



UNCLEARED OTC DERIVATIVES MARGIN REFORMS AND IMPLICATIONS FOR COUNTERPARTIES

OTC UNCLEARED MARGIN REFORMS AND BACKGROUND¹

In March 2015, the Basel Committee on Banking Supervision (BCBS), part of the Bank of International Settlements (BIS), and the International Organisation of Securities Commissions (IOSCO) finalised a framework to reduce systemic risk by establishing a consistent global standard for margining of non-centrally-cleared derivatives. This was followed by final rules from the US Prudential Regulators (PR), the U.S. Commodity Futures Trading Commission (CFTC), and the Canadian, Japanese and Swiss regulators. The European Securities and Markets Authority (ESMA), the EU regulator has published near final rules. These have been accepted by the European Commission, but not yet approved by the European Parliament. The regulators in Singapore, Hong Kong and Australia have published draft rules which are at different stages of development. The regulator in India has published an initial consultation paper.

Rules for the exchange of margin on uncleared derivative transactions are highly topical across the industry right now and ANZ is pleased to provide a summary discussion of these rules. It should be noted that this summary is based on draft margin rules which may not necessarily reflect the final rules. You should check the latest position and rules in each applicable jurisdiction before making any decisions. The

European Union (EU), Australia, Singapore and Hong Kong have indicated that there may be a delay in implementation of their margin rules beyond the indicative dates stated in this summary.

KEY DATES

The uncleared margin rules will require most financial firms and systemically important non-financial firms subject to the rules to exchange Initial Margin (IM) and Variation Margin (VM) when entering into uncleared OTC derivative transactions with other covered entities from around 1 March 2017 onwards for VM and from 1 September 2017 onwards for IM.²

The margin rules in a jurisdiction apply to covered entities and covered transactions when both parties to the contract exceed the implementation threshold in the relevant jurisdiction. Exhibit 1 sets out the implementation thresholds and implementation dates that apply under the various rule sets.

In general terms, the implementation thresholds reference the aggregate notional amount of uncleared OTC derivatives entered into by the covered entity during a certain reference period. The formulations do differ slightly between jurisdictions so it is important to refer to the rules in each applicable jurisdiction for details.

¹ This summary is of a very general nature and is not intended as advice. ANZ strongly encourages you to independently evaluate the appropriateness of this material to your circumstances. As margin reforms are complex, we recommend that you seek your own independent financial, tax or legal advice before making any decisions.

² The US PR and CFTC rules and Japanese rules started to apply to Phase 1 entities captured under those rules from 1 September 2016 for both IM and VM. Implementation of the EU, Hong Kong, Singapore and Australian rules have recently been delayed. For most captured counterparties this may potentially mean a very slight delay for implementation of VM beyond 1 March but the IM schedule is likely to proceed as planned.

EXHIBIT 1:

Initial Margin and Variation Margin thresholds²

INITIAL MARGIN THRESHOLDS (IN TRILLION)

IM Thresholds	AU - AUD	US - USD	EU - EUR	JP - JPY	HK - HKD	SG - SGD	CH - CHF	CA - CAD
Sept 2016 (Phase 1)	4.5 [#]	3	-	420	25 [#]	4.8 [#]	-	5
Mar 2017* (Phase 1)	-	-	3	-	-	-	3	-
Sept 2017 (Phase 2)	3.375	2.25	2.25	315	19	3.6	2.25	3.75
Sept 2018	2.25	1.5	1.5	210	12.5	2.4	1.5	2.5
Sept 2019	1.125	0.75	0.75	105	6	1.2	0.75	1.25
Sept 2020	16b	8b	8b	1.1	65b	13b	-	12b

VARIATION MARGIN THRESHOLDS (IN TRILLION)

VM Thresholds	AU - AUD	US - USD	EU - EUR	JP - JPY	HK - HKD	SG - SGD	CH - CHF	CA - CAD
Sept 2016 (Phase 1)	4.5 [#]	3	NA	420	25 [#]	4.8 [#]	NA	5
Mar 2017 (Phase 2)	12b	0	3	0	0	0	3	0
Sept 2017	3b	-	-	-	-	-	-	-

* Rules near final but not confirmed

Phase 1 date deferred but no revised date issued

For example, when ANZ faces a financial institution counterparty who has an aggregate notional amount of uncleared derivatives of USD12 billion, then VM exchange will be required from March 2017 and IM posting and collection will be required from September 2020.

