



WESTERN UNION INTERNATIONAL BANK GMBH, UK BRANCH
Financial Services Guide

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1. Introduction

The purpose of this Financial Services Guide (**FSG**) is to provide you with general information about Western Union International Bank GmbH, UK Branch and the services it provides. This FSG sets out:

- who we are;
- how we can be contacted;
- what services we are authorised to provide to you;
- the financial products to which those services relate;
- how we categorise our clients;
- how we structure the remuneration for our services;
- how we protect clients funds we potentially hold;
- how we handle potential source of conflicts of interest when we provide services to our clients; and
- how we handle complaints.

In addition to this FSG, the following documents (copies of which are available on request) also contain important information about our services:

- Product Disclosure Statement for Foreign Exchange transactions - this document includes a detailed description of the international funds transfer, spot foreign exchange, forward contracts, future payments transactions and foreign exchange options products we offer as well as the advantages and significant risks involved with these products;
- Our Terms and Conditions of business; and
- Our FX Derivative Contract addendum.

You can also find further information on us and the products and services we offer on our website at: <http://business.westernunion.co.uk>.

Where the terms WUIB, we, us, our, or Western Union Bank are used in this Guide, it refers to Western Union International Bank GmbH (Austria), its branches, in particular Western Union International Bank GmbH, UK Branch operating in the United Kingdom, and its affiliates, as the context requires.

2. About Western Union International Bank GmbH

Western Union International Bank GmbH was established in 2004, in order for Western Union to offer private and business clients a wider range of quality products and services. Western Union International Bank GmbH is a fully licensed bank with its registered seat in Austria. In addition to Austria, we are active in other European countries (for example France, the United Kingdom and Germany).

As the international banking arm of Western Union, WUIB is traditionally known for its business activities in the area of consumer banking services, especially international money transfers. In accordance with the business strategy of the Western Union Group, WUIB has extended its services portfolio offering ancillary foreign currency services to money transmission. Accordingly, we provide solutions for our clients that need to pay for foreign invoices or to exchange foreign receivables. Our clients include corporations and small to medium enterprises as well entrepreneurs. These products are offered under the Western Union Business Solutions (**WUBS**) brand.

3. Austrian Banking License

Western Union International Bank GmbH has held an Austrian Banking Licence since October 2004 which authorises it to offer the products and services described in section 5 below.

WUIB has passported this license pursuant to the EU Freedom to Provide Services right to 29 states within Europe and additionally offers these services through branches in the United Kingdom, the Czech Republic, France, Germany, Italy and Poland and will look to broaden this branch network in the future.

Our Austrian Head Office address, as well as the contact details of the Austrian Financial Market Authority, are set out in section 12 of this FSG.

4. How do we Communicate?

You can contact us by telephone, e-mail, fax or by post. You will find our contact details in section 12 of this FSG.

We contact our clients by e-mail and telephone. Orders for international funds transfer, spot foreign exchange, forward contracts, future payments transactions, will regularly be sent and received over telephone or by email, as you contact your Client Relationship Manager (**CRM**) or via our online platform. Reports on financial instruments can be drawn over the individual profile on the WUIB online platform or from your CRM at any time.

Orders to enter into foreign exchange options contracts are sent and received over the telephone, as our clients contact their CRM.

Communication will be provided to your e-mail address if you agree to be contacted in this manner and you provide us with your email address.

WUIB provides its clients with monthly reports of their outstanding portfolio with WUIB. Clients can request reports on the financial instruments purchased from WUIB at any time from their Corporate Hedging Manager.

Please note that we record all telephone conversations (for training, quality and regulatory purposes).

You can communicate with us in English.

5. Our products and services

WUIB offers the following WUBS branded services in the United Kingdom to its clients:

- (i) International Funds Transfers;
- (ii) Spot Foreign Exchange Contracts;
- (iii) Foreign Exchange Forward Contracts;
- (iv) Future Payments Transactions; and
- (v) Foreign Exchange Option Contracts.

These products are further described in our Product Disclosure Statement, copies of which can be found and downloaded from our website at: <http://business.westernunion.co.uk> and/or provided upon request.

Investment Advice

We are also authorised to offer our clients investment advice. Investment advice means the provision of personal recommendations, either upon the request of a client or at the initiative of WUIB, in respect of one or more transactions relating to financial instruments.

What this means is that we are able to provide you with advice as to your hedging strategy and can recommend particular products and/or hedging strategies to you.

