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**Non-collateralised Structured Products  
Launch Announcement for Callable Bull/Bear Contracts ("CBBCs")**

**issued by**

**Macquarie Bank Limited**

(ABN 46 008 583 542)

*(incorporated under the laws of Australia)*

**Sponsor**

**Macquarie Capital Securities Limited**



**Particulars of CBBCs**

We intend to issue the following CBBCs:

<b>CBBCs</b>	<b>Series 1</b>
<b>Stock Code</b>	61703
<b>Issue size</b>	50,000,000 CBBCs
<b>Style / Category</b>	European style cash settled category R
<b>Type</b>	Bull
<b>Index</b>	Hang Seng Index
<b>Board Lot</b>	10,000 CBBCs
<b>Issue Price per CBBC</b>	HKD 0.250
<b>Funding Cost per CBBCs as of Launch Date<sup>^</sup></b>	HKD 0.1842
<b>Strike Level</b>	22,750
<b>Call Level</b>	22,950
<b>Divisor</b>	10,000
<b>Index Currency Amount</b>	HKD 1.00
<b>Launch Date</b>	23 October 2014
<b>Issue Date</b>	29 October 2014
<b>Expected listing date</b>	30 October 2014
<b>Observation Commencement Date</b>	30 October 2014
<b>Valuation Date / Expiry Date<sup>#</sup></b>	30 March 2015
<b>Effective Gearing*</b>	9.36x
<b>Gearing*</b>	9.36x
<b>Premium*</b>	7.89%

<sup>^</sup> The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Level} \times \text{funding rate} \times n / 365 \times \text{Index Currency Amount}}{\text{Divisor}}$$

Where,

- (i) "n" is the number of days remaining to expiration; initially, "n" is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the relevant supplemental listing document. As of the Launch Date, the funding rate was 18.945% (for stock code 61703).

<sup>#</sup> If such day is not the day on which the relevant Index Futures Contracts expire on Hong Kong Futures Exchange Limited (or its successor or assign), the day on which the relevant Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

\* This data may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

## How much will you receive (if any) upon occurrence of a Mandatory Call Event?

A Mandatory Call Event occurs when the Spot Level is:

- (a) in respect of a series of bull CBBCs, at or below the Call Level; or
- (b) in respect of a series of bear CBBCs, at or above the Call Level,

at any time during the Observation Period.

“**Spot Level**” means the spot level of the Index as compiled and published by Hang Seng Indexes Company Limited.

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the trading day immediately preceding the Expiry Date.

Subject to limited circumstances set out in the terms and conditions of the CBBCs in which a Mandatory Call Event may be reversed, upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs and you may receive a Residual Value per Board Lot in Hong Kong dollars calculated as follow (if positive):

### For bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

where:

“**Minimum Index Level**” means the lowest Spot Level of the Index during the MCE Valuation Period (being the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange subject to any potential extension).

### For bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

where:

“**Maximum Index Level**” means the highest Spot Level of the Index during the MCE Valuation Period (being the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange subject to any potential extension).

If the Residual Value is equal to or less than the exercise expenses (if any), you will lose all your investment in the CBBCs.

### How much will you receive (if any) at expiry?

If no Mandatory Call Event occurs during the Observation Period, the CBBCs will be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero. You will receive a Cash Settlement Amount per Board Lot in Hong Kong dollars calculated as follows (if positive):

#### For bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

#### For bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{one Board Lot}}{\text{Divisor}}$$

“**Closing Level**” means the final settlement price for settling the Hang Seng Index Futures Contracts that are scheduled to expire during the month in which the Expiry Date of the relevant series of the CBBCs is scheduled to fall (the “**Index Futures Contract**”), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures Contracts and the Contract Specifications for Hang Seng Index Futures (as amended from time to time) of the Hong Kong Futures Exchange Limited, subject to our right to determine the Closing Level in good faith on the Valuation Date upon the occurrence of a Market Disruption Event as described further in the terms and conditions of the CBBCs.

#### Listing of the CBBCs

We will make an application to the Stock Exchange for listing of, and permission to deal in, the CBBCs on the Stock Exchange.

#### Where do you obtain quotes?

You may request to obtain a quote for your CBBCs by calling the following telephone number:

<i>Liquidity Provider:</i>	Macquarie Capital Securities Limited
	Series 1
<i>Broker ID Number</i>	9557
<i>Address:</i>	Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
<i>Telephone number:</i>	+852 3922 3788

We do not have any special arrangements in place with any brokers with respect to our CBBCs.

#### Where can you inspect the relevant documents?

The following documents (“**Listing Documents**”), each in separate English and Chinese versions, are available for inspection until the Expiry Date at Level 18, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong:

1. our base listing document dated 21 May 2014; and
2. the supplemental listing document for the CBBCs to be dated on or about 29 October 2014.

## IMPORTANT INFORMATION

### *Unsecured nature of the CBBCs*

The issue of the CBBCs was authorised by our management pursuant to the authority delegated by our board of directors on 18 July 2008. The CBBCs constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. You are relying upon our creditworthiness and have no rights under the CBBCs against any company comprising the Index and the index compiler. If we become insolvent or default on our obligations under the CBBCs, you may not be able to recover all or even part of the amount due under the CBBCs (if any).

### *Macquarie Bank Limited*

#### **Our long term credit ratings are:**

<i>Rating agency</i>	<i>Rating as of the Launch Date*</i>
Standard and Poor's Ratings Services	A
Moody's Investors Service, Inc.	A2

\* Credit ratings are subject to change or withdrawal at anytime within each rating agency's sole discretion.

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Australian Prudential Regulation Authority.

### *Selling restriction*

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

### *Investment risk*

The price of the CBBCs may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount or Residual Value payable at expiry or upon the occurrence of a Mandatory Call Event (as the case may be) minus the exercise expenses is less than or equal to zero, you will lose all of your investment in the CBBCs.

The Liquidity Provider may be the only market participant for the CBBCs. The secondary market for the CBBCs may be limited.

#### You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the CBBCs are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.

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