WHO ARE AFFECTED?

The BCBS/IOSCO framework provides guidance to global regulators relating to the application of margin rules to financial firms and systemically important non-financial firms. Regulators have used this guidance to develop their own local rule sets. Although there is a great deal of similarity between the rule sets at a high level (i.e. the rules generally apply to financial institutions of some description), the precise definitions used for entity capture in the different rule sets differ and this makes identification of covered entities more time consuming. Counterparties may find they meet covered entity definitions in some jurisdictions but not others.

Financial firms such as banks, insurance companies and funds under most rules are likely to be considered in-scope. Any type of financial institution or financial firm should consider its status.

In all jurisdictions, the applicable minimum IM thresholds apply in determining IM capture. In certain jurisdictions (for example in Australia and Singapore based on draft rules), minimum thresholds also apply in determining VM capture. Under the draft Australian rules an aggregate notional amount of uncleared OTC derivatives of over AUD 3 billion is required before an entity becomes subject to the VM requirements.

Subject to substituted compliance, Australia and New Zealand Banking Group Limited (**ANZBGL**) expects to be directly subject to the margin rules in Australia, the US (PR rules), Hong Kong, Singapore, Japan and potentially the EU.

ANZBGL will be indirectly subject to rule sets where it is required to comply because the counterparty is regulated in a particular jurisdiction, even where ANZ is not. For example, if ANZBGL faces a Swiss bank, although ANZBGL is not directly subject to the Swiss rules, ANZBGL would need to comply with the Swiss rules in order to maintain its trading relationship with the Swiss bank.

There may be limited exemptions from the margining requirements available for certain types of entities such as central banks and sovereigns.

WHAT TRANSACTIONS ARE COVERED?

The definitions used for determining what transactions are captured by the margin rules (i.e. covered transactions) differ between jurisdictions. As a general rule, subject to specific product exemptions, uncleared OTC derivatives transactions are captured.

There are product specific exemptions within the rules but these exemptions do differ between the jurisdictions. Some examples are:

- Physically settled FX forwards and FX swaps (other than non-deliverables forwards) are exempt from IM and VM requirements in the US, Japan, Canada, Switzerland and Singapore (based on the draft rules). Under the EU draft rules physically settled FX forwards and swaps are exempt from IM requirements but VM requirements will apply on a phased-in basis in the case of FX Forwards. Under the current drafts of the Australian and Hong Kong rules, physically settled FX forwards and FX swaps are exempt from IM requirements, but VM requirements will apply.
- Equity options are exempt under US rules and coverage under EU rules will be phased in.

² Based on (draft) rules of the various jurisdictions as of August 2016.

Only trades booked on, or after relevant compliance dates, are mandated for regulatory margining. Securities lending, repos and exchange traded derivatives are not subject to the margining requirements.

WHAT ARE THE MARGIN REQUIREMENTS?

The rules in each jurisdiction distinguish two different types of margin, **Variation Margin** and **Initial Margin**, each of which is explained in further detail below.

Variation Margin

Variation Margin or VM is an amount of margin required to be exchanged between parties that covers the day-to-day change in net mark-to-market value of the portfolio of uncleared OTC derivatives transactions in place between the parties.

VM documentation requirements

ANZ and its counterparties will need to put in place regulatory compliant documentation in the form of a VM credit support annex (**CSA**) to enable exchange of VM by around 1 March 2017.

If ANZ does not already have an ISDA Master Agreement in place with the counterparty it will be necessary to negotiate:

- an ISDA Master Agreement, which defines the terms of trading in derivatives products and;
- a VM CSA which complies with applicable regulatory requirements.

If ANZ does already have an ISDA Master Agreement in place with the counterparty, but no CSA then it will be necessary to negotiate a new VM CSA which complies with applicable regulatory requirements.

