writing.
7. If the Controlling Participant is unable to insert the HIN at the time the Register Holder signs this form, the Registered Holder irrevocably authorises the Controlling Participant to insert the HIN on this agreement on the Registered Holder's behalf. The Controlling Participant agrees that it will notify the Registered Holder of the HIN in writing as soon as reasonably possible.
8. Defined terms have the same meaning as defined in the ASX Clear Operating Rules or the ASX Settlement Operating Rules and Procedures (as amended from time to time).
9. If the ASX Clear Participant is unable to insert the Account Numbers and/or HIN at the time the Registered Holder signs this form, the Registered Holder irrevocably authorises the ASX Clear Participant to insert the Account Numbers and/or HIN on this agreement and agrees the ASX Clear Participant will insert the Account Numbers and/or HIN on the Registered Holders behalf, prior to lodging this Authorisation with ASX Clear. The ASX Clear Participant agrees that it will notify the Registered Holder of the account numbers and/or HIN in writing as soon as reasonably possible.

Section 3

Signatures

Please provide signatures of all persons registered to operate the Trading Account.

Person 1:*

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

Person 2:*

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

Person 3:*

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

* If a corporation, must be signed in accordance with the Corporations Act 2001 (Cth), or if signed under Power of Attorney, a copy of the Power of Attorney must also be attached to this Authorisation.

Witnessed by: Mandatory

Given name(s) / Family name (PLEASE PRINT)

Signature

 Date / /

Section 4

Next Steps

Please complete and return this form (copies or faxes won't be accepted) and any attachments by **post** to:

Post:

nabtrade
GPO Box 4545
Melbourne VIC 3001

The nabtrade service (nabtrade) is provided by WealthHub Securities Limited ABN 83 089 718 249, AFSL No. 230704 (WealthHub Securities). WealthHub Securities is a Market Participant under the ASIC Market Integrity Rules and a wholly owned subsidiary of National Australia Bank Limited ABN 12 004 044 937, AFSL No. 230686 (NAB). NAB doesn't guarantee its subsidiaries' obligations or performance, or the products or services its subsidiaries offer. © National Australia Bank Limited.

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