Please note, however, it is important to point out that this advice is not independent. The advice we provide is limited to our assessment of the suitability of the products offered by WUIB in meeting the hedging objectives you describe to us. It does not take into account other products that might be available on the market that may or may not be more suitable for your needs, nor do we offer advice on topics outside of mitigating your currency risk. We also do not provide ongoing periodic statements of the suitability of the financial instruments recommended to you. If you require these services, we recommend you seek independent advice accordingly.

6. WUIB's Order Execution Policy

6.1 Introduction

- 6.1.1 In accordance with applicable laws, when executing a Client's order, WUIB is required to act honestly, fairly and professionally in accordance with the best interests of the Client.
- 6.1.2 WUIB's Order Execution Policy (hereinafter the "**policy**") has been developed in order to establish the ways to achieve the best possible result when executing customer orders and sets out an overview of WUIB's order handling processes and order execution processes.
- 6.1.3 The standards contained within the policy are derived from the Markets in Financial Instruments Directive 2004/39/EC and related regulations.

6.2 Scope of Application & General Provisions

- 6.2.1 This policy applies to the entire business relationship between the Client and WUIB in relation to the Foreign Exchange Forward and Options contracts and Future Payments Transactions ("**FX Derivatives**") that WUIB provides to its Clients.
- 6.2.2 This policy is reviewed on an annual basis and monitored regularly so as to determine whether the orders WUIB receives from its Clients are properly executed in accordance with this policy.
- 6.2.3 If WUIB makes any changes to this policy, it will notify Clients of such changes via e-mail. Any changes to this policy will not apply to transactions initiated before the date of change.
- 6.2.4 A Client may object to changes in the policy within two months of notification of the changes, The customer may notify WUIB in writing, by e-mail or by telephone to the Client's usual contacts (please see section 12 for WUIB's Contact Details). If no objection is received from the Client within two months of the notification of the changes, the changes will be considered to have been accepted by the Client.

6.3 Access Channels

- 6.3.1 Clients can place orders for FX Derivatives via the telephone or by email. Trading over the telephone or via email is available during the normal business hours of WUIB. Please note, all telephone conversations are recorded.
- 6.3.2 In addition, the WUIB online trading platform for self-service is available to clients (who have signed the necessary documentation) to place orders for Foreign Exchange Forward Contracts.
- 6.3.3 Transactions concluded via WUBS online platform are processed on the same business day of the request. Other transactions are processed on the same business day of the request if WUIB receives the request before 5 p.m. on a business day.
- 6.3.4 For each order placed, the Client will receive written confirmation ("**Customer Confirmation**") of the trade and a unique Customer Confirmation number.

6.4 Requirements for participation in FX Derivatives trading

- 6.4.1 Trading in FX Derivatives is limited to activities which have an underlying commercial need. **Trading for purely speculative purposes is not permitted.**
- 6.4.2 As FX Derivatives involve particular risks, WUIB undertakes checks of Clients before approval of such Clients to trade to ascertain whether and to what extent the participation in the FX Derivatives trading is appropriate for such Clients.
- 6.4.3 Each Client must complete a client profile document confirming such Client's knowledge and experience and thus the Client's risk level.

6.5 Execution Criteria

- 6.5.1 WUIB has incorporated the following relevant order execution criteria and factors so as to achieve the best possible result for a Client:
- Price
 - Speed and likelihood of execution

- 6.5.2 In most cases, price will be the most important execution factor. For these purposes, the best possible result will be determined in terms of the total consideration representing the price of the FX Derivative and the costs related to execution (including all expenses incurred by the Client which are directly related to the execution). Due to the unique character of the products offered by WUIB, there are no comparable prices on public trading platforms. However, it should be possible for a Client to get comparative quotes from other providers in the market offering similar products
- 6.5.3 In some circumstances, however, WUIB may incorporate other factors and criteria to the extent that they appear relevant to the execution of a certain order if justified and in the Client's interest.
- 6.5.4 Western Union has established dealing relationships and trading lines with a significant number of market leading counterparty banks. Western Union's size and global scope ensures that we have considerable clout with these institutions and WUIB is confident that it gets competitive rates for its products.
- 6.5.5 All type of transactions provided by WUIB represent highly customised over the counter financial instruments that involve a unique contractual relationship tailored to the circumstances of the Client. As such, all orders with WUIB will be executed outside of a regulated market or multilateral trading facility.
- 6.5.6 All prices and rates quoted by WUIB are exclusively quoted prices and rates of WUIB.

6.6 Execution Venues

- 6.6.1 All orders in FX Derivatives will be executed by WUIB dealing as principal.
- 6.6.2 WUIB does not execute any Client Orders on a regulated market or multilateral trading system.
- 6.6.3 Transactions will be entered into by WUIB subject to market conditions.