Initial Margin

Initial Margin or IM is the amount of margin that is required to be posted and collected that covers ANZ and the counterparty against the potential future exposure that may arise from changes in the value of uncleared derivatives transactions in the event of a counterparty default.

ANZ will need to collect and post IM with all Phase 1 & 2 covered counterparties from 1 September 2017. Other counterparties will be phased in from 2018 through to 2020.

IM documentation requirements

To collect and post IM, parties will need to:

- Enter into an IM CSA with each other
- Enter into an Account Control Agreement with each other and its custodians (one Account Control Agreement for each custodian if there is more than one)
- Appoint at least one custodian for segregated posting of IM requiring new IM custodial agreements

In addition to the above documentation requirements, parties will need to:

- Develop and validate models for calculation of IM exposure (ANZ's intention is to use the industry model)
- Implement processes for movement of IM (posting and collecting) and dispute resolution

Key considerations

The IM collateral holding structure works on a different legal basis to VM and/or existing CSA arrangements. IM is required to be segregated and held by an independent custodian. Posting and collecting of IM is required to occur for a covered entity relationship on a gross two-way basis (i.e. no netting of collateral transfers is allowable).

Further, counterparties that are required to comply with IM rules will need to appoint one or more custodians. This will involve execution of custody agreements between the counterparty and its custodian. It will also involve payment of custody fees to the custodian.

CSA CONSIDERATIONS

When putting in place VM and IM CSAs, the relevant rules in each jurisdiction prescribe, among other things, which types of collateral are eligible, minimum transfer amounts, thresholds, frequency of margining, settlement timings and impact of FX haircuts on collateral.

Eligible collateral

Eligible collateral ranges from government debt, publicly traded debt of a certain quality, equity and gold. Although rule sets are reasonably aligned, there are some differences between definitions of each eligible asset and associated haircuts.

- For VM, ANZ's preference is cash in USD
- For IM, ANZ's preference is for high quality liquid assets in the G4 currencies.

Across the market firms are avoiding the use of cash for IM as it will attract significant capital costs. Cash held for IM by the custodian needs to be treated as a balance sheet liability, requiring capital, whereas non-cash collateral is seen as an asset.

Frequency of margining

Under most rule sets the valuation process is required to be run daily and some jurisdictional rules require settlement of margin calls on a T+1 basis. Eligible collateral and mechanics of transfer may need to be considered to meet this requirement.

FX haircuts

There are slight variances across rule sets, however generally the FX haircut will apply as follows:

- For VM, an additional FX haircut of 8% applies if the non-cash collateral currency differs from the currency of settlement, meaning underlying currency of the trade, CSA agreed currency or termination currency.
- For IM, an additional FX haircut of 8% applies if collateral currency differs from termination currency.

IMPACT ON COUNTERPARTIES AND OTHER CONSIDERATIONS

Funding implications

For counterparties who do not currently post margin, the new rules will have funding implications. In the case of VM, when ANZ is exposed to counterparties, counterparties will

need to post VM to ANZ. This margin will need to be funded.

Where counterparties must post IM, the funding implications are much greater for both ANZ and for the counterparty. IM is held in a segregated account and cannot be re-used.

With respect to regulatory constraints around timing and frequency of margin exchange (i.e. T+ 1 basis under some rules), some counterparties may need to consider pre-funding their margin payments.

Risk management and operational impacts

Counterparties will need to put in place operational and risk management processes necessary to comply with the margin rules. For counterparties who do not currently margin, changes in risk management and operations will be significant. For example:

- Counterparties will need the capability to calculate and/or check margin amounts; and
- Operational infrastructure to post margin within the short timeframe allowable will also be required.

IM is a new concept for the industry and could take substantial effort to put in place.

This includes developing:

- Capability to calculate and agree IM exposure using a risk based model (the 'schedule approach' is significantly more expensive);
- Custodial arrangements to facilitate prompt settlement of segregated margin transfers; and
- Dispute resolution mechanics.

