

FOREIGN EXCHANGE SPOT CONTRACT

Target Market Determination

16 October 2023

Prepared by Bank of Queensland Limited (BOQ) ABN 32 009 656 740
Australian Credit Licence and AFSL 244616, the issuer of this product.



BUSINESS

What is a Target Market Determination?

A Target Market Determination (TMD) describes:

- the class of customers that comprise the Target Market for the product
- any conditions or restrictions on how the product is distributed to retail customers
- events or circumstances where we will review the TMD for the product.

Why does BOQ need to make this TMD publicly available?

We are required to produce this TMD by law. The law is intended to help customers obtain appropriate financial products by requiring issuers and distributors to have a customer centric approach to the design and distribution of products.

This document is not a substitute for the product's terms and conditions or other disclosure documents. Customers must refer to these documents when making a decision about this product. These documents can be found on our website or you can obtain a copy upon request.

The TMD will undergo a periodic review as follows:

| |
|--|
| EFFECTIVE DATE |
| 16 October 2023 |
| NEXT REVIEW DUE |
| Before 16 October 2025 |
| REVIEW |
| At least every two years from the effective date of this TMD |

Target Market

The Target Market for this product is customers who are engaging or proposing to engage in foreign currency denominated transactions (whether importing, exporting or otherwise) where a payment or receipt is in a foreign currency. These customers are likely to have the following objectives, needs and financial situation and must meet the eligibility and assessment criteria for this product.

Objectives

The customers' likely objective is to purchase non-cash foreign currency from BOQ or sell non-cash foreign currency to BOQ for an almost immediate settlement to fulfil importing, exporting or otherwise underlying transactions.

Needs

The customers' likely need is a product that manages foreign currency transactions and the financial risk from short term (1-2 business days) foreign currency movements. This may include:

- buying or selling a non-cash foreign currency
- managing short-term foreign currency exchange risk.

Financial situation

This product is suited to customers with a narrow range of financial situations dealing with foreign currencies. The customer needs to be able to protect themselves against changes in the value of their payments or receipts due to short term foreign currency movements.

Eligibility criteria for this product

Customers must satisfy the following criteria to acquire this product:

- be an Australian citizen, permanent resident, or resident with acceptable residency status, 18 years or older, or
- be an Australian registered corporation, or
- be a trustee of an Australian family, statutory, superannuation, unit or hybrid trust (the beneficiary and the Trustee must meet the eligibility criteria of an individual or a corporation), and
- hold a BOQ Australian dollar bank account in the same name to enable transfers into and out of the Australian dollar bank account as required to facilitate the spot contracts.

Excluded customer class

This product is not designed to be distributed to customers who need a foreign exchange product for foreign currency or exchange trading, investment or speculative purposes, or where the customer requires the transaction to be settled immediately. This product may be unsuitable for people who are unfamiliar with foreign currency or foreign currency exchange (FX) dealings.

Product description

A foreign exchange contract suitable for customers who need to buy or sell a foreign currency for short term delivery on a specified date within two business days from the contract start date.

Key attributes of this product

- cash settles on agreed value date at an agreed foreign exchange rate
- short term (1–2 business days).

Why the product is likely to be consistent with the likely objectives, needs and financial situation of the Target Market

The product's attributes are designed to support the Target Market's objectives, needs and financial situation. The customer's need to lock in current exchange rate for a short-term future payment or receipt and manage foreign currency exchange risk can be met by the features such as agreed exchange rate and agreed value date.

Distribution conditions

This product can be distributed through BOQ's online system BOQ SmartFX®.

This product can be distributed through BOQ's direct channels, in conjunction with the BOQ Financial Markets team, including:

- branch network (including owner managers)
- customer contact centre
- Business Bankers
- BOQ Specialist Bankers
- BOQ Finance Bankers.

The customer must be on-boarded with BOQ Financial Markets prior to this product being provided. This product can only be distributed to retail customers in accordance with BOQ's customer acceptance requirements.

Why the distribution conditions will make it likely that the customers who acquire the product are in the Target Market

BOQ considers that the distribution conditions and restrictions support BOQ's assessment that the product will likely be distributed to the Target Market because of the following key controls:

- BOQ's direct distribution channels can not finalise a foreign exchange spot contract without the approval of the BOQ Financial Markets team
- controls to ensure applying customers meet BOQ eligibility requirements
- the Financial Markets will ask qualifying questions to determine customer suitability
- monitoring and supervision of customer suitability and on boarding processes.

Review triggers

We will review this TMD if any of the following trigger events and information being monitored reasonably suggest that the TMD may no longer be appropriate:

- there is an increase in complaints received in relation to the product and its features that exceeds internally set tolerances
- we identify a material adverse customer experience in relation to product appropriateness
- there is a material change to the product attributes, fees, charges, terms and conditions or the manner of distribution
- there is a Significant Dealing in this product which is inconsistent with the Target Market.

Information reporting requirements

All distributors who distribute this product must provide the following information to BOQ:

| TYPE OF INFORMATION | DESCRIPTION | REPORTING PERIOD |
|--|---|--|
| Customers complaints received about this product | Customers complaints (including number of complaints, complaints record verbatim, product name and distributor name) in relation to this product that may indicate the TMD may no longer be appropriate for this product. | As well as agreed in writing, quarterly and in any case within 10 business days from the end of the reporting period |
| Significant Dealings | The date or date range of when the Significant Dealing occurred and a description of why it may not be consistent with this TMD. | As soon as practicable, and in any case within 10 business days after becoming aware |
| Incidents / Issues (including regulatory breaches) | Incidents and breaches that may indicate product is no longer appropriate for the Target Market or is being distributed outside the Target Market. | As soon as practicable, and in any case within 10 business days after becoming aware |

Note: Record keeping

BOQ and its distributors will keep records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

BOQ will also keep complete and accurate records of our decisions, and the reasons for those decisions about:

- all Target Market determinations for this product
- identifying and tracking review triggers
- setting review periods
- the matters documented in this TMD.