6.7 Specific instruction

- 6.7.1 If the Client gives WUIB a specific instruction in relation to the execution of an order which WUIB accepts, WUIB will use reasonable efforts to execute the Client Order in accordance with the Client's instruction. Where the Client's instruction relates to a part of the order, WUIB will apply the policy to the remainder of the order.
- 6.7.2 A Client instruction to carry out an order that deviates from this policy will prevent WUIB, with regard to the elements covered by such Client instruction, from taking the measures laid down and implemented in this policy to achieve the best **possible result for the Client in the execution of the order.**

6.8 Cancellation and correction of orders

- 6.8.1 All declarations of the Client to WUIB are made as soon as the Client has submitted these statements to WUIB. Cancellations of or changes to these declarations are not possible. WUIB will take into account later changes only insofar as is technically possible with reasonable effort. Any additional expenses and fees incurred as a consequence of such changes are charged to the Client.
- 6.8.2 WUIB will do everything possible to rectify any error that may occur, but it cannot be held liable for any harm or loss caused by errors or inaccuracies contained in a Client's instruction.
- 6.8.3 WUIB may correct or cancel an FX Derivative contract in case of non-compliance with WUIB's Terms and Conditions or any other agreement between WUIB and the Client. If the cancellation price deviates from the original contract price then the cost or benefit will be paid and the contract will be cancelled. Any additional expenses and fees will be charged to the Client - please see our Fee Schedule for more information.
- 6.8.4 WUIB will inform Clients in case of market disturbances. If, in the case of a market disturbance, WUIB is not able or not willing to present actual quotes, Client's will not be permitted to enter into any new FX Derivative.

6.9 Monitoring and amendments

- 6.9.1 WUIB will monitor the quality of its execution arrangements regularly, promptly making any changes where a need is identified. WUIB will, in any event, review these arrangements periodically, to ensure reasonable efforts to deliver the best possible result to its Clients.
- 6.9.2 Upon a request from a Client, WUIB will demonstrate to the Client how it has complied with this policy.
- 6.9.3 This policy will be reissued where there is a material change to the arrangements described above.

7. How do we categorise our clients?

The Markets in Financial Instruments Directive 2014/65/EU (MiFID) regulations define the following three categories of clients:

- Retail Client
- Professional Client
- Eligible Counterparty

Clients of WUIB are categorised either as Retail Clients or Professional Clients. Retail Clients are entitled to the highest level of transparency and protection under the MiFID regulations. Professional clients may be afforded lower levels of transparency and protection on the basis that they are deemed to possess the experience, knowledge and expertise to make their own investment decisions and properly assess the risks that they incur. In certain circumstances, and subject to certain conditions, WUIB offers its clients the possibility to change their client classification.

8. How are we remunerated for the Financial Services which we provide to you?

Forwards

When buying a forward contract from Western Union, we offer you a rate of exchange that you are able to lock in for your specified date in the future. This will be less favourable than the wholesale or 'interbank' exchange rate that we are able to access through our counterparties and the difference between the two rates minus costs, is our profit, or margin.

As an example, if the 'interbank' spot rate is trading at \$1.5234 and you request a forward contract selling £100,000 and buying USD for delivery in 3 months' time. The forward adjustment (due to current and expected interest rate differentials between the currency you are selling and the currency you are buying which is determined by the counterparty bank) accounts for 34 pips (1 pip = \$0.0001). This means that we get a wholesale, net, rate of \$1.5200, but the forward rate we offer to you might then be \$1.5150. This means that you pay us £100,000 to buy \$151,500; however, at a rate of \$1.5200 we pay to our counterparty £99,671 to buy that amount of USD. We have therefore generated revenue of £329 or 0.33%. Costs would then need to be deducted from this to arrive at our profit margin.

The rate that we offer to you will be dependent on a number of factors, including: the value of the transaction and the currency involved, the costs relating to the transaction such as cost of credit, the likelihood of increases or decreases in the relevant rates of exchange and the differing interest rates applicable to the currency pair involved in the transaction.

The exchange rates quoted in the media generally reflect the wholesale rates which we will obtain from the foreign exchange interbank market – although the rates that are available for free online are often not live rates and do not take into account costs of transacting, such as a credit charge or operating costs. Our access to these more favourable rates results from our comparative size, market access and the large volumes of foreign currency transactions we deal in.

The mechanism by which we generate revenue from option contracts is a little different.