Counterparty disclosures

Counterparties will be asked by ANZ to provide information (in the form of representations) confirming their regulatory status and aggregate notional amount of uncleared OTC derivatives. This may be provided through an industry lead process (similar to those which were used during the Dodd Frank protocol exercises). ANZ's form of self-disclosure letter is expected to be available soon.

The information provided by each party to ANZ will be used to determine whether regulatory compliant CSAs are required and which jurisdictional rule sets apply. ANZ will need to perform due diligence on its counterparties and impacted jurisdictions.

Industry lead document negotiation processes

ISDA protocols are being developed to assist with the VM documentation implementation. It is possible that the protocol may have limited coverage (i.e. US, EU and Japanese rules). As a result, captured counterparties may need to bilaterally negotiate new documentation with ANZ. Unfortunately this will involve additional time and cost for counterparties. ANZ intends to prepare regulatory compliant documentation to start the negotiation process.

SHARING OUR INDUSTRY INTELLIGENCE WITH CLIENTS

The FIG, Client Insights & Solutions and Global markets teams in ANZ have been engaged with OTC counterparties to assess implications and potential solutions related to this particular reform. Whilst rules in various jurisdictions have not yet been finalised, draft rules point to potential significant operational requirements and time required to put such in place for affected parties. To ensure that hedging and risk management capabilities of affected counterparties are not disrupted, it is worthwhile for financial institutions to assess your own status with regards to the reforms and commence planning and coordination with your counterparties, given the relative tight timeline of the March 2017 date for VM across multiple jurisdictions.

"Fund managers and insurers that historically were never required to provide margining on a daily basis are facing operational and resource challenges to setup and execute such frequent margin calculations and exchanges", says Niamh Targett, Associate Director in FIG Funds.



INVESTOR SALES
Rohit Harjani
Rates Investor Sales
E: Rohit.Harjani@anz.com



FINANCIAL INSTITUTIONS GROUP
Niamh Targett
Associate Director
E: Niamh.Targett@anz.com



OTC REFORM PROJECT
Robert Fievez
Project Manager
E: Robert.Fievez@anz.com

For further detail or any questions, please contact GlobalFIGInsights@anz.com or call your ANZ relationship banker directly.

AUTHORS

For any comments or feedback please contact the authors at GlobalFIGInsights@anz.com

Sumeet Wadhera, Head of Client Insights & Solution Design, Global Financials
Robert Tsang, Solution Design, Global Financials
Kevin Wong, Solution Design, Global Financials
Mark Lindon, Solution Design, Global Financials
Aaron Comerford, Head of Legal, Markets
Katherine Hardcastle, Project Business Analyst, Institutional
Robert Fievez, Project Manager, OTC Reform Project
Prakash Prabhu, Associate, Global Financials

Vaibhav Garg, Analyst, Global Financials
Prateek Agrawal, Analyst, Global Financials
Michael Jurkovic, Associate Director, NPP Business Project Lead, Transaction Banking
Luke Perkins, Associate Director, Head of Agency Australia, Transaction Banking
Peter Dalla, Associate Director, Solutions Management – Insurance, Transaction Banking

ANZ GENERAL DISCLAIMER

IMPORTANT NOTICE

The document may be restricted by law in certain jurisdictions. Persons who receive this document must inform themselves about and observe all relevant restrictions.

1. Disclaimer for all jurisdictions

Except if otherwise specified in section 2 below, this document is issued and distributed in your country/region by Australia and New Zealand Banking Group Limited (ABN11 005 357 522) ("ANZ"), on the basis that it is only for the information of the specified recipient or permitted user of the relevant website (collectively, "recipient"). This document may not be reproduced, distributed or published by any recipient for any purpose. It is general information and has been prepared without taking into account the objectives, financial situation or needs of any person. Nothing in this document is intended to be an offer to sell, or a solicitation of an offer to buy, any product, security, instrument or investment, to effect any transaction or to conclude any legal act of any kind. If, despite the foregoing, any services or products referred to in this document are deemed to be offered in the jurisdiction in which this document is received or accessed, no such service or product is intended for nor available to persons resident in that jurisdiction if it would be contradictory to local law or regulation. Such local laws, regulations and other limitations always apply with non-exclusive jurisdiction of local courts. Certain financial products may be subject to mandatory clearing, regulatory reporting and/or other related obligations. These obligations may vary by jurisdiction and be subject to frequent amendment. Before making an investment decision, recipients should seek independent financial, legal, tax and other relevant advice having regard to their particular circumstances.

The views and recommendations expressed in this document are the author's. They are based on information known by the author and on sources which the author believes to be reliable, but may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current on the date of this document and are subject to change without notice; and, all price information is indicative only. Any of the views and recommendations which comprise estimates, forecasts or other projections, are subject to significant uncertainties and contingencies that cannot reasonably be anticipated. On this basis, such views and recommendations may not always be achieved or prove to be correct. Indications of past performance in this document will not necessarily be repeated in the future. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Additionally, this document may contain 'forward looking statements'. Actual events or results or actual performance may differ materially from those reflected or contemplated in such forward looking statements. All investments entail a risk and may result in both profits and losses. Foreign currency rates of exchange may adversely affect the value, price or income of any products or services described in this document. The products and services described in this document are not suitable for all investors, and transacting in these products or services may be considered risky. ANZ and its related bodies corporate and affiliates, and the officers, employees, contractors and agents of each of them (including the author) ("Affiliates"), do not make any representation as to the accuracy, completeness or currency of the views or recommendations expressed in this document. Neither ANZ nor its Affiliates accept any responsibility to inform you of any matter that subsequently comes to their notice, which may affect the accuracy, completeness or currency of the information in this document.

Except as required by law, and only to the extent so required: neither ANZ nor its Affiliates warrant or guarantee the performance of any of the products or services described in this document or any return on any associated investment; and, ANZ and its Affiliates expressly disclaim any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense ("Liability") arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this document.

If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. ANZ and its Affiliates do not accept any Liability as a result of electronic transmission of this document.

ANZ and its Affiliates may have an interest in the subject matter of this document as follows:

- They may receive fees from customers for dealing in the products or services described in this document, and their staff and introducers of business may share in such fees or receive a bonus that may be influenced by total sales.
- They or their customers may have or have had interests or long or short positions in the products or services described in this document, and may at any time make purchases and/or sales in them as principal or agent.
- They may act or have acted as market-maker in products described in this document.

ANZ and its Affiliates may rely on information barriers and other arrangements to control the flow of information contained in one or more business areas within ANZ or within its Affiliates into other business areas of ANZ or of its Affiliates.

Please contact your ANZ point of contact with any questions about this document including for further information on these disclosures of interest.

2. Country/region specific information:

Australia. This document is distributed in Australia by ANZ. ANZ holds an Australian Financial Services licence no. 234527. A copy of ANZ's Financial Services Guide is available at <http://www.anz.com/documents/AU/aboutANZ/FinancialServicesGuide.pdf> and is available upon request from your ANZ point of contact. If trading strategies or recommendations are included in this document, they are solely for the information of 'wholesale clients' (as defined in section 761G of the Corporations Act 2001 Cth). Persons who receive this document must inform themselves about and observe all relevant restrictions.

Brazil. This document is distributed in Brazil by ANZ on a cross border basis and only following request by the recipient. No securities are being offered or sold in Brazil under this document, and no securities have been and will not be registered with the Securities Commission - CVM.

Brunei, Japan, Kuwait, Malaysia, Switzerland, Taiwan. This document is distributed in each of Brunei, Japan, Kuwait, Malaysia, Switzerland and Taiwan by ANZ on a cross-border basis.

Cambodia. APS222 Disclosure. The recipient acknowledges that although ANZ Royal Bank (Cambodia) Ltd. is a subsidiary of ANZ, it is a separate entity to ANZ and the obligations of ANZ Royal Bank (Cambodia) Ltd. do not constitute deposits or other liabilities of ANZ and ANZ is not required to meet the obligations of ANZ Royal Bank (Cambodia) Ltd.