Vanilla Options

If you buy a vanilla option, you will pay an upfront premium, which is expressed as a percentage of the amount of currency you wish to trade. So, a premium of 1.2% on a vanilla option giving you the right to sell £100,000 and buy USD at \$1.5000 (i.e. a GBP Put) will be £1,200. In this case, we do not adjust the Protection Rate that the option provides you in the same way as Western Union adjusted the forward rate as specified in the example above. We are buying a vanilla at \$1.5000 and selling you the same option. Instead, the premium we charge you will be slightly larger than the premium we are charged by our counterparty. For example, we pay 1% of the notional (£1,000) but charge you 1.2% of the notional (£1,200), leaving us with a revenue of 0.2% (£200). As with forwards, associated costs would then need to be deducted from this sum to arrive at our profit margin.

'Zero Cost' Options

With zero cost options, however, we do not adjust the option premiums at all. Instead, our revenue is derived from an imbalance between the premium paid for the option being bought and the premium received for the option being sold.

Using a Participator as an example, where you have 100% protection and generally a 50% obligation to trade at the protection rate, you may buy the same GBP Put described above in relation to vanilla options giving you the right to sell £100,000 and buy USD at \$1.5000 should the rate be lower than 1.5000 at expiry. As above, this costs 1% of the notional amount (1% of

£100,000) – so £1,000 – from our counterparty bank. You simultaneously sell a GBP Call – obligating you to sell GBP 50,000 and buy USD at \$1.5000 should the rate be higher at expiry. We offer you this structure at zero cost, or zero premium if you prefer; however, when we sell this GBP Call to our counterparty bank we may receive from them a premium of 2.4% of the notional amount for the GBP Call – so £1,200 (£50,000 x 2.4%). We have therefore sold you the structure for zero premium, but have received a net £200 (£1,200 received vs £1,000 paid) which, after costs are deducted, leaves our profit from the trade.

International Funds Transfers – Transaction Fee

If you use our International Funds Transfer services, transaction fees will apply. Those transaction fees will vary depending on the amount and type of foreign currency transferred, the number and frequency of transfers you conduct through us and the country to which the funds are sent. The transaction fee ranges from GBP 0.10 to GBP 35. Please refer to your Fee Schedule for further details.

Financial product advice and structuring the solutions – no additional fees

We do not charge you additional fees for providing financial product advice or structuring a financial product according to your needs. We are remunerated for providing those services only by you acquiring our products.

9. Is WUIB member of a Guarantee Scheme?

As credit institution, WUIB is member of the deposit guarantee scheme “*Einlagensicherung der Banken & Bankiers Gesellschaft m. b. H*” with the address Börsegasse 11, 1010 Wien, which is in charge of investor compensation as well. More information on the organisation of the Austrian deposit protection and investor compensation scheme can be found at: <http://www.einlagensicherung.at/>.

10. How do we prevent Conflicts of Interest when entering into transactions with you?

WUIB conducts its business according to the principle that it must manage and control conflicts of interest fairly: (i) between itself and its clients, (ii) between its employees and its clients and (iii) between one client and another. Our policy is to take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify and manage relevant conflicts. The senior management of WUIB is responsible for ensuring that our systems, controls and procedures are adequate to identify and manage Conflicts of Interest. Our Compliance and Legal Departments assist in the identification and monitoring of actual and potential Conflicts of Interest. WUIB has in place business-specific procedures that address the identification and management of actual and potential Conflicts of Interest that may arise in the course of the conducting business.

Considering the business activities related to the product portfolio of WUIB, Conflicts of Interest may arise in situations that include:

- trading on own account;
- provision of advisory services to clients;
- personal account dealing of our employees.

Should a Conflict of Interest arise, it must be managed and controlled promptly and fairly. As a minimum standard WUIB has in place arrangements designed to ensure that:

- there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a client;
- supervisory arrangements provide for separate supervision of staff where necessary for the fair treatment of the clients;
- there are appropriate controls in place to identify and to manage outside business interests of WUIB employees and management;
- relevant information is recorded promptly in a secure environment to enable identification and management of Conflict of Interest – The Conflicts of Interests Register;

- appropriate disclosure is made to the client in a clear, fair and not misleading manner to enable the client to make an informed decision;
- appropriate inter- and intra-divisional escalation processes are in place and complied with where a Conflict of Interest has been identified or may be identified;
- adequate records are maintained of the services and activities of WUIB, where a Conflict of Interest has been identified;
- where necessary, WUIB employees or managers may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- WUIB employees or managers are subject to personal account transaction rules; and
- a periodic review of adequacy of the WUIB's systems and controls in order to manage conflict of interest is in place.