European Economic Area ("EEA"): United Kingdom. ANZ is authorised in the United Kingdom by the Prudential Regulation Authority ("PRA") and is subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request. This document is distributed in the United Kingdom by ANZ solely for the information of persons who would come within the FCA definition of "eligible counterparty" or "professional client". It is not intended for and must not be distributed to any person who would come within the FCA definition of "retail client". Nothing here excludes or restricts any duty or liability to a customer which ANZ may have under the UK Financial Services and Markets Act 2000 or under the regulatory system as defined in the Rules of the PRA and the FCA. **Germany.** This document is distributed in Germany by the Frankfurt Branch of ANZ solely for the information of its clients. **Other EEA countries.** This document is distributed in the EEA by ANZ Bank (Europe) Limited ("ANZBEL") which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, to persons who would come within the FCA definition of "eligible counterparty" or "professional client" in other countries in the EEA. This document is distributed in those countries solely for the information of such persons upon their request. It is not intended for, and must not be distributed to, any person in those countries who would come within the FCA definition of "retail client".

Fiji. For Fiji regulatory purposes, this document and any views and recommendations are not to be deemed as investment advice. Fiji investors must seek licensed professional advice should they wish to make any investment in relation to this document.

Hong Kong. This publication is distributed in Hong Kong by the Hong Kong branch of ANZ, which is registered at the Hong Kong Monetary Authority to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. The contents of this publication have not been reviewed by any regulatory authority in Hong Kong. If in doubt about the contents of this publication, you should obtain independent professional advice.

India. This document is distributed in India by ANZ on a cross-border basis. If this document is received in India, only you (the specified recipient) may print it provided that before doing so, you specify on it your name and place of printing. Further copying or duplication of this document is strictly prohibited.

Myanmar. This publication is intended to be of a general nature as part of customer service and marketing activities provided by ANZ in the course of implementing its functions as a licensed bank. This publication does not take into account your financial situation or goals and is not Securities Investment Advice (as that term is defined in the Myanmar Securities Transaction Law 2013). The contents of this publication have not been reviewed by any regulatory authority in Myanmar. If in doubt about the contents of this publication, you should obtain independent professional advice.

New Zealand. This document is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008.

Oman. This document has been prepared by ANZ. ANZ neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently ANZ is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. The information contained in this document is for discussion purposes only and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). ANZ does not solicit business in Oman and the only circumstances in which ANZ sends information or material describing financial products or financial services to recipients in Oman, is where such information or material has been requested from ANZ and by receiving this document, the person or entity to whom it has been dispatched by ANZ understands, acknowledges and agrees that this document has not been approved by the CBO, the CMA or any other regulatory body or authority in Oman. ANZ does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. Nothing contained in this document is intended to constitute Omani investment, legal, tax, accounting or other professional advice.

People's Republic of China ("PRC"). Recipients must comply with all applicable laws and regulations of PRC, including any prohibitions on speculative transactions and CNY/CNH arbitrage trading. If and when the material accompanying this document is distributed by Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ") or an affiliate (other than Australia and New Zealand Bank (China) Company Limited ("ANZ C")), the following statement and the text below is applicable: No action has been taken by ANZ or any affiliate which would permit a public offering of any products or services of such an entity or distribution or re-distribution of this document in the PRC. Accordingly, the products and services of such entities are not being offered or sold within the PRC by means of this document or any other document. This document may not be distributed, re-distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. If and when the material accompanying this document relates to the products and/or services of ANZ C, the following statement and the text below is applicable: This document is distributed by ANZ C in the Mainland of the PRC.

Qatar. This document has not been, and will not be:

- lodged or registered with, or reviewed or approved by, the Qatar Central Bank ("QCB"), the Qatar Financial Centre ("QFC") Authority, QFC Regulatory Authority or any other authority in the State of Qatar ("Qatar"); or

- authorised or licensed for distribution in Qatar,

and the information contained in this document does not, and is not intended to, constitute a public offer or other invitation in respect of securities in Qatar or the QFC. The financial products or services described in this document have not been, and will not be:

- registered with the QCB, QFC Authority, QFC Regulatory Authority or any other governmental authority in Qatar; or
- authorised or licensed for offering, marketing, issue or sale, directly or indirectly, in Qatar.

Accordingly, the financial products or services described in this document are not being, and will not be, offered, issued or sold in Qatar, and this document is not being, and will not be, distributed in Qatar. The offering, marketing, issue and sale of the financial products or services described in this document and distribution of this document is being made in, and is subject to the laws, regulations and rules of, jurisdictions outside of Qatar and the QFC. Recipients of this document must abide by this restriction and not distribute this document in breach of this restriction. This document is being sent/issued to a limited number of institutional and/or sophisticated investors (i) upon their request and confirmation that they understand the statements above; and (ii) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Singapore. This document is distributed in Singapore by the Singapore branch of ANZ solely for the information of "accredited investors", "expert investors" or (as the case may be) "institutional investors" (each term as defined in the Securities and Futures Act Cap. 289 of Singapore). ANZ is licensed in Singapore under the Banking Act Cap. 19 of Singapore and is exempted from holding a financial adviser's licence under Section 23(1) (a) of the Financial Advisers Act Cap. 100 of Singapore. In respect of any matters arising from, or in connection with the distribution of this document in Singapore, contact your ANZ point of contact.

United Arab Emirates. This document is distributed in the United Arab Emirates ("UAE") or the Dubai International Financial Centre (as applicable) by ANZ. This document: does not, and is not intended to constitute an offer of securities anywhere in the UAE; does not constitute, and is not intended to constitute the carrying on or engagement in banking, financial and/or investment consultation business in the UAE under the rules and regulations made by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the United Arab Emirates Ministry of Economy; does not, and is not intended to constitute an offer of securities within the meaning of the Dubai International Financial Centre Markets Law No. 12 of 2004; and, does not constitute, and is not intended to constitute, a financial promotion, as defined under the Dubai International Financial Centre Regulatory Law No. 1 of 200. ANZ DIFC Branch is regulated by the Dubai Financial Services Authority ("DFSA"). The financial products or services described in this document are only available to persons who qualify as "Professional Clients" or "Market Counterparty" in accordance with the provisions of the DFSA rules. In addition, ANZ has a representative office ("ANZ Representative Office") in Abu Dhabi regulated by the Central Bank of the United Arab Emirates. ANZ Representative Office is not permitted by the Central Bank of the United Arab Emirates to provide any banking services to clients in the UAE.

United States. If and when this document is received by any person in the United States or a "U.S. person" (as defined in Regulation S under the US Securities Act of 1933, as amended) ("US Person") or any person acting for the account or benefit of a US Person, it is noted that ANZ Securities, Inc. ("ANZ S") is a member of FINRA (www.finra.org) and registered with the SEC. ANZ S' address is 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). Except where this is a FX- related or commodity-related document, this document is distributed in the United States by ANZ S (a wholly owned subsidiary of ANZ), which accepts responsibility for its content. Information on any securities referred to in this document may be obtained from ANZ S upon request. Any US Person receiving this document and wishing to effect transactions in any securities referred to in this document must contact ANZ S, not its affiliates. Where this is an FX- related or commodity-related document, it is distributed in the United States by ANZ's New York Branch, which is also located at 277 Park Avenue, 31st Floor, New York, NY 10172, USA (Tel: +1 212 801 9160 Fax: +1 212 801 9163). Commodity-related products are not insured by any U.S. governmental agency, and are not guaranteed by ANZ or any of its affiliates. Transacting in these products may involve substantial risks and could result in a significant loss. You should carefully consider whether transacting in commodity-related products is suitable for you in light of your financial condition and investment objectives. ANZ S is authorised as a broker-dealer only for US Persons who are institutions, not for US Persons who are individuals. If you have registered to use this website or have otherwise received this document and are a US Person who is an individual: to avoid loss, you should cease to use this website by unsubscribing or should notify the sender and you should not act on the contents of this document in any way.

Vietnam. This document is distributed in Vietnam by ANZ or ANZ Bank (Vietnam) Limited, a subsidiary of ANZ. Please note that the contents of this document have not been reviewed by any regulatory authority in Vietnam. If you are in any doubt about any of the contents of this publication, you should obtain independent professional advice.