In exceptional circumstances if some Conflict of Interest remains and, where permissible by local regulations, WUIB will disclose it to affected clients. Disclosure is made of the general nature and/or sources of conflict to enable the client to make an informed decision, whereby the bank secrecy as well as personal data protection requirements are taken into account. In such a case, we may resign any evaluation, advice or recommendation concerning the relevant financial instrument. At the client's request, we will provide further details for the resolution of any such conflicts of interest on a durable medium.

Inducements

In a very limited number of cases WUIB has entered into agreements with third party referral partners pursuant to which WUIB would pay fees or commissions in relation to the provision of services to our clients.

If WUIB enters into such an arrangement with a third party, the following notifications will be made to the client:

- Prior to the provision of the first investment service, the amount of the corresponding inducement, or if not known, the method to calculate it;
- After the provision of the investment service, the precise amount of the inducement paid or received; and
- At least annually, the total amount of inducements paid or received.

Employee remuneration

Our employees do not receive specific payments or commissions for providing you with financial product advice. Our employees may broadly be divided into two specific categories: branch staff and dealer/sales representatives. Our branch staff includes directors, managers, administration personnel. Our branch staff are remunerated primarily by base salary. We also provide a company bonus and revenue sharing plan to branch staff, which is payable when predetermined budget targets are achieved for each branch.

Our dealer/sales representatives are also remunerated primarily by a salary. Individual dealer/sales representatives may also be paid variable compensation based upon performance against annual objectives which include compliance adherence, customer outcomes as well as annually set revenue targets.

Copies of our Conflict of Interest Policy are available upon request.

11. What should you do if you have a complaint?

Our primary goal is to provide superior customer service. To achieve this goal we would like to hear from you if you are dissatisfied with any products you have purchased from us or any service you have received from us. We would also like to hear from you if you would like to compliment one of our employees for providing exceptional customer service.

We have established procedures and policies to ensure that any complaint you may have is properly considered and appropriate measures are taken to address any issues. If you have a complaint, you can raise it with us by: (i) e-mail at: client.support@westernunion.com; or (ii) telephone 0800 096 0172 (or +44 207 539 6960 if calling from outside the UK); or (iii) visiting us in person at our offices (please see Section 12 of this FSG for our office address), or (iv) writing to us at our Main Office Address.

Any complaint you make will be handled in accordance with our complaints handling procedures, copies of which are available on our website (http://business.westernunion.co.uk/international-payments/risk-management/fxoptions/about-mifid/WUIB_Complaints_handling.pdf) or upon request from your usual contact.

On receipt of a valid complaint, WUIB will always try and resolve your concerns by the close of the third business day, although if this is not possible we will send you a written acknowledgement within five business days. We aim to resolve most complaints within twenty working days although if we have not been able to do this, we will contact you regularly to keep you informed of progress.

If you are dissatisfied with our resolution or handling of a complaint, you may have the right to refer the complaint to The Financial Ombudsman Service (FOS). If you decide to ask FOS to review your complaint, you must do so within six months of the date of our final response letter.

The contact details for FOS are: -

Phone: 0800 023 4567 (calls to this number are now free on mobile phones and landlines); or
0300 123 9 123 (calls to this number cost no more than calls to 01 or 02 numbers); or
+44 20 7964 0500 if calling from outside the UK.

e-mail: complaint.info@financial-ombudsman.org.uk

Post - The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Details of the type of complaints that are eligible to be considered by FOS the Financial Ombudsman Service are available on their website: www.financial-ombudsman.org.uk.

12. Contact Details & Important Information

Branch in the UK:

Western Union International Bank GmbH, UK Branch

131 Finsbury Pavement, London, EC2A 1NT

Tel: 0800 026 0314

(calls to this number are normally free for people ringing from a "fixed line" phone – but charges may apply if you call from a mobile phone)

E-mail: ukdealers@westernunion.com

Website: <http://business.westernunion.co.uk>

Office hours (0900 - 1730)

Head Office:

Western Union International Bank GmbH

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Website: <http://business.westernunion.at/>

Managing Directors: Peter Bucher and Christian Hamberger
Chairman of the Supervisory Board: Wolfgang Fenkart-Fröschl

Company Register Number: FN 256184 t
Commercial Court of Vienna: DVR: 2111221

Responsible supervisory authority

Austrian Financial Market Authority
A-1090 Vienna, Otto-Wagner-Platz 5
<http://www.fma.gv.at>

Western Union International Bank GmbH, UK Branch is also subject to limited regulation by the UK Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of WUIB's regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from WUIB on request.

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